Exhibit 26

Multiple Documents

Part	Description
1	121
2	Declaration of Faten Sabry, Ph.D
3	Declaration of Robert A. Fumerton in Support of Defendants' Joint Memorandu
4	Exhibit A
5	Exhibit B
6	Exhibit C
7	Exhibit D
8	Exhibit E
9	Exhibit F
10	Exhibit G
11	Exhibit H
12	Exhibit I
13	Exhibit J
14	Exhibit K
15	Exhibit L
16	Exhibit M
17	Exhibit N
18	Exhibit O
19	Exhibit P
20	Exhibit Q
21	Exhibit R
22	Exhibit S
23	Exhibit T
24	Exhibit U
25	Exhibit V
26	Exhibit W
27	Exhibit X

28	Exhibit Y

Exhibit S

In the Matter Of:

In Re: NIO Inc. Securities Litigation

DR. ADAM WERNER

September 13, 2022

LEXITAS™

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF NEW YORK

CASE NO. 19-cv-1424 (NGG) (JRC)

---X

IN RE:

NIO, INC. SECURITIES LITIGATION

---X

REMOTE DEPOSITION OF DR. ADAM WERNER

Tuesday, September 13, 2022

8:39 a.m. (PT)

Reported by:

Joan Ferrara, RMR, FCRR

Job No. 2022-858476

September 13, 2022

8:39 a.m. (PT)

Videotaped Deposition of DR. ADAM WERNER, held remotely via Zoom, before Joan Ferrara, a Registered Merit Reporter, Federal Certified Realtime Reporter and Notary Public.

REMOTE APPEARANCES:

THE ROSEN LAW FIRM, P.A.
Attorneys for Plaintiff and The Witness
270 Madison Avenue
40th Floor
New York, New York 10016
BY: YU SHI, ESQ.

SKADDEN ARPS SLATE MEAGHER & FLOM LLP
Attorneys for Defendants NIO, Inc., Padmasree Warrior, Bin Li, Louis Hsieh, Lihong Qin, Yaqin Zhang, Tian Cheng, Hai Wu and Xiang Li
One Manhattan West
New York, New York 10001
BY: MICHAEL C. GRIFFIN, ESQ.
JUDITH A. FLUMENBAUM, ESQ.
ROBERT A. FUMERTON, ESQ.

(Continued)

REMOTE APPEARANCES: (Continued)

PAUL WEISS RIFKIND WHARTON & GARRISON LLP
Attorneys for Defendants Xianping Zhong and Zhaohui Li
1285 Avenue of the Americas
New York, New York 10019-6064
BY: XINSHU SYLVIA SUI, ESQ.

MILBANK LLP
Attorneys for Defendants Morgan Stanley & Co. LLC, Goldman Sachs (Asia) L.L.C., JPMorgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Inc., Deutsche Bank Securities Inc., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, UBS Securities LLC, and WR Securities, LLC
55 Hudson Yards
New York, New York 10001-2163
BY: ELVIRA RAZZANO, ESQ.

ALSO PRESENT:
ADRIEL OLVERA, Videographer

---------------- I N D E X ---------------

---------------- EXHIBITS ----------------

(Continued)

---------------- EXHIBITS ----------------

MR. SHI: Are we taking transcript orders now?

THE COURT REPORTER: Sure.

MR. SHI: Okay. So we represent the Plaintiffs and we are going to order a standard transcript.

THE COURT REPORTER: Okay.

MR. GRIFFIN: Joan, we'll take the expedited, like with the others.

THE COURT REPORTER: Yes, we have that noted, Michael. Thank you.

THE VIDEOGRAPHER: We are now on the record. Today's date is September 13, 2022 and the time is 8:39 a.m. Pacific Time.

This is the video deposition of Dr. Adam Werner, in the matter of In Re: NIO Inc. Securities Litigation, filed in the United States District Court, Eastern District of New York, Case No. 19-CV-1424.

This deposition is taking place via web videoconference with all participants attending remotely.

My name is Adriel Olvera. I am the videographer representing Lexitas.

All counsel will be listed on the stenographic record.

Our court reporter today is Joan Ferrara representing Lexitas.

The court reporter will now swear in the witness.

DR. ADAM WERNER,

called as a witness, having been duly sworn by a Notary Public, was examined and testified as follows:

EXAMINATION BY

MR. GRIFFIN:

Q. Good morning, Doctor.

A. Good morning.

Q. Dr. Werner, is that your preferred, how you prefer I address you?

A. Sure, that would be fine.

Q. Excellent.

Can you state your full name for the record?

A. Adam Davis Werner.

Q. And home or business address?

DR. A. WERNER

Q. And what did you mean by your obligations to the parties who have engaged you in paragraph 3?

A. Well, I don't -- to the best of my knowledge, I mean, I don't have any specific obligations to the parties who have engaged me, but I suppose someone more cynical than myself could say that experts are sometimes hired to give opinions that are -- what's the right term -- shaded towards their client's best interests.

Again, this isn't -- I mean, look, I submit my report, it's an independently prepared report, no discussions with outside parties or the parties that have retained me have in any way affected the opinion that is presented here in my declaration.

Q. Okay. So to be clear, sitting here, you don't think you have any obligation to Plaintiff's counsel who hired you, correct?

A. That is correct.

Q. And you don't view any conflict

DR. A. WERNER

between your duty to the Court and any obligations you would have to any other party?

A. Well, what other obligations would I have to other parties?

Q. That's what I'm asking you, Doctor, any obligation you have to any other party.

A. Right, and I guess to the extent that I can't think of any obligation that I have to another party, the answer to your question is -- well, could you reask the question?

Q. Let me ask it differently.

If you don't believe you have any obligation to Plaintiff's counsel that engaged you, why did you include paragraph 3 in your declaration?

A. It's typically what I would include in my reports.

Q. Did you personally write paragraph 3?

A. At some point in my life, yes.

Q. You didn't personally write

DR. A. WERNER

paragraph 3 for this case in particular?

A. Well, I may have cut and pasted this from a previous report into this paragraph.

Q. Do you --

A. I don't know if that falls under the guise of preparing it separately for this report.

Q. Do you recall when you first drafted the language in paragraph 3?

A. I do not.

Q. Do you recall from what report you copied it for this declaration?

A. I do not.

Q. Are there other portions of your declaration in this case that are copied from prior reports or declarations?

A. Well, maybe "copied" is the wrong term, but yes, there are other sections such as -- if you look at paragraph 4, right, I don't write that paragraph from scratch every time I prepare a report. It's just the common description of my background.

DR. A. WERNER

Q. Are there any paragraphs pertaining to your opinions in this case that were copied from prior reports or declarations?

A. I'm sure there were.

Q. Can you identify any?

A. Well, certainly to the extent that I'm discussing a general methodology at the end of my report, that's probably been presented in other reports. I may have tweaked it a little bit for this report.

Some might have discussions about, you know, the tenets of market efficiency, how courts have thought about market efficiency in the past, those have probably been use in other reports.

Q. Did you receive assistance in preparing this report?

A. I did.

Q. Who assisted you in the preparation of this report?

A. Alex Huang -- let me spell that last name for you, H-U-A-N-G. Drew

DR. A. WERNER

Guardano -- and I'm not going to try spelling that, but I believe if you just sound it out, you should get the spelling correctly.

And then Miguel Villanueva, again just to the extent that Villanueva is a common name, just use the common spelling.

Q. And who are Alex, Drew and Miguel?

A. They are employees of Crowinshield Financial Research.

Q. Have they assisted you on creating reports and declarations in securities litigations prior to this case?

A. They have.

Q. That's true for all three?

A. Yes.

Q. Did Plaintiff's counsel here review your report before it was submitted?

A. They certainly, to the best of my knowledge, yes.

Q. Did they give you any feedback or comments on it?

A. I believe they made some

DR. A. WERNER

than the class period that was alleged in Plaintiff's Complaint?

A. To the best of my understanding, yes.

Q. Do you have any idea why the relevant period you were asked to use is different than the class period that was alleged in the Complaint?

A. I do not.

Q. Do you know what the significance of the starting date for the relevant period, October 8, 2018, is?

A. I do not.

Q. Do you know what the significance of the end date for the relevant period, which is March 5, 2019, is?

A. I believe that was the end of the class period.

Q. And do you know if any significant events are alleged to have occurred at that time?

A. March 5, 2019?

Q. Correct.

A. Right. So I think what I read

DR. A. WERNER

from this when I was reading from my summary when you were asking about Plaintiff's allegations -- so right, Plaintiffs allege the truth about NIO's Shanghai facility was revealed on March 6, 2019.

