Presentation Outline

1. **Overview**

2. **Securing Ethereum, ETH 2.0, MEV**

3. **Competition**
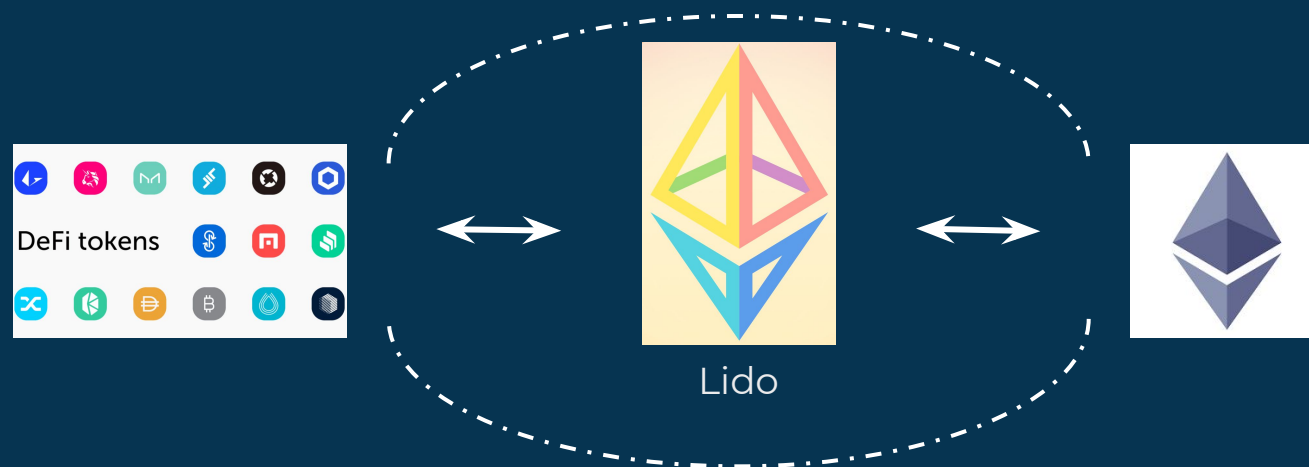
4. **Team, Founders, VC Funding**

5. **Stats & Integration**

6. **Fund Recommendation**

Overview

- Lido is a DAO building a non custodial, liquid staking solution.

- Initial Goal: Fix the staking UX deficiencies for Ethereum.

- Primary goal: Solve the competitive equilibria between participating in Defi and on-chain lending & securing the Ethereum network.

DeFi tokens

Lido

Overview

- Lido operates as a decentralized intermediary between users and a pool of node operators.

