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The Difference Between Luna and Luna Classic

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After the implosion of Terra network and its token, the community approved a plan to restart the project, which confused many people about the new name. Here are the guidelines for two different Terra [blockchains](#), and which token belongs to which.

Terra, a digital asset ecosystem once worth \$40 billion, collapsed in May 2022, which may mark the largest token crash in cryptocurrency history. UST, once the largest algorithmic stablecoin, and its twin token LUNA, were originally intended to stabilize the price of UST, but they almost soared to zero within a week. Before the crash, UST and LUNA were the top ten cryptocurrencies. Terra blockchain needs to be stopped twice during the crisis.

Countless investors have lost their life savings in the process of extinction. Developers engaged in Terra related projects find their livelihood at stake, while other blockchains, such as [Polygon](#) and [Kadena](#), are pursuing these developers with millions of dollars. Some people in the community decided to stay and focus on how to recover the project. Do Kwon, founder of Terraform Labs, a terra blockchain development company, took the lead in trying.

As a result, there are now two Terra blockchains running in parallel.

- In the old (original) Terra network, the token was renamed LUNA Classic (LUNC) and UST tokens.
- A newly launched blockchain whose native token is called LUNA (LUNA).

If you are confused, don't worry. In this guide, we take an in-depth look at it.

Two Versions of LUNA Tokens

After Terra imploded, do Kwon put forward a proposal called Terra Ecosystem Revival Plan 2 on Terra's developer forum.

He proposed a plan to create a new blockchain with a fork, and then distribute new tokens among community members according to the number of UST and LUNA tokens held by them. Most verifiers — Network guardians who approve transactions in the network and have governance rights — voted to approve the proposal.

The new Terra blockchain (Terra 2) was launched on May 28, 2022. At the same time, the old blockchain — often referred to as “Terra Classic” — is still alive, but has little activity and no plans to develop on it.

After startup, the new native token of the new network inherits the name of LUNA . The old blockchain continues to run, and its token is renamed LUNA Classic (LUNC).



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LUNA Classic (LUNC). Explained

LUNA Classic (LUNC) was originally the native token of the first Terra blockchain created in the name of LUNA and was launched in 2018.

It is used as a twin token to absorb any price deviation of the blockchain algorithm stablecoin terraUSD (UST). UST should have kept its price pegged to the U.S. dollar by creating (casting) and (destroying) burning UST tokens, so as to balance the supply-demand relationship of stabilizing the currency pegged to the US dollar price. When UST lost its dollar peg and collapsed in May 2022, the token fell into a spiral of hyperinflation, because the algorithm designed to support UST created trillions of tokens, reducing its value by nearly 100%.

As a result, the \$119 token at the beginning of April 2022 fell below 1 cent at the end of May 2022.

LUNA (LUNA).Explained

May 28 marks the official launch of the new Terra blockchain. On the same day, some former UST and LUNC holders received their new LUNA tokens in the first round of token distribution known as airdrop.

Many famous cryptocurrency exchanges supported the conference and listed new tokens. At the beginning of trading, the price fluctuated wildly in all directions as traders speculated about the future utility of the currency.

There are some key differences between the new LUNA token and the old token.

- The supply of LUNA tokens will be limited, to the maximum extent possible in the circulation of 1 billion coins.

- LUNA did not have a stablecoin pair when it was launched.



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Are LUNA and LUNA Classic at risk?

Investing in LUNA Classic (LUNC) or LUNA (LUNA) is currently high risk. It's like buying a house that's burned to ashes, or prepaying money for a plan that only exists on paper, respectively.

The future of the old Terra blockchain, including its LUNC and UST tokens, is uncertain, and there is little incentive to use and build any projects on it.

The challenge for the new block chain is how many of the protocols and development teams built on the old Terra will trUST and adhere to the development of applications.

The activities and use cases on the new blockchain will finally determine how valuable LUNA is and whether it will succeed.