

FORM 5

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0362
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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).

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL
OWNERSHIP

Form 3 Holdings Reported.

Form 4 Transactions Reported.

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934
or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Murphy Edward G</u> (Last) (First) (Middle) <u>C/O LUNA INNOVATIONS INCORPORATED</u> <u>1703 S. JEFFERSON STREET, SW SUITE 400</u> (Street) <u>ROANOKE</u> <u>VA</u> <u>24016</u> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>LUNA INNOVATIONS INC [LUNA]</u> 3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year) <u>12/31/2006</u> 4. If Amendment, Date of Original Filed (Month/Day/Year)	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner Officer (give title below) Other (specify below) 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person
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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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				Amount	(A) or (D)	Price			
Common Stock	11/28/2006		A	127	A	\$3.95	0	D	
Common Stock	11/28/2006		J	127 ⁽¹⁾	D	\$0	0	D	
Common Stock							2,228,325	I	Shares owned by Carilion Clinic (formerly Carilion Health System)

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

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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
						Date Exercisable	Expiration Date					
					(A) (D)			Title Amount or Number of Shares				

Explanation of Responses:

1. Shares were transferred to Carilion Clinic (formerly Carilion Health System). The reporting person is the President and Chief Executive Officer of Carilion Clinic.

Aaron S. Hullman, attorney-in-fact 02/14/2007

** Signature of Reporting Person Date

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

* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.