

GAIAM, INC  
Form DEFM14C  
June 10, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14C**  
**Information Statement Pursuant to Section 14(c) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No.    )**

Check the appropriate box:

- Preliminary Information Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14c-5(6)(2))**
- Definitive Information Statement

**GAIAM, INC.**

**(Name of Registrant as Specified in Its Charter)**

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

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- (1) Title of each class of securities to which transaction applies:
  
- (2) Aggregate number of securities to which transaction applies:
  
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
- (4) Proposed maximum aggregate value of transaction:

\$167,000,000

- (5) Total fee paid:

\$16,817

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1). Amount Previously Paid:

- (2). Form, Schedule or Registration Statement No.:

- (3). Filing Party:

- (4). Date Filed:



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Dear Shareholder:

We are furnishing the enclosed information statement to the holders of the Class A common stock of Gaiam, Inc., a Colorado corporation ( Gaiam ), in connection with the shareholder approval by written consent of (i) the sale by Gaiam of all of the assets and liabilities, primarily related to, or used in, Gaiam's fitness, yoga and wellness consumer products business, referred to in the enclosed information statement as the Brand Business (the Brand Business Sale ), (ii) by a non-binding advisory vote, certain compensation arrangements, as described in the enclosed information statement, for Gaiam's named executive officers in connection with the Brand Business Sale, and (iii) the amendment of Gaiam's Amended and Restated Articles of Incorporation to change its corporate name to Gaia, Inc., effective following the consummation of the Brand Business Sale and upon filing of the articles of amendment with the Colorado Secretary of State.

Following the completion of the Brand Business Sale, we will continue to own and operate the streaming subscription business Gaia, referred to in this information statement as our Subscription Business. The Subscription Business is a global digital video streaming service and online community that provides curated conscious media content to its subscribers in over 100 countries. Over 90% of its 7,000 titles are available for streaming exclusively on Gaia through almost any device connected to the Internet and 80% of the views are generated by content produced or owned by Gaia. The subscription also allows our subscribers to download and view files from the library without being actively connected to the internet.

After careful consideration, the transactions described above have each been unanimously approved by our board of directors and by the holders of a majority of the voting interests of our issued and outstanding common stock at the time of such approval, acting by written consent in lieu of a meeting. Our board of directors believes the Brand Business Sale is advisable and in the best interest of Gaiam and its shareholders. Shareholders holding shares of common stock representing a majority of the voting interest of our issued and outstanding common stock have approved each of the transactions by written consent.

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY**

Because the transactions described above have been approved by less than the unanimous consent of our shareholders, we are providing the accompanying information statement to shareholders of record as of (i) May 10, 2016, the record date for the written consent approving the Brand Business Sale, and (ii) May 16, 2016, the record date for the written consent approving the non-binding advisory vote of certain compensation arrangements in connection with the Brand Business Sale, and the change of Gaiam's corporate name to Gaia, Inc. The accompanying information statement is for informational purposes only. However, we urge you to read the information statement in its entirety for a more complete description of the transactions referenced above, and the actions taken by our board of directors and the holders of a majority of the voting interests of our issued and outstanding common stock at the time of the approval of the transactions.

Gaiam expects to consummate the Brand Business Sale on or after June 30, 2016, which is a date that is at least 20 days after the first mailing of the accompanying information statement to the holders of our common stock. We intend to first mail or deliver the enclosed information statement to our shareholders on or around June 10, 2016.

We thank you for your continued support of Gaiam, Inc.

By Order of the Board of Directors,

June 10, 2016

John Jackson, Secretary

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**Gaiam, Inc.**

**833 West South Boulder Road**

**Louisville, Colorado 80027**

**INFORMATION STATEMENT**

**REGARDING**

**SHAREHOLDER ACTION TAKEN BY WRITTEN CONSENT**

**IN LIEU OF A MEETING**

**WE ARE NOT ASKING YOU FOR A PROXY**

**AND YOU ARE REQUESTED NOT TO SEND US A PROXY**

We are furnishing this information statement to the shareholders of Gaiam, Inc., a Colorado corporation ( we, us, our, Gaiam ), to inform you of the adoption of resolutions by written consent of the holders of a majority of the voting interests of our issued and outstanding common stock, approving the following actions:

1. Authorize the sale by Gaiam of all of the assets and liabilities primarily related to, or used in Gaiam's fitness, yoga and wellness consumer products business, referred to in this information statement as the Brand Business, in the following two related transactions:

- a. the sale by Gaiam of all of the issued and outstanding membership interests of Gaiam Brand Holdco, LLC, a Delaware limited liability company ( Brand Holdco ), that, directly, and indirectly through its subsidiaries, owns all of the assets and liabilities primarily related to, or used in Gaiam's fitness, yoga and wellness consumer products business, referred to in this information statement as the Brand Business, other than the assets and liabilities transferred and assigned pursuant to the terms of the FFL Purchase Agreement (as defined below), in accordance with the Membership Interest Purchase Agreement by and among Gaiam, Stretch & Bend Holdings LLC, a Delaware limited liability company ( Brand Purchaser ), and Sequential Brands Group, Inc., a Delaware corporation ( Sequential ), dated as of May 10, 2016 (the Brand Purchase Agreement ), as more fully described in this information statement (the Brand Sale );
- b. the sale by Gaiam, by causing the Brand Companies (as defined below in Matter No. 1: The Brand Business Sale The Brand Business Sale ), to sell (i) inventory, (ii) accounts receivable and (iii) all other physical assets, including, without limitation, equipment, furniture and other operating assets, in each case, related to the Brand Business (such assets, collectively, the FFL Acquired Assets ), in accordance with the Asset Purchase Agreement by and among Gaiam and Fit for Life LLC, a Delaware limited liability company ( FFL Purchaser ), dated as of May 10, 2016 (the FFL Purchase Agreement ), pursuant to which FFL Purchaser also will assume (i) specified trade payables of the Brand Companies, (ii) all liabilities and obligations arising from or related to the FFL Acquired Assets in respect of the period on or after the closing date, and (iii) all

liabilities and obligations set forth on the closing statement, as more fully described in this information statement (the Working Capital Sale, and, together with the Brand Sale, the Brand Business Sale );

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2. Approve, by non-binding, advisory vote, certain compensation arrangements, as described in this information statement, for Gaiam's named executive officers in connection with the Brand Business Sale (the Change-in-Control Compensation ); and
3. Approve an amendment of Gaiam's Amended and Restated Articles of Incorporation to change our corporate name from Gaiam, Inc. to Gaia, Inc., effective following the consummation of the Brand Business Sale and upon filing of articles of amendment with the Colorado Secretary of State.

