

March 9, 2011



Gaiam Announces Fourth Quarter 2010 Results

Record operating income for the quarter

\$6.9 million improvement in operating income for the year

EPS increases by \$0.17

BOULDER, Colo., March 9, 2011 /PRNewswire/ -- **Gaiam, Inc.** (Nasdaq: GAIA), a lifestyle media company, announced today results for its fourth quarter ended December 31, 2010. Gaiam will host a conference call today, March 9, 2011, at 2:30 p.m. MST (4:30 p.m. EST) to review the results.

Dial-in No.: (800) 619-0355 (domestic) or (212) 547-0278 (international)

Passcode: GAIAM

Net revenue for the fourth quarter ended December 31, 2010 decreased 4.9% to \$83.3 million from \$87.6 million recorded during the same quarter last year. The net revenue decline was primarily attributable to the Company's decision to reduce direct response television advertising and catalog circulation, partially offset by sales growth in the solar segment.

Gross profit decreased to \$41.5 million, or 49.8% of net revenue, during the fourth quarter of 2010, from \$45.9 million, or 52.3% of net revenue, during the comparable quarter last year. The change in gross margin resulted primarily from decreased revenues from the high gross margin direct response marketing business and increased revenues from the lower gross margin solar segment. Excluding the solar segment, gross profit, as a percentage of net revenue, was 55.9% during the fourth quarter of 2010.

Expenses decreased dramatically during the quarter as a result of payroll and infrastructure cost reduction measures and direct response marketing and catalog circulation optimization. Expenses decreased \$4.4 million, or 300 basis points as a percentage of net revenue, to \$34.8 million, or 41.7% of net revenue, during the fourth quarter of 2010 from \$39.2 million, or 44.7% of net revenue, during the same quarter last year.

Income from operations during the fourth quarter of 2010 set a record for the Company, improving to \$6.8 million from \$6.7 million during the same quarter last year. Net income was \$4.2 million, or \$0.18 per share, during the fourth quarter of 2010, compared to \$4.0 million, or \$0.17 per share, during the same quarter last year.

For the year ended December 31, 2010, net revenue was \$274.3 million, compared to \$278.5 million last year. Income from operations increased \$6.9 million to \$6.1 million for 2010 from an operating loss of \$0.8 million last year. Net income for 2010 increased \$4.0 million to \$4.3 million, or \$0.18 per share, compared to \$0.3 million, or \$0.01 per share, during last year.

According to Nielson's Videoscanner, in 2010, the Company grew its non-theatrical market share to 7% from 5% in 2009. The Company further invested in growing its non-theatrical market share through the acquisition of Discovery's catalog media library from its previous licensor to complement the Company's licensing relationship with Discovery. Gaiam increased its lead in the fitness category to 40% market share, recently launched a branded daily exercise show on the Oprah Winfrey Network, and released the first of a series of media titles from The Biggest Loser host Jillian Michaels.

The Company ended 2010 with \$28.8 million in cash and no debt. Cash declined primarily due to payments during 2010 of both the 2010 and 2011 annual \$0.15 per share cash dividends which combined totaled \$7.0 million, the acquisition of Discovery's catalog media library, and advances on new content deals.

"Our expenditure control and the growth of our store-within-store presentations from 11,000 to 14,700 during the year helped us to achieve record operating income this quarter and improve our operating income for the year by \$6.9 million," said Lynn Powers, CEO. "As we progress through 2011, we will continue to optimize our direct response television advertising spend and catalog circulation, and, most importantly, expand our brand, and thus our market share, through investments in new product offerings and the digital delivery of our vast media holdings."

"We are pleased with the \$6.9 million improvement in our operating income, the 34% expansion of our store-within-store presentations during the year, and the continued improvement to our non-theatrical market share," said Jirka Rysavy, Chairman. "Promising traction in our new digital sales unit and recent improvements in our catalog business are both positive indicators for our return to revenue growth in 2011."

A replay of the call will begin approximately one hour after the end of the call and will continue until 11:00 p.m. CDT on March 16, 2011.

Replay number: (800) 666-8984; (402) 220-0269

Passcode: GAIAM (42426)

About GAIAM

Gaiam, Inc. (NASDAQ: GAIA) is a leading producer and marketer of lifestyle media and fitness accessories. With a wide distribution network that consists of 65,000 retail doors, 14,700 store within stores, a digital distribution platform and 10 million direct customers, Gaiam is dedicated to providing solutions for the many facets of healthy and eco-conscious living. The Company dominates the health and wellness category and releases non-theatrical programming focused on family entertainment and conscious media. In addition, Gaiam has exclusive licensing agreements with Discovery Communications and other licensing partners. For more information about Gaiam, please visit www.gaiam.com or call 1.800.869.3603.

This press release includes forward-looking statements relating to matters that are not historical facts. Forward-looking statements may be identified by the use of words such as "expect," "intend," "believe," "will," "should" or comparable terminology or by discussions of strategy. While Gaiam believes its 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 materially different results include, among others, introduction of new products and services, completion and integration of acquisitions, the possibility of negative economic conditions, and other risks and uncertainties included in Gaiam's filings with the Securities and Exchange Commission. Gaiam assumes no duty to update any forward-looking statements.

