



Luna Innovations Announces Agreement with JDSU to Accelerate New Product Development

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ROANOKE, Va., Sept 26, 2006 /PRNewswire via COMTEX News Network/ -- Luna Technologies, a division of Luna Innovations Incorporated (Nasdaq: LUNA) specializing in advanced solutions for fiber-optic test and measurement, has announced a joint development agreement with JDSU that enables both companies to take advantage of new growth opportunities in the area of fiber optics test and measurement.

Under the agreement, Luna Technologies will work with JDSU on the development of new products aimed at field deployable platforms for installation and maintenance testing of modern fiber optic networks. The agreement also outlines a joint marketing and distribution arrangement between the two companies for the products introduced as a result of their joint development.

"We are very excited about this joint development venture as it will allow us to leverage our strength in developing cutting edge technologies in market segments that we might not otherwise address," said Brian Soller, business unit director of the Luna Technologies Division of Luna Innovations. "The modern fiber optic network is very much alive and well."

"Aside from recent growth in more traditional applications in tele- and data-communications, fiber is moving closer to the end-user in a number of new arenas including fiber-to-the-home, avionics and aerospace applications and computing and data storage," said Enzo DiLuigi, general manager of JDSU's fiber optics Test and Measurement group. "This agreement will allow both companies to take advantage of what each does best and we are excited about the opportunities it will provide for leading-edge product development."

About Luna Technologies

Luna Technologies, Inc., a division of Luna Innovations Incorporated, manufactures and markets test and measurement equipment and integrated sensing solutions. Luna Technologies' products are used for process and control monitoring in telecommunications manufacturing, power generation and distribution, down-hole oil and gas production, aerospace, and defense applications. Its products have won numerous awards and are sold and distributed throughout North America, Europe, the Middle East and Asia.

About Luna Innovations

Luna Innovations Incorporated researches, develops and commercializes innovative technologies in molecular technology and sensing solutions. Luna Innovations accelerates the process of bringing new and innovative products to market by focusing on technologies that can fulfill identified market needs and then takes these technologies from the applied research stage through commercialization. Since its inception, Luna Innovations has successfully developed products for the energy, telecommunications, life sciences and defense industries. Headquartered in Roanoke, Virginia, the company has research, development and manufacturing facilities in Blacksburg, Charlottesville, Hampton, and Danville, Virginia, and a sales office in McLean, Virginia. Additional information can be found at <http://www.lunainnovations.com>.

FORWARD LOOKING STATEMENTS

This press release includes information that constitutes "forward-looking statements" made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995, including but not limited to: the joint development agreement enables both companies to take advantage of new growth opportunities in the area of fiber optics test and measurement; the joint development agreement will allow Luna Innovations to leverage its strength in developing cutting edge technologies in market segments that it might not otherwise address; and fiber is moving closer to the end-user in a number of new arenas including fiber-to-the-home, avionics and aerospace applications and computing and data storage. The company has attempted, whenever possible, to identify these forward-looking statements by words such as "will," "expects," "should," "projects," or "continue," or the negative of those words and other comparable words. Similarly, statements that describe the Company's business strategy, goals, prospects, opportunities, outlook, objectives, plans or intentions are also forward-looking statements. Luna Innovations wishes to take advantage of the "safe harbor" provided by the Private Securities Litigation Reform Act of 1995 and you are cautioned that 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 Luna Innovations' control. Luna Innovations cannot guarantee future results, levels of activity, performance, or achievements. Factors that could cause the Company's actual results to differ materially from the expectations expressed in such forward-looking statements include, but are not limited to: (1) the assumptions underlying its financial estimates may be incorrect, (2) it may continue to face difficulty in, or increased costs related to, hiring, training and retaining skilled employees, (3) it may continue to experience lower than expected sales of products, (4) it may not be able to realize the expected benefits, if any, from its recent product development activities, (5) it may not be successful in identifying market needs for new products, (6) it may be unable to manage its growth effectively, (7) it may experience continuing losses, (8) it will continue to rely on contract research, including government grants and contracts available only to small businesses, for a significant portion of its revenue, (9) it may become ineligible for small business government grants and contracts in the future, (10) it faces substantial competition in its markets, (11) its proprietary rights may be insufficient to protect its technologies, (12) third parties may claim that it infringes their intellectual property rights, (13) as a provider of contract research for the U.S. government, it may be subject to federal audits and investigations, (14) its ability to develop and market certain of our products may be delayed by U.S. or foreign regulatory requirements, (15) it has limited manufacturing experience and may experience unanticipated manufacturing or supply problems, (16) changes in customer demand for its products and product candidates, (17) the impact of a slowdown in the overall economy, and (18) the uncertainty of the current global political environment and the potential for terrorist attacks. Additional factors that may affect the future results of Luna Innovations are set forth in its Registration Statement on Form S-1, its quarterly report on Form 10-Q 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 Luna Innovations' website at <http://www.lunainnovations.com>. These risk factors are updated from time to time through the filing of periodic reports and registration statements 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.

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