This information statement is furnished by Gaiam to shareholders that are entitled to vote on the actions discussed above, but who have not consented to such action, to comply with the requirement of Section 7-107-104 of Colorado Business Corporation Act (the CBCA ). This information statement has been prepared in compliance with Schedule 14C of the Securities Exchange Act of 1934, as amended (the Exchange Act ). We intend to first mail or deliver this information statement to our shareholders on or around June 10, 2016.

The record dates for shareholders entitled to notice of action taken by written consent by less than unanimous consent of all shareholders entitled to vote upon such action is the close of business on May 10, 2016 and May 16, 2016, which are the dates that written consents upon which the actions are being taken were received by Gaiam. Only shareholders of record at the close of business on May 10, 2016 and May 16, 2016, are entitled to receive a copy of this information statement. As of May 10, 2016 and May 16, 2016, there were 19,141,888 and 19,146,709 shares of our Class A common stock, par value \$0.0001 per share, respectively, and 5,400,000 shares of our Class B common stock, par value \$0.0001 per share, outstanding and entitled to vote. Holders of our Class A common stock are entitled to one vote for each share held, and holders of our Class B common stock are entitled to ten votes for each share held.

In accordance with the CBCA and Gaiam's Amended and Restated Bylaws, approval by written consent of the matters set forth herein requires the affirmative vote of shareholders holding a majority of the voting interests of Gaiam's issued and outstanding common stock.

**WE URGE YOU TO READ THIS INFORMATION STATEMENT AND THE ATTACHED ANNEXES**

Our board of directors unanimously approved the Brand Business Sale, the Brand Purchase Agreement, and the FFL Purchase Agreement after determining that the Brand Business Sale and entering into the Brand Purchase Agreement are in the best interest of Gaiam and our shareholders.

Together with the announcement of the Brand Business Sale, Gaiam announced that it intends, contingent upon the closing of the Brand Business Sale, to use a portion of the proceeds received from the Brand Business Sale to conduct an issuer cash tender offer for up to an aggregate of 12 million shares of Gaiam's Class A common stock or vested stock options, at a price equal to \$7.75 per share, on the terms and subject to the conditions set forth in the Offer to Purchase and other tender offer materials. This information statement is not an offer to purchase or a solicitation of an offer to sell securities, and it not a substitute for any offer materials that Gaiam will file with the Securities and Exchange Commission. Upon commencement of the tender offer, Gaiam will file with the Securities and Exchange Commission a tender offer statement on Schedule TO (including an Offer to Purchase contained therein) relating to the tender offer. **GAIAM SHAREHOLDERS ARE URGED TO READ CAREFULLY THESE DOCUMENTS WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE TENDER OFFER.** Copies of these documents will be available for free after they are filed with the Securities and Exchange Commission by visiting EDGAR on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) and on Gaiam's website at [corporate.gaiam.com](http://corporate.gaiam.com). Gaiam intends to use the remainder of the proceeds received from the Brand Business Sale for general corporate purposes, including growing the Subscription Business.



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The transactions described in this information statement will not be consummated until at least 20 days after the mailing of this information statement to our shareholders.

The date of this information statement is June 10, 2016.

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**SUMMARY TERM SHEET**

*The following is a summary of certain information contained elsewhere in this information statement or in its annexes. Reference is made to, and this summary is qualified in its entirety by, the more detailed information contained elsewhere in this information statement and in the attached annexes. You should review this information statement and the annexes to it so that you can gain a more complete understanding of the approved transactions.*

**The Brand Business Sale**

*The Brand Business Sale.* Gaiam has agreed to sell all of Gaiam's assets and liabilities primarily related to, or used in, the Brand Business for \$167,000,000 in cash, subject to closing and post-closing adjustments. We will retain all of our other assets, mainly consisting of the assets related to our Subscription Business. See Matter No. 1: The Brand Business Sale – The Brand Business Sale.

*Reasons for the Brand Business Sale.* Our board of directors considered a number of factors before deciding to enter into the Brand Purchase Agreement and the FFL Purchase Agreement, including among other things: potential increase in shareholder value; the price to be paid by Brand Purchaser and the FFL Purchaser; the impending retirement of Gaiam's Chief Executive Officer; the challenges of executing Gaiam's long-term business strategy; the opinion provided by Gaiam's financial advisor as to the fairness to Gaiam of the aggregate consideration to be received by Gaiam from the Brand Purchaser and the FFL Purchaser from a financial point of view; the extensive bidding and sale process with respect to the Brand Business that led to entering into the Brand Purchase Agreement and the FFL Purchase Agreement; the expectation that the operating loss carryforward tax assets will be available to offset a substantial portion of the gain realized by Gaiam in connection with the Brand Business Sale; the high likelihood of consummation; the terms and conditions of the Brand Purchase Agreement and the FFL Purchase Agreement; the strategic and financial benefits the Brand Business Sale is expected to provide to Gaiam; the future business prospects of the Brand Business and the Subscription Business, either operating together or separately; the lack of synergies between the distinct business segments; and potentially negative factors concerning the Brand Business Sale. See Matter No. 1: The Brand Business Sale – Reasons for the Brand Business Sale.

