

Teavana Holdings Inc  
Form DEF 14A  
April 19, 2012  
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**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**

Filed by the Registrant

Filed by a Party other than the Registrant

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.

**Teavana Holdings, 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.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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April 19, 2012

Dear Stockholder:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders of Teavana Holdings, Inc., to be held at 11:00 A.M., Eastern Time, on June 1, 2012 at 3630 Peachtree Road NE, Suite 220, Atlanta, GA 30326.

The attached Notice of 2012 Annual Meeting of Stockholders and Proxy Statement provide information concerning the matters to be considered and voted on at the Annual Meeting. Please take the time to read carefully each of the proposals.

Regardless of the number of shares you hold or whether you plan to attend the meeting in person, your vote is important. Please vote your shares as soon as possible in accordance with the instructions you received. Voting your shares prior to the Annual Meeting will not prevent you from voting your shares in person if you subsequently choose to attend the meeting.

Thank you for your continued support of Teavana.

Very truly yours,

/s/ Andrew T. Mack  
Andrew T. Mack  
Chairman and Chief Executive Officer

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**Notice of Annual Meeting of Stockholders**

The Annual Meeting of Stockholders of Teavana Holdings, Inc. (the Company ) will be held at 3630 Peachtree Rd. NE, Suite 220, Atlanta, Georgia 30326 on June 1, 2012, at 11:00 a.m., Eastern Time.

The agenda will include the following items:

1. a proposal to elect two (2) Class A directors to hold office until the 2015 Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified;
2. an advisory vote to approve named executive officer compensation;
3. a non-binding, advisory vote on the desired frequency of future votes on executive compensation;
4. a proposal to ratify the appointment of Grant Thornton LLP as independent registered public accounting firm to the Company for the current fiscal year; and
5. any other business that properly comes before the meeting or any adjournment or postponement thereof.

The board of directors has fixed April 9, 2012 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement of the meeting. A complete list of those stockholders will be open to examination by any stockholder for any purpose germane to the Annual Meeting during ordinary business hours at the executive offices of the Company, 3630 Peachtree Rd. NE, Suite 1480, Atlanta, Georgia 30326, for a period of ten days prior to the Annual Meeting.

Your vote is very important. We encourage you to read the proxy statement and vote your shares.

All stockholders are cordially invited to attend the Annual Meeting. Whether or not you are able to attend the Annual Meeting in person, it is important that your shares be represented. Please vote as soon as possible.

By order of the board of directors,

/s/ David V. Christopherson  
David V. Christopherson  
Vice President, General Counsel and Corporate Secretary

Atlanta, Georgia

April 19, 2012

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**TEAVANA HOLDINGS, INC.**

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**PROXY STATEMENT**

**FOR ANNUAL MEETING OF STOCKHOLDERS**

**JUNE 1, 2012**

**GENERAL INFORMATION ABOUT THESE MATERIALS**

This proxy statement is being furnished together with our Annual Report on Form 10-K to stockholders for the fiscal year ended January 29, 2012 ( fiscal 2011 ), as filed with the Securities and Exchange Commission ( SEC ) in connection with the solicitation of proxies by our board of directors for use at the 2012 Annual Meeting of Stockholders of Teavana Holdings, Inc., a Delaware corporation (the Company ) (the Annual Meeting ) and any adjournment or postponement of that meeting. Under rules adopted by the SEC, we have elected to provide access to our proxy materials over the Internet to reduce costs and conserve natural resources. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the Notice ) on or about April 19, 2012 to our stockholders of record as of April 9, 2012. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or to request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. This proxy statement and form of proxy are expected to be first mailed to stockholders on or about April 19, 2012.

**How to Vote**

As set forth in the Notice being mailed to all stockholders, you may cast your vote online at [www.investorvote.com/TEA](http://www.investorvote.com/TEA) or by phone by calling 800-652-VOTE (8683) from a touch tone phone. If you wish to vote by mail, the Notice also provides the ways in which you may request a paper copy of the proxy statement and accompanying proxy card; you may do so by going online at [www.investorvote.com/TEA](http://www.investorvote.com/TEA), by calling 866-641-4276 (beneficial owners may have a different number based on their broker) or by sending an email to [investorvote@computershare.com](mailto:investorvote@computershare.com) with Proxy Materials Teavana Holdings, Inc. in the subject line. If you vote online or by phone, or if you request, receive, complete and return the paper proxy card to us, your shares will be voted as you direct. Further, if you are a registered stockholder and attend the Annual Meeting, you may deliver your completed proxy card in person. If you hold your shares in street name through a bank, broker or other nominee, you must follow the instructions included in the Notice provided by your broker.

**FREQUENTLY ASKED QUESTIONS**

**When and where will the meeting take place?**

The Annual Meeting will be held on Friday, June 1, 2012, at 11:00 a.m., local time, at 3630 Peachtree Rd. NE, Suite 220, Atlanta, GA 30326. Stockholders will be admitted to the Annual Meeting beginning at 10:45 a.m., local time. Seating will be limited.

**What is the purpose of this meeting and these materials?**

We are providing these proxy materials in connection with the solicitation by our board of directors of proxies to be voted at the Annual Meeting and at any adjournment or postponement of the meeting.

At the Annual Meeting, you will be asked to vote on the following matters:

a proposal to elect two (2) Class A directors to hold office until the 2015 Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified;

an advisory vote to approve named executive officer compensation;

a non-binding, advisory vote on the desired frequency of future votes on executive compensation;

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a proposal to ratify the appointment of Grant Thornton LLP as independent registered public accounting firm to the Company for the current fiscal year; and

any other business that properly comes before the meeting or any adjournment or postponement thereof.



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### **What are the Board's voting recommendations?**

The board recommends that you vote your shares as follows:

FOR each of the board's two nominees as Class A directors for the board of directors (Proposal No. 1);

FOR the approval, on an advisory basis, of the compensation of our named executive officers (Proposal No. 2);

FOR a frequency of EVERY THREE YEARS for future advisory votes on executive compensation (Proposal No. 3); and

FOR the ratification of the selection of Grant Thornton LLP as our independent registered accounting firm for the fiscal year 2012 (Proposal No. 4).

### **Who is entitled to vote at the Annual Meeting?**

Holders of the shares of our common stock at the close of business on April 9, 2012, are entitled to receive notice of, and to vote their shares of common stock, at the Annual Meeting. As of that date, there were 38,306,996 shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the Annual Meeting.

