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Terra LUNA 2.0 vs. Luna Classic (LUNC): What Are the Differences?

Still confused with Do Kwon's relaunched Terra LUNA 2.0 And Luna Classic (LUNC)? Read this comparison guide to figure out their differences.

After the crash of the Terra network and its tokens, the community approved a revival plan to relaunch the project, creating a entirely new chain with some new names, which left many confused about their differences. Here's a complete and clear comparison of the two different Terra blockchains and tokens.

Terra, a once-$40 billion digital asset ecosystem, collapsed in May 2022 in what may have marked the largest token crash in crypto history.

UST, once the largest algorithmic stablecoin, and its sister token LUNA, which was supposed to stabilize the price of UST, fell to almost zero within a week. Before the crash, both UST and LUNA were among the top 10 cryptocurrencies. The Terra blockchain needed to be halted twice during the crisis.

Countless investors lost their life savings in the demise. Developers working on Terra-related projects found their livelihoods in jeopardy, and other blockchains, such as Polygon and Kadena, were luring those developers with multimillion-dollar funds.

One part of the community decided to stay and focus on how to revive the project, with Do Kwon, the founder of Terra blockchain developer company Terraform Labs, taking the lead.

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

- **The old (original) Terra network with the token renamed as Luna Classic (LUNC) and UST tokens.**
- **A newly launched blockchain with a native token called Luna (LUNA).**

If you feel confused, you are not alone. Here's a guide to what has changed with the revival.

***Related:** [Timeline of Terra Luna's Crash And the Origin of Luna Classic (LUNC)]*

Why there are two versions of Luna token after the relaunch?

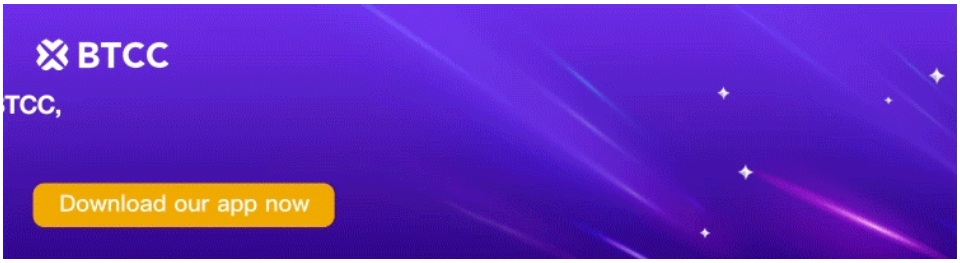
After Terra's implosion, Do Kwon came up with a proposal called Terra Ecosystem Revival Plan 2.0 on Terra's developer forum.

He proposed a plan to create a new blockchain with a fork and then distribute new tokens among the community members based on the number of LUNA and UST tokens they hold. The majority of validators – the network guardians who approve transactions in the network and possess governance rights – voted to approve the proposal.

The new Terra blockchain (Terra 2.0) launched on May 28, 2022. In parallel, the old blockchain – referred to as "Terra Classic" – remained live but with little activity and no development plans.

After the launch, the new native token of the new blockchain network inherits the LUNA name.

The old chain continues to operate, with its token rebranded to Luna Classic (LUNC).



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What is Luna (LUNA)?

May 28 marked the official launch of the new Terra blockchain. On the same day, some previous LUNC and UST holders received their new LUNA tokens in the first round of token distribution called an airdrop.

Many prominent crypto exchanges supported the launch and listed the new token. Trading began with wild price swings in each direction as investors speculated on the token's future utility.

There are some critical differences between the new luna token and the old one:

- The supply of Luna tokenswill be finite, with a maximum of 1 billion tokens in circulation.
- Luna does not have a stablecoin pair at the time of the launch.

What is Luna classic (LUNC)?

Luna classic (LUNC) was the native token of the old original Terra chain, launched in 2018.

Its role was to act as a twin token to absorb any price deviation of the blockchain's algorithmic stablecoin, terraUSD (UST). UST was supposed to maintain its price pegged to the U.S. dollar by creating (minting) and (destroying) burning UST tokens to balance the stablecoin's supply and demand at a $1 price peg. When UST lost its its peg to the dollar and crashed in May 2022, the token went into a hyperinflationary spiral as the algorithm that was intended to back up UST created trillions of tokens, diminishing its value by nearly 100%.

As a result, the token, worth $119 in early April of 2022, fell below 1 cent by the end of May 2022.

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Is there any risk with Terra LUNA and Luna Classic (LUNC)?

At this point, investing in either Luna (LUNA) or Luna Classic (LUNC) is high-risk. **It's like buying a house that has burned to the ground or investing money in plans that exist only on paper.**

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 project on it.

The challenge for the new Terra blockchain is that how many of the numerous protocols and development teams that were building on the old china will insist their trust and stick around to develop applications.

The activity and use cases on the new blockchain will eventually determine the value of Luna and whether it will be successful.

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