*Recommendation of the Board of Directors.* Our board of directors has determined by a unanimous vote of the directors present at a meeting of the board of directors on May 10, 2016 that the Brand Business Sale is desirable and in the best interests of Gaiam and our shareholders, and directed that the Brand Business Sale be submitted to our shareholders for their approval. You should read Matter No. 1: The Brand Business Sale – Reasons for the Brand Business Sale for a discussion of factors that our board of directors considered in deciding to recommend the Brand Business Sale to our shareholders.

*Opinion of Gaiam's Financial Advisor.* Gaiam's board of directors received an opinion from Stifel, Nicolaus & Company, Incorporated (Stifel), Gaiam's financial advisor, that, based upon and subject to the procedures followed, limitations on the review undertaken, assumptions made and qualifications and other matters contained in Stifel's opinion, as of the date of Stifel's opinion, the aggregate consideration of \$167,000,000 in cash to be received by Gaiam from Brand Purchaser and FFL Purchaser in the Brand Business Sale pursuant to the Brand Purchase Agreement and the FFL Purchase Agreement was fair to

Gaiam, from a financial point of view. See Matter No. 1: The Brand Business Sale Opinion of Gaiam's Financial Advisor.

*Use of Proceeds.* Gaiam intends to use a portion of the proceeds received from Brand Business Sale to conduct an issuer cash tender offer for up to an aggregate of 12 million shares of Gaiam's Class A common stock or vested stock options, and the remainder for general corporate purposes, including growing the Subscription Business. See Matter No. 1: The Brand Business Sale Use of Proceeds.

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**The Brand Purchase Agreement**

The following is a summary of the principal terms of the Brand Purchase Agreement:

The total consideration for the purchase and sale of the membership interests in Brand Holdco is \$145,700,000 in cash, subject to closing and post-closing adjustments. See Matter No. 1: The Brand Business Sale The Brand Purchase Agreement Purchase Price.

The Brand Purchase Agreement contains a number of representations and warranties of Gaiam, with respect to both Gaiam and the Brand Companies (as defined below in Matter No. 1: The Brand Business Sale), as applicable, to Brand Purchaser. The sole recourse for any damages with respect to any breach of, or inaccuracy in, Gaiam's representations and warranties contained in the Brand Purchase Agreement shall be the representation and warranty insurance policy obtained by Brand Purchaser, subject to certain limited exceptions. The representations and warranties made by Gaiam and relating to both Gaiam and the Brand Business relate to, among other things: organization and standing; authority and delivery; execution; capitalization of the Brand Companies; enforceability; lack of conflict with other agreements and applicable law; financial statements of the Brand Companies; no undisclosed liabilities; absence of changes or events; title to certain assets; real property; intellectual property; material contracts; insurance matters; taxes; legal proceedings and judgments; benefit plans; employees and labor matters; compliance with applicable laws and permits; agreements with related parties; absence of unlawful payments; brokers; no other operations; environmental matters; information technology assets; privacy; inventory; product liability; suppliers and customers; and accounts receivable. See Matter No. 1: The Brand Business Sale The Brand Purchase Agreement Representations and Warranties and Matter No. 1: The Brand Business Sale Representations and Warranties Insurance Policy.

The joint conditions precedent to the obligations of each party to complete the Brand Sale include, among others: (i) the expiration or termination of the applicable waiting period under applicable antitrust laws, including the HSR Act (as defined below in Matter No. 1: The Brand Business Sale); and (ii) obtaining the written consent of Gaiam shareholders required to approve the Brand Purchase Agreement and the transactions contemplated by the Brand Purchase Agreement, which consent was received from a majority of the voting interest of our issued and outstanding shares of common stock on May 10, 2016. See Matter No. 1: The Brand Business Sale The Brand Purchase Agreement Conditions to Closing and Matter No. 1: The Brand Business Sale Approval of the Transactions.

The conditions precedent to the obligations of Brand Purchaser (each of which may be waived by Brand Purchaser in whole or in part prior to closing) to complete the Brand Sale include: (i) the representations and warranties of Gaiam in the Brand Purchase Agreement must be true and correct, subject to certain materiality qualifiers; (ii) Gaiam's performance of and compliance with, in all material respects, covenants and conditions set forth in the Brand Purchase Agreement on or before the date of closing of the Brand Sale; (iii) the absence of a Material Adverse Effect (as defined below in Matter No. 1: The Brand Business Sale The Brand Purchase Agreement Representations and Warranties), or any events that would be reasonably be expected to cause a Material Adverse Effect; (iv) the delivery of the signatures, certificates, instruments, agreements, and other deliverables by Gaiam and the Brand Companies, as applicable, that are contemplated

by the Brand Purchase Agreement; and (v) either the consummation of the Working Capital Sale or the transfer and assignment of the FFL Acquired Assets from the Brand Companies to Gaiam. See Matter No. 1: The Brand Business Sale The Brand Purchase Agreement Conditions to Closing.

The conditions precedent to the obligations of Gaiam (each of which may be waived by Gaiam in whole or in part prior to closing) to complete the Brand Sale include: (i) the representations and warranties of Brand Purchaser in the Brand Purchase Agreement must be true and correct, subject to certain materiality qualifiers; (ii) Brand Purchaser's performance of and compliance with, in all

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material respects, covenants and conditions set forth in the Brand Purchase Agreement on or before the date of closing of the Brand Sale; (iii) the delivery of the signatures, certificates, instruments, agreements, and other deliverables by Brand Purchaser that are contemplated by the Brand Purchase Agreement; and (iv) the consummation of the Working Capital Sale. See Matter No. 1: The Brand Business Sale The Brand Purchase Agreement Conditions to Closing.