### **What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

If your shares of common stock are registered directly in your name with Teavana Holdings, Inc.'s transfer agent, Computershare Trust Company, N.A., you are considered, with respect to those shares, the stockholder of record. In that case, we have sent the Notice directly to you.

If your shares of common stock are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of shares held in street name. In that case, the Notice of Internet Availability has been forwarded to you by your broker, bank or other holder of record who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by using the voting instruction card included in the mailing or by following their instructions for voting by phone or on the Internet.

### **What can I do if I change my mind after I vote my shares?**

If you are a stockholder of record, you can revoke your proxy before it is exercised by:

written notice to the Corporate Secretary of the Company;

timely delivery of a valid, later-dated proxy or a later-dated vote by phone or on the Internet; or

voting by ballot at the Annual Meeting.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your bank, broker or other holder of record. All shares of common stock that have been properly voted and not revoked will be voted at the Annual Meeting.

### **Is there a list of stockholders entitled to vote at the Annual Meeting?**

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The names of stockholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the Annual Meeting for any purpose germane to the Annual Meeting, between the hours of 9:00 a.m. and 4:00 p.m., at our principal executive offices at 3630 Peachtree Rd. NE, Suite 1480, Atlanta, GA 30326, by contacting the General Counsel/Corporate Secretary of the Company.

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### **What is the effect of abstentions and broker non-votes?**

Proxies marked `abstain` or proxies required to be treated as broker `non-votes` will be viewed as present for purposes of determining whether there is a quorum at the Annual Meeting. A broker `non-vote` occurs when a broker or nominee holding shares for a beneficial owner votes on one proposal, but does not vote on another proposal because the broker or nominee does not have discretionary voting power and has not received instructions from the beneficial owner of the shares. Abstentions with respect to any matter will have the same effect as a vote against that proposal.

Pursuant to New York Stock Exchange (NYSE) rules, brokers may vote on routine matters but do not have discretionary power to vote your shares on `non-routine` matters unless the broker receives appropriate instructions from you. Under the applicable rules, brokers and other nominees have the discretion to vote on `routine` matters such as the ratification of Grant Thornton LLP as our independent registered public accounting firm. The election of directors, the advisory vote on named executive compensation and the advisory vote on the frequency of the stockholder advisory vote on executive compensation are considered `non-routine` matters. Thus, if you are the beneficial owner of your shares of common stock and you do not instruct your broker or nominees on how to vote on Proposals Nos. 1, 2 and 3, no votes will be cast on your behalf and, therefore, there may be a broker non-vote on those proposals. Your broker or nominee will, however, continue to have discretion to vote any uninstructed shares on Proposal 4, as that matter is considered `routine` under applicable law.

### **What are the voting requirements to elect the directors discussed in this Proxy Statement?**

The presence of the holders of a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting, present in person or represented by proxy, is necessary to constitute a quorum. A majority of the votes cast is required for the election of each director and for each of the proposals discussed in this proxy statement. You may vote `for` or `against` or `abstain` with respect to each vote.

### **Could other matters be decided at the Annual Meeting?**

At the date that this proxy statement was filed, we did not know of any matters to be raised at the Annual Meeting other than those referred to in this proxy statement. If other matters are properly presented at the Annual Meeting for consideration, the board has designated Andrew T. Mack and David V. Christopherson as proxies who will have the discretion to vote on those matters for you.

### **Who will pay for the cost of this proxy solicitation?**

We are paying the cost of preparing, printing and mailing these proxy materials. Proxies may be solicited by directors, officers or employees, none of whom will receive any additional compensation for their services. Such solicitations may be made personally or by mail, facsimile, phone or electronic transmission. We will reimburse banks, brokerage firms and others for their reasonable expenses in forwarding proxy materials to beneficial owners and obtaining their instructions.

### **What if I receive more than one proxy card?**

If you hold your shares of common stock in more than one account, you will receive a proxy card for each account. To ensure that all of the shares of common stock you own are voted at the Annual Meeting, please sign, date and return the proxy card for each account, or follow the Internet voting instructions on your proxy card for each account. You should vote all of your shares of common stock.

### **What do I need to do if I intend to attend the Annual Meeting?**

Attendance at the Annual Meeting will be limited to stockholders as of the record date. Each stockholder will be asked to present valid picture identification, such as a driver's license or passport. If you are a stockholder holding stock in brokerage accounts or by a bank or other nominee, you may be required to show a brokerage statement or account statement reflecting stock ownership as of the record date, but in order to vote your shares at the Annual Meeting, you must obtain a `legal proxy` from the bank or brokerage firm that holds your shares. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting.

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Representatives of our transfer agent, Computershare Trust Company, N.A., will tabulate the votes and will act as inspectors of election.

**OUR BOARD OF DIRECTORS**

We have a classified board currently consisting of two Class A directors, two Class B directors and two Class C directors, who will serve until the Annual Meetings of stockholders to be held in 2012, 2013 and 2014, respectively, and until their respective successors are duly elected and qualified. At each Annual Meeting of Stockholders, directors are elected for a term of three years to succeed those directors whose terms expire at the Annual Meeting dates.

The following table sets forth the name and age of each director and director nominee, the positions and offices held by each director with the Company and the period during which the director has served as a director of the Company.

<b>Name</b>	<b>Age</b>	<b>Positions and Offices with Teavana Holdings, Inc.</b>	<b>Director Since</b>
Class A Director nominees for election at the 2012 Annual Meeting:			
John E. Kyees	65	Director	2011
Robert J. Dennis	58	Director	2011
Class B Directors whose terms expire at the 2013 Annual Meeting:			
Michael J. Nevins	49	Director	2004
Thomas A. Saunders III	75	Director	2011
Class C Directors whose terms expire at the 2014 Annual Meeting:			
Andrew T. Mack	47	Chairman of the Board, Chief Executive Officer	1997
F. Barron Fletcher III	45	Director	2004

Mr. Fletcher was originally nominated pursuant to a shareholder rights agreement that was terminated in connection with our initial public offering, or IPO, in August 2011.