To the best of my -- best of my recollection, that is correct. But the actual disclosure was on March 5, 2019. This should have probably said that rather than revealed on March 6, 2019, it should have said revealed on March 5, 2019 after the markets closed and, thus, if you were looking for a stock price reaction with respect to whether or not this information had any impact on the stock, you'd want to look at the March 6th price change.

Q. Would you like to amend this paragraph of your declaration?

A. If that helps clarify the record, I'm happy to do it.

Q. Well, I'm asking you, Doctor.

A. Well, I guess my question to you is, is it causing confusion? Because to me

DR. A. WERNER

it's not causing confusion. If it's causing confusion for the record, I'm happy to amend it.

Q. What disclosure that was issued aftermarket on March 5th are you referring to?

A. I believe it was the -- well, again, let's be specific. Right, so looking at paragraph 52 of my report, on March 5th, 2019, after the close of trading, NIO announced its Q4 and fiscal year 2018 financial results press release that it had terminated its plans for constructing the Shanghai facility.

During the conference call with investors, NIO explained that the reason for the plan's termination due to new policies introduced by the Chinese -- excuse me -- that the reason for the plan's termination -- it should say "was" -- due to new policies introduced by Chinese Government authorities.

Q. So the disclosures that you are referencing are the company's Q4 and fiscal

DR. A. WERNER

situation. I'm being specific about this because I've seen companies, let's say in Brazil, right, and some article comes out on a chat board in Brazil that no one really sees and then, you know, a day or two later that news is translated and people have a reaction to it.

So it's really a question of dispersion of that information and how vast the dispersion is.

Q. Are you drawing a distinction between information that's publicly available in the U.S. versus other countries?

A. No. I was just using that as an example of something where it may take time to digest information for the market.

Q. And, similarly, are you drawing any distinction between information that's publicly available in English as opposed to another language?

A. I'm not, no.

Q. So with respect to NIO, for example, NIO is based in China, correct?

DR. A. WERNER

A. To the best of my knowledge, yes.

Q. So you would consider information that is publicly available in China about NIO to be reflected in its stock price?

A. A large corporation like that, yes.

Q. What about physical information? Like, for example, a construction site. Do you consider that to be public?

A. That's something I would have to think about. I mean, I have no reason to think people wouldn't be aware of construction of a facility, but you know, if you're talking about hypothetical examples or situations -- I mean, can people be building something and people be unaware of it? Sure. I mean, if I'm building something in an underground bunker, people may not be aware of my construction.

Q. And if they were building it on Fifth Avenue in Manhattan, they probably would be aware of it, right?

A. I assume that's correct. Now

DR. A. WERNER

again, to the extent there might be scaffolding on it, they might not know what they're constructing, but I think generally your statement is correct.

Q. Notwithstanding the scaffolding, they could see construction underway, correct?

A. Correct.

Q. Setting aside the hypotheticals, the issue in this case is whether the Shanghai facility was under construction.

Do you believe the status of that construction is publicly available information?

A. Well, clearly, to the best of my understanding, that's what Plaintiffs are alleging, but I have an independent --

Q. Sorry, I didn't mean to cut you off.

A. I haven't independently verified that.

Q. You haven't independently verified whether construction was, in fact, underway?

DR. A. WERNER

A. To the extent I'm in the U.S. and I wasn't in China, no, I don't know one way or the other.

Q. I understand. But my question is slightly different, not whether construction was, in fact, underway, but whether the fact of construction being underway or not was publicly available.

Do you have an opinion on that question?

A. I don't believe that's something I've looked at as of today.

Q. Sitting here today, do you have an opinion on it? I'm now asking you to consider it.

A. Right.

Q. The status of a construction site in Shanghai is publicly available information?

A. I believe that's what Plaintiffs are alleging. I have not independently verified that.

Q. Again, I just want to be clear, Doctor. I apologize for belaboring this.

DR. A. WERNER

I'm not asking you whether or not construction was underway or whether any new construction was underway.

My question simply is whether or not a construction site had begun publicly available information?

A. Right, and so again, it's going to depend on the situation.

Q. Well, I'm asking you about this situation here, in this case.

A. So for this particular -- so you're talking about the Shanghai facility?

Q. Correct.

A. I have no knowledge, one way or the other, whether or not that was publicly available information.

Q. Presumably anyone in Shanghai could have walked past the site and seen whether or not construction was underway, correct?

MR. SHI: Objection. Form.

A. Right. I mean, I have no idea where the construction was being done. So could someone walk by it? I don't know. I

DR. A. WERNER

haven't been to Shanghai before. I'm not familiar with the terrain and the layout.

So, you know, it's like if you came to Pismo Beach and I said, hey, there's some construction going on, you know, at the tip of some beach that's cordoned off by the government, people may not -- people obviously can't walk by there and see the construction, but the construction is occurring.

Q. Do you have any reason to believe that whether or not construction was underway at the Shanghai facility was not publicly available to people physically located in Shanghai?

A. I have no opinion one way or the other.

Q. Okay. Now as part of your analysis, you address the Cammer factors, correct?

A. That is correct.

Q. And the first Cammer factor deals with average trading volume?

A. Correct.

DR. A. WERNER

Q. And in your opinion, average trading volume above 1 or 2 percent of a stock's total outstanding shares is indicative of an efficient market, correct?

A. Well, I think that's the Court's opinion, yes.

Q. And do you agree with that standard?

A. Generally, yes.

Q. Have you ever --

A. It's the one I -- sorry.

Q. Go ahead.

A. It's the one I've adopted for the purposes of testing market efficiency across, you know, hundreds of cases.

Q. And that's the standard you applied in this case, correct?

A. That is correct.

Q. Now, you state that the average trading volume of NIO's ADS during the relevant period was 45.68 percent of total outstanding shares, correct?

A. Let me get to that section of my report. That sounds accurate. I'm sorry,

DR. A. WERNER

companies?

A. In this case, yes.

Q. And analysts gather and independently generate information about companies and disseminate such information to their clients, right?

A. That sounds like something I've written.

Q. Good ear.

The more analysts covering a security, the more likely it is that the market will timely incorporate any new information, right?

A. Well, so, I'm not quite -- if that's what I've stated, I'm not quite sure that that's correct. I mean, if you're talking about, you know, 20 versus 30 analysts, there's going to be a marginal difference in how quickly the information is incorporated in the stock price -- you know, probably not.

Q. So you're saying that the marginal impact can vary depending on exactly how many analysts we're talking

DR. A. WERNER

about?

A. Right, as well as the analyst's reputation.

Q. Could you take a look at page 8, paragraph 19 of your report. That's the paragraph I was referring to.

In paragraph 19 you state, "Put another way, the more analysts covering a security, the more likely it is that the market for that security will timely incorporate new information in that security's price."

You agree with that statement, right?

A. Again, I mean, I should probably put some qualifiers on that, again using the example that I referred to earlier, but generally that's true.

Q. Do you believe the statement in paragraph 19 is inaccurate?

A. I don't believe it's inaccurate. I just don't think there is necessarily a linear relationship between the market's incorporation of information and the number

DR. A. WERNER

of analysts.

And again, so right, if I'm looking at two versus three analysts, the marginal contribution of that third analyst might be different than a marginal contribution of the 29th analyst.

Q. Do you believe paragraph 19 is misleading as currently written without the caveats that you've added today?

A. I don't think so.

Q. Okay.

A. I think generally that's true.

Q. You mentioned the quality of the analysts being relevant, right?

A. I did.

Q. Do you think that, generally speaking, analyst reports are accurate and reliable?

MR. SHI: Objection to form.

A. Generally speaking?

MR. SHI: Objection to form.

A. That's not something I've ever thought about.

Q. Sitting here today, and you could

DR. A. WERNER

A. As I sit here today, I don't recall.

Q. You don't recall one way or the other?

A. That is correct.

Q. Would you expect to recall that information if they did say that?

A. In this day and age, it's very possible that I -- the answer to that question is no.

Q. Well, whether or not the Shanghai facility is under construction is the central issue in this case, correct?

A. I mean, I don't know if it's the central issue. It's certainly an issue.

Q. An important issue?

A. Sure.

Q. But you wouldn't remember, one way or the other, if you had read an analyst reporting that, in fact, it was not under construction?

A. Again, as I sit here today, I don't recall.

Q. Do you recall if any of the

DR. A. WERNER

analyst reports you reviewed claimed that NIO terminated the Shanghai facility project because it did not have sufficient revenue or cash flows?

A. As I sit here today, I don't recall.

Q. Did any of the analyst reports you reviewed claim that NIO did not, in fact, have sufficient revenue or cash flows to complete the Shanghai facility?