From and after the closing of the Brand Sale, Gaiam will indemnify, hold harmless and reimburse Brand Purchaser and certain of its related parties for any damages arising out of or relating to: (i) any failure by Gaiam to perform any of its covenants; (ii) any unpaid indebtedness or unpaid transaction expenses not paid and discharged in full on or prior to the date of closing of the Brand Sale; (iii) any liabilities expressly retained by Gaiam in accordance with the Contribution Agreement (described and defined in Matter No. 1: The Brand Business Sale Contribution Agreement ); (iv) any taxes relating to or arising from the contribution of the Brand Business to Brand Holdco; (v) certain taxes related to the pre-closing period; (vi) any pre-closing liabilities of the Brand Companies unrelated to the operation of the Brand Business; and (vii) any shareholder proceedings commenced in connection with the transactions contemplated by the Brand Purchase Agreement. Brand Purchaser is obtaining a representation and warranty insurance policy which will provide the sole recourse in the event of any breaches of representations or warranties made by Gaiam in the Brand Purchase Agreement and with respect to certain tax liabilities, subject to certain limited exceptions. See Matter No. 1: The Brand Business Sale The Brand Purchase Agreement Indemnification.

The Brand Purchase Agreement may be terminated at any time before closing with the mutual written consent of Brand Purchaser and Gaiam, or by either party if the transactions contemplated by the Brand Purchase Agreement have not been completed within 90 days after the execution of the Brand Purchase Agreement (subject to extension), or an order of a governmental entity of competent jurisdiction effectively restrains or prohibits the transactions contemplated by the Brand Purchase Agreement. In addition, the Brand Purchase Agreement may be terminated by Brand Purchaser upon the occurrence of certain events, including, without limitation, the following:

there has been an uncured breach, inaccuracy in, or failure to perform any representation, warranty, covenant, or other agreement made by Gaiam under the Brand Purchase Agreement that would cause the conditions to the obligations of Brand Purchaser at closing not to be satisfied by the Outside Date (as defined below in Matter No. 1: The Brand Business Sale The Brand Purchase Agreement Termination of the Brand Purchase Agreement and Termination Fee);

Gaiam or its subsidiaries, including the Brand Companies, take certain specified actions with respect to pursuing or attempting to initiate, or taking an action that could reasonably be expected to lead to an Alternative Transaction Proposal (as described and defined below in Matter No. 1: The Brand Business Sale The Brand Purchase Agreement Non-Solicitation ); or

Gaiam, its board of directors, or any committee of the board of directors publicly make a recommendation in favor of an Alternative Transaction Proposal or approve or adopt an Alternative Transaction Proposal.



See Matter No. 1: The Brand Business Sale The Brand Purchase Agreement Termination of the Brand Purchase Agreement.

Gaiam must pay to Brand Purchaser a termination fee equal to \$5,010,000 (the Termination Fee ) in the event that the Brand Purchase Agreement is terminated (i) by Brand Purchaser, in connection with Gaiam's breach of its obligations regarding Alternative Transactions, (ii) by either Gaiam or Brand Purchaser, due to the failure to close the Brand Business Sale by or before the Outside Date and Gaiam or Brand Purchaser not having the right to terminate the Brand Purchase Agreement as a result of a breach or failure by the other party to perform any of its representations, warranties, covenants or other agreements contained in the Brand Purchase Agreement and Gaiam's entering into a definitive

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agreement with any third party to consummate, or consummates, an Alternative Transaction, in some cases up to nine months after termination of the Brand Purchase Agreement, or (iii) by Gaiam, if Gaiam receives a Superior Proposal and enters into a definitive agreement with any third party with respect to such Superior Proposal. See Matter No. 1: The Brand Business Sale The Brand Purchase Agreement Termination of the Brand Purchase Agreement.

From and after the execution of the Brand Purchase Agreement, Gaiam may not solicit or encourage any proposal or offer that either is or would reasonably be expected to lead to an Alternative Transaction Proposal. In the event that Gaiam or its board of directors receives an Alternative Transaction Proposal which the board of directors reasonably believes to be a Superior Proposal (as defined below in Matter No. 1: The Brand Purchase Sale The Brand Purchase Agreement Non-Solicitation ), Gaiam may engage in negotiations with the prospective purchaser who made the Superior Proposal and ultimately terminate the Brand Purchase Agreement, subject to payment of the Termination Fee to Brand Purchaser.

**The FFL Purchase Agreement**

The following is a summary of the principal terms of the FFL Purchase Agreement:

The total consideration for the purchase and sale of the FFL Acquired Assets is \$21,300,000 in cash, subject to closing and post-closing adjustments for working capital. See Matter No. 1: The Brand Business Sale The FFL Purchase Agreement Purchase Price.

The FFL Purchase Agreement contains a number of limited representations and warranties of Gaiam, with respect to Gaiam only, to FFL Purchaser. Gaiam is not making any representations or warranties with respect to the Acquired Assets (or the FFL Assumed Liabilities) and Gaiam will sell the FFL Acquired Assets as-is and where is. The representations and warranties made by Gaiam relate to, among other things: organization; authority and delivery; execution; enforceability; lack of conflict with other agreements and applicable law; and brokers. The FFL Purchase Agreement contains a number of representations and warranties of FFL Purchaser to Gaiam. The representations and warranties made by FFL Purchaser relate to, among other things: organization; authority and delivery; execution; enforceability; lack of conflict with other agreements and applicable law; brokers; solvency; availability of financing to FFL Purchaser to fund the purchase price; and the lack of representations and warranties with respect to the FFL Acquired Assets and, among other things, financial projections related to the FFL Acquired Assets. See Matter No. 1: The Brand Business Sale The FFL Purchase Agreement Representations and Warranties.