  -Currently Lido has 27 of the top node operators in the industry, with their third round of node operators onboarding starting yesterday.
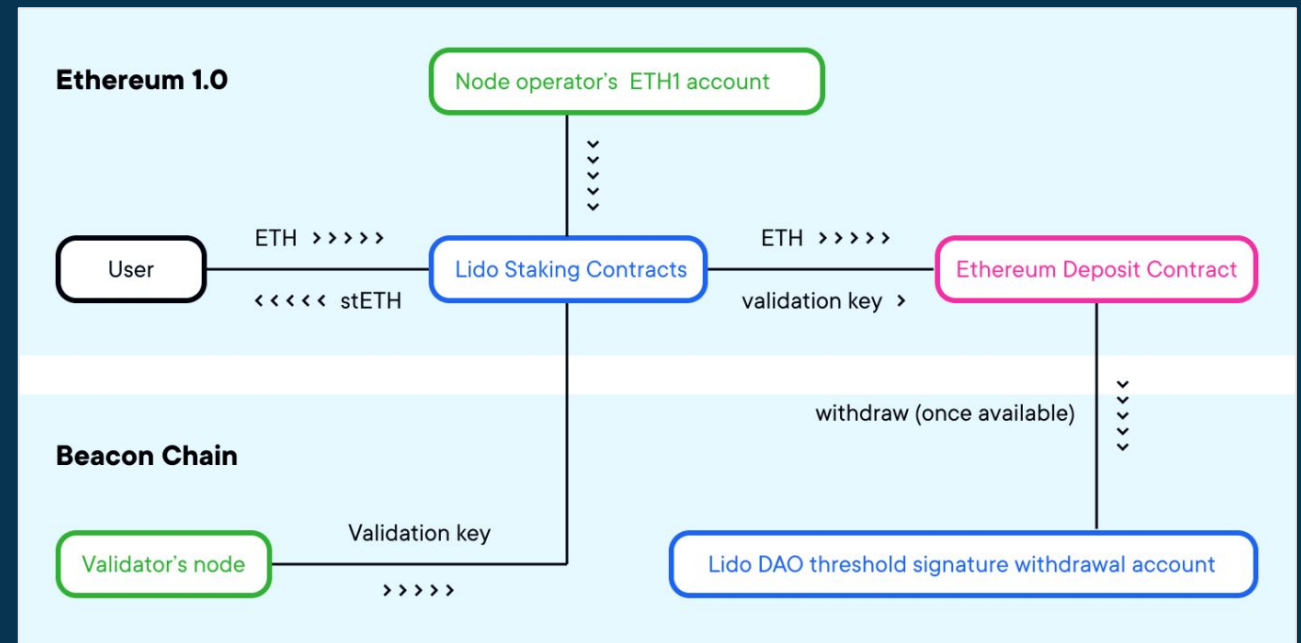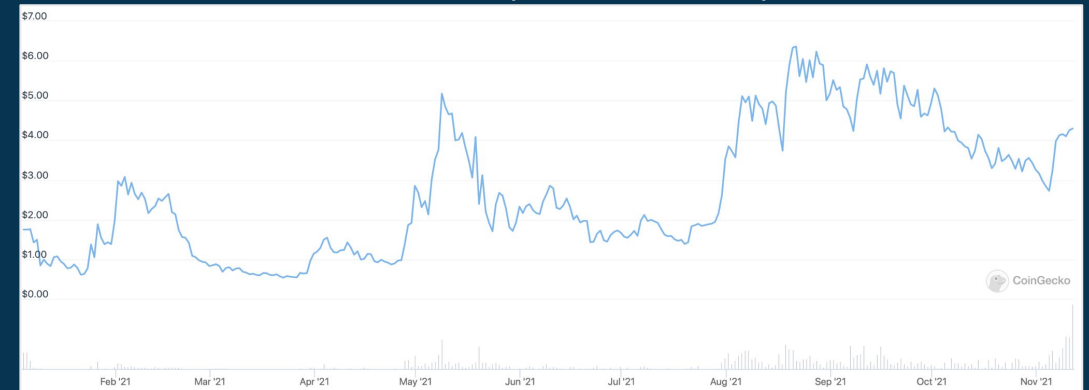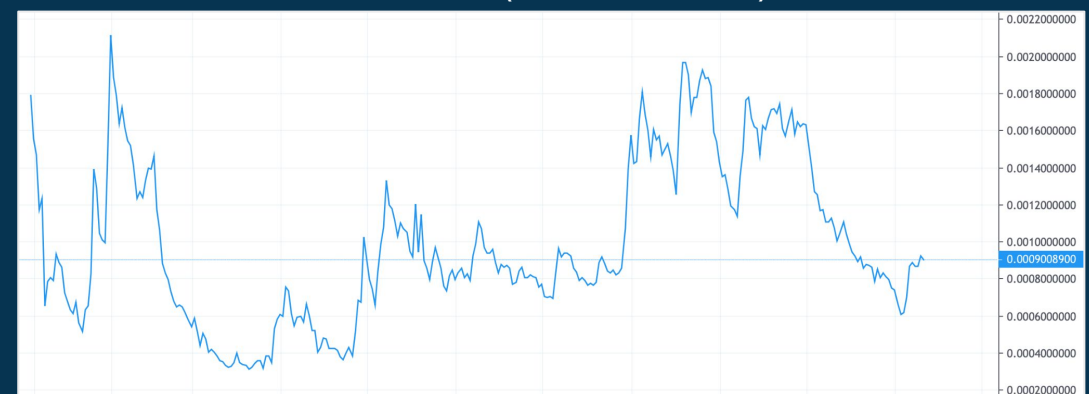
Overview

