LUNA INNOVATIONS INC
Form 8-K
July 20, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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): July 14, 2006

Luna Innovations Incorporated

(Exact name of registrant as specified in its charter)

Delaware	000-52008	54-1560050
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

10 South Jefferson Street, Suite 130

Roanoke, Virginia 24011

(Address of principal executive offices, including zip code)

540-552-5128

(Registrant s telephone number, including area code)

(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 (see General Instruction A.2. below):

¨ 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.

Employment Agreement with Dr. Kent Murphy

On July 14, 2006, Luna Innovations Incorporated (the Company) and Kent A. Murphy, Ph.D. entered into an employment agreement pursuant to which Dr. Murphy will continue to serve as the Company s President and Chief Executive Officer. The following is a brief description of the terms and conditions of Dr. Murphy s employment agreement that are material to the Company.

Pursuant to the terms of Dr. Murphy s employment agreement, Dr. Murphy will be paid a base salary of not less than $250,000 per year. Dr. Murphy is also eligible for an annual discretionary performance-based cash bonus to be determined by the Company s Board of Directors (the Board), or the Compensation Committee of the Board (the Compensation Committee). Dr. Murphy shall also be eligible to receive discretionary equity bonuses at such times and in such amounts as determined by the Board or the Compensation Committee.

Pursuant to his employment agreement, if Dr. Murphy s employment is terminated involuntarily without cause (as defined in his employment agreement) or voluntarily with good reason (as defined in his employment agreement), Dr. Murphy shall receive (a) if such termination occurs within twelve (12) months of a change of control, severance equal to eighteen (18) months base salary and eighteen (18) months of continuation of group health benefits, or (b) if such termination does not occur within twelve (12) months of a change of control, severance equal to twelve (12) months base salary and twelve (12) months of continuation of group health benefits. In addition to these severance payments, upon such termination Dr. Murphy will immediately receive twelve (12) months of additional vesting of any unvested stock options and a cash payment equal to the value of any unvested 401(k) match amount.

Dr. Murphy s employment agreement and the exhibits thereto are attached hereto as Exhibit 10.1.

Employment Agreement with John Goehrke

On July 14, 2006, the Company and John Goehrke entered into an employment agreement pursuant to which Mr. Goehrke will continue to serve as the Company s Chief Operating Officer. The following is a brief description of the terms and conditions of Mr. Goehrke s employment agreement that are material to the Company.

Pursuant to the terms of Mr. Goehrke s employment agreement, Mr. Goehrke will be paid a base salary of not less than $200,000 per year. Mr. Goehrke is also eligible for an annual discretionary performance-based cash bonus to be determined by the Board or the Compensation Committee. Mr. Goehrke shall also be eligible to receive discretionary equity bonuses at such times and in such amounts as determined by the Board or the Compensation Committee.

Pursuant to his employment agreement, if Mr. Goehrke s employment is terminated involuntarily without cause (as defined in his employment agreement) or voluntarily with good reason (as defined in his employment agreement), Mr. Goehrke shall receive: (a) if such termination occurs within twelve (12) months of a change of control, severance equal to twelve (12) months base salary and twelve (12) months of continuation of group health benefits, or (b) if such termination does not occur within twelve (12) months of a change of control, severance equal to nine (9) months base salary and nine (9) months of continuation of group health benefits. In addition to these severance payments, upon such termination Mr. Goehrke will immediately receive twelve (12) months of additional vesting of any unvested stock options and a cash payment equal to the value of any unvested 401(k) match amount.

Mr. Goehrke s employment agreement and the exhibits thereto are attached hereto as Exhibit 10.2.

Employment Agreement with Scott Graeff

On July 14, 2006, the Company and Scott Graeff entered into an employment agreement pursuant to which Mr. Graeff will continue to serve as the Company s Chief Financial Officer and Executive Vice President, Corporate Development. The following is a brief description of the terms and conditions of Mr. Graeff s employment agreement that are material to the Company.

Pursuant to the terms of Mr. Graeff s employment agreement, Mr. Graeff will be paid a base salary of not less than $150,000 per year. Mr. Graeff is also eligible for an annual discretionary performance-based cash bonus to be determined by the Board or the Compensation Committee. Mr. Graeff shall also be eligible to receive discretionary equity bonuses at such times and in such amounts as determined by the Board or the Compensation Committee.

Pursuant to his employment agreement, if Mr. Graeff s employment is terminated involuntarily without cause (as defined in his employment agreement) or voluntarily with good reason (as defined in his employment agreement), Mr. Graeff shall receive (a) if such termination occurs within twelve (12) months of a change of control, severance equal to twelve (12) months base salary and twelve (12) months of continuation of group health benefits, or (b) if such termination does not occur within twelve (12) months of a change of control, severance equal to nine (9) months base salary and nine (9) months of continuation of group health benefits. In addition to these severance payments, upon such termination Mr. Graeff will immediately receive twelve (12) months of additional vesting of any unvested stock options and a cash payment equal to the value of any unvested 401(k) match amount.

Mr. Graeff s amended employment agreement and the exhibits thereto are attached hereto as Exhibit 10.3.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Exhibit No.	**Description**
10.1	Employment Agreement, dated July 14, 2006, by and between Dr. Kent A. Murphy and Luna Innovations Incorporated, and exhibits thereto
10.2	Employment Agreement, dated July 14, 2006, by and between John T. Goehrke and Luna Innovations Incorporated, and exhibits thereto
10.3	Employment Agreement, dated July 14, 2006, by and between Scott A. Graeff and Luna Innovations Incorporated, and exhibits thereto

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.

Luna Innovations Incorporated

By: /s/ Aaron S. Hullman
Aaron S. Hullman

Vice President and General Counsel

Date: July 20, 2006

EXHIBIT INDEX

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10.3	Employment Agreement, dated July 14, 2006, by and between Scott A. Graeff and Luna Innovations Incorporated, and exhibits thereto