The closing of the Working Capital Sale shall occur immediately before the closing of the Brand Sale and shall occur no earlier than three business days after Gaiam delivers a written notice to FFL Purchaser containing (i) a statement that the closing conditions under the Brand Purchase Agreement have been satisfied or waived and that Gaiam and Brand Purchase are ready and prepared to close the Brand Sale, subject only to the occurrence of the closing of the Working Capital Sale, and (ii) the date on which the closing under the Brand Purchase Agreement is to occur (which date will be at least three business days after the delivery of the written notice). At the closing of the Working Capital Sale, Gaiam and FFL Purchaser shall deliver the signatures, instruments, agreements, and other deliverables that are contemplated by the FFL Purchase Agreement. See Matter No. 1: The Brand Business Sale The FFL Purchase Agreement

Conditions to Closing.

Either Gaiam or FFL Purchaser may terminate the FFL Purchase Agreement at any time before closing if the Brand Purchase Agreement has been validly terminated in accordance with its terms. Gaiam may also terminate the FFL Purchase Agreement if FFL Purchaser fails to fund the net closing consideration at the closing of the Working Capital Sale. See Matter No. 1: The Brand Business Sale The FFL Purchase Agreement Termination of the FFL Purchase Agreement.

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**Voting Agreement**

On May 10, 2016, in connection with the execution of the Brand Purchase Agreement, one director, and an entity controlled by a director, in their respective capacities as shareholders, each owning more than 10% of Gaiam's issued and outstanding common stock, entered into separate voting agreements with Gaiam, pursuant to which each such shareholder agreed (among other things) to vote beneficially-owned shares of Gaiam's common stock in favor of the Brand Business Sale and against any Alternative Transaction Proposal. Collectively, the shareholders party to the voting agreements beneficially owned 2,926,710 shares of Gaiam's Class A common stock and 5,400,000 shares of Gaiam's Class B common stock, representing approximately 77.8% of the voting interest of Gaiam's common stock, as of May 10, 2016. See Matter No. 1: The Brand Business Sale Voting Agreement. On May 10, 2016, these shareholders executed a written consent approving the Brand Business Sale, Brand Purchase Agreement and the FFL Purchase Agreement, and the transactions contemplated by the Brand Purchase Agreement and the FFL Purchase Agreement. See Matter No. 1: The Brand Business Sale Approval of the Transactions.

**No Dissenters Right of Appraisal**

Under applicable law, our shareholders do not have dissenters' right of appraisal in connection with the Brand Business Sale.

**Tax Consequences of the Brand Business Sale**

Our U.S. shareholders will not realize any gain or loss for U.S. federal income tax purposes as a result of the Brand Business Sale. See Matter No. 1: The Brand Business Sale U.S. Federal Income Tax Consequences of the Brand Business Sale.

**Interests of Certain Persons in or Opposition to Matters to be Acted Upon**

Other than as set forth in this information statement, Gaiam is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director, executive officer or any associate or affiliate of any of the foregoing, in any of the matters to be acted upon.

The Brand Business Sale may result in certain payments being payable to Gaiam's executive officers. Gaiam estimates that in connection with the Brand Business Sale, its executive officers will receive the following change-in-control benefits (calculated assuming that the Brand Business Sale was consummated on May 10, 2016): transaction bonuses for each of Gaiam's four executive officers of between \$228,390 and \$409,070, severance payments for three of Gaiam's executive officers of between \$265,200 and \$475,000, and accelerated vesting of 18,000 and 23,250 outstanding options held by two of Gaiam's executive officers. See Matter No. 1: The Brand Business Sale Interests of Certain Persons in or Opposition to Matters to be Acted Upon Potential Payments Upon a Change-in-Control.

It is expected that following the closing of the Brand Business Sale, FFL Purchaser will offer employment to 95 of our employees, including certain of our executive officers.

**Change-in-Control Compensation**

In connection with the Brand Business Sale, certain of our named executive officers will be entitled to additional compensation including:

a transaction bonus in an amount not to exceed 150% of such named executive officer's annual salary as of the trigger date, net of each such officer's operating bonus paid in connection with the prior fiscal year;

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accelerated vesting of 50% of all unvested stock options held by such officer at the trigger date;

each of our named executive officers that will be terminated in connection with the Brand Business Sale will receive cash severance in a lump sum equal to such named executive officer's current annual salary; and

our Chief Executive Officer will continue to receive COBRA coverage at active-employee rates for one year after the trigger date.

Gaiam estimates that in connection with the Brand Business Sale, its executive officers will receive the following change-in-control benefits (calculated assuming that the Brand Business Sale was consummated on May 10, 2016): transaction bonuses for each of Gaiam's four executive officers of between \$228,390 and \$409,070, severance payments for three of Gaiam's executive officers of between \$265,200 and \$475,000, and accelerated vesting of 18,000 and 23,250 outstanding options held by two of Gaiam's executive officers. See Matter No. 1: The Brand Business Sale Change-in-Control Compensation.

## **Name Change**

Immediately after the completion of the Brand Business Sale, in accordance with the Brand Purchase Agreement, Gaiam will change its corporate name to Gaia, Inc. See Matter No. 3: The Name Change.

## **Approval of Transactions**

On May 10, 2016, shareholders owning, in the aggregate, a majority of the voting interest of our issued and outstanding shares of common stock, executed and delivered to us, a written consent, approving the Brand Business Sale, the Brand Purchase Agreement, and the FFL Purchase Agreement. On May 16, 2016, shareholders owning, in the aggregate, a majority of the voting interest of our issued and outstanding shares of common stock, executed and delivered to us, a written consent, approving (i) on advisory basis, the Change-in-Control Compensation, and (ii) the Name Change (as defined below in Matter No. 3: The Name Change). As a result, each of the matters and the transactions contemplated thereby were approved and adopted by holders of a majority of the shares of Gaiam's voting stock, as required by Section 7-112-102 of the CBCA and Gaiam's Amended and Restated Bylaws. No vote of any other shareholder is necessary to approve and adopt (i) the Brand Business Sale, the Brand Purchase Agreement and the FFL Purchase Agreement, (ii) on an advisory basis, the Change-in-Control Compensation, and (iii) the Name Change. See Approval of the Transactions.

