Aerodrome confirmed — the dominant ve(3,3) DEX on Base. Spinning up 5 parallel research agents now.

All 5 agents complete. Synthesizing now.

Aerodrome Finance: Full Research Report

Base's Liquidity Engine — The ve(3,3) Flywheel, the Merger Catalyst, and What Actually Puts It at Risk

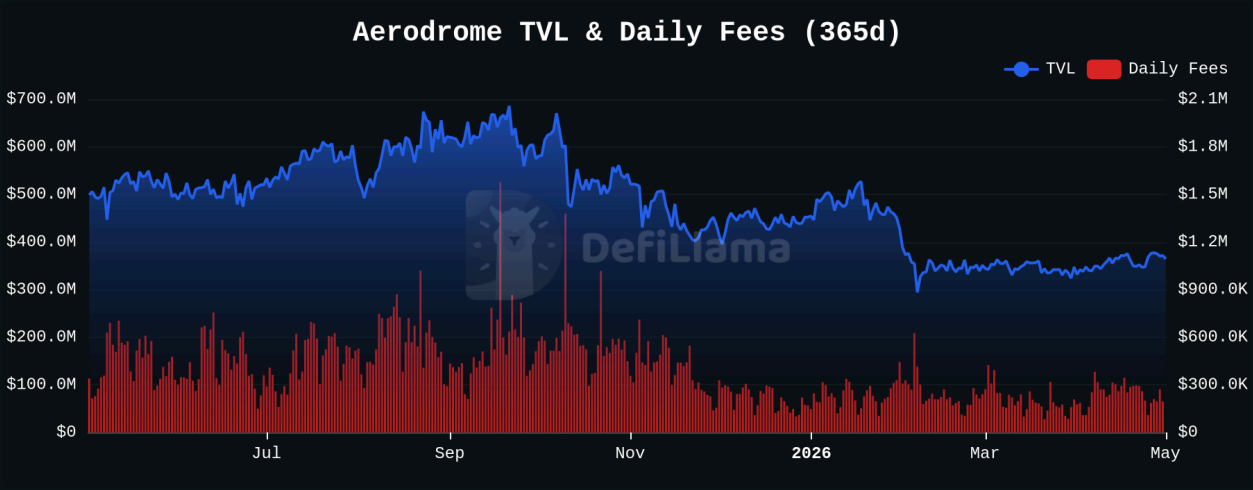
---

Executive Summary

Aerodrome is the undisputed dominant DEX on Base — **#2 globally by 30-day volume** ($12.70B), generating $139.5M in trailing annual fees that flow 100% to veAERO governance participants. Built on the ve(3,3) model inherited from Velodrome and ultimately from Curve, it has out-competed Uniswap on its home chain through superior liquidity incentive alignment. The protocol is now in pre-merger phase: a July 2026 unification with Velodrome into a cross-chain "Aero" protocol targeting Ethereum mainnet and Circle's Arc chain, representing the most significant catalyst — and the most significant execution risk — in Aerodrome's history.

At $0.47 and -80% from ATH, AERO trades at 4.96x trailing revenue with emissions-vs-revenue gap compressed from $185M to $5.5M. The bear market in the token has been severe; the protocol fundamentals show recovery. The question is whether July's merger delivers.