A. As I sit here today, I don't recall.

Q. Now, all of the --

A. Actually, so if you're talking about -- so let me make a distinction.

So if you're talking about these particular analyst reports, I don't recall.

Let's turn to.

Q. Try 50 to 51. Are you looking for the list of documents you considered?

A. No.

Q. Doctor, let me ask you this. The 26 analyst reports that you listed in Exhibit 4 and reviewed and relied on here,

DR. A. WERNER

all occurred before the alleged corrective disclosure, correct?

A. That is correct.

Q. Did you review any analyst reports after the alleged corrective disclosure?

A. I certainly asked for them. And we did not have access to them, so I relied on a news article to garner analyst opinions about that.

Q. Who did you ask for the analyst reports following the corrective disclosure?

A. The people at Crowninshield.

Q. And what did they tell you in response to that request?

A. That they didn't have access to them.

Q. Where did you obtain the 26 analyst reports that you did review and rely on?

A. To the best of my knowledge, Thomson Eikon.

Q. And did you discuss with Thomas

DR. A. WERNER

Icon on the additional analyst reports after the corrective disclosure?

A. That's where they would have looked.

Q. Do you have any idea why the analyst reports after the corrective disclosure allegedly were not available?

A. Well, they may have been available. Look, to the extent we were talking about your client NIO, I'm sure Plaintiff's counsel could subpoena them. So does that make them available? I don't know. They weren't available, to the best of my knowledge, through Thomas Icon.

But, since we were talking about, you know, investment bank is talking about things like the construction of the facility, so if I'm looking at paragraph 71, we see that analyst and market participants noted that the companies reported financial results were disappointing and that the termination of the plan to construct the Shanghai facility was a negative surprise.

DR. A. WERNER

Q. I understand, Doctor, and we're going to get to paragraph 71, but for now I just want to focus on these analyst reports.

You said that you asked for the analyst reports after the corrective disclosure, right?

A. Well, from the last report through the corrective disclosure, that is correct. I believe the last analyst report was for February 15th.

Q. Correct. And you wanted to review the analyst reports after the corrective disclosure, right?

MR. SHI: Objection. Form.

A. That is correct. I'm sorry, I didn't hear the objection.

MR. SHI: Form.

Q. So I'll ask you again. You wanted to review the analyst reports that followed the alleged corrective disclosure here, right?

A. I asked if we had additional analyst reports that covered that time

DR. A. WERNER

period.

Q. Did you want to review those analyst reports?

A. To the extent we had access to them, yes.

Q. Why did you want to review the analyst reports that followed the corrective disclosure here, alleged corrective disclosure?

A. Well, again, because I wanted to verify things like these statements in paragraph 71 were accurate. I have no reason to think they're inaccurate and they come from reliable data sources. You know, if I can go to source material, I guess normally I'd prefer to go to source material than repetition of source material or analysis of source material.

Q. Was the securities analyst reaction it news regarding NIO relevant to your analysis here?

A. It certainly informed my opinion.

Q. In what way did it inform your opinion?

DR. A. WERNER

A. Well, again, so we're talking about -- let's go back to paragraph 71. The question -- I mean, for market efficiency, the question is really does news move the stock. And so to the extent that there was news being presented by, among other people, analysts, that would inform my opinion as to whether or not the stock was efficient -- or this particular stock traded in an efficient market.

Q. And the opinion of the securities analyst as to the favorability of that news is also relevant to your analysis, right?

A. Well, again, it informs my opinion.

Q. You also mentioned, and I'm looking at paragraph 31 on page 12 --

A. Actually, can we -- so we've been going for about an hour and 15, minutes. Can we take a break?

Q. Sure.

A. I mean, if you're like going to ask me one more question on this, I'm happy to continue, but otherwise --

DR. A. WERNER

Q. Yeah, give me five more minutes.

A. Okay. All right. So reask your question, please.

Q. Sure. Page 12, paragraph 31.

A. Okay.

Q. In paragraph 31 you reference, "Over 109 news stories, press releases and SEC filings featuring NIO."

That appeared in financial publications during the relevant period, correct?

A. That is correct.

Q. Did you review all of those 109 news stories, press releases and SEC filings?

A. I don't believe I reviewed every single one of those.

Q. Did someone on your team review them?

A. Yes.

Q. So at least one of the three individuals we mentioned earlier would have reviewed all 109 of those press releases, news stories and SEC filings?

DR. A. WERNER

that was announced, I would expect to have an impact on the stock price. When I say "expect," I should say ex-ante.

Q. So you expected ex-ante each of the four events you chose to have a statistically significant impact on the stock price?

A. No. Those are pieces of news that often times impact a securities, a stock price. I had no expectation, one way or the other, whether or not it would actually move the stock price.

Q. Okay. So walk me through your process for selecting these four particular events.

A. Right. So we had our 109 articles or whatever it was, we had our analyst reports, we went through them and I looked at days where you would normally expect some type of stock price movement.

So, for instance, you know, often times we'll look at earnings reports. So in this case I looked at the earnings announcements associated with November 6th,

DR. A. WERNER

right. Often times that is a news -- what someone would consider a news day.

To the extent that that news met expectations, the fact that there was not a statistically significant stock price movement is consistent with market efficiency.

Q. Did you consider using any other events besides the four that you ultimately selected for your study?

A. I did not.

Q. Now, you claim to have focused your event study on disclosures of information related to allegations in the Complaint, and that's in paragraph 50, is that correct?

A. Well, it should say on a disclosure of information related to the allegations in the Complaint is the only event with regards to allegation of Complaint with the alleged corrective disclosure.

Q. Sorry, what should paragraph 50 say?

DR. A. WERNER

A. By focusing an event study on a disclosure of information related to the allegations in the Complaint, since there was only one disclosure in this case.

Q. And so the other three, the first three events in your event study are not related to the allegations in the Complaint, correct?

A. I believe that's correct.

Q. Now, as part of your event study, you created a regression model, right?

A. Correct.

Q. And part of that model was dependent on what you termed a market model, right?

A. Just let me get there as long as we're going to talk about this. The answer to your question is that is correct.

Q. And you used a market model to help control for market wide and industry wide factors affecting the stock price, correct?

A. That is correct.

Q. And so to do this you chose a

DR. A. WERNER

market index and an industry index, right?

A. That is correct.

Q. How do you go about choosing a particular market index?

A. Generally use the same market index, what's generally accepted as the market index in academic literature.

Q. And that's the index you used here?

A. Correct.

Q. That's referenced in paragraph 57?

A. Correct.

Q. And what about for the industry index, how do you go about selecting an appropriate industry index?

A. Well, to the extent that NIO was an automobile manufacturer, its performance was likely affected by sector news -- or maybe more generally electric vehicles.

Q. Well, just stepping back for a second before we get to NIO, just in general when you're conducting an event study you have to choose an industry index,

DR. A. WERNER

what are the factors you're considering when choosing an industry index, generally speaking?

A. What the company does.

Q. So you're just looking for any industry index that overlaps with what the company does?

A. It's a little bit more involved than that.

Q. How so?

A. Well, so often times companies will, you know, say -- in their financial filings will compare themselves to other companies. So often times I'll construct an index based on those comparisons or they'll compare their performance to certain indices, so often times I will select those indices.

Q. And here you said you were looking for an industry index that involved automobiles and in particular electric vehicles?

A. Correct.

Q. And the index you chose is the

DR. A. WERNER

S&P 500 Automobile Manufacturers Index, correct?

A. Correct.

Q. As you cite in paragraph 57?

A. Correct.

Q. What companies make up the S&P 500 Automobile Manufacturers Index?

A. As I sit here today, I don't recall.

Q. Did you recall at the time -- excuse me, did you know at the time you drafted your report?

A. At some point I reviewed the index.

Q. Do you have any idea what companies are included in that index?

A. I mean, as I sit here today, it would be speculation on my part.

Q. Can you name a single company that's included in that index?

A. Well, I assume like Ford and GM would probably be in it.

Q. Anyone else?

A. Again, beyond that, I'd be

DR. A. WERNER

speculating.

Q. Do you know if the composition of that index has changed over time?

A. I would not be surprised if the composition of that index has changed over time.

Q. Well, I guess more specifically, do you know if it's different today than it was during of the relevant period?

A. It's personally possible that it's different today than it was during the relevant period.

Q. You don't know, one way or the other?

A. No.

Q. And you mentioned you selected this index because it was related first to automobile, right, is that correct?

A. Well, electric vehicles, yes.

Q. Which electric vehicle companies are included in this index?

A. As I sit here today, I don't recall.

Q. But for purposes of your model it

DR. A. WERNER

was important to you that electric vehicle companies were included in this index, right?

