

GAIAM, INC  
Form DEF 14A  
April 01, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  X

Filed by a Party other than the Registrant  O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Gaiam, Inc.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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  - (3) Filing Party:
  - (4) Date Filed:

**Gaiam, Inc.**  
**833 W. South Boulder Road**  
**Louisville, Colorado 80027**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON WEDNESDAY, MAY 12, 2010**

To our shareholders:

We will hold the 2010 annual meeting of shareholders of Gaiam, Inc. ( we , us , our , or Gaiam ), a Colorado corporation, on Wednesday, May 12, 2010, at 4:00 p.m. at the Marriott Courtyard, 948 West Dillon Road, Louisville, Colorado 80027, for the following purposes:

1. to elect six directors to serve until the next annual meeting of shareholders or until their successors are duly elected and qualified; and
2. to transact such other business as may properly come before our annual meeting, or any adjournment(s) or postponement(s) thereof.

Our board of directors has fixed the close of business on Friday, March 12, 2010, as the record date for determining our shareholders entitled to notice of, and to vote at, our annual meeting. A complete list of our shareholders entitled to vote at our annual meeting will be available for inspection by any of our shareholders prior to our annual meeting, upon written request showing a proper purpose, during normal business hours at our Louisville, Colorado office. Only shareholders of record on the March 12, 2010 record date are entitled to notice of, and to vote at, our annual meeting and any adjournments or postponements thereof.

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We are furnishing proxy materials to our shareholders primarily by the Internet. On April 1, 2010, we mailed our shareholders (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability of Proxy Materials containing instructions on how to access our 2010 proxy statement and 2009 annual report. The Notice of Internet Availability of Proxy Materials also instructs you on how to access your proxy card to vote through the Internet or by telephone, and provides instruction on how you can request a paper copy of these documents if you desire. If you received your annual meeting materials by mail, the proxy statement and proxy card from our board of directors and our annual report were enclosed. If you received your annual meeting materials via email, the email contained voting instructions and links to the proxy statement and annual report on the Internet, which are both available at [www.proxyvote.com](http://www.proxyvote.com). This process is designed to expedite our shareholders' receipt of proxy materials, lower the cost of our annual meeting, and help conserve natural resources. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials via e-mail unless you elect otherwise.

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Our shareholders are cordially invited to attend our annual meeting in person.

By Order of the Board of Directors,

April 1, 2010

John Jackson, Secretary

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**YOUR VOTE IS IMPORTANT**

**We urge you to vote your shares as promptly as possible by following the voting instructions in the Notice of Internet Availability of Proxy Materials.**

If you have shares registered in your own name, you may vote your shares in a number of ways:

- electronically via the Internet at [www.proxyvote.com](http://www.proxyvote.com),
- by telephone, if you are in the U.S. and Canada, by calling 1-800-690-6903, or
- by requesting a proxy card be mailed to you.

If you hold our shares with a broker, you may also be eligible to vote via the Internet or by telephone if your broker or bank participates in the proxy voting program provided by Broadridge Investor Communication Services.

**Gaiam, Inc.**  
**833 W. South Boulder Road**  
**Louisville, Colorado 80027**

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 12, 2010**

We are furnishing this proxy statement and the accompanying proxy card to our shareholders in connection with the solicitation of proxies by and on behalf of our board of directors for use at our 2010 annual meeting of shareholders to be held on Wednesday, May 12, 2010, starting at 4:00 p.m. at the Marriott Courtyard, 948 West Dillon Road, Louisville, Colorado 80027, and at any adjournment(s) or postponement(s) thereof.

**PURPOSE OF ANNUAL MEETING**

At the annual meeting, our shareholders will be asked: (i) to elect six directors of our company to serve until the next annual meeting of shareholders or until their successors are duly elected and qualified and (ii) to transact such other business as may properly be brought before the annual meeting. Our board recommends a vote **FOR** the election of the nominees for directors of Gaiam listed below.

**QUORUM AND VOTING RIGHTS**

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The presence, in person or by proxy, of the holders of a majority of the outstanding votes eligible to be cast by our Class A and Class B Common Stock is necessary to constitute a quorum at the annual meeting. Only shareholders of record at the close of business on the record date, Friday, March 12, 2010, will be entitled to notice of, and to vote at, the annual meeting. As of March 12, 2010, there were 17,784,122 shares of our Class A Common Stock, par value \$.0001, and 5,400,000 shares of our Class B Common Stock, par value \$.0001, outstanding and entitled to vote. Holders of our Class A Common Stock as of the record date are entitled to one vote for each share held and holders of our Class B Common Stock as of the record date are entitled to ten votes for each share held. The holders of our Class A and Class B Common Stock will vote together as a single class. Cumulative voting is not permitted for any purpose. Once a quorum is present, the affirmative vote of a majority of the votes cast on any subject matter shall be the act of the shareholders, other than with respect to the election of directors as described below.

