

**TREK**

# Company Update

April 8, 2008

*Burke*  
EXHIBIT 137  
4-9-09  
GRAMMANN REPORTING, LTD.



April 8, 2008

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**Trek has filed a lawsuit in federal court today to terminate our business relationship with Greg LeMond.**



# The LeMond Story

Greg wins the Tour de France in 1986, 1989 and 1990





1988 - 1995

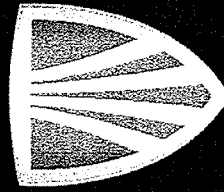
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- Greg LeMond launches his own bicycle brand
- The business struggles with different partners



1995

- We welcome the LeMond brand into the Trek family



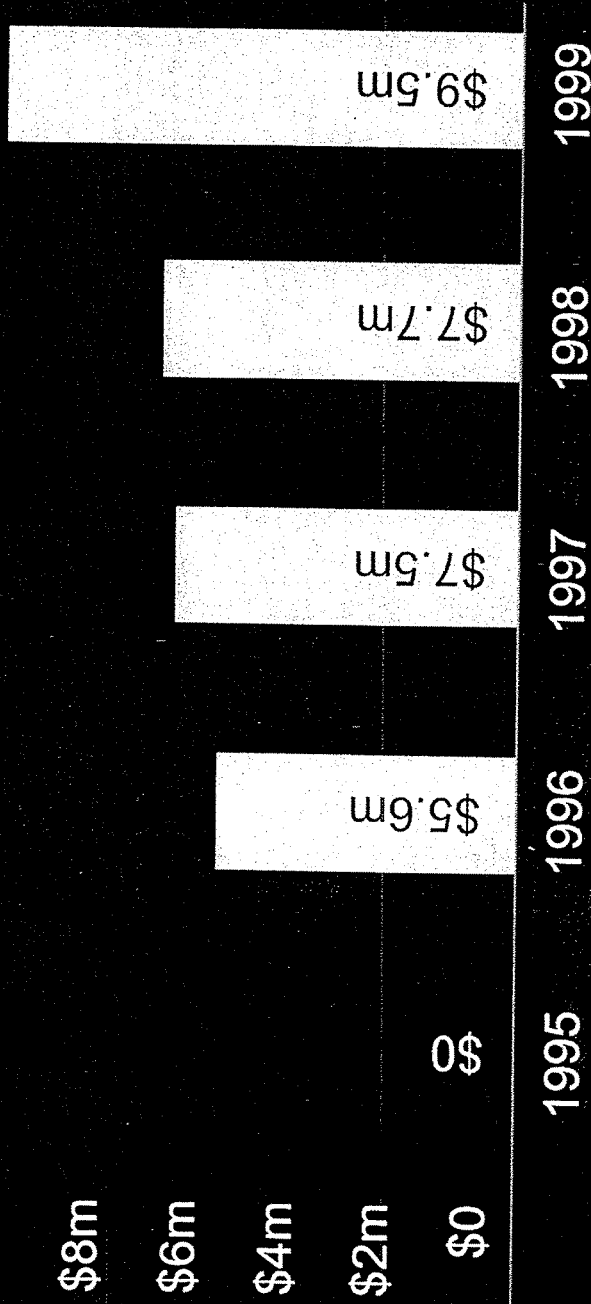
**TREK**





## 1996 - 1999

- Trek invests and grows the LeMond brand
- LeMond dealers grow from 0 to over 700
- LeMond sales grow from \$0 to \$9.5 million

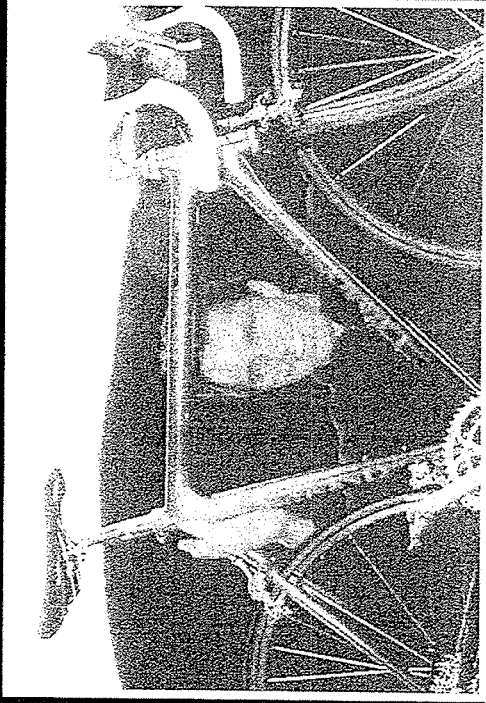




Starting in 1999

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- The LeMond brand is one of the fastest-growing brands of road bikes in the U.S.
- The LeMond brand is one of the top five road brands in the U.S. market along with Trek and Cannondale





May, 2000

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- Greg begins to undercut the LeMond brand
- Despite Trek's guidance not to do so, Greg launches an accessories brand through mass merchants
- Damaged LeMond brand





2001

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*“If Lance is clean, it is the greatest comeback in the history of sports. If he isn’t, it would be the greatest fraud.”*

— Greg LeMond in the *Sunday Times of London*; July 29, 2001

- Greg’s statement about Lance devalues both the LeMond and Trek brands
- Trek is in the middle and tries to make peace



2004

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*“Lance is ready to do anything to keep his secret...I don't know how he can continue to convince everybody of his innocence.”*

— Greg LeMond in *Le Monde* (French newspaper); July 15, 2004

- Greg again makes a statement that devalues and harms both the LeMond and Trek brands