Part 1: Protocol Metrics — The Numbers

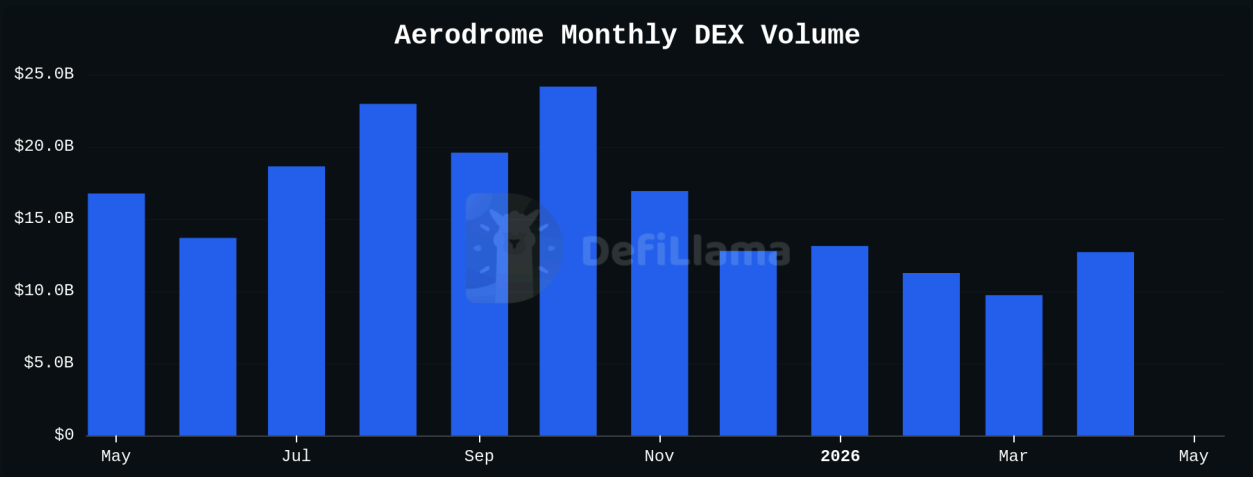


METRIC	VALUE	CHANGE
TVL	$366.79M	▲ +10.48% 30d
Daily Fees	$174,428	▲ +20.26% 30d
30d Fees	$7.28M	—
365d Fees	$139.51M	▼ -12.3% YoY
30d Volume	$12.70B	—
365d Volume	$192.51B	—
P/S Ratio	**4.96x**	—
AERO Price	$0.468	—

METRIC	VALUE	CHANGE
Market Cap	$433.4M	—

The architecture is asymmetrically simple: **100% of trading fees go directly to veAERO holders** — no protocol cut, no treasury accumulation. This makes Aerodrome's P/S ratio directly comparable to the yield on a bond: at 4.96x, veAERO holders receive $1 in annual fees for every $4.96 they hold in market cap terms. Annualized holder revenue run-rate: **$88.7M/year** (based on 30d × 12).

Monthly Activity — Peak and Trough



MONTH	FEES	VOLUME	AVG TVL
Oct 2025 (Peak)	**$17.98M**	**$24.16B**	$553.85M
Sep 2025	$16.14M	$19.58B	**$626.08M** (TVL peak)
Nov 2025	$11.99M	$16.92B	$458.30M
Dec 2025	$6.72M	$12.78B	$443.78M
Mar 2026 (Trough)	**$6.33M**	**$9.72B**	$346.16M
Apr 2026	$7.28M	$12.70B	$357.08M

The pattern is clear: Oct 2025 peak, then a sharp Nov–Mar decline (-64% fees), followed by an April recovery (+15% MoM in fees, +31% in volume). The trough coincided with maximum crypto fear, and the April rebound is the first sustained uptick in 6 months — but still at 41% of peak fee levels.

Sub-Protocol: Slipstream Is Everything Now

SUB-PROTOCOL	MODEL	TVL	DAILY FEES	% OF FEES
Aerodrome Slipstream	CLMM (concentrated)	$205.2M	$154,339	**88.6%**
Aerodrome V1	Classic AMM	$131.1M	$20,089	11.4%
Aerodrome Ignition	Launchpad	$30.4M	—	—

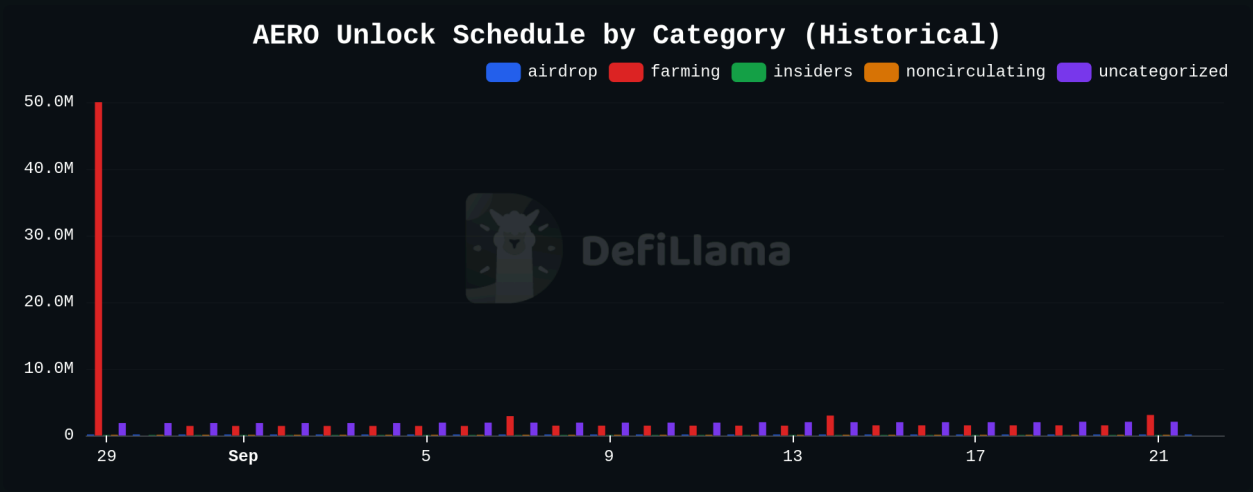
Slipstream — Aerodrome's Uniswap V3-style concentrated liquidity module launched April 2024 — now generates **7.7x more fees than V1** on 57% less TVL. Capital efficiency has radically tilted the protocol's economics toward the CLMM model. V1 is in functional decline; Slipstream is the engine.

