Frost & Sullivan Recognizes Luna Technologies

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Palo Alto, Calif. - February 23, 2004 - Frost & Sullivan today announces Luna Technologies as the recipient of the 2004 Communications Test & Measurement Emerging Company of the Year Award, commending Luna's ability to register growth in the fiber optic component test market - a market segment that declined during the past year.

Frost & Sullivan presents the Emerging Company of the Year Award to a company that demonstrates excellence in market share growth, new market penetration, and technological innovation and leadership within a particular market space. Luna's focused sales and marketing strategies combined with its innovative product offerings have enabled the company to grow financially and geographically.

"Luna Technologies is a standing example of how young companies in the communications test space can emerge as significant participants in a particular market segment by positioning themselves according to market demand," says Frost & Sullivan research analyst Ganapathi Subramanian. "The high performance of Luna's product, which also enables the reduction in the cost and development time of the end user's product have acted in Luna's favor."

Products such as the Optical Vector Analyzer (OVA) and the Optical Frequency Domain Reflectometry (OFDR) have revolutionized the industry by setting new standards of operation and have largely contributed to Luna's growth. Frost & Sullivan named Luna's OVA as the Optical Test Product of the Year for 2003 for being the industry's first, completely integrated solution for all-parameter characterization of fiber-optic components. The cost efficiency and ease of use of Luna's products act as strong distinguishing and purchasing factors at a time when most end users are trying to cut down on their capital expenditures and postpone their buying decisions.

Distribution strategy is yet another factor that has positively impacted Luna's growth. Due to product success in the North American region, Luna has recently expanded its distribution to Europe and the Asia Pacific.

The company has demonstrated exceptional ability to penetrate new arenas and expand its customer base. For instance, its expansion into the manufacturing application segment of the Dense Wave Division Multiplexing (DWDM) test market has helped in generating higher revenue.

These factors, along with innovative marketing strategies and superior customer service and support, have fortified Luna's position as a global leader in the market.
Frost & Sullivan has also found that Luna's well-maintained existing customer base demonstrates the high levels of customer satisfaction and loyalty.

Luna Technologies will also be honored at Frost & Sullivan's 2004 Excellence in Industrial Technology Awards Banquet, May 19th, in Miami, Fla.

About Luna Technologies:
Headquartered in Blacksburg, Virginia, Luna Technologies designs, develops and manufactures fiber optic component analysis equipment that incorporates an
innovative and unique technique for optical characterization. The company's Optical Vector Analyzer (OVA) technology represents a major breakthrough for real-time
optical component testing. Luna Technologies is a spin-off of Luna Innovations Incorporated, a fast-growing developer of emerging fiber optic sensing, fiber optic components and advanced materials technologies. For additional information on Luna's portfolio of products and services, visit www.lunatechnologies.com.

About Frost & Sullivan:
Founded in 1961, Frost & Sullivan is recognized as a global leader in growth consulting. Frost & Sullivan Awards are presented to companies that demonstrate excellence in their industry, commending the diligence, commitment, and innovative business strategies required to advance in the global marketplace. Frost & Sullivan rigorously analyzes specific criteria to determine award recipients in a vast variety of market industries and landscapes. For further information, visit www.frost.com.

Press Contact(s):
Contact:
Jamie Frizzell
210.247.2496
jfrizzell@frost.com