Ethereum user experience deficines:

- Can only stake multiples of 32 ETH (disincentivize smaller users)

- When you stake Ethereum now (pre-merge) you're earning rewards that you can't access until transactions are enabled for ETH 2.0

- Running an Ethereum Validator demands technical experience
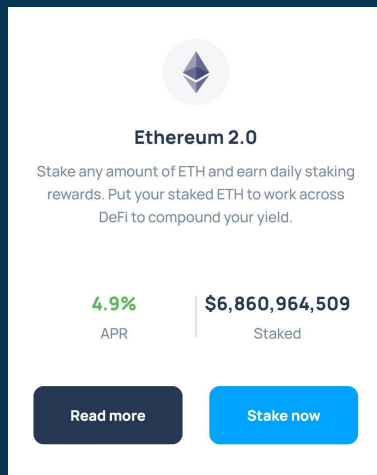
LDO/USD (Year to Date)

LDO/ETH (Year to Date)

Lido Overview

- If you participate in Defi today, you can achieve yields that are greater than the yield you get from staking your Ethereum.

    -Lido allows you to compound those yields; You stake your ETH getting the "base yield", get an on-chain derivative ERC-20 (stETH) which you can then use in Defi to generate even more yield.
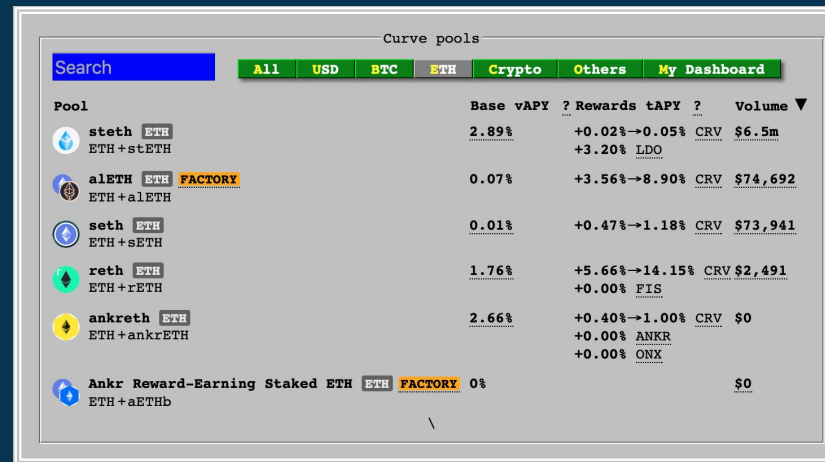
Securing Ethereum

- Staking on your own promotes the ethos of decentralization. (Self-Custodial)

- In practicality however the value proposition and requirements of staking on your own disincentivizes people to stake, as well as lowering the quality of validators, thus lowering participation/quality and therefore the overall security of the network.

Staking On Your Own

Staking is

PRO:
- value alignment
- direct incentives to work well
- direct risk management

CONS:
- people with capital don't want to work
- low participation, low quality
- low compatibility with DeFi (see "Why stake when you can borrow")

Securing Ethereum

- Delegation: User delegate the work and risks to staking services. (Custodial)

- Delegating your stake is a better option, however it has an inherent centralization drive as everyone will want to stake with the best node operator to maximize yield, thus centralizing the supply staked to one or very few entities.

- Majority of staking delegation currently is with major exchanges.