Part 2: AERO Token — Price, Unlocks, Valuation



METRIC	VALUE
Current Price	$0.4663
Market Cap	$434.4M
FDV	$881.1M
MCap/FDV	0.493 (50% dilution remaining)
ATH	$2.32 (Dec 7, 2024)
Distance from ATH	▼ -79.9%
24h Volume	$16.4M
MCap/Volume ratio	26.5x

Tokenomics: The Unlock Risk is Minimal



SUPPLY METRIC	VALUE
Total Supply	1.889B AERO
Circulating (unlocked)	94.86% (1.792B)
Locked remaining	5.14% (97.1M)
Annual unlock (next 365d)	112.4M AERO (+5.95%)
Annual unlock USD	$52.4M at current price

Unlock risk is minimal. At 94.86% circulating, there are no cliff events, no large investor tranches waiting to dump, and no supply shock pending. The team's allocation is permanently locked as max-veAERO — no liquid team tokens exist. Coinbase Ventures bought at open-market prices (Feb 2024) and locked voluntarily.

The ongoing "inflation" is 5.95% annualized from weekly emissions — moderate by DeFi standards and actively managed by the **Aero Fed**: once weekly emissions drop below 9M AERO/epoch (approaching now), veAERO voters gain direct control over the emission rate (adjustable ±0.01% per epoch = 0.52% annualized range). **Holders effectively become the central bank.**

The Emissions-Revenue Convergence: The Most Important Chart Nobody Is Watching

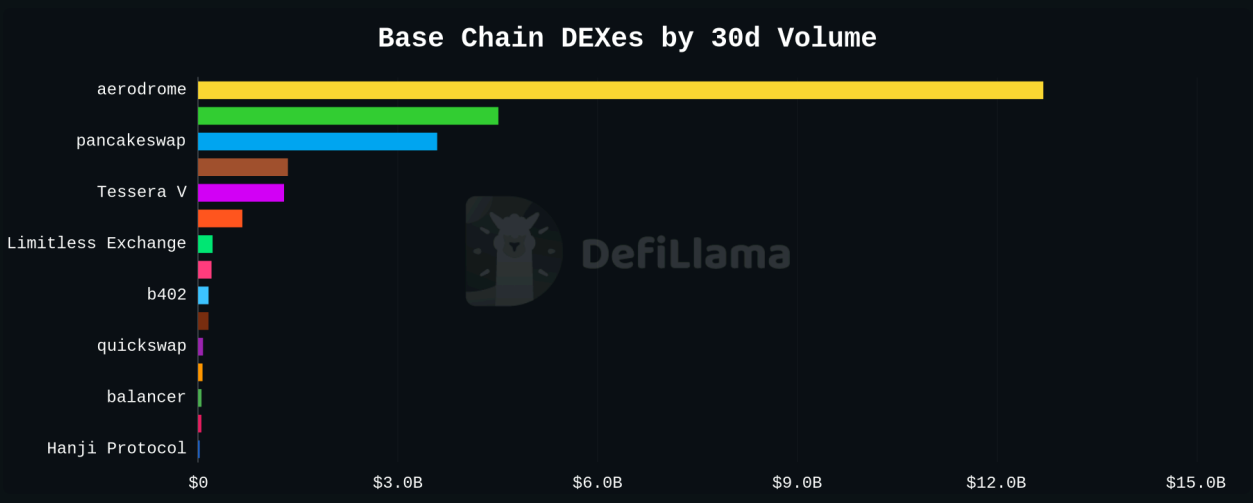
The gap between what the protocol paid out in emissions (incentivizing LPs) vs. what it earned in fees has collapsed:

- **Early 2025**: Emissions exceeded revenue by **$185M** — classic growth-by-subsidy
- **April 2026**: Gap compressed to **$5.5M**
- **7-day earnings**: Turned **positive (+$432K)** for the first time in protocol history

This is the structural inflection: Aerodrome is transitioning from a subsidized bootstrapping phase to self-sustaining organic fee generation. At the current trajectory, the protocol crosses into net-positive territory imminently — before the July merger.

Part 3: Competitive Landscape



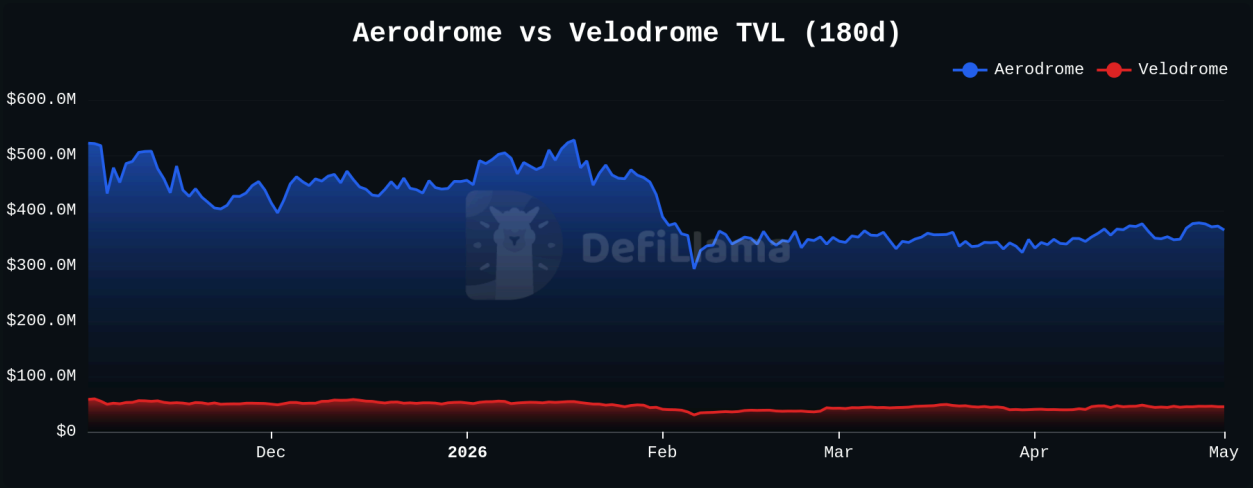


Global Position: #2 DEX, Distant But Real

PROTOCOL	30D VOLUME	P/S	FEES 30D	FEES CHANGE 30D
Uniswap	$40.14B	49.3x	$42.36M	+4.4%
Aerodrome	**$12.70B**	**4.96x**	**$7.28M**	**+20.3%**
Balancer	$1.62B	3.88x	$558K	+82.9%
Velodrome	$0.46B	8.20x	$210K	-25.8%

Aerodrome is the **cheapest large DEX by P/S ratio** among peers. Uniswap at 49x P/S retains a massive premium for its multi-chain dominance and brand; Aerodrome at 4.96x is priced as a single-chain protocol. If the Aero merger succeeds and multi-chain revenue materializes, the P/S re-rating alone would be substantial.

On Base: Dominant, But TVL Has Declined



PROTOCOL	BASE 30D VOLUME	TVL	SHARE OF BASE DEX TVL
Aerodrome	**$12.70B**	**$366.8M**	**41.9%**
Uniswap	$4.51B	$478.9M	54.7%
PancakeSwap	$3.59B	$29.5M	3.4%

A notable anomaly: Uniswap on Base has *more TVL* ($478M) than Aerodrome ($367M), yet Aerodrome has **2.8x more volume**. This is the ve(3,3) advantage in action — Aerodrome routes more trades with less capital by concentrating liquidity via Slipstream and incentivizing the right pools. Aerodrome is also a **much better business**: Uniswap generates $14.75M in 30d fees but nearly all goes to LPs; none accrues to UNI holders. Aerodrome's $7.28M flows 100% to veAERO voters.