**Board Leadership Structure**

Mr. Mack serves as the Chief Executive Officer and Chairman of the Board. We believe that by combining these roles in one individual, we are able to centralize board leadership and provide more effective communication to the other members of the board. Additionally, as a newly public company, which must comply for the first time with extensive and complicated additional regulations, we believe that our CEO is in the best position, as our founder and most senior executive, to act in the role of Chairman of the Board and provide the board with the best assessment of what issues must be brought to its attention for consideration and to help direct the board's attention to the most significant issues and risks facing the Company's business.

Further, Mr. Mack's role as CEO and Chairman of the Board promotes decisive Company leadership, ensures clear accountability and enhances the Company's ability to communicate its message and strategy clearly and consistently to the Company's stockholders, employees, customers and suppliers.

Our Corporate Governance Guidelines, available at our website at [www.teavana.com](http://www.teavana.com), provide that the board will meet a minimum of four times per year, and committees of the board will meet with such frequency as established in each committee's charter. All directors are expected to prepare adequately for and attend all board meetings and committee meetings for committees on which they serve in order to effectively fulfill their responsibilities. The Chairman of the Board sets the agenda for board meetings. Any director may propose additional topics to be included in the agenda or raise a subject that is not on the agenda at any meeting. Meeting materials are provided to directors prior to a scheduled meeting and are expected to be reviewed in advance of the meetings.

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The independent directors meet regularly in private executive sessions without management. Executive sessions of the board are led by the Chairman of the nominating and corporate governance committee, who is an independent director and serves as our Lead Independent Director. Our Lead Independent Director also presides over the board at other times when the chairman is absent, serves as the primary liaison between management and the board and provides input as to board meeting agendas.

### **Board's Role in Risk Oversight**

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including risks relating to our operations, strategic direction and intellectual property, as more fully discussed under "Risk Factors" in our Annual Report on Form 10-K. Management is responsible for the day-to-day management of risks we face, while our board of directors, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our board of directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

The board's role in overseeing the management of our risks is conducted primarily through committees of the board of directors, as disclosed in the descriptions of each of the committees below and in the charters of each of the committees. The full board of directors (or the appropriate board committee in the case of risks that are under the purview of a particular committee) discusses with management our major risk exposures, their potential impact on the Company and the steps we take to manage them. When a board committee is responsible for evaluating and overseeing the management of a particular risk or risks, the chairman of the relevant committee reports on the discussion to the full board of directors during the committee reports portion of the next board meeting. This enables the board of directors and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

Each committee meets in executive session with key management personnel and representatives of outside advisors to oversee risks associated with their respective principal areas of focus. The audit committee reviews strategic, financial and execution risks and exposures, any major litigation and regulatory exposures and other current matters that may present material risk to the Company. The audit committee discusses with members of management, the internal audit function (which it oversees) and the independent registered public accounting firm the Company's significant financial risk exposures and the actions management has taken to limit, monitor or control such exposures. The audit committee receives periodic reports from management on our enterprise risk management program and our risk mitigation efforts. The compensation committee reviews risks and exposures associated with leadership assessment, management succession planning and executive compensation programs and arrangements, including incentive plans. The nominating and corporate governance committee reviews risks and exposures relating to our programs and policies relating to corporate governance and director succession planning.

The Company expects that it will continue to develop its management and board risk processes and procedures as it continues to operate as a public company.

### **Director Independence**

The board has determined that Messrs. Kyees, Dennis, Nevins and Saunders are independent under applicable NYSE rules. We are aware of no related-party transactions since the closing of our IPO between the Company and any of its directors, executive officers, 5% stockholders or their family members that are required to be disclosed under Item 404 of Regulation S-K ( "Item 404" ) under the Securities Exchange Act of 1934 (the "Exchange Act" ).

Each year, we require our directors and executive officers to complete a comprehensive questionnaire, one of the purposes of which is to disclose any related-party transactions with the Company, including any potential Item 404 transactions. The board has adopted a written Code of Business Conduct and Ethics for our Company, which is publicly available on our website at [www.teavana.com](http://www.teavana.com). Under this Code and our Related Party Transaction Policy, our employees, officers and directors are prohibited from entering into any transaction that may cause a conflict of interest for us. In addition, they must report any potential conflict of interest, including related party transactions, to our General Counsel who then reviews and summarizes the proposed transaction for our audit committee. Pursuant

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to its charter, our audit committee is required to review and then approve or reject any related-party transactions, including those transactions involving our directors. In approving or rejecting such proposed transactions, the audit committee considers the relevant facts and circumstances available and deemed relevant to the audit committee, including the material terms of the transactions, risks, benefits, costs, availability of other comparable services or products and, if applicable, the impact on a director's independence. Our audit committee approves only those transactions that, in light of known circumstances, are in, or are not inconsistent with, our best interests, as our audit committee determines in the good faith exercise of its discretion.

### **Board Committees and Meetings**

The board met three times during fiscal 2011 since our IPO in August 2011. No director was present at fewer than 75% of the total number of meetings of the board and the committees of the board on which he served during fiscal 2011. The board's official policy with respect to board attendance at the Annual Meeting of Stockholders is that the board strongly encourages its members to attend the Company's Annual Meeting of Stockholders. Since the Company closed its IPO in August 2011, we did not have an Annual Meeting of Stockholders in fiscal 2011. The Company expects that all of its directors will attend this year's Annual Meeting.

The board has standing audit, compensation and nominating and corporate governance committees. All committees are composed entirely of independent directors under the NYSE's rules. It is the policy of the board that no current or former employee of the Company will serve on these committees. A description of each board committee and its membership follows.

#### *Audit Committee*

*Members:* John E. Kyees (chairman), Robert J. Dennis and Michael J. Nevins

The audit committee, currently composed of three independent directors (as defined under the applicable rules of the NYSE), met three times in fiscal 2011. The committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act and operates under a written charter adopted by the board, a current copy of which is available on the Company's website, [www.teavana.com](http://www.teavana.com). Among other matters, our audit committee:

is responsible for the appointment, compensation and retention of our independent auditors and reviews and evaluates the auditors' qualifications, independence and performance;

oversees our auditors' audit work and reviews and pre-approves all audit and non-audit services that may be performed by them;

reviews and approves the planned scope of our annual audit;

monitors the rotation of partners of the independent auditors on our engagement team as required by law;

reviews our financial statements and discusses with management and our independent auditors the results of the annual audit and the review of our quarterly financial statements;

reviews our critical accounting policies and estimates;

oversees our corporate accounting and financial reporting process and the adequacy of our accounting and financial controls;

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annually reviews the audit committee charter and the committee's performance;

reviews and approves all related-party transactions; and

establishes and oversees procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters and oversees enforcement, compliance and remedial measures under our code of conduct.

