SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒ Filed by a party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement
☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
☐ Definitive Proxy Statement
☒ Definitive Additional Materials
☐ Soliciting Material Pursuant to § 240.14a-12

Luna Innovations Incorporated

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box)

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:
2. Aggregate number of securities to which transaction applies:
3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
4. Proposed maximum aggregate value of transaction:
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☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

6. Amount previously paid:
7. Form, Schedule or Registration Statement No.:
8. Filing party:
9. Date Filed:

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April 20, 2017

To Our Stockholders:

Enclosed in this mailing, we are pleased to present to you our annual report on Form 10K for the year ended December 31, 2016, along with our proxy statement and proxy for our upcoming stockholders' meeting scheduled for May 24, 2017. We achieved many key goals in 2016, and I am happy to be able to share some of those with you and our excitement for our future.

This year, one of our primary focuses has been continued improvement to our bottom line with a trajectory toward sustained profitability. For each quarter of 2016 we delivered improved results of operations year over year, resulting in a $4.1 million improvement in our pre-tax results from continuing operations for the full year 2016 compared to 2015. In the fourth quarter of 2016 we reached a critical milestone- we recognized approximately $427,000 of operating income for the quarter. This milestone objective that we drove the organization toward throughout 2016 represented our first quarterly operating profit in five years. I'm very proud of our team and the commitment that has been demonstrated throughout the company in achieving this goal. Having accomplished that objective, our task now becomes to make it repeatable.

We have a broad portfolio of products and services to generate growth, from government sponsored scientific research to optoelectronic components to high speed optical receivers to full optical test instruments. In mid-2016, we undertook a company-wide strategic planning process and identified the two product sets that we believe are positioned to provide the highest growth and financial return: a) the use of our fiber optic sensing technology to measure strain and fatigue in structures manufactured from composite materials and b) high speed optical receivers ("HSORs"), including 100G integrated coherent receivers for the long haul and metro telecom networks as well as avalanche photodiodes ("APDs") for the fiber to the home market. We refer to these opportunities as our strategic growth initiatives.

Strategic Growth Initiatives

Testing Strain in Composite Materials

Composite materials are being used increasingly for applications where stronger yet lightweight structures are required. Aerospace and automotive structures are two of the greater uses of composite materials today. As part of their design and certification processes, these structures go through numerous prolonged and intensive tests of their ability to withstand strain and fatigue.

Historically, engineers have utilized an electrical strain gage in these types of tests. These devices measure strain at a specific point on the test structure. The challenge presented by composite materials is that, unlike traditional materials like steel or aluminum, composites are non-uniform in their construction. There is less certainty that the physical characteristics at any point are identical throughout the rest of the structure. Therefore, in order to adequately test a composite structure,

many more sensing points are needed to cover the surface area.

We developed a product, our ODiSI system, that addresses the need to economically provide high resolution testing of strain along a composite surface. ODiSI uses an optical fiber to provide a distributed measurement of strain along the length of the fiber. This single instrument and fiber can replace numerous strain gages, which reduces both the number of instruments and the sensor installation costs associated with testing a large composite structure. ODiSI represents a significant value proposition to the designers and manufacturers.

One of our key challenges in marketing the ODiSI product has been its displacement of the legacy test methods. Electrical strain gages have been the predominant method of testing strain since the 1940's, and there are long established protocols and standards written around their usage. We have been working for a few years now with key leaders in the aerospace and automotive industries to promote and demonstrate the superior alternative that ODiSI represents, selling these leaders units to test and evaluate against their current methodologies. In 2016, we crossed a significant milestone by being formally specified into the testing procedures for the wing surface and support structure of a new model commercial aircraft.

Our success in this strategic initiative in 2017 will center around two key factors: a) the introduction of a multi-channel system that provides a cost effective solution for testing even larger structures than supported by today's product, and b) following up on the successes of 2016 by further penetrating the many design labs where composite materials are being evaluated or used today for the aerospace and automotive industries.