GAIAM, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)

| | Three Months Ended | | Three Months Ended | |
|---------------------------------------|--------------------|---------|--------------------|---------|
| | December 31, 2010 | | December 31, 2009 | |
| Net revenue | \$ 83,331 | 100.0 % | \$ 87,636 | 100.0 % |
| Cost of goods sold | 41,802 | 50.2 % | 41,776 | 47.7 % |
| Gross profit | 41,529 | 49.8 % | 45,860 | 52.3 % |
| Selling and operating | 31,206 | 37.4 % | 35,390 | 40.4 % |
| Corporate, general and administration | 3,569 | 4.3 % | 3,794 | 4.3 % |
| Income from operations | 6,754 | 8.1 % | 6,676 | 7.6 % |

| | | | | |
|--|----------|--------|----------|--------|
| Interest and other income (expense) | 94 | 0.1 % | (1,745) | -2.0 % |
| Income before income taxes | 6,848 | 8.2 % | 4,931 | 5.6 % |
| Income tax expense | 2,295 | 2.7 % | 611 | 0.7 % |
| Net income | 4,553 | 5.5 % | 4,320 | 4.9 % |
| Net (income) attributable to the noncontrolling interest | (337) | -0.4 % | (290) | -0.3 % |
| Net income attributable to Gaiam, Inc. | \$ 4,216 | 5.1 % | \$ 4,030 | 4.6 % |

Weighted-average shares outstanding:

| | | |
|---------|--------|--------|
| Basic | 23,268 | 23,110 |
| Diluted | 23,440 | 23,267 |

Net income per share attributable to Gaiam, Inc. common shareholders:

| | | |
|---------|---------|---------|
| Basic | \$ 0.18 | \$ 0.17 |
| Diluted | \$ 0.18 | \$ 0.17 |

GAIAM, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)

| | Twelve Months Ended | | Twelve Months Ended | |
|--|------------------------|---------|------------------------|---------|
| | December 31, 2010 | | December 31, 2009 | |
| Net revenue | \$ 274,268 | 100.0 % | \$ 278,473 | 100.0 % |
| Cost of goods sold | 138,438 | 50.5 % | 134,370 | 48.3 % |
| Gross profit | 135,830 | 49.5 % | 144,103 | 51.7 % |
| Selling and operating | 117,152 | 42.7 % | 131,659 | 47.3 % |
| Corporate, general and administration | 12,534 | 4.6 % | 13,225 | 4.7 % |
| Income (loss) from operations | 6,144 | 2.2 % | (781) | -0.3 % |
| Interest and other income (expense) | 1,291 | 0.5 % | (1,524) | -0.5 % |
| Income (loss) before income taxes | 7,435 | 2.7 % | (2,305) | -0.8 % |
| Income tax expense (benefit) | 2,366 | 0.8 % | (2,088) | -0.7 % |
| Net income (loss) | 5,069 | 1.9 % | (217) | -0.1 % |
| Net (income) loss attributable to the noncontrolling interest | (794) | -0.3 % | 513 | 0.2 % |
| Net income attributable to Gaiam, Inc. | \$ 4,275 | 1.6 % | \$ 296 | 0.1 % |
| Weighted-average shares outstanding: | | | | |
| Basic | 23,226 | | 23,306 | |
| Diluted | 23,383 | | 23,378 | |
| Net income per share attributable to Gaiam, Inc. common shareholders: | | | | |
| Basic | \$ 0.18 | | \$ 0.01 | |

Diluted

\$ 0.18

\$ 0.01

GAIAM, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands)

| | December 31, 2010 | December 31, 2009 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 28,773 | \$ 48,325 |
| Accounts receivable, net | 50,322 | 46,266 |
| Inventory, net | 33,218 | 26,872 |
| Deferred advertising costs | 2,341 | 1,909 |
| Receivable and deferred tax assets | 8,803 | 10,179 |
| Note receivable and other current assets | 10,220 | 5,681 |
| Total current assets | 133,677 | 139,232 |
| Property and equipment, net | 27,861 | 28,217 |
| Media library, net | 15,596 | 12,354 |
| Deferred tax assets, net | 3,509 | 4,414 |
| Goodwill | 25,861 | 24,166 |
| Other intangibles, net | 813 | 652 |
| Notes receivable and other assets | 480 | 3,178 |
| Total assets | \$ 207,797 | \$ 212,213 |

Liabilities and Equity

Current liabilities:

| | | |
|------------------------------|------------|------------|
| Accounts payable | \$ 27,837 | \$ 33,261 |
| Accrued liabilities | 10,834 | 11,061 |
| Total current liabilities | 38,671 | 44,322 |
| Total equity | 169,126 | 167,891 |
| Total liabilities and equity | \$ 207,797 | \$ 212,213 |

SOURCE Gaiam, Inc.