Mr. Jirka Rysavy, our Chairman, holds all 5,400,000 outstanding shares of our Class B Common Stock and 868,682 shares of our Class A Common Stock. These shares are sufficient to constitute a quorum and to elect all Gaiam directors and Mr. Rysavy has indicated that he plans to be present at the meeting and vote in favor of the six directors nominated by our Board.

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All shares of our Common Stock represented by properly executed proxies will, unless the proxies have previously been revoked, be voted in accordance with properly executed instructions indicated in the proxies. Abstentions and broker non-votes will have no effect on the result of the vote, although they will count towards the presence of a quorum. Any shareholder executing a proxy has the power to revoke the proxy at any time prior to its exercise. A proxy may be revoked prior to exercise by (a) filing with Gaiam a written revocation of the proxy, (b) appearing at the annual meeting and voting in person, (c) voting by telephone or by using the Internet, either of which must be completed by 11:59 p.m. Eastern Time on May 11, 2010 (only your latest telephone or Internet proxy is counted), or (d) submitting to Gaiam a duly executed proxy bearing a later date.

For the third year, we are using the Securities and Exchange Commission's E-Proxy rules and furnishing proxy materials to our shareholders primarily by the Internet. On April 1, 2010, we mailed our shareholders (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability of Proxy Materials containing instructions on how to access our 2010 proxy statement and 2009 annual report. The Notice of Internet Availability of Proxy Materials also instructs you on how to access your proxy card to vote through the Internet or by telephone, and provides instruction on how you can request a paper copy of these documents if you desire. If you received your annual meeting materials by mail, the proxy statement and proxy card from our board of directors and our annual report were enclosed. If you received your annual meeting materials via email, the email contained voting instructions and links to the proxy statement and annual report on the Internet, which are both available at [www.proxyvote.com](http://www.proxyvote.com). This process is designed to expedite our shareholders' receipt of proxy materials, lower the cost of our annual meeting, and help conserve natural resources. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials via e-mail unless you elect otherwise. Our annual report is not to be considered as a part of the proxy solicitation material or as having been incorporated by reference.

This proxy statement, the form of proxy and voting instructions are being made available to shareholders at [www.proxyvote.com](http://www.proxyvote.com). You may also request a printed copy of this proxy statement and the form of proxy or our annual report by any of the following methods: (a) telephone at 1-800-579-1639; (b) Internet at [www.proxyvote.com](http://www.proxyvote.com); or (c) e-mail at [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com). This proxy statement is first being sent or given to shareholders on or about April 1, 2010.

The cost of preparing, printing, assembling and mailing this proxy statement and other material furnished to shareholders in connection with the solicitation of proxies will be borne by us. In addition, our officers, directors and other employees of the company may solicit proxies by written communication, telephone or telegraph. These persons will receive no special compensation for any solicitation activities.

**IT IS THE INTENTION OF THE AGENTS DESIGNATED IN THE ENCLOSED PROXY CARD TO VOTE FOR THE ELECTION OF ALL SIX NOMINEES FOR DIRECTOR IDENTIFIED BELOW (UNLESS AUTHORITY IS WITHHELD BY THE SHAREHOLDER GRANTING THE PROXY). IF ANY NOMINEE FOR DIRECTOR BECOMES UNAVAILABLE TO SERVE FOR ANY REASON, THE PROXY WILL BE VOTED FOR A SUBSTITUTE NOMINEE OR NOMINEES TO BE SELECTED BY OUR BOARD, UNLESS THE SHAREHOLDER WITHHOLDS AUTHORITY TO VOTE FOR THE ELECTION OF DIRECTORS. JIRKA RYSAVY, WHO HOLDS SHARES WITH A MAJORITY OF THE VOTES, HAS INFORMED GAIAM THAT HE INTENDS TO VOTE HIS SHARES IN FAVOR OF THE NOMINEES SET FORTH IN THIS PROXY STATEMENT.**



**PROPOSAL 1**

**ELECTION OF DIRECTORS**

**Nominees for Election as Directors**

Our board of directors proposes that Jirka Rysavy, Lynn Powers, James Argyropoulos, Barnet M. Feinblum, Barbara Mowry and Paul H. Ray be elected as directors of our company, to hold office until the next annual meeting of shareholders or until their successors are duly elected and qualified. Unless contrary instructions are given, the proxies will be voted for these nominees. Each nominee has agreed to serve if elected, and management has no reason to believe that any of the nominees will be unavailable for service. If for any unforeseen reason any nominee should decline or be unable to serve, the proxies will be voted to fill any vacancy so arising in accordance with the discretionary authority of the persons named in the proxy, unless contrary instructions are given.

