



Picometrix® Division of Luna Continues 100G Telecom Success

March 13, 2017

Enhances Relationship with Key Customer

ROANOKE, Va.--(BUSINESS WIRE)--Mar. 13, 2017-- Luna Innovations Incorporated (NASDAQ: LUNA) today announced that its Picometrix® division has entered into a Vendor Managed Inventory ("VMI") Agreement with a leading China provider of telecommunications equipment and network solutions. This agreement will integrate Picometrix more closely into the customer's supply chain and manufacturing processes. Under the agreement, Picometrix will maintain in Hong Kong a dedicated inventory of 100G integrated coherent receivers and other future approved products, which its customer can draw into manufacturing on a "just in time" basis.

"We believe that being pulled closer into the sourcing and manufacturing processes of this significant customer demonstrates a strengthening strategic relationship between our two companies," said My Chung, president and chief executive officer of Luna. "This relationship is a major success factor in our corporate key strategic initiative for growth in the high speed optical receiver markets."

Following the execution of the VMI agreement, Picometrix received a new order for the supply of coherent receivers for 100G optical transport network equipment. The order totaled approximately \$1.4 million to be delivered through June 2017.

The company expects to supply both its first generation CR-100D product and its next generation (Gen 2) CR-100F coherent receivers under the VMI agreement. The CR-100F is the company's newest generation 100G coherent receiver and is compliant with the Optical Internetworking Forum standard "Implementation Agreement for Integrated Dual Polarization Micro-Intradyne Coherent Receivers". The CR-100F is approximately one-fourth the size of the first generation CR-100D, with additional features including signal detect and a variable optical attenuator. The CR-100F will be deployed in both the long-haul and metro applications to support the continued increase in global bandwidth demand.

Picometrix and Luna will display their product lines later this month at the Optical Networking and Communication Conference and Exhibition ("OFC 2017") <http://www.ofcconference.org/en-us/home/> held in Los Angeles, CA March 21 to 23 in booth #2511.

About Luna

Luna Innovations Incorporated (www.lunainc.com) is a leader in optical technology, providing unique capabilities in high speed optoelectronics and high performance fiber optic test products for the telecommunications industry and distributed fiber optic sensing for the aerospace and automotive industries. Luna is organized into two business segments which work closely together to turn ideas into products: a Technology Development segment and a Products and Licensing segment. Luna's business model is designed to accelerate the process of bringing new and innovative technologies to market.

Forward-Looking Statements

The statements in this release that are not historical facts constitute "forward-looking statements" made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. These statements include the company's expectations regarding Luna's future financial performance, operating results and future growth of Luna's business, the future integration of Picometrix into its customer's supply chain and manufacturing processes, the company's growth in the high speed optical receiver markets, the extent and timing of future revenue from the new order of coherent receivers, and the company's future deployment of coherent receivers. Management cautions the reader that these forward-looking statements are only predictions and are subject to a number of both known and unknown risks and uncertainties, and actual results, performance, and/or achievements of Luna may differ materially from the future results, performance, and/or achievements expressed or implied by these forward-looking statements as a result of a number of factors. These factors include, without limitation, failure of demand for Luna's products and services to meet expectations, technological challenges and those risks and uncertainties set forth in Luna's periodic reports and other filings with the Securities and Exchange Commission ("SEC"). Such filings are available on the SEC's website at www.sec.gov and on Luna's website at www.lunainc.com. The statements made in this release are based on information available to Luna as of the date of this release and Luna undertakes no obligation to update any of the forward-looking statements after the date of this release.

View source version on businesswire.com: <http://www.businesswire.com/news/home/20170313006306/en/>

Source: Luna Innovations Incorporated

Investor Contact:

Luna Innovations Incorporated
Dale Messick, CFO
1-540-769-8400