A. Was it important that electric vehicles as opposed to gas-powered automobiles?

Q. Right.

A. It was certainly a factor that I took into consideration.

Q. What other factors did you take into consideration?

A. Well, that we're dealing with a billion dollar automobile manufacturer.

Q. Did the geographic market factor into your selection of industry index?

A. It did not.

Q. Why not?

A. No reason. I doubt -- well, I would be shocked if adding a country-specific component to this, to my model would alter the model results significantly.

Q. Why?

A. Based on experience.

DR. A. WERNER

Q. What experience?

A. Well, let's see, I'm 52. So running event studies since, about 30 years.

Q. What, specifically, Doctor, in your 30 years of experience leads you to believe that adding a geographic market specific index would not change the results of your analysis in this case?

A. Well, I didn't say it wouldn't change my results. I said it would not change my results significantly. Correct?

Q. Okay. What in your 30 years of experience leads you to believe that adding a geographic market specific index in this case would not significantly change your results?

A. Again, if you're looking at a billion dollar corporation with a global company, it's selling cars all over the world, generally that's not going to have a big impact on a market model based on looking at -- look, I've looked at, I don't know how many Chinese corporations I've

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looked at with regards to this and generally with the larger companies -- again, we're talking about a billion dollar company -- a country-specific index doesn't normally have a large impact on -- a significant impact on a market model.

I mean, if you want me to -- I'm happy to look at it if your expert is going to go ahead and add an industry index, I'm happy to review it and say, you know what, this actually does make a significant difference. But, you know, as I sit here today, you know, I did what I did, I believe what I did is correct.

Q. When you reference a billion dollar company, what metric are you referring to there?

A. Market cap.

Q. Is it your understanding that NIO sells its electric vehicles globally?

A. Well, I certainly know they sell them in the U.S.

Q. And would you expect the U.S. auto industry to affect sales of NIO's

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vehicles in China?

A. Would I expect -- well, to the extent that U.S. automobile manufacturers sell cars in China, yes.

Q. Do you know if any of the companies in the S&P 500 automobile manufacturers index sold electric vehicles in China?

A. Sold electric vehicles in China? Not as I sit here today.

Q. How about sold any vehicles in China?

A. Again, I mean, general knowledge, my understanding is companies like Ford and GM sell vehicles in China. But do I specifically know that for a fact, no, not as I sit here today.

Q. But in general, you would expect industry factors that affect GM and Ford to also affect NIO?

A. To the extent they sell automobiles in the U.S., yes -- well, in general, yes.

Q. Did you consider using any other

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the trading day and right before the trading day. As I sit here, I don't recall. And the stock price moved.

Q. And so any subsequent movements on future days were not relevant to this particular announcement?

A. To this particular announcement? For the purposes of market efficiency? No.

Q. Okay. That's all I'm trying to understand.

Here you used a single day to gauge the price reaction to this particular event, right?

A. That is correct.

Q. Okay. Can we flip to page 65? It's Exhibit 9 of your report.

A. I'm there.

Q. Exhibit 9 of your declaration presents the results of your event study, correct?

A. That is correct.

Q. And it lists the residual return, among other things, and T-statistic for each day during the relevant period, is

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that right?

A. That is correct.

Q. So if we look at the second line of your chart, for October 9th, that's the date of the Bailey Gifford announcement, correct?

A. Correct.

Q. We see the 20.17 percent logarithmic return, right?

A. Correct.

Q. And the T-statistic there is 5.13, right?

A. Correct.

Q. Because that is greater than 1.96, you deem this to be statistically significant, right?

A. Correct.

Q. And that's what that little asterisk at the end of the row indicates, right?

A. Correct.

Q. The line right below that for October 10th also indicates that there was a statistically significant abnormal

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return, correct?

A. It does.

Q. Do you have any idea what caused that statistically significant abnormal return?

A. As I sit here today, no.

Q. But the fact that there was a statistically significant abnormal return based on your model indicates to you that there was some company-specific news that day, is that right?

A. 95 percent of the time, yes. I mean, 5 percent of -- we're going to observe 5 percent statistically significant days. But as I sit here today, I don't know one way or the other.

Q. If you look midway down the page, November 1st also indicates a statistically significant abnormal return, correct?

A. That is correct.

Q. Are you aware of any significant company news regarding NIO on November 1st?

A. I don't believe that -- well, let me --

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Q. It's not one of the four event dates that you chose, I could tell you.

A. Okay. So then no, as I sit here today, no.

Q. Same for November 19th, which also indicates a statistically significant abnormal return?

A. November 19th. Can we agree that if you're going to do this, we can stipulate where you tell me whether or not these are days I reviewed?

Q. Yes. The four you reviewed are October 9th, November 6th for the Q3 earnings, November 30th for the resignation, and then March 6th for the alleged corrective disclosure.

A. Thank you.

Q. It's not a memory test.

A. Okay. I appreciate that. You'd be surprised how many lawyers think it is.

Q. Fair enough.

Let me ask you the question this way: Other than those four days, are you aware of any company-specific information

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that caused any statistically significant abnormal returns on any other date?

A. During the relevant period?

Q. Correct.

A. I am not.

Q. Okay. All right. Let's talk about the second event then that you chose. That was the Q3 -- excuse me, third quarter earnings announcement on November 6th, 2018, correct?

A. I'm sorry, I need to just correct what page are we on?

Q. Paragraph 65.

A. Paragraph 65. Okay.

Q. Are you there?

A. I am.

Q. And you deemed this to be neutral news for the company, right?

A. Ex-post, yes.

Q. And that was based on the securities analyst's reactions to the results, in particular their characterization that the results were in line with expectations?

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A. That certainly informed my opinion, yes.

Q. Did anything else inform your opinion?

A. I'm sure I looked at some additional news articles around that period of time that expressed similar sentiment, but these were the things that stuck out.

Q. And so the three sources that you cite in this paragraph are the Deutsche Bank analyst report, JP Morgan analyst report, and Morgan Stanley analyst report, correct?

A. That is correct.

Q. And again, you deemed the reaction of these analysts to be relevant to determining the significance of that quarterly announcement, whether it was positive, negative or neutral?

A. I don't think the statement as you've -- the question as you've stated it is correct.

Q. What do you disagree with in what I asked?

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A. Reread the -- could you have the question reread, please?

Q. Sure.

You deemed the reaction of these analysts to be relevant to determining the significance of that quarterly announcement, will it was positive, negative or neutral?

A. Ex-post, that is correct. Ex-ante that is incorrect.

Q. And why is that incorrect ex-ante?

A. Because I didn't -- you know, I commonly look at news earnings days. So it's an earnings announcement, so I looked at it. Oftentimes that's something that will move a stock price.

Q. And setting aside the securities analyst's reports, do you have any independent view of whether the third quarter earnings were a positive, negative or neutral development?

A. Beyond those reports and presumably additional news articles I may

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Do you see that?

A. I do see that.

Q. What is your basis for that assertion?

A. Well, among other things, the Deutsche Bank report.

Q. Again, you looked to one of the analysts reports' characterization of this event to judge whether it was significant?

A. So when you use the word "significant," that has a loaded meaning.

Q. What do you understand it to mean when I say "significant"?

A. Well, so normally when we talk about significance in a securities class action context, we're usually talking about statistically significant.

Q. Okay.

A. I'm sorry, I'm uncomfortable using the term "significant." If you want to say important, something people normally pay attention to, what might change the overall information.

Q. I'll ask the question again more

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specifically. But in general, what I'm trying to get at is good, bad, or neutral. So we're getting hung up on the word. I'm not trying to trick you. I don't know of a better word to describe that inquiry, but I'll just ask it that way.
You relied on the Deutsche Bank analyst report to gauge whether Ms. Warrior's resignation was a positive, negative, or neutral news event for the company?
A. That certainly informed my opinion, yes.
Q. Okay. I'll try and stick with that going forward, that formulation.
A. Okay.
Q. Sorry, so you also write here that it did not affect the market's perception of the company's ability to operate and deliver on its goals.
Is that a general standard that you would apply to evaluating company-specific news?
Let me ask it this way: Would

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you consider events that do not affect the company's ability to operate and deliver on its goals to be neutral?

A. Not necessarily.

Q. Why not?

A. Well, it's going to depend on the situation. Again, I have no understanding whatsoever about the, you know, Tim Cook's individual or Apple's ability to continue to manufacture its products, but I would not be surprised that if Tim Cook resigns out of nowhere, Apple's stock price is going to move.

Q. How about this way, would you consider an event that hinders the company's ability to operate and deliver on its goals to be a negative news event?