High Speed Optical Receivers

Fiber optics provide the ability to transmit significantly more data than sending electrical signals through copper wire. However, your computer still processes data based on electrical signals. This is where optical receivers come into play. Optical receivers convert light signals into electrical signals that can be read by today's machines. Our HSOR initiative is centered around the high rate of deployment of fiber optic networks in Asia. Based on industry research, we estimate the telecom 100G market in Asia grew at an estimated rate of 17% in 2016 and is expected to continue to grow in 2017. Into this market we predominantly sell our 100G integrated coherent receivers, which are integrated into the very high capacity long haul network infrastructure.

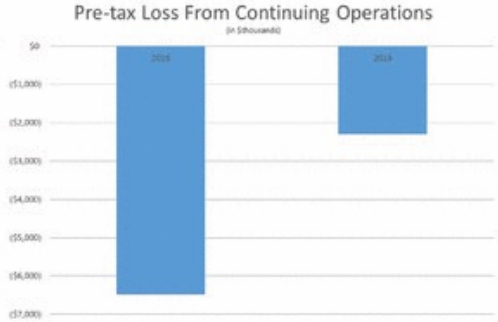
Our largest customer in this market, accounting for more than 10% of our total revenues in 2016, is one of the leading telecom equipment manufacturers. At the end of 2016 we entered into a new sourcing agreement with this customer to better align our product delivery with their just-in-time procurement and manufacturing processes.

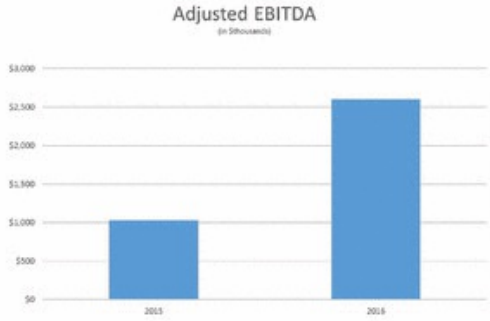
In late 2016 we began providing samples of a second generation 100G coherent receiver. The Gen2 receiver provides the 100G functionality in a significantly reduced form factor. We currently expect our primary customer to convert its products to include our Gen2 receivers, and accordingly a key success metric of this strategic initiative for 2017 would be tied to the adoption of our new receiver into their product set.

Our HSOR initiative also includes the sale of avalanche photodiodes. APDs are utilized at the premise location - homes, businesses, etc., for the conversion of light to electrical signals. During 2016 we invested approximately $1.5 million in upgrading our microfabrication equipment to

significantly increase our capacity for the production of these APDs. We currently sell 2.5G and 10G varieties of APDs predominantly to customers who are deploying them in Asia.

2016 Financial Highlights





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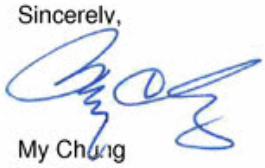
Reconciliation of Loss from Continuing Operations to EBITDA and Adjusted EBITDA
(Unaudited)

	Year ended December 31,	
	2016	2015
Loss from continuing operations before income taxes	$ (2,294,126)	$ (6,479,965)
Interest expense	320,942	220,403
Depreciation and amortization	3,713,879	2,457,032
EBITDA	1,740,695	(3,802,530)
Share-based compensation	860,215	1,124,379
Merger related costs	-	3,704,019
Adjusted EBITDA	$ 2,600,910	$ 1,025,868

Looking Ahead

In 2017, our common goal is simple – improving the value of Luna to you, our stockholders. We will continue to focus on executing upon our key strategic initiatives in order to grow our revenues and improve our earnings. On behalf of all of us at Luna, we want to thank you for your support as stockholders. I know we all share the same vision for a profitable, growth-oriented company and I look forward to working with you as we continue to position Luna for the future. Whether you own one share or many, the input of all of our stockholders is important; and therefore, we encourage you to exercise your right to vote. For those who plan to join us at the annual stockholders' meeting in May, we look forward to seeing you there.

Sincerely,



My Chung

President and Chief Executive Officer

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