Aerodrome vs Velodrome (its parent chain sibling):

- TVL: **8.13x** larger
- 30d Volume: **27.72x** larger
- Annual Fees: **21.41x** larger
- MCap: **20.9x** larger

The fork-parent relationship is almost irrelevant at this point — Aerodrome is a categorically different scale. The merger makes sense not because Velodrome is catching up, but because the combined Superchain footprint (Base + Optimism) creates leverage for the Ethereum mainnet entry.

Part 4: The ve(3,3) Mechanism — How It Actually Works

Aerodrome's model is a three-way incentive alignment between **Traders**, **Liquidity Providers (LPs)**, and **veAERO Voters (Governance)**:

```
1. TRADERS swap tokens → generate FEES
2. FEES flow 100% to veAERO VOTERS (not LPs)
3. veAERO VOTERS direct weekly AERO EMISSIONS to pools they vote for
4. EMISSIONS flow to LPs in voted pools
5. PROTOCOLS bribe veAERO voters to vote for their liquidity pools
   → BRIBES also flow to voters
6. Repeat each weekly epoch
```

The genius and the risk are the same thing: governance controls money flow. veAERO voters simultaneously earn protocol fees AND direct token inflation. This means:

- Voters are economically incentivized to vote for *high-fee pools* (maximizes their fee income)
- Protocols can *pay bribes* to override this, redirecting emissions toward lower-fee pools where they need liquidity
- Result: a functioning bribe market where governance is effectively auctioned weekly

Slipstream's superiority is visible in the data: Slipstream pools now generate 88.6% of fees with 56% of TVL. Voters have increasingly directed emissions toward Slipstream pools because that's where the real fee income is — the model is working as intended.

Lock mechanics: Locking 100 AERO for 4 years → 100 veAERO. Locking for 1 year → 25 veAERO. Average lock duration is **3.7 years**, with ~51% of supply locked. The rebase mechanism prevents dilution for locked holders.

Part 5: The Aero Merger — The Binary Catalyst

The most important upcoming event is the **July 2026 Aero mainnet launch** — a full merger of Aerodrome (Base) and Velodrome (Optimism) into a unified cross-chain DEX called "Aero" under Dromos Labs.

What's changing:

- Single unified AERO token across all chains
- AERO holders receive **94.5% of new supply** (VELO holders: 5.5%)
- Expansion to **Ethereum mainnet** + **Circle's Arc chain** (12 total chains via Hyperlane)
- **Metaswaps**: Cross-chain swaps that feel like single-chain transactions — no bridging, wrapping, or intermediate assets
- **Predictive Allocation**: AI-driven gauge voting that rewards pools based on forward-looking on-chain signals rather than only past performance
- **SlipstreamV3**: Next-gen concentrated liquidity
- **MEV-resistant gauge contracts**: Addresses Flashblocks-enabled front-running on Base

Pre-launch roadmap (already executing):

- Dynamic fees module: Live ✅
- New MEV-resistant gauge contract: Rolling out now ✅
- Metaswaps beta (Base, cbAssets, 12 chains): Live ✅
- Three security audits: In progress ⏳
- Bug bounty program: Post-audits ⏳
- Mainnet July 2026: Target ⏳

The bull case in numbers: If Aero captures 50% of Base+Optimism DEX activity post-merger AND gains 5% of Ethereum mainnet DEX volume:

- Base volume (annualized): ~$150B × 50% = $75B
- Optimism volume: ~$7B × 50% = $3.5B
- Ethereum mainnet (5% of ~$500B): $25B
- Combined: ~$103.5B/year at 0.05% fee = **$51.75M fees/month = $621M/year**
- At 10x P/S → **$6.21B market cap** = **14.3x from current $433M**

The bear case: Execution delays, Ethereum mainnet liquidity fails to materialize, Uniswap V4 hooks neutralize the ve(3,3) advantage. Result: AERO stays a single-chain DEX token at ~$0.40–0.50.