## Fallout

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*“Thanks to Greg’s comments in the press recently, I would never even consider buying your product.”*

— LeMond customer email; July 17, 2004

*“I know that TREK has no control over Mr. LeMond’s statements, but I felt you should know as the manufacturer that his statements affect the public’s purchasing choices.”*

— Trek customer email; July 18, 2004



## Fallout

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*“[LeMond’s] comments in the French press are in-excusable. I was wholly disappointed in his actions and he tarnishes the name of Trek bicycles.”*

— Trek customer email; July 18, 2004

*“Why would you ride a LeMond bike? Who wants to be associated with Greg LeMond?”*

— LeMond customer email; July 17, 2004



August 10, 2004

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- Trek notifies Greg that he is in breach of contract
- Trek asks Greg to seek new partner, with an orderly transition to protect the integrity of the LeMond brand



December, 2004

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- Greg informs Trek that no suppliers are interested
- Greg serves lawsuit that would seriously damage Trek



April, 2005

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- John Burke meets with Greg and Kathy LeMond at their home
- John emails Greg, *“Trek does not have any problem with you making general comments regarding the negative effects of doping on the sport.”*
- Greg emails John, *“I am ready to move on regarding the doping and LA.”*



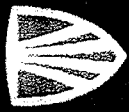
December 15, 2005

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*"I want to reassure you that I have no intentions of going out there and blasting off on LA. I want to move beyond this last period and start to enjoy riding the bike and the bike business."*

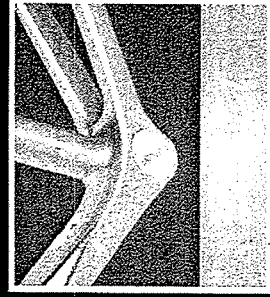
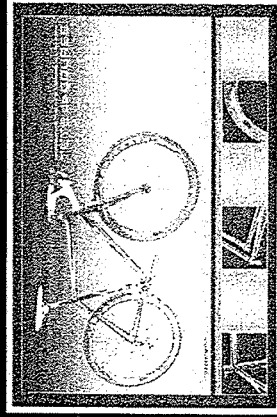
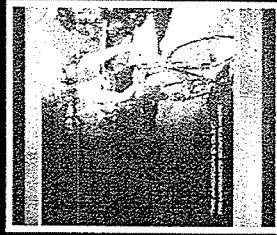
— Greg LeMond in an email to John Burke





Early 2006

- Trek revamps the LeMond product line —  
**GREAT PRODUCTS**
- Trek flies more than 100 dealers to Waterloo  
for dealer showcase
- Full marketing campaign for product line
- Trek flies major bicycle media to the Tour de  
Georgia for product launch



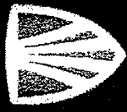


June, 2006

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*“[Armstrong] threatened my wife, my business,  
my life.”*

— Greg LeMond in *L'Equipe Dimanche*; June 25, 2006



## Fallout

*“Last time LeMond spoke out about Lance, my LeMond sales went down. I could not give the expensive ones away. Now he is out trash talking Lance again in the media. I thought we were past this and was excited about the new LeMond bikes. I don’t see how this can help sales.”*

— Top 100 Trek retailer in California; June 26, 2006

*“I cannot shop in a Trek shop as long as I have to look at LeMond bikes. Greg LeMond is a whining sore loser and a detriment to the sport. Drop his name.”*

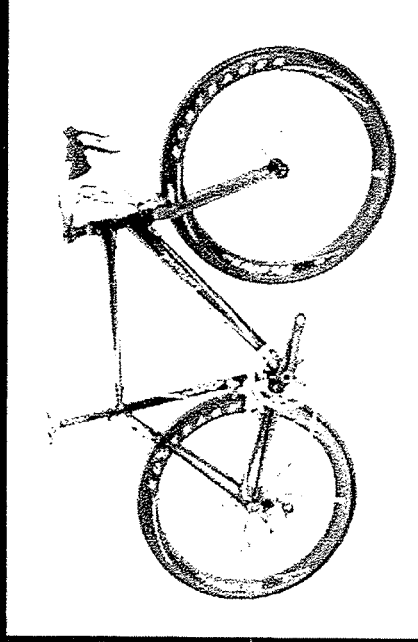
— Trek customer; June 25, 2006



February, 2007

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- Trek continues to develop and promote the LeMond brand
- Trek launches new LeMond models at the Tour of California to domestic and international press
- Trek introduces the lightest road bike frame in the industry under the LeMond brand, the Tete de Course





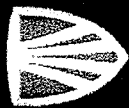
October, 2007

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**Q:** *"You haven't been in touch with Road Racing for awhile."*

**A:** *"This is for my problems with Armstrong. I criticized his cooperation with Michael Ferrari and for that reason got into big trouble with Trek. If I had loudly said what I thought this would have been suicide for my business."*

— Greg LeMond in *Tour Magazine* (Germany);  
October 2007 issue



## Fallout

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*“The guy is legend and I have the utmost respect for what he achieved in the sport but from a commercial perspective he’s an idiot and I don’t see any way back for us in Europe.”*

— Malcolm Davies, General Manager of Trek’s European Division



November, 2007

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- John Burke privately notifies Greg that Trek will not extend the licensing agreement beyond 2010
- Greg asks for permission to look for other business partners
- Trek agrees



March 20, 2008

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**Greg LeMond again serves a  
lawsuit that would seriously  
damage Trek**





April 8, 2008

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We cannot continue to let Greg  
LeMond damage the Trek family.

We need to step away from Greg  
LeMond and go about our business.



April 8, 2008

It's a great day to be working at the  
best bicycle company in the world.