The board has determined that Mr. Kyees qualifies as an audit committee financial expert, as defined in Item 407(d) of Regulation S-K under the Exchange Act, and that Messrs. Kyees, Dennis and Nevins each qualify as independent, as defined by the NYSE rules and Rule 10A-3 of the Exchange Act.

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Mr. Kyees currently serves on the audit committees of three other public companies and serves as the chairman of one such other public company's audit committee. The board has determined that such service does not impair the ability of Mr. Kyees to serve effectively on our audit committee or board.

### *Nominating and Corporate Governance Committee*

*Members:* Thomas A. Saunders III (chairman), Robert J. Dennis, John E. Kyees and Michael J. Nevins

The nominating and corporate governance committee, currently composed of four independent directors (as defined under the applicable rules of the NYSE), met one time in fiscal 2011. The functions of the nominating and governance committee are specified in a charter available on the Company's website, [www.teavana.com](http://www.teavana.com). They include:

assisting the board in processes relating to new director nomination, membership of board committees and board performance evaluations;

reviewing questions of independence; and

overseeing other matters relating to corporate governance.

Upon receipt of a recommendation from any source, including stockholders, the nominating and corporate committee will take into account whether a board vacancy exists or is expected or whether expansion of the board is desirable. In making this determination, the committee may solicit the views of all directors. If the committee determines that the addition of a director is desirable, it will assess whether the candidate presented should be nominated for board membership. While the committee may consider whatever factors it deems appropriate in its assessment of a candidate for board membership, candidates nominated to serve as directors will, at a minimum, in the committee's judgment:

be able to represent the interests of the Company and all of its stockholders and not be disposed by affiliation or interest to favor any individual, group or other constituency;

possess the background and demonstrated ability to contribute to the board's performance of its collective responsibilities, through senior executive management experience, relevant professional or academic distinction, or a record of relevant civic and community leadership; and

be able to devote the time and attention necessary to serve effectively as a director.

We do not have a formal diversity policy. The committee may take into consideration whether a candidate's background and skills meet any specific needs of the board that the committee has identified and may take into account diversity in professional and personal experience, skills, background and other factors of diversity that it considers appropriate. The committee will preliminarily assess the candidate's qualifications with input from the CEO. If, based upon its preliminary assessment, the committee believes that a candidate is likely to meet the criteria for board membership, the chairman will advise the candidate of the committee's preliminary interest, and, if the candidate expresses sufficient interest to the chairman, with the assistance of the corporate secretary's office, will arrange interviews of the candidate with members of the committee and with the CEO, either in person or by telephone. After the members of the committee and the CEO have had the opportunity to interview the candidate, the committee will formally consider whether to recommend to the board that it nominate the candidate for election to the board.

### *Compensation Committee*

*Members:* Robert J. Dennis (chairman), John E. Kyees and Michael J. Nevins



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The compensation committee, currently composed of three independent directors (as defined under the applicable rules of the NYSE), met three times in fiscal 2011. The functions of the compensation committee are specified in a charter available on the Company's website, [www.teavana.com](http://www.teavana.com). Our compensation committee

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reviews, recommends and approves policies relating to compensation and benefits of our officers and directors, administers our stock option and benefit plans and reviews general policies relating to compensation and benefits. Duties of our compensation committee include:

reviewing and approving corporate goals and objectives relevant to compensation of our directors, CEO and other executive officers;

evaluating the performance of the CEO and other executive officers in light of those goals and objectives;

based on this evaluation, determining and approving the CEO's compensation and recommending to our board the proposed compensation of our other executive officers;

administering the issuance of stock options and other awards under our compensation plans; and

reviewing and evaluating the performance of the compensation committee and its members, including compliance of the compensation committee with its charter.

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

The three current members of the compensation committee noted above have never served as one of our officers or employees. None of our executive officers currently serves, or in fiscal 2011 served, as a member of the board or compensation committee of any entity that has one or more executive officers who serve on our board or compensation committee.

### **Communications with the Board**

Stockholders may address communications to directors, either collectively or individually (including to the Lead Director or to the non-management directors as a group), in care of the Corporate Secretary, Teavana Holdings, Inc., 3630 Peachtree Rd. NE, Suite 1480, Atlanta, Georgia 30326, Attention: General Counsel. The Secretary's office delivers to directors all written communications, other than commercial mailings, addressed to them.

### **Directors' Annual Meeting Attendance**

The Company encourages all directors to be present at the Annual Meeting of Stockholders.

### **Directors' Evaluation Program**

The board expects to perform annual self-evaluations of its composition and performance, including evaluations of its standing committees and individual evaluations for each director. In addition, each of the standing committees of the board of directors expects to conduct its own self-evaluation, which will be reported to the board. The board retains the authority to engage its own advisors and consultants.

### **Audit Committee Report**

The audit committee oversees the Company's financial reporting process on behalf of the board. Management has the primary responsibility for the financial statements and the reporting process, including internal control systems. Our independent registered public accounting firm, Grant Thornton LLP, is responsible for expressing an opinion as to the conformity of our audited financial statements with U.S. generally accepted accounting principles. The audit committee also evaluates the Company's policies, procedures and practices with respect to enterprise risk assessment and risk management, including discussions with management about material risk exposures and steps being taken to monitor, control and report such risks.

The audit committee consists of three directors, each of whom, in the judgment of the board, is an independent director as defined in the listing standards for the NYSE. The audit committee acts pursuant to a written charter that has been adopted by the board. A copy of this charter is

available on our website at [www.teavana.com](http://www.teavana.com).

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The audit committee has reviewed and discussed the audited financial statements with management. The audit committee has also discussed and reviewed with the auditors all matters required to be discussed by Public Company Accounting Oversight Board ( PCAOB ) AU Section 380 (Communication with Audit Committees). The audit committee has met with Grant Thornton LLP, with and without management present, to discuss the overall scope of Grant Thornton LLP’s audit, the results of its examinations, and the overall quality of the Company’s financial reporting.

The audit committee has received from the auditors a formal written statement describing all relationships between the auditors and the Company that might bear on the auditor’s independence consistent with PCAOB Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence, discussed with the auditors any relationships that may impact their objectivity and independence, and satisfied itself as to the auditor’s independence.

