

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **December 22, 2015**

LUNA INNOVATIONS INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

000-52008

(Commission File No.)

54-1560050

(IRS Employer Identification No.)

301 First Street, SW, Suite 200

Roanoke, Virginia 24011

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **540-769-8400**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On December 22, 2015, Luna Innovations Incorporated (“Luna”) entered into an addendum (the “APA Addendum”) to its Asset Purchase Agreement (the “Asset Purchase Agreement”), dated January 17, 2014, with Intuitive Surgical Operations, Inc. and Intuitive Surgical International, Ltd. (collectively, “Intuitive”), which are wholly owned subsidiaries of Intuitive Surgical, Inc. Pursuant to the APA Addendum, Intuitive agreed to buy out the remainder of its purchase consideration payable to Luna related to Luna’s sale of its medical shape-sensing technology to Intuitive pursuant to the Asset Purchase Agreement in exchange for a lump sum cash payment of \$9.0 million.

The foregoing description of the APA Addendum is qualified in its entirety by reference to the full text of the APA Addendum, which is filed as Exhibit 10.1 hereto and incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On December 23, 2015, Luna issued a press release announcing the entry into of the APA Addendum with Intuitive. A copy of this press release is furnished herewith as Exhibit 99.1 to this report.

In accordance with general instruction B.2 to Form 8-K, the information in this Item 7.01, including the press release furnished as an exhibit hereto, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or Securities Exchange Act of 1934.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Exhibit Description
10.1	APA Addendum, dated December 22, 2015
99.1	Press Release of Luna Innovations Incorporated, dated December 23, 2015

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 28, 2015

LUNA INNOVATIONS INCORPORATED

By: /s/ Scott A. Graeff

Scott A. Graeff
Chief Strategy Officer, Secretary and Treasurer

EXHIBIT 10.1

APA ADDENDUM

This APA Addendum (this "*Addendum*") is entered into as of December __, 2015, by and between Luna Innovations Incorporated, a Delaware corporation having its principal place of business at 301 1st Street, SW, Suite 200, Roanoke, Virginia, 24011 ("*Seller*"), and Intuitive Surgical Operations, Inc., a Delaware corporation having its principal place of business at 1266 Kifer Road, Sunnyvale, California, 94086 ("*Purchaser*"), and Intuitive Surgical International, Ltd., a Cayman Islands company and an indirect and wholly-owned subsidiary of Purchaser ("*ISIL*").

WITNESSETH

WHEREAS, Seller and Purchaser and ISIL are parties to an Asset Purchase Agreement dated as of January 17, 2014 (the "*Asset Purchase Agreement*"), pursuant to which Purchaser purchased certain assets of Seller in consideration of certain payments (all capitalized terms used but not defined herein shall have the meanings set forth in the Asset Purchase Agreement).

WHEREAS, the only remaining payments of the Purchase Price are a Technical Requirements Payment of up to \$8,000,000 and up to \$10,000,000 in aggregate royalty payments as provided in Sections 2.5(b) and (c) of the Asset Purchase Agreement, respectively (together, the "*Remaining Payments*").

WHEREAS, the Parties wish to agree for Purchaser and ISIL to make a lump sum total payment of \$9,000,000 to Seller in full satisfaction of the Remaining Payments.

NOW, THEREFORE, in consideration of the mutual covenants and other good and valuable consideration described herein, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows.

1. Payment and Satisfaction

- a. Purchaser and ISIL shall pay Seller a total payment of \$9,000,000 on the date hereof by wire transfer of immediately available funds in consideration and full satisfaction of the Remaining Payments.
- b. Upon receipt by Seller of the total payment of \$9,000,000, Purchaser and ISIL shall have no further financial obligations under Section 2.5 or any other Section of the Asset Purchase Agreement in respect of the Purchase Price and the Purchase Price shall be deemed to be fully paid and satisfied.

2. **Mutual Release.** In full consideration of and in exchange for the promises and consideration provided, the Parties hereby release and discharge each other and all of their respective stockholders, agents, partners, affiliates, attorneys, employees, officers, directors, assigns and insurers ("*Releasees*") from all liability, claims and causes of action, whether known, unknown, unforeseen, unanticipated or latent, which any Party hereto may have or claim to have against the other arising prior to the effective date of this Addendum, including without limitation, claims relating to the
-

Asset Purchase Agreement, the transactions contemplated thereby and the performance of the Parties thereunder. It is further understood and agreed by the Parties that as a condition of this Addendum, the Parties hereby expressly waive and relinquish any and all claims, rights or benefits that they may have under California Civil Code Section 1542, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

In connection with such waiver and relinquishment, the Parties hereby acknowledge that they or their attorneys may hereafter discover claims or facts in addition to, or different from, those which they now know or believe to exist, but that they expressly agree to fully, finally and forever settle and release any and all claims, known or unknown, suspected or unsuspected, which exist or may exist on their behalf against Releases at the time of execution of this Addendum. The Parties further acknowledge, understand and agree that this representation and commitment is essential to each Party and that this Addendum would not have been entered into were it not for this representation and commitment.

3. **Miscellaneous.** Except as modified hereby, the terms of the Asset Purchase Agreement remain in full force and effect. The provisions of Section 11 of the Asset Purchase Agreement are hereby incorporated herein.
-

IN WITNESS WHEREOF, the Parties have executed, or caused their duly authorized representatives to execute, this Addendum as of the date first written above.

LUNA INNOVATIONS INCORPORATED

By: /s/ My E. Chung
Name: My E. Chung
Title: President & CEO

INTUITIVE SURGICAL OPERATIONS, INC.

By: /s/ Marshall L. Mohr
Name: Marshall L. Mohr
Title: Senior Vice President & CFO

INTUITIVE SURGICAL INTERNATIONAL LTD.

By: /s/ Marshall L. Mohr
Name: Marshall L. Mohr
Title: Senior Vice President & CFO



News Release

Luna Innovations Incorporated
301 1st Street, SW, Suite 200
Roanoke, VA 24011

Contact:

Dale Messick
Luna Innovations Incorporated
Phone: 1.540.769.8400

Email: IR@lunainc.com

Luna and Intuitive Surgical agree to buyout of medical shape-sensing technology

Company buys out remainder of its contract with Luna Innovations for \$9 million

ROANOKE, VA, (December 23, 2015) – Luna Innovations Incorporated (NASDAQ: LUNA) today announced that Intuitive Surgical, Inc. (NASDAQ: ISRG) has agreed to buy out the remainder of the purchase consideration for its medical shape-sensing technology for \$9 million.

Intuitive Surgical acquired Luna’s fiber optic shape-sensing and localization technology, including related patents in January, 2014. The terms of the original contract provided Luna with \$12 million upfront, which was paid in 2014, an additional payment upon the achievement of certain technical milestones, and a royalty on certain sales of commercial systems.

“Although the technical milestone is still under development, both companies agreed that it was in our mutual best interests to settle the remaining obligations,” said My Chung, President and CEO of Luna. “This arrangement allows Luna to accelerate the receipt of cash, thereby strengthening our balance sheet while eliminating our exposure to future development risks.”

About Luna

Luna Innovations Incorporated (www.lunainc.com) develops, manufactures and markets fiber optic sensing, test and measurement products and is focused on bringing new and innovative technology solutions to measure, monitor, protect and improve critical processes in the aerospace, automotive, energy, composite, telecommunications and defense industries. Following its merger with API, the company also packages optoelectronic semiconductors into high speed optical receivers (HSOR products), custom optoelectronic subsystems (Optosolutions products) and Terahertz (THz) instrumentation. 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.

###