Delegating your stake

Delegation is better product

PRO:

- much easier and cheaper for stakers
- still has value alignment
- more capital staked
- work is performed better
- emergent staking providers community

CONS:

- principal agent problem
- indirect risk management
- centralization drive (decentralizing your stake is prisoner's dilemma)
- low compatibility with DeFi

Securing Ethereum

- Liquid staking has a lower drive for centralization at the staking level because the DAO has the capital requirements to ensure none of its validators become too large. (Non-Custodial)

  - However liquid staking solutions still have winner take all dynamics, as the solution with the most liquidity will generate a positive feedback loop.

Liquid Staking

Liquid staking is

PRO:

- DeFi compatibility
- Lower drive for centralization at staking level
- Still value alignment
- Even more stake

CONS:

- "Winner takes all" dynamics
- Principal-agent problem^2

Securing Ethereum

Delegation prisoner's dilemma

Defect:

- Stake with an obviously best operator
- Better rewards, less penalty risk for you
- Increase stake centralization (worse for everyone)

Comply:

- Decentralize your stake to worse operators or stake yourself
- Worse rewards, more risk for you
- Better decentralisation for everyone

Saving grace:

The dilemma is weak, staking providers are not all that much differentiated.

Lido allows users to defect, and they comply for you.

ETH 2.0

- Ethereum's transition to Proof of Stake affects Lido in two main ways.

-Lido loses its competitive "moat" once transactions are enabled as users can stake/unstake at will.

-Increases Lidos TAM (Total Addressable Market) orders of magnitude.

- Securing such a large percentage (17.5%) of ETH staked pre-merge was vital for Lidos long term success as first mover advantage is extremely important when it comes to liquid staking.

"Everyone will want to stake where everyone else is staking, if you go into a pool where no one else is staking there is only downside" -Zhu Su of Three Arrows Capital

ETH 2.0

- *What if ETH 2.0 never launches?*

- This is a risk that Lido incurs, however the launch of the Beacon chain and the subsequent progress makes this outcome unlikely, targeting a goal of Q1 or Q2 of 2022.

- *What if the miners protest and there is a fork?*

- While again this is possible, who would be incentivised to support it?

"There are very few people incentivised to support a PoW fork, so the odds of the merge being stopped if implemented, by the forces at be are low." - Zhu Su

MEV

- Maximal (formally miner) Extractable Value (MEV) refers to the maximum value that can be extracted from block production in excess of the standard block reward and gas fees by including, excluding, and changing the order of transactions in a block.
- The Ethereum mempool is commonly referred to as the "Dark forest" due to its highly adversarial environment; Countless actors are constantly waiting to exploit any profit available.

MEV

- MEV on ETH 2.0 affects Lido in a number of ways.

-More competitive: Block prospers are given their position ahead of time (roughly 12 mins), meaning searchers have a longer time frame to find profitable trades.

⇨ **As of now validators stand to earn roughly 70% more than what they currently earn with the addition of MEV income when transactions are enabled. Theoretically this number could be much larger with the block proposal dynamics of ETH 2.0.**

- Validators who can extract significant MEV are going to be able to compound their stake and earn more yield, thus attracting more stakers, maximizing their yield even further. Another reason staking providers have extreme "winner take most" effects.

MEV

- There will be an arms race to capture max MEV for staking services to obtain a competitive offering on yield.

  -Due to the highly complex nature of MEV capture, almost all of this work will be outsourced to MEV "searchers." Similar to how the majority of MEV capture from miners has been outsourced to Flashbots (Independent Searchers community).

- Products like Lido where there is a staking pool could have an advantage because block proposals have a lot of variants, thus a pool of validators extracting MEV together may be more efficient.

Flashbots logo

Competition

Rocket Pool

Rocket Pool (RPL) is a decentralized Ethereum liquid staking protocol.