Based on the review and discussions referred to above, the audit committee recommended to the board that the Company’s audited financial statements be included in the Company’s Annual Report on Form 10-K for the fiscal year ended January 29, 2012.

*By the Committee:*

John E. Kyees, Chairman  
 Robert J. Dennis  
 Michael J. Nevins

**Compensation Committee Report**

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis set forth below with management. Based on these reviews and discussions, we recommended to the board, and the board approved, that the Compensation Discussion and Analysis be included in this proxy statement.

*By the Committee:*

Robert J. Dennis, Chairman  
 John E. Kyees  
 Michael J. Nevins

The foregoing reports of the audit committee and the compensation committee shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such acts.

**INFORMATION CONCERNING EXECUTIVE OFFICERS**

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

<b>Name</b>	<b>Age</b>	<b>Position</b>
Andrew T. Mack	47	Chairman of the Board, Chief Executive Officer
Daniel P. Glennon	42	Executive Vice President, Chief Financial Officer
Peter M. Luckhurst	57	Executive Vice President, Operations
Robert A. Shapiro*	65	Senior Vice President, Real Estate
Jurgen W. Link	51	Vice President, Distribution
David V. Christopherson	37	Vice President, General Counsel and Secretary

\* Mr. Shapiro retired on January 29, 2012.

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Our executive officers are appointed by our board and serve until their successors have been duly elected and qualified or their earlier resignation or removal. There are no family relationships among any of our directors or executive officers.

Set forth below is a description of the background of the persons named above, other than Mr. Mack, whose background information is provided below in *Proposal No. 1 Election Of Directors*.

*Daniel P. Glennon* has served as our Executive Vice President, Chief Financial Officer since 2010 and served as our Chief Financial Officer from 2005 through 2010. Previously, Mr. Glennon was a manager at Marakon Associates and an auditor at Arthur Andersen LLP and served as the chief financial officer or vice president of finance of three small or early-stage corporations. Mr. Glennon graduated from the University of Georgia with a B.B.A. in Accounting and from Harvard Business School with an M.B.A. Mr. Glennon is a certified public accountant.

*Peter M. Luckhurst* has served as our Executive Vice President, Operations since 2010 and served as our Vice President for Stores from 2005 to 2010. Previously, Mr. Luckhurst was with HMV North America for 15 years, most recently as its President. Mr. Luckhurst is a graduate of the University of Aston in Birmingham where he received a B.Sc. in Behavioral Science.

*Robert A. Shapiro* served as our Senior Vice President, Real Estate from 2011 to 2012 and served as our Vice President, Real Estate from 2005 to 2011. Previously, Mr. Shapiro was Senior Vice President of Real Estate & Property Development for Zale Corporation. Mr. Shapiro graduated from the University of Denver with a B.A. in International Studies. He retired from the Company on January 29, 2012.

*Jurgen W. Link* has served as our Vice President, Distribution since 2005. Previously, Mr. Link was the founder and President of SpecialTeas Inc. from 1996 to 2005. Mr. Link is a graduate of the University of Munich with a degree in Business Management.

*David V. Christopherson* has served as our Vice President and General Counsel since 2011. Mr. Christopherson was Deputy General Counsel of Swett & Crawford from 2007 to 2011, and he was previously an attorney with the law firms King & Spalding and Sullivan & Cromwell. Mr. Christopherson graduated from Davidson College with an A.B. in Political Science and from Harvard Law School with a J.D.

## **EXECUTIVE COMPENSATION**

### **COMPENSATION DISCUSSION AND ANALYSIS**

#### **Overview**

The following discussion describes and analyzes our executive compensation structure and our compensation for our named executive officers for fiscal 2011, who include Messrs. Mack, Glennon, Luckhurst, Link and Christopherson (collectively, our NEOs or our named executive officers). Detailed information regarding compensation paid to our NEOs in fiscal 2011 is set forth in the Summary Compensation Table below.

#### **Compensation Philosophy and Objectives**

Our compensation approach reflects the current stage of our development. Prior to our IPO, we were a privately-held company with a relatively small number of stockholders, including our co-founder, Mr. Mack, and Teavana Investment LLC. Prior to the IPO, most of our compensation policies and determinations, including those made for fiscal 2011, were the product of discussions between our CEO and our board.

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Since the IPO, our compensation committee has assumed the role of reviewing and approving the compensation of our NEOs (and, in the case of our CEO, recommending board approval) and overseeing and administering our executive compensation programs and initiatives. As we gain experience as a public company, we expect that the specific direction, emphasis and components of our executive compensation program will continue to evolve. Accordingly, the compensation paid to our NEOs for fiscal 2011 is not necessarily indicative of how we will compensate our NEOs in the future.

Our intent and philosophy in determining compensation packages at the time of hiring new executives has been based in part on providing compensation sufficient to enable us to attract the talent necessary to further develop our business, while at the same time being prudent in the management of our cash and equity in light of the stage of the development of our Company. Compensation of our NEOs after the initial period following their hiring has been influenced by the amounts of compensation that we initially agreed to pay them, as well as by our evaluation of their subsequent performance, changes in their levels of responsibility, prevailing market conditions, the financial condition and prospects of our Company and our attempt to maintain some level of internal equity in the compensation of existing executives relative to the compensation paid to more recently hired executives.

We compensate our NEOs with a combination of base salaries, cash bonuses, long-term equity compensation and other compensation. We believe this combination of cash, bonus and equity awards is largely consistent with the forms of compensation provided by other companies with whom we compete for executive talent, and, as such, is a package that is consistent with the expectations of our executives and of the market for executive talent. Although we do not currently engage in benchmarking or use the services of an independent compensation consultant, our board may also consider compensation levels for similar positions at comparable companies in our industry and market to evaluate the total compensation decisions that it makes for our officers. The primary objectives of our executive compensation program are as follows:

to attract and retain talented and experienced executives in our industry;

to reward executives whose knowledge, skills and performance are critical to our success;

to ensure fairness among the executive management team by recognizing the individual contributions each executive officer makes to our success; and

to align the interests of our executive officers and stockholders by incentivizing executive officers to increase stockholder value and rewarding executive officers when stockholder value increases.