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**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

This information statement contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934. Forward-looking statements relate to matters that are not historical facts and provide our current expectations and forecasts about future events. Forward-looking statements may be identified by the use of words such as anticipate, believe, plan, estimate, expect, strive, future, intend, and comparab or the negatives of those words, or by discussions of strategy. While we believe our assumptions and expectations underlying forward-looking statements are reasonable, there can be no assurance that actual results will not be materially different. Risks and uncertainties that could cause actual results to differ include, without limitation, failure to consummate or delays in consummating the Brand Business Sale, transaction costs associated with the Brand Business Sale, unexpected losses of economies of scope or scale, a decrease or adjustment in the purchase price or other amendment to the Brand Purchase Agreement or the FFL Purchase Agreement, failure to obtain necessary governmental approvals, and other risks and uncertainties included in reports we file with or furnish to the Securities and Exchange Commission. We caution you that no forward-looking statement is a guarantee of future performance, and you should not place undue reliance on these forward-looking statements which reflect our view only as of the date of this information statement. We undertake no obligation to update any forward-looking information.

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**APPROVAL OF THE TRANSACTIONS**

On May 10, 2016 at a meeting, after consultation with Gaiaam's financial and legal advisors, and upon consideration of a number of factors that the board of directors believed supported its decision, our board of directors unanimously approved (i) the Brand Business Sale and the Brand Purchase Agreement, including the forms of ancillary documents to be attached as exhibits to the Brand Purchase Agreement, (ii) on an advisory basis, the Change-in-Control Compensation, and (iii) the Name Change. For a discussion of the factors considered by Gaiaam's board of directors see Matter No. 1: The Brand Business Sale - Reasons for the Brand Business Sale.

Section 7-112-102 of the CBCA permits a Colorado corporation to sell all or substantially all of its assets if the sale is approved by shareholders holding a majority of the votes entitled to be cast on the transaction. Each share of Gaiaam's Class A common stock is entitled to one vote per share and each share of Gaiaam's Class B common stock is entitled to ten votes per share. As of May 10, 2016 and May 16, 2016, the record dates for determining shareholders entitled to receive notice of action taken without a meeting, there were approximately 19,141,888 and 19,146,709 shares of Gaiaam's Class A common stock, respectively, and 5,400,000 shares of Gaiaam's Class B common stock issued and outstanding.

On May 10, 2016, one of our directors, Jirka Rysavy, and Prentice Consumer Partners, LP (executed by Prentice Capital Management, LP, its investment manager), in their respective capacities as shareholders, beneficially owning in the aggregate, 2,926,710 shares of Gaiaam's Class A common stock and 5,400,000 shares of Gaiaam's Class B common stock, (representing approximately 77.8% of the voting power of Gaiaam's issued and outstanding shares of common stock as of May 10, 2016), each executed and delivered their written consent to us, approving and adopting the Brand Business Sale, the Brand Purchase Agreement and the FFL Purchase Agreement. Michael Zimmerman, one of our directors, shares voting and dispositive power over the securities beneficially owned by Prentice Consumer Partners, LP. On May 16, 2016, the same shareholders approved by written consent (i) on an advisory basis, the Change-in-Control Compensation, and (ii) the Name Change. As a result, the Brand Business Sale, the Brand Purchase Agreement and the FFL Purchase Agreement were approved and adopted by holders of a majority of the shares of Gaiaam's voting stock, as required by Section 7-112-102 of the CBCA and Gaiaam's Amended and Restated Bylaws. No vote of any other shareholder is necessary to approve and adopt (i) the Brand Business Sale, the Brand Purchase Agreement and the FFL Purchase Agreement, (ii) on an advisory basis, the Change-in-Control Compensation, and (iii) the Name Change, and therefore we are not soliciting shareholder votes.

It is contemplated that the Brand Business Sale will be consummated 20 days after the mailing of this information statement or as immediately thereafter as practicable once the other closing conditions contained in the Brand Purchase Agreement and the FFL Purchase Agreement are satisfied or waived. See Matter No. 1: The Brand Business Sale - The Brand Purchase Agreement - Closing Conditions. and Matter No. 1: The Brand Business Sale - The FFL Purchase Agreement - Closing Conditions. It is expected that Gaiaam will change its corporate name to Gaia, Inc. immediately after the closing of the Brand Business Sale, or as soon as practicable thereafter, upon filing articles of amendment with the Colorado Secretary of State.



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**THE COMPANIES**

**Gaiam, Inc.**

Gaiam, Inc., known in this information statement as we, us, our, or Gaiam, is a publicly traded Colorado corporation whose shares of Class A common stock are traded on the Nasdaq Capital Market under the symbol GAIAM.

Since its start in 1996, Gaiam has built a consumer products business in the markets for yoga, fitness, and wellness products and related content, which are sold through Gaiam's websites as well as national retailers such as Target, Kohl's, Dick's Sporting Goods, Whole Foods, Barnes and Noble, and Macy's. Gaiam brands include: Gaiam, focused on yoga and fitness; Gaiam Restore, focused on wellness; SPRI by Gaiam, focused on fitness; and Gaia, a global digital video subscription service. Prior to 2015, Gaiam also produced and marketed eco-friendly products through catalogs and Gaiam.com. The catalog business was phased out to focus on core yoga, fitness, and wellness products. While this ultimately reduced revenues, profitability was greatly improved.

Gaia is a digital subscription service and online community focusing on personal transformation and longevity. It provides members access to approximately 7,000 video titles, 90% of which are available exclusively to subscribers for digital streaming on almost any internet-connected device anytime, anywhere. Approximately 80% of the views are generated by content produced or owned by Gaia. The subscription also allows our subscribers to download and view files from the library without being actively connected to the Internet.

On February 20, 2015, our wholly-owned subsidiary Gaia, Inc. filed a registration statement on Form 10 in connection with the previously announced proposed separation of the Subscription Business segment from the Brand Business segment into two separate publicly traded companies.