Part 6: Risk Assessment

🔴 Risk 1: DNS / Frontend Security — Repeat Attack Pattern

The most concrete security failure in Aerodrome's history is a **repeating** DNS hijack pattern:

- **November 2023**: DNS attack, ~$100K lost, ZachXBT attribution to registrar Porkbun

- **November 2025**: DNS attack, ~$700K lost, root cause: insider threat at NameSilo/Box Domains

Attack mechanics (2025): Attackers modified SOA, NS, and A records for aerodrome.finance and aerodrome.box, redirecting to a pixel-perfect clone. Users prompted to sign "1" (harmless-looking), followed by unlimited approval requests for ETH, WETH, USDC. Blockaid detected the compromise 56 minutes before the first public report, preventing $3.5M in additional drains — but $700K escaped.

Smart contracts: never compromised. All on-chain protocol logic remains intact. The risk is entirely in the Web2 layer.

Current mitigation: ENS mirrors (`aero.drome.eth.limo` , `aero.drome.eth.link`) are DNS-hijack resistant. But the centralized domain infrastructure remains active alongside decentralized mirrors.

Risk level: HIGH — Not because of likelihood, but because of pattern. Two attacks on identical infrastructure in 24 months signals systemic failure in third-party domain management. The Aero merger must transition users permanently to decentralized access.

🟡 Risk 2: Governance Centralization & Bribe Market Capture

- **Top 10 wallets hold 35% of veAERO voting power**
- Protocols bribe voters weekly — the bribe marketplace effectively means governance is rented, not democratic
- Well-capitalized protocols can systematically redirect emissions toward their pools regardless of fee generation merit

Mitigation in progress: Protocol is reducing its own veAERO holdings by 50%, quadratic voting proposals in governance, a "governance backstop" 48-hour challenge period for malicious proposals.

Risk level: MEDIUM-HIGH — Functionally how the system works, not a bug. But concentration creates capture risk.

🟡 Risk 3: Single-Chain Dependency

100% of Aerodrome's TVL and revenue is on 🔵 Base. Base's total TVL is $4.45B — healthy but not Ethereum-scale. Aerodrome's fate is coupled (Pearson r=0.87) with Base's macro growth trajectory, which in turn depends on Coinbase's institutional and retail distribution success.

Base TVL fact-check: A March 2026 source claimed $13.6B TVL for "Aerodrome V1" and $14.2B total Base TVL. Our live database shows $366.79M Aerodrome TVL and $4.45B Base TVL. The discrepancy likely reflects the source including restaked assets or measuring something different from DefiLlama's methodology. DefiLlama's conservative methodology (no double-counting) is used here.

Risk level: MEDIUM-HIGH — Resolved post-merger if Ethereum expansion succeeds. Until then, Base macro = Aerodrome macro.

🟡 Risk 4: Aero Merger Execution Risk

DeFi mergers are complex. The July 2026 timeline requires:

- 3 security audits (not yet complete)
- Bug bounty program
- Multi-chain deployment (Base + Optimism + Ethereum + Arc + 8 more)
- Governance migration (veAERO → sAERO)
- LP migration incentives across all chains

Historical DeFi merger precedents show 20-40% execution delays. A slip to Q4 2026 wouldn't be fatal but would compress the token price catalysis timeline.

Risk level: MEDIUM-HIGH

🟢 Risk 5: Smart Contract / Protocol Logic

Zero exploits in Aerodrome's 22-month operational history. Inherited security from Velodrome V2's audits. Pool Launcher audited by MixBytes (Sep-Oct 2025). PeckShield audit Nov 2025. Certora formal verification ongoing. Emergency Council multisig (`0x99249b10593fCa1Ae9DAE6D4819F1A6dae5C013D`) exists with limited powers (gauge kill/revive only). Open-source codebase.

Risk level: LOW-MEDIUM

Risk Scorecard

DIMENSION	RATING	KEY FACTOR
Smart Contract	🟢 LOW	Zero exploits; audited lineage; formal verification in progress
Frontend / DNS	🔴 HIGH	Repeat attack (2023, 2025); $700K lost; centralized domain dependency
Governance	🟡 MEDIUM-HIGH	35% top-10 concentration; active bribe market
Tokenomics / Emissions	🟡 MEDIUM	11% annual dilution; Aero Fed control approaching

Single-Chain Risk	🟡 MEDIUM-HIGH	100% Base; r=0.87 correlation; pre-merger
Merger Execution	🟡 MEDIUM-HIGH	July 2026 target; complex multi-chain deployment
Competitive	🟡 MEDIUM	Uniswap V4 on Base is latent threat; ve(3,3) moat is strong
Regulatory	🟡 MEDIUM	ve(3,3) unregulated; Coinbase regulatory dependency indirect

DIMENSION	RATING	KEY FACTOR
Liquidity (AERO token)	🟡 MEDIUM	$16.4M 24h volume for $434M mcap; thin for large exits

Part 7: Valuation — Is AERO Cheap or a Trap?

