



Further Non-Compliance with Nasdaq Continued Listing Standards; Panel Hearing Date Set for Luna Innovations

August 4, 2009

Resignation Results in Non-Compliance with Independent Director Requirement, Subject to Cure Period; Hearing Date Set Before NASDAQ Listing Qualifications Panel

ROANOKE, Va.--(BUSINESS WIRE)--Aug. 4, 2009-- On July 30, 2009, Luna Innovations Incorporated (NASDAQ:LUNA) received a notice of deficiency from the NASDAQ Stock Market ("NASDAQ") listing qualifications department staff (the "Staff") indicating that the Company no longer complied with the independent director requirement as set forth in Rule 5605 as a result of the resignation of Bobbie Kilberg from the Board of Directors.

Pursuant to NASDAQ Marketplace Rule 5605(b)(1), the Staff has permitted the Company until the earlier of the Company's next annual shareholders' meeting or July 20, 2010, unless the next annual shareholders' meeting is held before January 19, 2010, in which case the Company has until January 19, 2010, to regain compliance. If the Company is unable to regain compliance within the permitted time period, the Staff may determine to delist the Company's shares of common stock from the NASDAQ Global Market and to suspend trading effective at a future date.

The Company has previously requested a hearing before the NASDAQ Listing Qualifications Panel (the "Panel") with respect to a Staff Determination Notice from NASDAQ dated July 17, 2009, because the Company filed for protection under Chapter 11 of the US Bankruptcy Code on July 17, 2009. The delisting action has been stayed pending a hearing before the Panel, which has been scheduled for August 27, 2009. There can be no assurance that the Panel will grant the Company's request for continued listing. Pending a decision by the Panel, the Company's common stock will remain listed on the NASDAQ Global Market.

About Luna Innovations:

Luna Innovations Incorporated (www.lunainnovations.com) is focused on sensing and instrumentation, and pharmaceutical nanomedicines. Luna develops and manufactures new-generation products for the healthcare, telecommunications, energy and defense markets. Luna's products are used to measure, monitor, protect and improve critical processes in the markets we serve. Through its disciplined commercialization business model, Luna has become a recognized leader in transitioning science to solutions. Luna is headquartered in Roanoke, Virginia.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This release includes information that constitutes "forward-looking statements" made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding, but not limited to, Luna's plans to regain and maintain compliance with Nasdaq's listing standards. The company attempts, whenever possible, to identify forward-looking statements by words such as "intends," "will," "plans," "anticipates," "expects," "may," "estimates," "believes," "should," "projects," or "continue," or the negative of those words and other comparable words. Actual events or results may differ materially from the expectations expressed in such forward-looking statements as a result of various factors, including risks and uncertainties, many of which are beyond the company's control. Factors that could cause actual results to differ materially from the expectations expressed in such forward-looking statements include, but are not limited to, the outcome of Luna's litigation with Hansen Medical, Inc. and Luna's ability to regain and maintain compliance with the Nasdaq listing requirements and standards.

Additional factors that may affect the future results of the company are set forth in the company's quarterly and annual reports on Form 10-Q and Form 10-K, respectively, and other filings with the Securities and Exchange Commission ("SEC"), which are available at the SEC's website at <http://www.sec.gov>, and at the company's website at <http://www.lunainnovations.com>.

These risk factors are updated from time to time through the filing of periodic reports with the SEC. The statements made in this press release are based on information available to the company as of the date of this release and Luna Innovations undertakes no obligation to update any of the forward-looking statements herein after the date of this press release. Stockholders of or potential investors in Luna Innovations are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date such statements are made.

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