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Gaiam Repurchases 2.5 Million Shares

BROOMFIELD, Colo. and WASHINGTON, Feb. 7 /PRNewswire-FirstCall/ -- Gaiam, Inc. (Nasdaq: GAIA), the lifestyle media company that caters to people who value personal development, natural health, and inspirational entertainment and Revolution Living, the unit of Steve Case's Revolution LLC focused on the "green lifestyle" and natural living, announced today that Gaiam purchased 2.5 million shares of Gaiam common stock held by Revolution Living for \$13.14 per share.

Gaiam's repurchase of the shares reduced the number of Gaiam's shares outstanding by approximately 9%. The \$13.14 per share price agreed by the parties is the average price over the last 90 days of Gaiam shares. With Gaiam's strong revenue for the fourth quarter and cash position above \$100 million level, even after cash outlays for two additional acquisitions and two content licensing deals executed during the last 90 days, Gaiam's board of directors approached Revolution with the share repurchase. Gaiam's cash position as of the year end, giving a pro-forma effect of the repurchase, would be approximately \$75 million with no debt and an unused credit line.

Jirka Rysavy, Gaiam's Chairman and largest shareholder purchased for approximately \$7.2 million Revolution Living's option to acquire approximately 2.3 million of his Gaiam shares at \$10 per share. The option, if exercised today, would have yielded Rysavy approximately \$23 million in cash, but would have reduced his holdings of 7.1 million Gaiam shares by approximately 32%. The price to repurchase the option was calculated as the spread between the negotiated \$13.14 share price for Gaiam's purchase of the shares from Revolution Living and the \$10 option exercise price. The option was originally issued as part of Revolution Living's investment in Gaiam where Revolution Living's purchase price for the 2.5 million Gaiam shares was above the 90 day share price average.

To raise the funds necessary to purchase Revolution Living's option, Rysavy transferred 545,000 of his Gaiam shares to Prentice Capital and affiliated funds, the second largest Gaiam shareholder, for \$13.14 per share, with Rysavy directing all of the proceeds from the transaction to Revolution Living.

Revolution Living subsidiary purchased Gaiam's \$3.8 million investment in "LIME: Healthy Living with a Twist," a multi-media company controlled by Revolution Living.

"After 18 months, we both determined that only minor synergies exist between Gaiam and Revolution Living, and therefore mutual equity holdings did not provide any meaningful operating advantages," said Jirka Rysavy and Steve Case in a joint statement. "We look forward to continued cooperation between Gaiam and LIME in the distribution of a growing collection of healthy living content."

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," "believe," "will," "should" or comparable terminology or by discussions of strategy. While the Companies believe their 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 the filings with the Securities and Exchange Commission. The Companies assume no duty to update any forward-looking statements.

SOURCE Gaiam, Inc.