A. Negative, but not necessarily statistically significant.

Q. Sure. No numbers here, so can't possibly gauge statistical significance. I'm just trying to understand why you use that particular phrase here.

A. That's just what I chose to use.

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A. Correct.

Q. And this was not statistically significant in your opinion, correct?

A. Correct.

Q. All right.

MR. GRIFFIN: I think we've been going for about an hour. Do you want to take another break before we go to the next event?

THE WITNESS: Yeah, actually thank you so much for asking. That's very kind of you.

MR. GRIFFIN: Yep, sure. Ten minutes again?

THE WITNESS: Yeah, 10 minutes would be good. Works for us. So we'll be back around 2:10.

MR. GRIFFIN: Yep.

THE VIDEOGRAPHER: We are off the record at 10:59 a.m.

(Recess taken from 10:59 a.m. 11:12 a.m. PT)

THE VIDEOGRAPHER: We are back on the record at 11:12 a.m.

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BY MR. GRIFFIN:

Q. Dr. Werner, turning to the fourth and final event in your event study, that was the March 5, 2019 disclosure of NIO's fourth quarter and fiscal year 2018 earnings results, correct?

A. Correct.

Q. And it was in connection with this earnings announcement that NIO also announced that it was terminating the Shanghai facility project, correct?

A. Correct.

Q. Now, looking at paragraph 71, which you referenced earlier, you state that, "Analysts and market participants noted that the company's reported financial results were disappointing and that the termination of the plan to construct the Shanghai facility was a negative surprise."

Do you see that?

A. I do.

Q. Who are the analysts that you're referring to in that sentence?

A. Again, so these -- you know, I

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should have been -- I agree, I should have been more accurate -- these were analysts that showed up in terms of quotations from our literature review through the Lexis-Nexis search. So things like -- before we looked at flyonthewall, so that would be one such source.

Q. So when you refer to analysts in paragraph 71, you're not referring to the investment bank coverage analysts like Deutsche Bank and JPMorgan, Morgan Stanley, et cetera?

A. Well, they may very well have been the sources of those. The problem is, again, we, for whatever reason, Eikon, Thomson Eikon didn't supply us with -- analyst reports after that, after February 15th were not available on Thomson Eikon. And I don't know, I've asked my staff, they don't know.

Q. So the sentence that you write, though, in paragraph 71 is not referring to those securities analysts that publish regular coverage after earnings

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announcements by Deutsche Bank, JPMorgan, et cetera, that we discussed earlier, right?

A. No. What I'm saying is, as I sit here, I don't recall. It very well could have, right. But to the extent that I didn't have access to the source, the actual reports, I didn't cite to the actual reports.

Q. Okay, sorry. I'm not sure I'm following entirely. But are you saying that you may have reviewed sources, articles, news media, et cetera, that referenced the analyst coverage reports expressing these opinions and that's the basis for your sentence in 71?

A. Correct.

Q. But sitting here today, you don't recall any specific articles or any other source that you reviewed that referenced securities analysts describing the termination of the plan to construct the Shanghai facility as a negative surprise, right?

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A. I do not specifically remember that.

Q. Do you recall generally that you saw that, even if you don't recall the particular source?

A. Well, I wouldn't have written that sentence if I hadn't seen that.

Q. All right. But it's not a hypothetical or a conditional, Doctor. You did write the sentence. So I'm just trying to understand what your basis was for that sentence.

A. Right. And again, as I say, I should have been more specific. I'll be happy to provide you with sources afterwards. But news articles that I reviewed that quoted analysts.

Q. Okay.

A. Among other things.

Q. What are the other things?

A. As I sit here, I don't know. I'm just trying to be as general as possible.

Q. I would like you to be specific, if you can.

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A. Right. What I meant to say was --

Q. I'm just asking --

A. Right, no, I meant to say -- I was trying to be as specific as possible and as accurate as possible. So I know that I remember reading analyst, quotes from analysts. You know, I don't have a full recollection of everything I saw. So I'm trying to be as accurate as possible, how about that.

Q. Okay.

Now, as before, right, setting aside the stuff that you reviewed, did you have -- well, let me strike it. Let me reask the question.

Do you agree with the opinions that you read in the sources that you reviewed that the termination of the plan to construct the Shanghai facility was a negative surprise?

A. For the purposes of market efficiency, that wasn't something I was asked to do.

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Q. And generally speaking --

A. And you're -- sorry. Usually in the context of price impact and loss causation, you're trying to measure the impact of that information.

Q. And generally speaking, there is two ways you could go about measuring the price impact of an alleged misrepresentation, you could try and do it on the front end or on the back end, right?

A. Those are certainly -- that just seems overly specific. I mean, you can have price impact throughout a class period, right, so...

Q. I could be more specific. One way to measure price impact is to look at the amount by which the stock price increased when the alleged misrepresentation was made, right?

A. Well, again, to the extent that there was an alleged misrepresentation, right, it could be an omissions case in which case I wouldn't necessarily expect any price impact.

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Q. Okay. Let's focus --

A. At the front end, the front end.

Q. Yeah. So for a misrepresentation case, one way to measure price impact would be to look at the change in stock price when the alleged misrepresentation was made, right?

A. I've certainly seen people do that before. That's certainly one way one could look at it.

Q. Have you ever used that approach before?

A. As I sit here today, I don't recall.

Q. In any event, you couldn't do that in this case, right?

A. You couldn't do that in this case -- I believe that statement is correct.

Q. It's impossible to show any front-end impact at the time the alleged misrepresentation was made because it was contained in the company's IPO offering documents before the stock was publicly

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traded, right?

A. I'm not sure. That question doesn't make sense to me.

Q. I'll take a step back.

A. I guess you're now making a distinction between misrepresentation and an omission. An omission can be a misrepresentation.

Q. What if I say an affirmative misrepresentation as to distinguish it from an omission, does that help clarify the question?

A. No.

Q. How about the alleged or false or misleading statements in this case?

A. Again, I haven't looked at price impact or loss causation in this case. If your expert decides to make a price impact argument, that's something I will address in a rebuttal report. But for the purposes of this report it's not something I looked at.

Q. Do you have any view, one way or another, as to whether you could determine

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in there.

A. Yes, yes.

Q. But that's the gist of it, right?

That wasn't the only reason that the company cited for terminating the Shanghai facility project, right?

A. As I sit here, I don't recall.

Q. All right. Let's take a look at the transcript again, Defendants' Exhibit 24. If we look at page 4, at the bottom paragraph starts, "On a separate note," do you see that?

A. Yes.

Q. It says, "On a separate note we would like to give you an update on our plan for building the manufacturing facilities in Jia Ding, Shanghai. In 2017, we signed a framework agreement and memorandum with the government and related NDs in Jia Ding, Shanghai to building a manufacturing plant for NIO. Recently, we have agreed in principal that these contractual counterparties, with our contractual counterparties, to terminate

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the plan of this manufacturing plant. These decisions are made based on two reasons."

Do you see where I've read so far?

A. I do.

Q. So during the conference call, the company actually explained there were two separate reasons for their decision to terminate the factory, correct?

A. At least in this portion of the conference call, yes.

Q. So continuing with the bottom paragraph on page 4, it says, "First, in 2018, a new policy was issued by government authorities which allow and encourage the entities that operate its vehicle research and development and design to work with vehicle manufacturing companies to manufacture vehicles cooperatively. This joint" --

A. I'm sorry, hold on. Where are you reading from? I assume it's just the next sentence, but for whatever reason I'm

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not seeing it.

Q. It was just the next sentence after, it says, "These decisions are made based on two reasons" -- and then it says "First."

Do you see that?

A. First, yeah, okay. Yep. Do you want me to just go to "Secondly"?

Q. Well, before we get to "Secondly," the first reason listed there designated first is the one you were referring to in your declaration, right?

A. Yes, correct.

Q. This is the new government policy that was introduced, right?

A. Correct.

Q. Okay. So now you see where it says "Secondly" in the earnings transcript?

A. I do.

Q. And it says, "Secondly, through an efficiency perspective, we can leverage the existing capacity of NIO's JAC plant and enjoy the flexibility to expand the capacity to support NIO's market

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penetration and growth plans for the next two or three years. In the long run, we will still focus on the joint manufacturing model and continue improving the effectiveness of capital investments in manufacturing."

Do you see that?

A. I do.

Q. Why did you omit that second reason for terminating the plan from your declaration?

A. I can't think of any specific reason as I sit here today.

Q. Do you think it should have been included?

A. Well, I mean, to the extent that this thing doesn't have to be comprehensive -- I mean, I'm just trying to determine whether or not this aggregate information with the stock price, right, for the purposes of this report should it have been included or not been included -- I don't have an opinion one way or the other.