The names of the nominees, their ages, the years in which they began serving as directors, and their positions are set forth below. Each of the nominees is currently serving as a director of our company.

**Jirka Rysavy** age 55 Founder and company Chairman as well as Chairman of the Board. He has been Chairman since our inception and served as our full-time Chief Executive Officer from December 1998 to March 2009. In 1986, Mr. Rysavy founded Corporate Express, Inc., which, under his leadership, grew to become a Fortune 500 company supplying office and computer products and services. He was its Chairman and Chief Executive Officer until September 1998. Mr. Rysavy also founded and served as Chairman and Chief Executive Officer of Crystal Market, a health foods market, which was sold in 1987 to become the first Wild Oats Markets store. Mr. Rysavy is also Chairman of Real Goods Solar, Inc., a subsidiary of Gaiam.

**Lynn Powers** age 60 Chief Executive Officer, President and a Director. Ms. Powers has been our President and a Director since February 1996 and our Chief Executive Officer since March 2009. From February 1996 until September 2001, she was our Chief Operating Officer, and from September 2001 until March 2009 she was our Chief Executive Officer of North American operations. From 1992 to 1996, she was Chief Executive Officer of La Scelta, an importer of natural fiber clothing products. Before that, Ms. Powers was Senior Vice President Marketing/Strategic Development and Vice President Merchandising of Miller's Outpost, a specialty retailer. Ms. Powers also serves as a director of Real Goods Solar.

**James Argyropoulos** age 65 Director since May 2002. Mr. Argyropoulos has been primarily engaged as a private investor over the last fifteen years. In 1972, Mr. Argyropoulos founded and served as Chairman and Chief Executive Officer of The Cherokee Group Inc., a shoe manufacturing and apparel business. Mr. Argyropoulos also serves as a director of Real Goods Solar.

**Barnet M. Feinblum** age 62 Director since October 1999. Mr. Feinblum has been co-managing director of Greenmont Capital Partners I, LLP, a private equity fund, since 2006. From 2007 to 2009, Mr. Feinblum was the Chairman of Organic Vintners, a marketer of organic wines, and prior to becoming Chairman served as President and Chief Executive Officer of Organic Vintners starting in 2001, when Mr. Feinblum founded the company. Mr. Feinblum was the President, Chief Executive Officer and Director of Horizon Organic Dairy from May 1995 to January 2000. From July 1993 through March 1995, Mr. Feinblum was the President of Natural Venture Partners, a private investment company. From August 1976 until August 1993, Mr. Feinblum held various positions at Celestial Seasonings, Inc., including President, Chief Executive Officer, and Chairman of the Board. Mr. Feinblum was also a director of Seventh Generation, Inc.

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**Barbara Mowry** age 62 Director since October 1999. Since 2003, Ms. Mowry has been Chief Executive Officer of Silver Creek Systems, a provider of enterprise data usability software. From 1997 until February 2001, Ms. Mowry was the President and Chief Executive Officer of Requisite Technology, a business-to-business e-commerce company specializing in the creation and management of electronic content and catalogs. Prior to joining Requisite Technology, Ms. Mowry was an officer of Telecommunications, Inc. (cable television) from 1995 to 1997; and UAL, Inc. (airline) from 1983 to 1990. Ms. Mowry also serves as a director of Real Goods Solar.

**Paul H. Ray** age 70 Director since October 1999. Since 2000, Mr. Ray has been a Founding Partner of Integral Partnerships LLC, a consulting firm specializing in Cultural Creative topics. From 1986 until 2000, he was Executive Vice President of American LIVES, Inc., a market research and opinion-polling firm. Prior to joining American LIVES, Mr. Ray was Chief of Policy Research on Energy Conservation at the Department of Energy, Mines and Resources of the Government of Canada from 1981 to 1983. From 1973 to 1981, Mr. Ray was Associate Professor of Urban Planning at the University of Michigan. He is the author of *The Integral Culture Survey*, which first identified the Cultural Creatives subculture.

Each director serves for a one-year term.

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Directors will be elected by a plurality of the votes cast. If no instructions are indicated on a proxy card, the shares will be voted FOR the election of these nominees for director. Because director nominees must receive a plurality of the votes cast at the annual meeting, a vote withheld from a particular nominee or from all nominees will not affect the election of that nominee.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR  
THE NOMINEES OF THE BOARD**

**DIRECTOR INDEPENDENCE, COMMITTEES AND MEETINGS OF THE BOARD OF DIRECTORS**

Our board of directors currently consists of six members and meets regularly during the year. Our board of directors has determined that each of Messrs. Argyropoulos, Feinblum and Ray and Ms. Mowry are independent as defined by the listing standards of the NASDAQ Global Market.