On May 4, 2016, Gaiam divested its majority interest in Natural Habitat, Inc. ( Natural Habitat ), which operates an adventure travel and ecotourism travel business which provides eco-conscious expeditions and nature-focused small-group tours led by renowned expedition leaders to explore the planet's most remarkable natural destinations (the Travel Business ).

In order to effect the Name Change, our subsidiary will first release the corporate name Gaia, Inc. in the state of Colorado by changing its name from Gaia, Inc. at or immediately following the closing of the Brand Business Sale.

The mailing address and telephone number of our principal executive office are:

833 West South Boulder Road

Building G

Louisville, CO 80027-2452

Tel: (303) 222-3600

We file annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K with the Securities and Exchange Commission. These reports, any amendments to these reports, proxy and information statements and certain other documents we file with the Securities and Exchange Commission are available through the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) or free of charge on our website as soon as reasonably practicable after we file the documents with the Securities and Exchange Commission. The public may

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also read and copy these reports and any other materials we file with the Securities and Exchange Commission at the Securities and Exchange Commission's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1 (800) SEC-0330.

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### **Parties to the Brand Business Sale**

#### *Sequential Brands Group, Inc.*

Sequential Brands Group, Inc. ( Sequential ) is a publicly traded Delaware corporation, whose shares of common stock are traded on the Nasdaq Capital Market under the symbol SQBG. Sequential is the direct parent of Brand Purchaser.

Sequential owns, promotes, markets, and licenses a portfolio of consumer brands in the fashion, active, and lifestyle categories. Sequential seeks to ensure that its brands continue to thrive and grow by employing strong brand management, design and marketing teams. Sequential has licensed and intends to license its brands in a variety of consumer categories to retailers, wholesalers and distributors in the United States and around the world.

Sequential's objective is to build a diversified portfolio of lifestyle consumer brands by growing its existing portfolio and by acquiring new brands. To achieve its objective, Sequential intends to increase licensing of existing brands by adding additional product categories, expanding the brands' distribution and retail presence and optimizing sales through innovative marketing that increases consumer awareness and loyalty; develop international expansion through additional licenses, partnerships, joint ventures and other arrangements with leading retailers and wholesalers outside the United States; and acquire consumer brands or the rights to such brands with high consumer awareness, broad appeal, applicability to a range of product categories and an ability to diversify its portfolio. In assessing potential acquisitions or investments, Sequential primarily evaluates the strength of the targeted brand as well as the expected viability and sustainability of future royalty streams.

Sequential's business strategy is designed to maximize the value of its brands through entry into licenses with partners that are responsible for designing, manufacturing and distributing its licensed products. Sequential licenses its brands with respect to a broad range of products, including apparel, eyewear, footwear and fashion accessories. Sequential currently has more than 75 licensees, almost all of which are wholesale licensees. Each of Sequential's licensees has a stipulated territory or territories, as well as distribution channels in which the licensed products may be sold. Currently, the majority of Sequential's revenues are derived from U.S. based licenses.

On August 15, 2014, Sequential acquired four well-known consumer brands including fitness brand Avia and basketball brand AND1. In connection with the transaction, The Carlyle Group L.P., of which Galaxy Brands, LLC was a portfolio company, became a significant shareholder in Sequential, and received one seat on the Sequential board of directors.

On April 8, 2015, Sequential acquired a majority interest in the intellectual property rights associated with the With You brand and other rights. Founded in 2005, With You is a signature lifestyle concept inspired by and designed in collaboration with Jessica Simpson. The growing brand offers 31 product categories including footwear, apparel, fragrance, fashion accessories, maternity apparel, girl's clothing and a home line. The brand is supported by nearly 20 best-in-class licensees and has strong department store distribution through Dillard's, Macy's, Belk, Lord & Taylor and Nordstrom, among other independent retailers.

On September 11, 2015, Sequential purchased certain intellectual property assets used or held for use in Joe's Jeans Inc.'s business operated under the brand names Joe's Jeans, Joe's, Joe's JD and else. Joe's Jeans Inc. retained co-branded retail stores and other assets. Sequential accounted for the acquisition as a business combination in accordance with Financial Accounting Standards Board Accounting Standards Codification 805 Business Combinations.

On December 4, 2015, Sequential acquired Martha Stewart Living Omnimedia, Inc. ( MSLO ). MSLO is a leading provider of original, how-to information, inspiring and engaging consumers with unique lifestyle content and beautifully designed, high-quality products. In connection with the transaction, Martha Stewart became a significant shareholder and a member of the Sequential board of directors.

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The mailing address and telephone number of Sequential's principal executive office are:

601 West 26th Street, 9th Floor

New York, NY 10001

Tel: (646) 564-2577

*Stretch & Bend Holdings, LLC*

Stretch & Bend Holdings, LLC, also known in this information statement as Brand Purchaser, is a Delaware limited liability company and a wholly-owned subsidiary of Sequential. Brand Purchaser was formed on April 25, 2016 for the purpose of effecting the Brand Business Sale. To date, Brand Purchaser has not conducted any activities other than those activities incidental to its formation and the matters contemplated by the Brand Purchase Agreement in connection with the Brand Business Sale. Effective June 2, 2016, Brand Purchaser changed its name to SBG-Gaiam Holdings, LLC.

The mailing address and telephone number of Brand Purchaser's principal executive office are:

c/o Sequential Brands Group, Inc.

601 West 26th Street, 9th Floor

New York, NY 10001

Tel: (646) 564-2577

*Fit for Life LLC*

Fit for Life LLC, also known in this information statement as FFL Purchaser, is a Delaware limited liability company formed on September 28, 2015 for the purpose of effecting the Working Capital Sale. To date, FFL Purchaser has not conducted any activities other than those activities incidental to its formation and the matters contemplated by the FFL Purchase Agreement in connection with the Brand Business Sale. Brand Purchaser expects to license certain rights and transfer certain assets and liabilities acquired under the Brand Purchase Agreement to FFL Purchaser upon consummation of the Brand Sale.

