

Murphy Edward G
 Form 4
 July 03, 2012

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 Murphy Edward G

2. Issuer Name and Ticker or Trading Symbol
 LUNA INNOVATIONS INC
 [LUNA]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
 07/02/2012

Director 10% Owner
 Officer (give title below) Other (specify below)

C/O LUNA INNOVATIONS INCORPORATED, 1 RIVERSIDE CIRCLE, SUITE 400

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

ROANOKE, VA 24016

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
				Code	V	Amount	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Units	(1)	07/02/2012		A	11,111.11 (2)	(3)	(3)	Common Stock	11,111.11 (2)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Murphy Edward G C/O LUNA INNOVATIONS INCORPORATED 1 RIVERSIDE CIRCLE, SUITE 400 ROANOKE, VA 24016	X			

Signatures

/s/ Talfourd H. Kemper, Jr.,
Attorney-In-Fact
07/03/2012
Date

**Signature of Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Stock Units are convertible into issuer's common stock on a 1-for-1 basis.

This grant was made pursuant to the issuer's non-employee director compensation policy. The Reporting Person was awarded an annual retainer on July 1 of \$15,000 and elected to receive the retainer in restricted stock units of the issuer's common stock. The number of restricted stock units awarded was equal to \$15,000 divided by \$1.35, the closing price of the issuer's common stock on the NASDAQ Capital Market on July 2, 2012, the first trading day of the quarter.

(2) The stock units become issuable in common stock of the issuer at the election of the Reporting Person upon the earliest to occur of the Reporting Person's termination of service, a change in control of the issuer, an unforeseeable emergency, or a fixed date selected by the Reporting Person. The units have no expiration date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.