### **Elements of Compensation**

Our current executive compensation program consists of the following key components:

#### *Base salary*

The primary component of compensation of our executive officers has historically been base salary. Base salary represents the most basic, fixed portion of our NEOs' compensation and is an important element of designing a compensation program to attract and retain talented executive officers. We believe that we must maintain a base salary that is sufficiently competitive to position us to attract talented and experienced executives, and that it is important that our NEOs believe that over time they will continue to earn a salary that they regard as competitive. Base salaries are reviewed at the end of each fiscal year by our CEO (other than with respect to his own base salary) and compensation committee, and salary increases typically take effect at the beginning of the first quarter of the following fiscal year, unless business circumstances require otherwise.

#### *Cash bonuses*

We offer our executive officers the opportunity to participate in an annual cash bonus plan to align the financial incentives of our executive officers, including our NEOs, with our short-term operating plan and long-term strategic objectives and the interests of the Company and our stockholders. Typically, the bonuses for our executive officers are linked to the achievement of certain of our annual financial objectives. These

bonus opportunities allow us to reward our executive officers only if we achieve the goals pre-set by our board.



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Around the beginning of each fiscal year, our compensation committee, in consultation with the CEO (other than with respect to himself), determines the financial objectives upon which annual bonuses for the fiscal year will be based, and establishes a target award for each executive officer. At the end of the fiscal year, the compensation committee, in consultation with the CEO (other than with respect to himself), determines the extent to which the financial objective(s) were met and calculates the formula payout level for each executive officer. In addition, our CEO evaluates each executive officer's overall individual performance (other than his own) and makes recommendations to the compensation committee regarding the formula bonus payout level described above. Our compensation committee takes into account the CEO's recommendations and conducts the same analysis for the CEO and determines the final bonus amounts. Prior to our IPO, the board fulfilled the role described by the compensation committee in this section.

### *Long-term equity compensation*

Our equity program, which we have historically administered through our 2004 Management Incentive Plan, is designed to be sufficiently competitive to allow us to attract and retain talented executives. We have historically used non-qualified stock options as the form of equity awards for executives. Because we award stock options with an exercise price equal to the fair market value of our common stock on the date of grant, these options will have value to our NEOs only if the market price of our common stock increases after the date of grant. Our stock option awards generally vest and become exercisable at a rate of 25% each year, commencing with the first anniversary of the grant. Our board believes that these stock option awards align the interests of our NEOs with those of the Company and its stockholders, because they create the incentive to build stockholder value over the long-term. In addition, our board believes the vesting provisions of our equity awards enhance our ability to retain our executives.

We generally grant stock options to executive officers in connection with their hiring. The size of the initial stock option award is determined based on the executive's position with us and takes into consideration the executive's base salary and other compensation. The initial stock option awards are intended to provide the executive with an incentive to build value in the organization over an extended period of time, while remaining consistent with our overall compensation philosophy. We may also grant additional stock option grants in recognition of a commendable performance and in connection with a significant change in responsibilities, past performance and anticipated future contributions of the executive officer, the executive's overall compensation package and the executive's existing equity holdings. Since our IPO, we have determined fair market value for purposes of stock option pricing based on the most recent closing price of our common stock on the NYSE.

In conjunction with our IPO, we adopted the 2011 Equity Incentive Plan and granted Messrs. Glennon and Luckhurst additional stock options. In addition, in connection with our hiring Mr. Christopherson, we granted stock options to him. These grants to Messrs. Glennon, Luckhurst and Christopherson are described further under "Fiscal 2011 Compensation Decisions" below.

### *Other compensation*

We also provide limited other executive benefits and limited change in control benefits to our NEOs as described further under "Fiscal 2011 Compensation Decisions" below.

## **Compensation Decision Process**

Prior to our IPO in August 2011, we were a privately-held company with a relatively small number of stockholders. As a result, we were not subject to any stock exchange listing or SEC rules requiring a majority of our board to be independent. Since our formation, our board has overseen the compensation of our executive officers and our executive compensation programs and initiatives. While we have had a compensation committee of the board, this committee has acted primarily in an advisory role, assisting the board in compensation matters. The board has also sought, and received, significant input from our CEO with regard to the performance and compensation of executives (other than himself). In addition, certain of our directors prior to our IPO had significant experience with private equity-backed companies and the executive compensation practices of such companies, and have applied this knowledge and experience to their judgments regarding our compensation decisions.

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In connection with our IPO, our board adopted a charter for the compensation committee that is compliant with the applicable requirements of the NYSE and SEC rules and regulations. In accordance with the new charter, the compensation committee determines and approves the annual compensation of our CEO and recommends to the board proposed compensation for our other executive officers and has begun to report regularly its compensation decisions to the full board. The compensation committee also administers our equity compensation plans, including our 2011 Equity Incentive Plan.

### **Fiscal 2011 Compensation Decisions**

#### *Base Salary*

In past years, the board has reviewed the base salaries of our NEOs in the fourth quarter of each fiscal year, taking into account their general knowledge of the compensation practices within our industry, our CEO's base salary recommendations, the scope of each NEO's performance, individual contributions, responsibilities, experience, prior salary level and, in the case of a promotion, current position. As part of our annual review process, our board approved annual increases in base salary for certain of our NEOs effective at the beginning of fiscal 2011 to take into account accomplishments of each individual during the prior fiscal year. Mr. Mack's base salary increased from \$327,600 to \$343,890, and Mr. Link's base salary increased from \$187,200 to \$196,560. During the course of the fiscal year ended January 30, 2011 (fiscal 2010), the board increased each of Messrs. Glennon's and Luckhurst's base salary to \$250,000 in connection with their respective promotions to Executive Vice President, and their salaries did not change in fiscal 2011. Mr. Christopherson was hired in July 2011 with a base salary of \$200,000.

Going forward, the compensation committee will conduct an annual review of each NEO's base salary, with input from our CEO (other than with respect to himself), and make adjustments, including downward adjustments, as it determines to be reasonable and necessary to reflect the scope of a NEO's performance, individual contributions, responsibilities, experience, prior salary level, position (in the case of a promotion) and market conditions.