During 2009, our board held four in-person meetings. Each director attended at least 75% of the aggregated number of meetings of our board and of the committees of our board on which the director served during 2009.

All of our directors attended our 2009 annual meeting. Our policy on attendance by directors at the annual meeting encourages our directors to attend the annual meeting unless they have a scheduling conflict.

Jirka Rysavy serves as a director and as our Chairman, and Lynn Powers serves as a director and as our Chief Executive Officer. The board believes that this leadership structure optimizes Mr. Rysavy's and Ms. Powers' contributions to the board's efforts. The board works closely with Mr. Rysavy and Ms. Powers in their regular assessment of the risks that could confront our business, whether due to competitive issues, the economy or otherwise.

Our board of directors generally has four regularly scheduled meetings during the year. Executive sessions (without management) are generally held adjacent to a regularly scheduled board meeting. Our board has standing audit and compensation committees. We have adopted written charters for both committees, which can be found at: [www.gaiam.com/corporate/](http://www.gaiam.com/corporate/).

**Audit Committee.** Our audit committee consists of Messrs. Feinblum and Argyropoulos and Ms. Mowry, and each member of the audit committee is independent within the meaning of rules of NASDAQ Global Market. Mr. Feinblum serves as chairperson of the audit committee and is an audit committee financial expert, as defined by the Securities and Exchange Commission's rules adopted pursuant to the

Sarbanes-Oxley Act of 2002. Our audit committee is responsible for the appointment, compensation and oversight of our auditor and for approval of any non-audit services provided by the auditor. Our audit committee also oversees (a) management's maintenance of the reliability and integrity of our accounting policies and financial reporting and disclosure practices; (b) management's establishment and maintenance of processes to assure that an adequate system of internal control is functioning; and (c) management's establishment and maintenance of processes to assure our compliance with all laws, regulations and company policies relating to financial reporting. Our audit committee held three in-person and three telephonic meetings during 2009.

**Compensation Committee.** Our compensation committee consists of Ms. Mowry and Messrs. Ray and Argyropoulos. Ms. Mowry serves as chairperson of our compensation committee. Our compensation committee establishes compensation amounts and policies applicable to our executive officers, establishes salaries, bonuses and other compensation plans and matters for our executive officers and administers our stock option plans and employee stock purchase plan. Our compensation committee held two in-person meetings during 2009.

#### **Compensation Committee Interlocks and Insider Participation**

During fiscal 2009, our compensation committee was comprised of Ms. Mowry (Chairperson) and Messrs. Ray and Argyropoulos. None of these persons has at any time been an officer or employee of our company. None of our executive officers serves or in the past fiscal year has served, as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving on our board or our compensation committee, other than Mr. Rysavy, who is chairman of both Gaiam and Real Goods Solar.

We do not have a nominating committee, and nominations for directors are made by our full board. We are exempt from NASDAQ Global Market rules with respect to nominating committees because we may be deemed a controlled company on the basis of Mr. Rysavy's control of more than 50% of our voting power, and in light of Mr. Rysavy's control, our board does not believe a nominating committee would serve a meaningful purpose. Our bylaws set forth certain procedures that are required to be followed by shareholders in nominating persons for election to our board. Generally, written notice of a proposed nomination must be received by our corporate secretary not later than the 45th day nor earlier than the 70th day prior to the anniversary of the mailing of the preceding year's proxy materials. Our board considers a variety of factors when it selects candidates for election to the board, including business experience, skills and expertise that are complimentary to those already represented on the board, familiarity and identification with our mission, values and market segments, and other relevant factors. Our board will consider qualified director candidates recommended by our shareholders. Because we are a controlled company under the NASDAQ Global Market rules, our board has not adopted a formal policy regarding the consideration of director candidates recommended by shareholders; however, our board would not evaluate shareholder nominees differently from board nominees.

### DIRECTOR COMPENSATION

Directors who are not employees of our company or its affiliates are paid a fee of \$3,000 for each meeting of our board that they attend, and a fee of \$1,000 for each telephonic meeting attended. In addition, non-employee directors are paid a fee of \$500 for attendance at each committee meeting and \$250 for each telephonic committee meeting attended. Chairpersons of each standing committee receive an annual fee of \$2,000. All directors elected to receive their 2009 compensation in Gaiam Class A Common Stock, except Mr. Ray, who elected to receive cash compensation.