- **Market Cap:** $612M
- **Ethereum Staked:** 3040 ETH Staked
- **TVL:** $13M
- **Node Operators:** 327

Major Exchanges

Major exchanges currently control most of the market, with Kraken and Binance being the largest exchange depositor addresses. Lido is currently the largest decentralized ETH depositor address.

Competition

Depositors
13h ago

●	Unknown	4,057,185
●	Lido Finance	1,407,232
●	Kraken	914,048
●	Binance	588,608
●	Staked.us	353,728
●	Stakefish	262,240
●	Bitcoin Suisse	212,832
●	Huobi	90,944
●	Bitfinex	60,032
●	Other	260,449

Top ETH2 Depositing Addresses
13h ago

Name	ETH
🤖 Lido: stETH Token	1,407,232
🏦 🤖 Kraken: ETH2 Staking	686,400
🤖 Staked.us: ETH2	353,664
🤖 Stakefish: ETH2	262,176
🏦 Kraken: ETH2 Staking	227,648
Bitcoin Suisse: ETH2 Depositor 5	120,768
High Activity	96,000
High Activity	55,360
🤖 STKR: ETH2	53,376
🏦 Huobi: ETH2 Depositor	51,168
High Activity	48,736
ETH Millionaire	46,080
🤖 AbyssEth2Depositor	43,392
Bitcoin Suisse: ETH2 Depositor 1	43,264
🏦 Bitfinex: ETH2 Depositor	41,216

Competition

Staking Deposits DoD: Lido Finance, Ankr, StakeHound, SharedStake, Cream.Finance, Stakewise, StaFi, Rocketpool Cumulative

@LidoAnalytical

Legend: lido, ankr, sharedstake, creth2, stakehound, stakewise, stafi, rocketpool
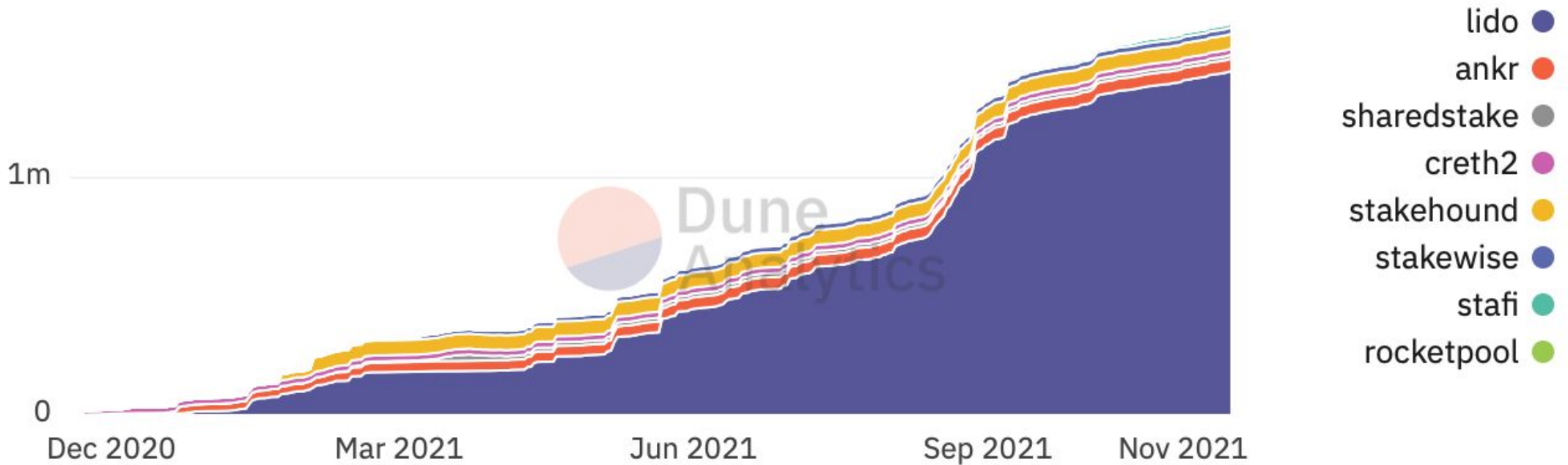
Team