The P/S Story

At 4.96x trailing P/S, AERO is the **cheapest large DEX token** among comparable protocols by this metric, and cheaper than most DeFi blue chips that don't pass 100% of fees to holders.

Math: MCap $433M ÷ Annual Fees $139.5M = **3.1x trailing P/F** (fees). Or using the 30d run-rate ($7.28M × 12 = $87.4M annualized): **4.96x forward P/S.**

For comparison:

- Uniswap (UNI): 49.3x P/S — but UNI holders receive zero fees
- Curve (CRV): ~40x P/S — veCRV holders receive ~15-20% of fees
- **veAERO holders receive 100% of fees** — making Aerodrome's 4.96x the most "honest" P/S in DeFi

The ATH Distance Context

AERO at $0.47 is **-79.9% from its $2.32 ATH** (December 7, 2024). The ATH was achieved at peak TVL and peak market euphoria. The current price reflects:

1. -64% decline in monthly fees from Oct 2025 peak
2. Global DeFi bear market
3. Pre-merger uncertainty premium

RSI at ~40-45 (neutral after oversold), MACD converging toward zero — no strong directional signal from TA. The price action is range-bound in the $0.35-0.55 zone pending the merger catalyst.

Implied recovery scenarios at current MCap/revenue:

- If fees recover to Oct 2025 levels ($18M/month = $216M/year): same 4.96x P/S implies $1.07B mcap → **$1.14 AERO (+144%)**
- If post-merger Ethereum fees add 50% to revenue ($131M × 1.5 = $197M): 4.96x → **$978M mcap → $1.03 AERO (+120%)**
- Bull case ($300M/year post-Aero): 10x P/S → **$3B mcap → $3.18 AERO (+580%)**

Verdict

Aerodrome is the best-designed DEX on Base and one of the most honest revenue-sharing protocols in all of DeFi. 100% fee passthrough, no liquid team allocation, no preferential VC terms, and a tokenomics model where the protocol and its holders are aligned by construction — not by promise.

The fundamental picture is recovering: +20% fees MoM, +10% TVL MoM, emissions-vs-revenue gap at $5.5M (down from $185M), and 7-day earnings turning positive for the first time. The worst of the bear cycle appears behind the protocol.

The token is a binary bet on the merger. At current prices, the bear case (-13%, stay at $0.40-0.47 range) is essentially priced in. The base case (+100-150% on fee recovery alone) is achievable without the merger. The bull case (+500%+ on successful cross-chain expansion) requires July's launch to execute without delay and Ethereum mainnet traction to materialize.

What to watch most closely:

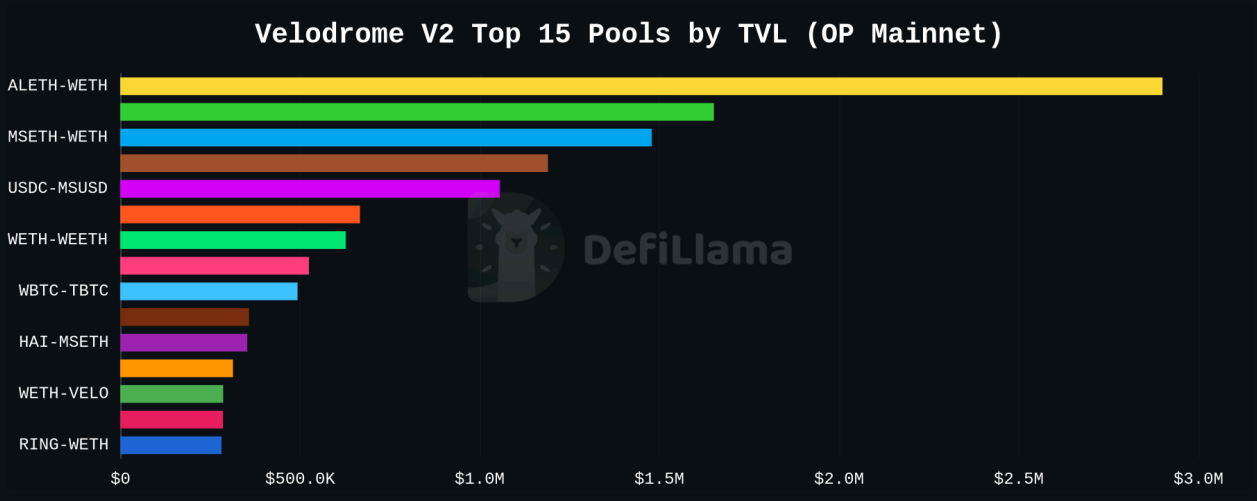
1. **Security audit progress** — Three audits required before July; any delay cascades the launch
2. **Ethereum mainnet liquidity bootstrapping** — Can ve(3,3) + Slipstream compete with Uniswap V4 hooks on its home turf?
3. **DNS/frontend infrastructure migration** — The repeat attack pattern is the single most fixable and most neglected risk
4. **Monthly fee trajectory** — The Apr 2026 recovery needs to sustain into May-Jun to validate the inflection thesis

The open question the data raises but doesn't fully answer: **Is Base itself big enough to justify a global DEX ambition?** At $4.45B chain TVL and $25B monthly DEX volume, Base is tier-2 today. The entire Aero thesis rests on Base scaling toward $10-20B TVL by 2027, and on Ethereum mainnet liquidity wanting a ve(3,3) layer. Neither is guaranteed — both are plausible.

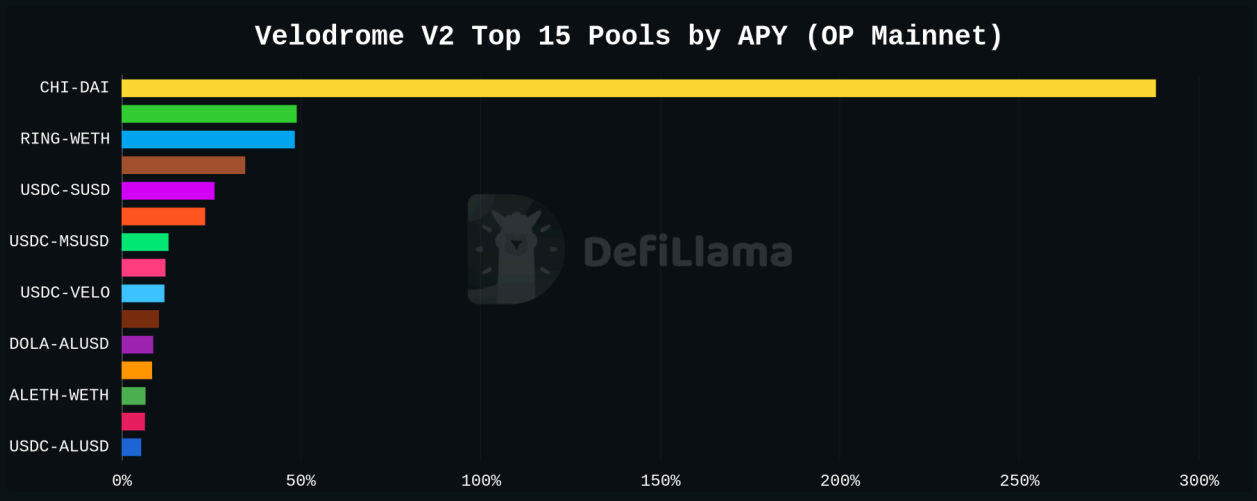
NFA, DYOR.

Data as of May 1, 2026. Sources: DefiLlama protocol database, Aerodrome official documentation, Blockaid security reports, Halborn post-mortem, BaseChainNews protocol reviews, Hindenrank risk assessment, CoinStats AI fundamental analysis, community sentiment via X/Twitter.

Velodrome V2 Top 15 Pools by TVL (OP Mainnet)



Velodrome V2 Top 15 Pools by APY (OP Mainnet)



Velodrome V2 Top 15 Pools by APY (OP Mainnet)