Q. Do you think --

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A. Let me put it another way. Reading that second sentence doesn't alter my opinions with regards to market efficiency and damages in this case.

Q. Do you think it was inaccurate to state that NIO explained the reason for the plan's termination when there were, in fact, multiple reasons?

A. I agree it should say "a" reason and not "the" reason.

Q. I think we discussed earlier that after the company's prepared remarks on the earnings call there is often Q&A, right?

A. Correct.

Q. And that was the case for this particular earnings call, right?

A. Yeah. I don't remember that we've actually spoken directly about this topic, but generally that is the case.

Q. We had talked earlier that securities analysts participated in earnings calls by asking questions sometimes.

You recall that?

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A. I do recall that.

Q. That's what I was referring to.

So anyway, here there were questions by the securities analysts during this call, right?

A. That is correct.

Q. And so if we go to page 6, that's where the question and answer session begins.

Do you see that towards the bottom of page 6?

A. I do.

Q. And the first question there was from Daniel Galves, G-A-L-V-E-S, from Wolfe Research.

Do you see that?

A. I do.

Q. And that was about the plan government reduction in subsidies for electric vehicles, right?

A. That is correct.

Q. All right. Let's jump ahead to the next question, which is on page 8 of the transcript. So if you go to page 8 and

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Shanghai facility was a negative surprise.

Can you show me where in this article they describe that announcement as a negative surprise?

A. As I sit here today, I don't recall. I think it may have had something to do with the deliveries, but I don't recall as I sit here today.

Q. Doctor, I'm not asking you for your recollection. You just read the article.

Does it describe the termination of the plan to construct the Shanghai facility as a negative surprise?

A. Well, they talk about lower utilization. I don't remember if at the point when I wrote this I was thinking there was a connection between the non-construction of the factory and their ability to produce more cars.

Q. Sitting here today, do you have any basis to claim that there is such a connection?

A. As I sit here today, no.

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Q. Okay. So just to be clear, nothing in this article actually says that the termination of the plan to construct the facility was a negative surprise?

A. I mean, I think my answer speaks for itself. I don't know if your summary is correct.

Q. Well, I'm not trying to summarize the document or your answer. I'm just asking the question. Does this article say that?

A. Yeah, I refer to my previous answer about how I arrived at my opinion regarding this.

Q. Well, this isn't an opinion. This is a factual assertion about what was said or wasn't said.

A. Okay.

Q. So does the article say that the termination of the plan to construct the Shanghai facility was a negative surprise?

A. Again, I can't, as I sit here today, I don't recall if I made a connection between those two things. If

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you're asking about it as my reading today, and I think I stated this, the answer to your question is no.

Q. Okay. And then if we look at the next sentence in subparagraph D of your declaration, same sentence that was in paragraph 71 where you say that reactions from the market participants continued on to the next trading day, right, and you cite another article here?

A. I did.

Q. And this is from the Motley Fool?

A. It is.

Q. And are you familiar with that publication, that website?

A. Yes, I am.

Q. Can you describe that website?

A. It's a website -- it's a website that publishes opinions about stocks and stock performance.

Q. Okay. I just sent around that article. So let me know when it comes through. I'll send it in the chat as well. This will be DX-26.

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(Defendants' Exhibit 26, Article, "Why Shares of Chinese Electric Car Maker NIO Fell 47 Percent in March", remotely introduced and provided electronically to the reporter, as of this date.)

Q. As always, Dr. Werner, just let me know when you get it and it's open.

A. Sure.

Okay.

Q. So Defendants' Exhibit 26 is an article from the Motley Fool titled, "Why Shares of Chinese Electric Car Maker NIO Fell 47 Percent in March."

Do you see that?

A. I do.

Q. Do you recognize this article?

A. I do.

Q. You've reviewed it before?

A. At some point, yes.

Q. And this is the article that is referenced in Footnote 74 of your report, right?

A. That is correct.

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Q. Now, this article is several pages long. At the risk of drawing this out, I'd like you to read that article and point me to where it discusses the Shanghai facility.

A. Before reading it, I can stop you right there. When I was talking about this additional news, I wasn't specifically referring to the Shanghai facility. I was referring to the conference call on the earnings release.

Q. So when you say they continued, you weren't talking about the reactions to the termination of the plant to construct the Shanghai facility from the prior sentence in D, right?

A. Correct. I was inarticulate. I apologize.

Q. You were just referring broadly to reactions to the quarterly press release and conference call?

A. Correct.

Q. Okay. All right. Then you don't have to read that. You can put that one

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away.

Now, give me a minute. We're going to look at a few documents and I'm just going to send them to you all at once to hopefully speed this up.

All right. It just went through on my end. Give it a minute and it should come through on yours. It should be three attachments?

MR. SHI: Should be how many attachments?

MR. GRIFFIN: Three.

This is going to be Exhibit 27 which is going to be labeled Tab 67 in the e-mail that you receive.

(Defendants' Exhibit 27, 3/6/19 analyst report from JPMorgan, remotely introduced and provided electronically to the reporter, as of this date.)

MR. SHI: Did you say Tab 6?

MR. GRIFFIN: Yes, it should be a JP Morgan analyst report.

A. Okay, I've got it.

Q. Open that up. Defendants'

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Exhibit 27 is an analyst report from JPMorgan dated March 6, 2019.

Dr. Werner, you've never seen this particular analyst report before, is that right?

A. That is correct.

Q. This is one of the reports following the alleged corrective disclosure that you were not able to obtain, is that right?

A. People at my direction were not able to obtain it.

Q. I'll represent to you that this is one of those analyst reports following the alleged corrective disclosure on March 5th.

So I'd like to direct your attention to the first paragraph there that starts "NIO's 2018 result."

Do you see that?

A. I do.

Q. It says, "NIO's 2018 result was broadly in line with expectations." Then there's a semicolon.

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Do you see that?

A. Why do I not see the semicolon. Maybe because I'm going blind.

Q. It's small. You might want to zoom in there. It's the small print.

A. After "profitability"?

Q. No. Why don't I throw this one up. It may be easier for you to follow along.

All right. Can you see this?

A. I can.

Q. Is it big enough? It doesn't look the same to me as it does to you, so let me know.

A. It's plenty big.

Q. Good. I'm just going to go ahead and highlight the portion that I'm looking at here.

So it says, "NIO's 2018 result was broadly in line with expectations; we see two important developments per MGMT guidance in 2019 that will lead to the company's stock performance and profitability: 1, on the positive side,

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potential termination of building a new wholly owned Shanghai plant and simply leveraging JAC's existing capacity. This implies cost savings and better investment returns."

Do you see that?

A. I do.

Q. So JPMorgan actually characterized the termination of the Shanghai facility as a positive event, is that right?

A. In this sentence, yes.

Q. And then if we look down -- sorry, I started too early, there I just want to scroll.

If we scroll down here to the first bullet, it again discusses the Shanghai plants and it says, "On the Shanghai plant, we welcome the move to terminate the Greenfield expansion plan and simply utilize/expand existing capacity at JAC, subject to final regulatory approval in June. If it materializes, we believe this will save Capex requirements by 20 to

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30 percent and drive better ROIC and cash flow."

Do you see that?

A. I do.

Q. But once again, JPMorgan is expressing a positive opinion of the announcement regarding the Shanghai plant, correct?

A. In this sentence, yes.

Q. And as you mentioned before, you did not take into account this analyst report in your event study because you didn't have it, right?

A. That is correct.

Q. Would this have had any impact on your analysis?

A. Well, again, to the extent that I'm looking at market efficiency and not loss causation or price impact, I don't believe it would have any impact on my conclusions.

Q. Does this suggest that the information about the Shanghai plant was countervailing news, positive news, as

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opposed to the negative news about the company's financial results and projections for demand?

A. Just looking at these two statements without reading the entire report, it seems to suggest that they might be a positive impact on the company's stock price.

But again, this is why I made that distinction earlier when I was talking about the choice of event studies for marketed efficiency. Generally you try to use clean events, but to the extent you're talking about corrective disclosures you obviously can't just use clean events, you've got to use the corrective disclosures.

Q. Let's look at the next of those analyst reports. I'll send it in the chat. We're going to mark this one as Defendants' Exhibit 29, and I'll pull it up on the screen since that seems to be easier for you doctor but it's in your e-mail if you want to open it up.

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A. This is Exhibit 7, right?

Q. Tab 7 is going to be Defendants' Exhibit 28.

A. This is the JPMorgan, or no?

Q. This should be Morgan Stanley.

So again, I will share this with you so we are all on the same page.