Jordan Fish (Cobie)

Founder & Ex-Chief Executive Officer (CEO)

Vasiliy Shapovalov

Chief Technical Officer (CTO) of P2P.org and Lido

Hasu & Tim Beiko

And Larger Core Dev Team

Jordan fish AKA @CryptoCobain was one of the first people involved in developing Lido. Jordan Fish previously worked as a software engineer before working as developer at Conseys. Jordan has been extremely active within the crypto community, both in building and trading. Fish also hosts popular Crypto podcast "Up Only TV".

Vasiliy Shapovalov is the current CTO of P2P. P2P helps investors compound their investments in cryptocurrency by staking their funds. As the CTO of P2P Vasiliy has a high level understanding of staking and the deficiencies that come with it.

Tim Beiko is an Ethereum contributor working on the Beacon chain and Eth 2.0. Hasu is an independent researcher part of the Paradigm team. Both are very active members within the crypto community. They are contributing significant amounts into the growth of Lido. The core dev team is also large and consists of some of the most distinguished developers in the community.

Funding

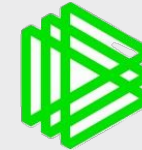| Initial Funding	$2 Million Funding Round	$73 million Funding Round
DeFi Prime, Three Arrows Capital	ParaFi Capital, Semantic Ventures and Others	Paradigm
Lido received initial funding at its launch in December of 2020.	Shortly after launch, agreement was reached with various funds including ParaFi Capital and Semantic Ventures to raise another $2M.	In May 2021, Paradigm invested $73 million into Lido with the belief that Lido will potentially be the leading decentralized staking solution for ETH2 and other PoS chains.

Lido Stats

Lido

Market Capitalization	$165 M
Total Value Locked	$10B
% of ETH Staked	17.50%
CIrculating Supply	60.5M Tokens
Total Supply:	*1B Tokens*

Lido Stats Cont.

Ethereum 2.0

Stake any amount of ETH and earn daily staking rewards. Put your staked ETH to work across DeFi to compound your yield.

4.9%
APR

$6,860,964,509
Staked

Read more   Stake now

Terra

Stake LUNA to earn daily bLUNA staking rewards. Maintain full control of your staked tokens and use them across Terra DeFi applications.

3.4%
APR

$2,241,571,327
Staked

Read more   Stake now

Solana

Stake your Solana and receive stSOL. Use your stSOL to earn additional yields and put your staked SOL to work across the Solana ecosystem.

6.6%
APR

$258,175,951
Staked

Read more   Stake now

Integrations

Lido Integrations are apps and services that currently support stETH, allows users to stake idle ETH for rewards

Stake Ether
Stake your Ethereum to receive daily staking rewards.

Curve
Exchange liquidity pool on Ethereum designed for efficient stablecoin trading.

Ledger
Stake with Lido from the security of your Ledger wallet.

Anchor Protocol
Staked ETH on Terra - earn rewards on your bETH.

Balancer
An automated portfolio manager & trading platform.

SushiSwap Onsen
SushiSwap Onsen lets users stake their tokens for daily liquidity rewards.

LDO Airdrop
Check your balance and claim your LDO tokens.

1inch
DEX agregator sourcing the best prices across the market.

Unslashed
Unslashed Finance is a decentralised blockchain-based cover protocol.

Integrations

- MakerDAO, the founding DAO behind the decentralised Dai stablecoin, has integrated Lidos wstETH as a collateral asset on Maker.

-The integration allows Maker users to deploy their wstETH as collateral to mint DAI, which they can then use to leverage liquidity positions and maximize their Ethereum staking yield across the Defi space.

stETH MakerDAO Integration

COLLATERALISING STAKED ETH

Questions?