#### *Cash Bonus*

Our board adopted an annual cash bonus plan for fiscal 2011 in order to reward the performance of our executive officers in achieving our financial and strategic objectives. Under the fiscal 2011 bonus plan, our board established threshold, target and maximum bonus amounts (expressed as a percentage of base salary) for each of our NEOs that would become payable upon the achievement of the applicable performance metric. The board designed the bonus program so that the performance goals, even at the threshold level, would require a significant level of performance, and the target and maximum bonus amounts would be substantially more difficult to achieve. The following table shows the 2011 bonus targets as a percentage of each NEO's base salary:

	Below Threshold	95% of Adjusted EBITDA Target	100% of Adjusted EBITDA Target	120% of Adjusted EBITDA Target
Andrew T. Mack		15%	30%	40%
Daniel P. Glennon		12.5%	25%	35%
Peter M. Luckhurst		12.5%	25%	35%
Jurgen W. Link		10%	20%	30%
David V. Christopherson		10%	20%	30%

For fiscal 2011, the board utilized as the objective performance metric our achievement of Adjusted EBITDA targets. The board chose Adjusted EBITDA as the objective performance metric as this metric tracks both Company earnings and cash flow and is indicative of our overall market value. For purposes of our cash bonus plan for fiscal 2011, Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortization, excluding fees paid to Parallel Investment Partners pursuant to the advisory services fee agreement with Parallel until the time of the IPO and reimbursement of travel-related expenses incurred to attend meetings of the board. The board determined that use of Adjusted EBITDA was more appropriate than EBITDA as the objective performance metric because Adjusted EBITDA excludes the impact of certain categories of board-related expenses over which our NEOs had no control in the period.

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For purposes of our cash bonus plan for fiscal 2011, the Adjusted EBITDA targets were set at threshold, target and maximum amounts as follows:

	<b>Adjusted EBITDA</b> (dollar amounts in millions)	
Threshold	\$	32.6
Target		34.3
Maximum	\$	41.2

The Adjusted EBITDA performance metric was applied to all our NEOs, with the board reserving the right, in the case of Mr. Luckhurst, to make a negative adjustment based on field contributions, store payroll and other store operating costs. At the time the Adjusted EBITDA performance metrics were set, our board believed that the metrics were challenging and that the achievement of the performance metrics at the target level would require superior performance.

In making its award decisions, the board took into account that our actual Adjusted EBITDA of \$37.7 million exceeded the Adjusted EBITDA target amount of \$34.3 million by over \$3.4 million, or approximately 9.7%. The board determined that because our financial performance exceeded the Adjusted EBITDA target amount but was below the maximum amount, each of our NEOs was awarded a payout under the 2011 bonus plan at a level that was the midpoint between the target and the maximum percentages. In light of Mr. Luckhurst's performance against his specified operating metrics, the board did not make a negative adjustment to his payout. The actual payouts to each NEO were as follows:

	Target Bonus Amount	Actual Bonus Amount
Andrew T. Mack	\$ 103,167	\$ 120,393
Daniel P. Glennon	62,500	75,000
Peter M. Luckhurst	62,500	75,000
Jurgen W. Link	39,276	49,140
David V. Christopherson (1)	\$ 20,154	\$ 25,962

(1) The Target and Actual Bonus Amounts have been pro-rated to reflect a partial year of service.

*Long-Term Equity Based Compensation*

In connection with our IPO, our board awarded (1) Mr. Glennon nonqualified stock options to purchase 50,000 shares and (2) Mr. Luckhurst nonqualified stock options to purchase 50,000 shares. In connection with his hiring, our board awarded Mr. Christopherson nonqualified stock options to purchase 17,000 shares. Each of these grants was made pursuant to our 2011 Equity Incentive Plan, with an exercise price equal to our IPO price of \$17.00 per share and subject to a 25% annual vesting schedule. The terms of our 2011 Equity Incentive Plan are described in [Stock Option and Other Compensation Plans](#) below.

*Other Executive Benefits and Perquisites*

We provide the following benefits to our executive officers:

health, disability and life insurance;

vacation and personal holidays; and

a 401(k) plan.

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Unlike our other eligible employees, for our executive officers, we pay the entire amount of the health insurance premiums through a quarterly bonus. We also carry a separate disability insurance policy for our executive officers. We pay the entire premiums for our executive officers who are eligible for this additional disability insurance policy. We believe these benefits are generally consistent with those offered by other companies with which we compete for executive talent.

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### *Pension Benefits*

None of our NEOs participates in, or has an account balance in, a qualified or non-qualified defined benefit plan sponsored by us.

### *Non-Qualified Deferred Compensation*

None of our NEOs participates in, or has account balances in, a traditional non-qualified deferred compensation plan or other deferred compensation plans maintained by us.

### *Severance and Change in Control*

We provide limited benefits to certain of our NEOs upon termination and changes in control, as summarized below.

*Employment Agreements.* We are party to existing employment agreements with Messrs. Mack and Link, which were amended and restated as of April 22, 2011. We also entered into employment agreements with Messrs. Glennon and Luckhurst dated as of April 22, 2011. See [Agreements with Executives](#). The amended and restated employment agreements with Messrs. Mack and Link and the employment agreements with Messrs. Glennon and Luckhurst provide for severance and other benefits that are designed to provide economic protection so that an executive can remain focused on our business without undue personal concern in the event that his position is eliminated or significantly altered by us, which is particularly important in light of the executives' leadership roles at the Company. The board believes that providing severance or similar benefits is common among similarly situated companies and remains essential to recruiting and retaining key executives, which is a fundamental objective of our executive compensation program. For more information regarding the potential payments and benefits that would have been provided to our NEOs in connection with a termination of employment on January 29, 2012 had Messrs. Mack's and Link's amended and restated employment agreements and Messrs. Glennon's and Luckhurst's employment agreements been in effect on such date, please see [Potential Payments upon Termination or Change in Control](#), [below](#).

*Change in Control Provisions.* The prospect of a change in control of the Company can cause significant distraction and uncertainty for executive officers, and, accordingly, the board believes that appropriate change in control provisions in equity award agreements are important tools for aligning executives' interests in change in control transactions with those of our stockholders by allowing our executive officers to focus on strategic transactions that may be in the best interest of our stockholders without undue concern regarding the effect of such transactions on their continued employment.

Accordingly, upon a change in control, any unvested stock options granted pursuant to the 2004 Management Incentive Plan automatically and immediately vest, and the holder of such options may exercise such options in whole or in part thereafter. Our IPO constituted a qualified public offering, and therefore 100% of the unvested stock options of Mr. Link became vested. For a discussion of the impact of a change of control on equity awards that may be made under the 2011 Equity Incentive Plan; see [2011 Equity Incentive Plan Change in Control](#).