(Defendants' Exhibit 28, 3/7/19 analyst report from JPMorgan, remotely introduced and provided electronically to the reporter, as of this date.)

Q. All right. So we've marked as Defendants' Exhibit 28 an analyst report from Morgan Stanley dated March 7, 2019.

Again, you do not recognize this analyst report, right?

A. It is not something I reviewed prior to seeing it now.

Q. Okay. I'm going to zoom out here slightly. Can you still read what's over here?

A. I'm looking at a Morgan Stanley or JPMorgan -- let me focus on the screen over here.

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Q. Fair enough.

Tab 7, if you open it up on your own but you can also just look on the screen here.

A. Right.

Q. So midway through the page, I'll highlight it again for you, it talks about the Shanghai factors.

Do you see that where I've highlighted?

A. I do.

Q. It says, "NIO has suspended its plan to build its own factory in Jia Ding, Shanghai. Recent government policy encourages cooperation with JAC Motors. NIO plans to stick with the cooperation model for manufacturing and is open to seeking other partners. Its current production base with JAC has 100K units of annual capacity and would be expanded to 150K after upgrades satisfying the need for its first three models in the next two to three years. NIO believes it might still need to pay a small compensation to JAC in

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1H-19 with relatively low delivery period. We view the joint manufacturing mode as positive. It could save on Capex while keeping sufficient capacity."

Do you see that?

A. I do.

Q. So like the JPMorgan analyst, the Morgan Stanley analyst also viewed the termination of the Shanghai facility plant as a positive, correct?

A. Well, again, without reading the entire document, certainly that seems to be the case with this particular sentence, this particular paragraph.

Q. Fair enough. In this particular paragraph they expressly say it was a positive, right?

A. Right.

Q. All right. We can put that one down. We've got one more here for you. It's in the chat now labeled Tab 8, Defendants' Exhibit 29.

(Defendants' Exhibit 29, 3/7/19 analyst report from Deutsche Bank

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report, remotely introduced and provided electronically to the reporter, as of this date.)

A. This is the Deutsche Bank report, correct?

Q. Exactly. I have don't have to share it if it's easier for you it look on your screen, but I'm happy to.

A. I think I'm okay.

Q. Okay. Then I will stop doing that. So Defendants' Exhibit 29 is an analyst report from Deutsche Bank that's dated March 7, 2019. You do not recognize this document, right?

A. Correct, I have not seen this document before.

Q. Okay. I'd like to direct your attention to the second paragraph on the first page that's titled, "Sticking To Joint Manufacturing Model Will Help Cash Flow."

Do you see that?

A. I do.

Q. Deutsche Bank writes, "In the

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results announcement, NIO said it will no longer seek to build its own manufacturing plant in Shanghai and will further rely on the joint manufacturing operation with Jing Wei. Considering the successful ramp-up of ESH production in FY-18, we think that NIO's current production business model will not hinder the original sales outlook. Indeed, we view this more flexible option with potentially lower Capex outlay for the company in the next few years."

Do you see that?

A. I do.

Q. So, again, this paragraph seems to indicate that Deutsche Bank viewed the termination of the Shanghai facility plan as a positive development, right?

A. Well, at a minimum, it's expressing the opinion that it's not going to pose an impediment to previous estimates.

Q. And, in fact, it says that it will be more flexible, will have lower potential Capex, capital expenditure, and

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will help cash flow, right?

A. That is what it says, yes, correct.

Q. And all else being equal, those would generally be positive developments, right?

A. Generally, for corporate -- I mean, I can't speak to this particular example, but generally I think that could be thought of as a positive.

Q. Okay. You could put that one down as well.

Now, in addition to the Cammer factors, you also analyzed the so-called Unger/Krogman factors, correct?

A. Correct.

Q. U-N-G-E-R/K-R-O-G-M-A-N, correct?

A. Correct.

Q. What are the three Unger/Krogman factors?

A. So it's bid/ask spread, the float and market capitalization.

Q. And you indicated that -- or strike that.

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It's your opinion in this case that each of those factors supports a finding of market efficiency for NIO's ADS, correct?

A. That is correct.

Q. Are any one of those factors independently sufficient to establish market efficiency?

A. Independently sufficient?

Q. Correct.

A. So if I just -- if I knew nothing about a company and I saw that it was big, would that be sufficient to determine market efficiency?

MR. SHI: Let me interpose an objection. Objection to the extent that it calls for a legal conclusion.

Go ahead.

A. Again, with all the caveats that I gave before, that's not something -- I mean, no one's actually ever asked me that question. In general, do I see large corporations trading in efficient markets? Yeah, generally. But again, it's not

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What is your understanding of an autocorrelation test in connection with assessing market efficiency?

A. I would say it's something I've seen used before, but not in a long time.

Q. But what is it?

A. Well, it's basically asking the question if past stock price movements are correlated with future stock price movement.

Q. And how is that relevant to the market efficiency assessment?

A. How is that relevant or irrelevant?

Q. Either.

A. Which question do you want me to answer?

Q. What effect, if any, does it have on your opinion as to whether a market is efficient?

A. Well, again, so we see cases where stocks are efficient, but there is autocorrelation between -- or autocorrelation is found and often occurs

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when you have multiple days with large stock price movements. That's generally why people stopped looking at autocorrelation coefficients in determining market efficiency.

Q. Have you ever looked at autocorrelation to assess market efficiency?

A. Many years ago.

Q. And you did not conduct an autocorrelation test in this case, right?

A. I did not.

Q. Why not?

A. For the reasons I just explained.

Q. Can you explain them again specifically why you didn't apply that test in this case?

A. Yeah, because autocorrelation is not necessarily an indicator of inefficiency. And I'll refer back to the other examples I gave you where a stock can be efficient, but you'll have autocorrelation.

Q. Do you have any idea if there was

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autocorrelation for NIO's ADS here?

A. I do not.

MR. GRIFFIN: All right. I've got a bit more. Do you want to take another break here?

THE WITNESS: Sure. Do you want to come back at, I guess, 5:05 your time?

MR. GRIFFIN: Yeah, that works.

THE WITNESS: All right.

MR. GRIFFIN: Great. Thank you.

THE VIDEOGRAPHER: We are off the record at 1:55 p.m.

(Recess taken from 1:55 p.m. 2:10 p.m. PT)

THE VIDEOGRAPHER: We are back on the record at 2:10 p.m.

BY MR. GRIFFIN:

Q. All right. Dr. Werner, let's turn to your second opinion. You mentioned that your second opinion in this case, and I'm looking at paragraph 99 on page 37 of your report, your second opinion was that, "With expert assistance the finder of fact

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in this matter will be able to compute damages using a common class-wide methodology that applies to the calculation of damages for each and every class member." Correct?

A. I just got there, but it sounds like what I wrote.

Q. And that is your opinion, right?

A. Well, okay. Now that I have it in front of me, why don't you reread it so -- just to make sure we're on the same page.

Q. Sure. You say in paragraph 99, "I also --"

A. Hold on.

Q. Page 37, not paragraph 37. It's the very end of your -- it's your conclusions.

A. Okay, yes, yeah.

Q. So you list your second conclusion in '99 as I also conclude that with expert assistance the finder of fact in this matter will be able to compute damages using a common class-wide

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methodology that applies to the calculation of damages for each and every member -- each and every class member, excuse me. Correct?

A. Correct.

Q. And that opinion applies to damages under Section 10b as well as Section 11, correct?

A. Correct.

Q. Now, if you turn to page 32, just a few back, your analysis of class-wide damages with respect to the 10b claim starts in paragraph 91, correct?

A. That is correct.

Q. And you start by saying, "Nonetheless, the methodology of financial economists can employ to calculate individual and class-wide damages stemming from various alleged misrepresentations and omissions will accommodate alternative potential determinations of liability."

Do you see that?

A. I do.

Q. What does "nonetheless" refer to

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at the start of that paragraph?

A. Yeah, that's an excellent question. That should probably not -- as I sit here today, I don't know. Probably shouldn't be there.

Q. Is this one of those paragraphs that you would copy from a prior report or declaration?

A. It's certainly similar to some of the things that appeared in my previous reports.

Q. Do you know, one way or another, if you drafted this paragraph for this declaration or copied it from a prior?

A. I don't. I only say that because of the word "nonetheless." So no, I don't know one way or the other.

Q. Okay. What do you mean when you reference alternative potential determinations of liability here?

A. Well, I mean, I haven't looked at -- fact discovery is still ongoing in this case. So, you know, if someone says or the Court finds that 100 percent of the

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abnormal return is a result of the alleged fraud or 50 percent based on the information -- so that's -- I mean, I guess that's what I mean by alternative potential determination liability, the extent -- among other things, the extent of the liability.