#### Director Compensation Table

The following table provides compensation information for the one year period ended December 31, 2009 for each non-employee member of our board of directors.

Name	Fees Earned or Paid in Cash (2)	Stock Awards (1)(2)(3)	Option Awards (1)(2)(4)	Total
James Argyropoulos		\$ 18,000	\$ 15,888	\$ 33,888
Barnet M. Feinblum		\$ 20,250	\$ 15,888	\$ 36,138
Barbara Mowry		\$ 20,250	\$ 15,888	\$ 36,138
Paul H. Ray	\$ 9,500		\$ 15,888	\$ 25,388

(1) Amounts in the *Stock Awards* and *Options Awards* columns reflect the aggregate grant date fair value of awards granted during 2009. Assumptions used in the calculation of grant date fair values of awards for the fiscal year ended December 31, 2009 are included in footnote 12 to our audited financial statements for the fiscal year ended December 31, 2009, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 16, 2010. At fiscal year end, each of Mr. Argyropoulos, Mr. Feinblum, Ms. Mowry and Mr. Ray had 25,000 outstanding option awards, of which 12,500 were exercisable, and the aggregated grant date fair value of such awards was \$107,808.

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(2) Amounts in the *Fees Earned or Paid in Cash* and *Stock Awards* columns include fees for services rendered during 2009, some of which were not administratively paid or issued until 2010.

(3) On March 31, 2009, Mr. Argyropoulos, Mr. Feinblum and Ms. Mowry received stock awards with grant date fair values of \$10,000, \$9,500 and \$9,000, respectively. On June 30, 2009, Mr. Argyropoulos, Mr. Feinblum and Ms. Mowry received stock awards with grant date fair values of \$4,250, \$6,750 and \$7,250, respectively. On September 30, 2009, Mr. Feinblum and Ms. Mowry each received stock awards with grant date fair values of \$250. On December 31, 2009, Mr. Argyropoulos, Mr. Feinblum and Ms. Mowry each received stock awards with grant date fair values of \$3,750.

(4) On April 23, 2009, Mr. Argyropoulos, Mr. Feinblum, Ms. Mowry and Mr. Ray were each received option awards with grant date fair values of \$15,888.

**EXECUTIVE OFFICERS OF GAIAM**

The following table sets forth the names, ages and titles of our current executive officers:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Jirka Rysavy	55	Chairman
Lynn Powers	60	Chief Executive Officer, President and a Director
John Jackson	52	Vice President of Corporate Development and Secretary
Stephen J. Thomas	46	Chief Accounting Officer

Our executive officers are elected annually by our board of directors. Mr. Rysavy and Ms. Powers have been employed by our company for more than the past five years. Biographical information about Mr. Rysavy and Ms. Powers is included herein under the heading "Proposal 1 Election of Directors - Nominees for Election as Directors".

Mr. Jackson has served as Gaiam's Vice President of Corporate Development since June 2006 and was appointed Secretary in March 2007. Prior to joining Gaiam, Mr. Jackson served as the Chief Executive Officer for Alliance Management, LLC, a firm that he founded in 1999 that provided strategic alliance advisory services to domestic and international middle market business concerns.

Mr. Thomas became Gaiam's Chief Accounting Officer in November 2009 and has served as Controller of Gaiam since 2006. From 2005 until 2006, Mr. Thomas was Chief Financial Officer of Digitally Unique Corporation, an online retailer of consumer electronics, and from 2003 until 2005 Mr. Thomas was Controller of American Coin Merchandising, Inc., a public company acquired by Coinstar in 2004 for approximately \$235 million. Mr. Thomas has held numerous financial and accounting positions throughout his career that began with Arthur Andersen LLP in 1986.

**BENEFICIAL OWNERSHIP OF SHARES**

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of March 12, 2010, except as noted, for (i) each person (or group of affiliated persons) who, insofar as we have been able to ascertain, beneficially owned more than 5% of the outstanding shares of our Class A or Class B Common Stock, (ii) each director and nominee for director, (iii) each executive officer named in the table of executive officers of Gaiam above, and (iv) all current directors and executive officers as a group.

<b>Title of Class of Common Stock</b>	<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership(1)</b>	<b>Percent of Class</b>
Class A	Jirka Rysavy (2)(3)	6,268,682	27.0%
	Prentice Capital Management, LP (4)	2,578,028	14.5%
	William Blair & Company, L.L.C. (5)	1,849,642	10.4%
	Columbia Wanger Asset Management, L.P. (6)	1,521,366	8.6%
	Mill Road Capital, L.P. (7)	1,266,245	7.1%