Investment Thesis

Lido DAO
LDO

Token type	Governance Token
Price	$2.21
Sector	Liquid Staking (dApp)
Market Cap	$2.01 billion

Key Figures

52-Week Range	$0.41 - $3.27
Market Rank	#31
Market Capitalization	$2.01 billion
Total Value Locked (TVL)	$12.98 billion
365-Day Protocol Revenue	$417.8 million
Volume (24h)	$79.39 million
Circulating Supply	879,342,450
Max Supply	1,000,000,000
ATH	$7.30
ATH Date	August 20, 2021

Source: CoinGecko, DeFi Llama, Token Terminal.
Data as of June 5, 2023

Overview

Lido DAO is a **liquid staking protocol** deployed and functioning on various **Proof-of-Stake (PoS) networks**, including **Ethereum**, **Polygon**, and **Solana**. In a PoS network, validators lock a portion of their cryptoassets (the "stake") to secure a blockchain by confirming transactions — and gain access to a recurring value stream of native tokens to compensate them for their work. While each network has its own set of rules, **becoming a validator is a technically complex and capital-demanding task** – for instance, one needs 32 ETH ($60,000 at $1,875 per ETH) to become an Ethereum validator. **Lido's mission is to make staking simple, secure, and decentralized**. To achieve this task, Lido enables users to deposit any amount of the native currency of these networks (ETH, MATIC, or SOL) in return for an equivalent amount of stToken (stETH, stMATIC, or stSOL) that accrues staking rewards. Unlike traditional lock-up periods, users can trade stTokens in the secondary market and interact with DeFi applications, hence why it's called "liquid staking." Importantly, **Lido accrues 10% of the staking rewards**, allowing it to become a self-sustainable and profitable protocol.

Despite being deployed on many networks, **Ethereum remains Lido's foremost priority**. It has built a foundational infrastructure to keep Ethereum **decentralized**, **accessible to all**, and **resistant to censorship**. Lido is the largest staking provider, with about **32% of all staked Ether**. It's crucial to note that the Lido protocol is used by more than **30 independent node operators**, diversified in terms of client diversity, server type, and geographic location. Without Lido, most staked Ether would be in the hands of a handful of centralized exchanges.

- In **October 2020**, Konstantin Lomashuk, Vasiliy Shapovalov, and Jordan Fish introduced Lido as a liquid staking solution for Ethereum accessible to all, regardless of their capital.
- In **December 2020**, Lido launched on Ethereum. A month later, the LDO token was distributed to govern all network decisions.
- Lido expanded to Solana in **September 2021** and to Polygon in **March 2022**.
- In **May 2023**, Lido V2 went live, **enabling stETH withdrawals**.

Key takeaways

- **Lido** is a **liquid staking protocol** deployed and functioning on various Proof-of-Stake networks, including **Ethereum**, **Polygon**, and **Solana**.
- Its purpose is to keep Ethereum and other PoS networks **decentralized**, **accessible to all**, and **resistant to censorship**.
- Lido is currently valued at **$2.01 billion** and has the largest market share of staked Ether, with ~32%.

Risk factors

- **Node operators:** Node operators can only be onboarded by a governance vote with the LDO token, raising centralization concerns. However, this architecture will change with **Lido V2**.
- **Principal-agent problem**: Risk that LDO token holders may vote to the detriment of stETH holders. To address this concern, the community has proposed an **LDO+stETH dual governance** system that gives veto power to stETH holders.

Figure 1:
Price Performance (Since Inception)

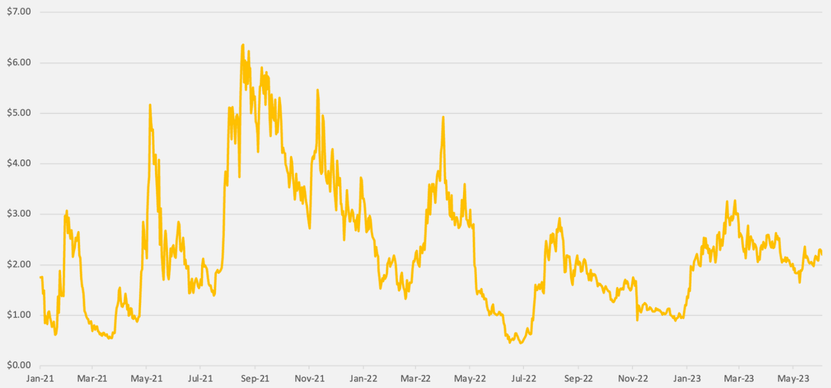
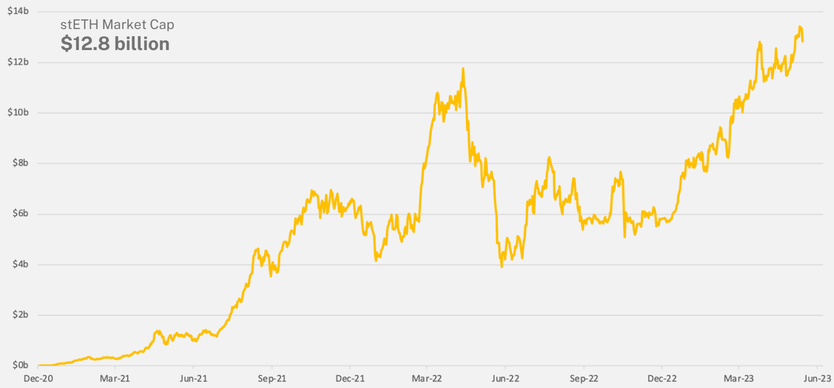


Figure 2:
stETH Market Cap



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