The mailing address and telephone number of FFL Purchaser's principal executive office are:

Fit For Life LLC

31 West 34th Street, 11th Floor

New York, NY 10001

(917) 359-3900

*Gaiam Brand Holdco, LLC*

Gaiam Brand Holdco, LLC, also known in this information statement as Brand Holdco, is a Delaware limited liability company and a wholly-owned subsidiary of Gaiam. Brand Holdco was formed on March 15, 2016, to hold all of the assets and liabilities of the Brand Business, as described further in Matter No. 1: The Brand Business Sale, for the purpose of effecting the Brand Business Sale. To date, Brand Holdco has not conducted any activities other than those activities incidental to its formation and the matters contemplated by the Brand Purchase Agreement in connection with the Brand Business Sale. After the completion of the Brand Sale, Brand Holdco will be wholly-owned by Brand Purchaser.

The mailing address and telephone number of Brand Holdco's principal executive office are:

833 West South Boulder Road

Building G

Louisville, CO 80027-2452

Tel: (303) 222-3600

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**MATTER NO. 1: THE BRAND BUSINESS SALE**

**The Brand Business Sale**

At closing, if the Brand Business Sale is completed, Brand Purchaser and FFL Purchaser would acquire substantially all of the assets and assume substantially all of the liabilities, primarily related to, or used in, the Brand Business. The assets and liabilities associated with the Brand Business are held by Brand Holdco, through its direct and indirect subsidiaries (the Brand Business Subsidiaries, and together with Brand Holdco, each a Brand Company and collectively, the Brand Companies ).

The Brand Business develops and markets fitness and yoga accessories, apparel, and media. The Brand Business includes the Gaiam, Gaiam Restore, and SPRI products. These products are sold primarily through major national retailers in the United States, Canada, Europe, and other countries, with placement in over 38,000 retail doors worldwide. The Brand Business products are also marketed and sold through branded websites and catalogs. The products and services are targeted to all levels of yoga and fitness enthusiasts, including professionals. We believe that consumers are attracted to our products because of their design, functional characteristics, and our unique brand heritage. Accessories include yoga mats, bags, straps and blocks, media content including digital media and apps, restorative and massage accessories such as rollers, resistance cords and balance balls, and various other offerings. Apparel products include pants, shorts, tops and jackets designed around yoga.

We believe that the Brand Business business activities have positioned the Brand Business brands as trusted sources for products that are relevant to consumers active lifestyles. In the United States, the Brand Business has a broad distribution network including top retail accounts such as Target, Kohl s, Dick s Sporting Goods, Whole Foods, Barnes and Noble, and Macy s. The Brand Business also sells through its own gaiam.com and spri.com websites, online retailers such as Amazon, and digital channels such as iTunes. The Brand Business also operates internationally with both the Gaiam and SPRI brands in Australia, Canada, the UK, other parts of Europe, and South Korea. The business is vertically integrated from product design and content creation, to product development and sourcing, and ultimately to customer service and distribution.

The Brand Business objective is to drive sustainable and profitable growth by leveraging its brands market positions and heritage to expand product offerings and distribution channels as well as utilize innovative marketing to increase consumer engagement. Recent examples of Gaiam s brand product extensions include the 2012 launch of Gaiam Restore and SPRI Dynamic Recovery brands, at-home rehabilitative and restorative products, the 2013 launch of our SPRI Cross Train line of high-intensity fitness accessories, the 2015 launch of apparel and upcoming lines of stress relief and relaxation products and condition specific wellness products slated for 2016.

With the acquisition of Yoga Studio (a yoga app for mobile and tablet devices) in the fourth quarter of 2014, the Brand Business launched an interactive digital strategy. The Brand Business has also invested in online branding and digital offerings, developed emerging talent, utilized social media, and sponsored local events to increase consumer engagement.

Gaiam directly owns all of the issued and outstanding membership interests of Brand Holdco, and immediately prior to the execution of the Brand Purchase Agreement, Gaiam contributed all remaining assets of the Brand Business to Brand Holdco. Upon the terms and subject to the conditions of the Brand Purchase Agreement, including the satisfaction of the closing conditions, Brand Purchaser will purchase from Gaiam all of the issued and outstanding membership interests of Brand Holdco for \$145,700,000 in cash, subject to adjustments at closing and post-closing. Upon the terms and subject to the conditions of the FFL Purchase Agreement, immediately before the closing of the Brand Sale, FFL Purchaser will purchase from the Brand Companies, the FFL Acquired Assets for \$21,300,000 in

cash, subject to adjustments at closing and post-closing, and assume the FFL Assumed Liabilities. The Brand Business Sale will constitute a sale of substantially all of Gaiam's assets under Colorado law.



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**Background of the Brand Business Sale**

Gaiam has historically acquired and developed businesses and, when the board of directors determined it appropriate, explored strategic alternatives to maximize the value of those businesses for the benefit of Gaiam and its shareholders. For example, Gaiam owned and built Real Goods Solar, Inc. ( RGSI ), a residential and commercial solar energy power system installer, from 1991 to the consummation of RGSI 's initial public offering in 2008. Gaiam monetized the investment in RGSI during and after that initial public offering. Another example is Gaiam 's development of its entertainment media distribution business segment, which it built through acquisitions and organic growth from 2005 to 2013, when it divested that business segment in a private sale.

Gaiam 's business has been principally comprised of two distinct business segments: (i) the Brand Business, and (ii) the Subscription Business. As each of these segments has expanded, Gaiam 's board of directors and executive management have become aware of several factors that suggest that the segments would benefit from operating independently from each other. Those factors include, without limitation, the following:

***Business focus.*** The two business segments are very different and provide few, if any, synergies to each other. Operating independently would permit each segment and