Q. Okay. And then if we look at -- same paragraph, but on the next page. Do you see the second line from the top begins as such?

A. Yes.

Q. And you say, "Class-Wide damages in response to the specific misrepresentations and omissions ultimately established by the Plaintiffs can be calculated in a straightforward manner common to all class members." Correct?

A. That's a correct reading, yes.

Q. And it's your opinion that calculating damages would be straightforward in this case?

A. I believe there's a framework that's commonly used in these types of

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A. It's similar to the methodology that I've used in hundreds of cases to estimate damages in a securities class action.

Q. Okay. And you --

A. I mean.

Q. Go ahead.

A. I mean, go to paragraph 92. That lays out what I believe is a straightforward methodology in calculating 10b5 damages.

Q. Okay. And so the first step of this straightforward calculation is to determine whether the alleged misrepresentations and omissions had caused the security price to be artificially inflated, right?

A. Where are you reading from?

Q. Where you say first in little Romanette 1 in paragraph 92.

A. Valuation tools, which would include an event study analysis such as that described herein, and potentially other empirical analyses, if necessary,

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would be used to establish if the disclosures correcting the alleged misrepresentations and omissions caused the price of NIO's ADS to fall.

Q. So step one is determining whether or not the disclosures correcting the alleged misrepresentations and omissions caused the price of NIO's ADS to fall, correct?

A. Generally -- again, generally that is true.

Q. And in order to do that, as you note here, you would have to control for potentially confounding non-fraud-related information, right?

A. That is correct.

Q. How would you do that in this case?

A. That's not something as of this point in time I've been asked to do. I mean certainly that's why you look at things like -- that's why I include an industry index, that's why I include a market index. So that's certainly one way,

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in general, that we do this type of thing.

But more specifically, that's not something I've been asked to opine upon or do at this point in time.

Q. But this, generally, would involve disaggregating, you know, potential price impacts from various causes, right?

A. That certainly could be one of the things you might have to do.

Q. For example, you know, we discussed earlier that the alleged corrective disclosures here that press release and earnings call contained a variety of information that had nothing to do with the Shanghai facility, correct?

A. I'm sorry, could you repeat the question?

Q. Sure. The two alleged corrective disclosures that we discussed earlier in this case are that press release and the conference call in connection with the fourth quarter full year 2018 earnings, right?

A. I believe that's year.

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Q. And as we discussed earlier, both of those documents -- or excuse me, the transcript for the call and the press release discussed a variety of topics and information in addition to the Shanghai facility, right?

A. I believe that's accurate.

Q. And Plaintiffs in this case don't currently contend that any of that other information not pertaining to the Shanghai facility was a corrective disclosure, right?

A. Again, for the purposes of this market efficiency report and providing a general damage methodology, that's not anything I've thought about up until this point.

Q. Given your familiarity with Plaintiff's allegations in this case, you don't know, sitting here right now, whether they contend that any information in the fourth quarter 2018 press release and accompanying earnings call was a corrective disclosure other than that regarding the

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What are you asking me about?

Q. Have you reviewed Plaintiff's Motion for Class Certification?

A. I refer to my previous answer and as of today, since the writing of this report, I don't know one way or the other.

Q. You don't know if you have reviewed the motion for class certification since you wrote your report?

A. That is correct.

Q. Okay. The next category of documents you list here are news articles and press releases, right, in Exhibit 2 to your declaration?

A. Correct.

Q. And this references 494 articles from September 12, 2018 to March 5, 2020, correct?

A. That is correct.

Q. That's a broader date range than the relevant period, right?

A. That is correct.

Q. And why did you use that particular time period?

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A. Well, typically regardless of what period or relevant period I'm looking at, I'll look at all articles, documentation from the beginning of the class period to the end of the class period.

So I guess the easier way to put it is what I commonly do.

Q. Why you stop at March 5, 2020?

A. If I remember correctly -- hold on one second, that's typically what I would do in this type of case.

Q. You would always stop on March 5, 2020?

A. No.

Q. Sorry. When you say this is what you would typically do, what did you mean by that?

A. Well, typically, I'd go out a year out from the end of the class period in doing my news article search.

Q. Okay, I understand.

Then, in the second bullet point you reference a particular Bloomberg news

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article. That's the article that we looked at earlier today, right?

A. That is correct.

Q. Why did you list that particular article by name here and no others?

A. Because I referenced it in the report.

Q. You referenced other articles directly in the report as well, right?

A. I believe so. Okay, so maybe the more accurate -- I don't recall as I sit here today.

Q. Okay. And then you list all of the analyst reports that you reviewed, which we discussed earlier, right?

A. Correct.

Q. And then you list SEC filings from NIO that you reviewed, right?

A. Correct.

Q. The Form 6K from March 6, 2019 that we reviewed earlier is not in this list, is that right?

A. Let's see. I don't see it, which is why I always include this other category

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at the end of this exhibit, which says other documents cited in my report. So obviously I've cited to that in my report. So it's something that I considered.

Q. So it was just an oversight to not list it specifically in the SEC filings list?

A. Correct.

Q. Okay. Can you turn back to page 2 of your declaration?

A. I'm sorry, page 2, correct?

Q. Page 2, correct, paragraph 7, bottom of the page, talking about your comp.

A. Okay.

Q. You write that, "Crowninshield is currently being compensated at $675 per hour for my ongoing work on this matter." Correct?

A. Correct.

Q. How much are you being compensated for your work on this matter?

A. Based on that rate I think it's around 82 percent of that rate. I don't

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know the exact proportion.

Q. Why did you list what Crowninshield is being compensated as opposed to what your being compensated?

A. What I commonly do.

Q. Did anyone instruct you to do that?

A. Fifteen years ago did someone instruct me to do that? I don't recall.

Q. No one instructed you to do that?

A. I'm sorry, what?

Q. No one instructed you in this case specifically to list Crowninshield's compensation as opposed to your own, right?

A. That is correct.

Q. Okay. And then you reference additional Crowninshield consultants. Is that the three individuals we discussed earlier?

A. It is.

Q. Okay. Do you know how much Crowninshield has been paid to date in connection with this matter?

A. I do not.

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that okay with you?

MR. GRIFFIN: Yeah, whatever works for you. Whatever you need to do, that's fine.

THE WITNESS: Okay. All right.

MR. GRIFFIN: Thank you.

THE VIDEOGRAPHER: We are off the record at 3:03 p.m.

(Recess taken from 3:03 p.m. to 3:13 p.m. PT)

THE VIDEOGRAPHER: We are back on the record at 3:13 p.m.

MR. GRIFFIN: We have no further questions at this time.

MR. SHI: Okay. So let us -- let me caucus with folks on my side for a bit and let's -- can you guys hear me?

MR. GRIFFIN: Yes.

MR. SHI: Yeah. So give us five minutes or so and we'll be back.

MR. GRIFFIN: Okay.

THE VIDEOGRAPHER: One moment. We are off the record at 3:13 p.m.

(Recess taken from 3:13 p.m. to

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3:19 p.m. PT)

THE VIDEOGRAPHER: We are back on the record at 3:19 p.m.

EXAMINATION BY
MR. SHI:

Q. Dr. Werner, I believe earlier today you testified that NIO sells cars in the U.S?

Do you remember that?

A. I do believe I said that, yes. I should have said my understanding is they intend to sell cars in the U.S.

MR. SHI: Okay. We have no further questions.

FURTHER EXAMINATION
BY MR. GRIFFIN:

Q. Very briefly, Dr. Werner, it's your understanding that NIO did not sell any cars in the U.S. during the relevant period, is that right?

A. That is correct.

Q. Does that change at all your opinion as to whether the S&P 500 Automobile Manufacturers Index was an

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appropriate industry index in this case?

A. It does not.

MR. GRIFFIN: Okay. We have nothing further.

MR. SHI: We don't have anything further either.

THE VIDEOGRAPHER: Okay. This concludes the video deposition of Adam Werner. Going off the record at 3:20 p.m. Pacific Time.

(Time noted: 3:20 p.m. PT)

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DR. ADAM WERNER

Subscribed and sworn to before me

this ___ day of __________, 2022.

____

C E R T I F I C A T E

STATE OF NEW YORK)
: ss.
COUNTY OF NEW YORK)

I, Joan Ferrara, a Notary Public within and for the State of New York, do hereby certify:

That DR. ADAM WERNER, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition was taken remotely and is a true record of the testimony given by the witness.

I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of September, 2022.

Joan Ferrara
____
Joan Ferrara