For more information regarding the potential payments and benefits that would be provided to our NEOs in connection with a change in control on January 29, 2012, please see [Potential Payments upon Termination or Change in Control](#), [below](#).

## **Other Compensation Practices and Policies**

### *Tax Considerations*

Section 162(m) of the Internal Revenue Code of 1986, as amended ( [Code](#) ), generally disallows a federal income tax deduction to public corporations for compensation greater than \$1 million paid for any fiscal year to the corporation's Chief Executive Officer, a Chief Financial Officer and to the three most highly compensated executive officers other than the Chief Executive Officer and Chief Financial Officer. As we have only recently become publicly-traded, our board has not previously taken the deductibility limit imposed by Section 162(m) into consideration in setting compensation. We expect that our compensation committee will adopt a policy at some point in the future that, where reasonably practicable, will seek to qualify the variable compensation paid to our

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executive officers for an exemption from the deductibility limitations of Section 162(m). Until such policy is implemented, our compensation committee may, in its judgment, authorize compensation payments that do not consider the deductibility limit imposed by Section 162(m) when it believes that such payments are appropriate to attract and retain executive talent. Under a transition rule, for a limited period of time after a company becomes publicly held, the deduction limits do not apply to any compensation paid pursuant to a compensation plan or agreement that existed when the Company was not publicly held.

### *Policy regarding the timing of equity awards*

In fiscal 2011, equity awards were granted to certain of our NEOs concurrent with our IPO, with an exercise price equal to our IPO price, which was the fair market value on the date of grant. We had no program, plan or practice pertaining to the timing of stock option grants to executive officers coinciding with the release of material non-public information. However, we have policies to ensure that equity awards are granted at fair market value on the date of grant.

### *Stock Ownership Policies*

We have not established stock ownership or similar guidelines with regard to our executive officers. All of our executive officers currently have a direct or indirect, through their stock option holdings, equity interest in our company, and we believe that they regard the potential returns from these interests as a significant element of their potential compensation for services to us.

### *Recoupment Policy*

We are subject to the recoupment requirements under the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act and other applicable laws.

Under our Corporate Governance Guidelines adopted by our board, in the event we determine we must restate our financial results as reported in a report filed with the SEC to correct an accounting error due to material noncompliance with any financial reporting requirement under applicable laws within three years after the date of the first public issuance or filing of such financial results, we will seek to recover, at the direction of the compensation committee after it has reviewed the facts and circumstances that led to the requirement for the restatement and the costs and benefits of seeking recovery, incentive compensation awarded or paid to a covered officer whose intentional misconduct caused or contributed to the need for the restatement for a fiscal period if a lower award or payment would have been made to such covered officer based upon the restated financial results.

The compensation committee will determine in its discretion the amount, if any, we will seek to recover from such covered officer. The compensation committee may, to the extent permitted by law, take other remedial and recovery action, at its discretion, including action in addition to any other right or remedy available to the Company.

### *Risk Management Considerations in Our Compensation Program*

We believe that the mix and design of the elements of our employee compensation policies and practices do not motivate imprudent risk taking. Consequently, we are satisfied that any potential risks arising from our employee compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

## **Agreements with Executives**

On April 22, 2011, we entered into amended and restated employment agreements with Messrs. Mack and Link and new employment agreements with Messrs. Glennon and Luckhurst. The key terms and conditions of these new or amended and restated employment arrangements are set forth below.

*Amended and Restated Employment Agreements with Messrs. Mack and Link.* Under Messrs. Mack's and Link's amended and restated employment agreements, each of Messrs. Mack's and Link's term of employment will be for a period of three years, commencing on the effective date of the amended and restated agreements, subject to automatic renewal for additional one-year terms. Under his amended and restated agreement, Mr. Mack's base salary is \$343,890 (equivalent to his base salary for fiscal 2011). Under his amended and restated agreement, Mr. Link's base salary is \$196,560 (equivalent to his base salary for fiscal 2011). Each of Messrs. Mack and Link



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will be eligible to participate in all pension, medical, retirement and other benefit plans and programs generally available to our senior officers. Under each of the amended and restated employment agreements, we may terminate the NEO's employment without Cause (as defined below) at any time, upon 30 calendar days' written notice to him and he may resign for Good Reason (as defined below), with 30 calendar days' notice. If we terminate such NEO without Cause, or if he resigns for Good Reason, we are required to continue to pay the NEO his base salary for 18 months following the termination date, subject to his execution and delivery to us of a general release of claims in our favor. If we terminate either of Messrs. Mack or Link for Cause, if he resigns other than for Good Reason, or if his employment terminates due to death or Disability (as defined below), we are required only to pay such NEO (or his estate) his accrued but unpaid salary and unreimbursed expenses for which he is entitled to reimbursement from us. As part of their respective employment agreements, Messrs. Mack and Link have also agreed to provisions relating to non-competition, non-solicitation, confidentiality and protection of our intellectual property.

*Employment Agreements with Messrs. Glennon and Luckhurst.* Under Messrs. Glennon's and Luckhurst's employment agreements, each of Messrs. Glennon's and Luckhurst's term of employment will be for a period of three years, commencing on the effective date of their agreements, subject to renewal for additional one-year terms. The initial term and each successive one-year period is referred to as the Employment Period. The employment agreements will provide that Messrs. Glennon and Luckhurst will each receive an annual base salary of \$250,000 (equivalent to their respective base salaries for fiscal 2011). Each of Messrs. Glennon and Luckhurst will be eligible to participate in all pension, medical, retirement and other benefit plans and programs generally available to our other senior officers. We may terminate the employment of each of Mr. Glennon and Mr. Luckhurst without Cause at any time, upon 30 calendar days' written notice to such NEO and he may resign for Good Reason, with 30 calendar days' notice. If we terminate either Mr. Glennon or Mr. Luckhurst without Cause, or if he resigns for Good Reason, we are required to continue to pay such NEO his base salary for 18 months following the termination date, subject to his execution and delivery to us of a general release of claims in our favor. If either Mr. Glennon or Mr. Luckhurst is terminated by us for Cause, if he resigns other than for Good Reason or if his employment terminates due to death or Disability, we are required only to pay such NEO his accrued and unpaid salary and unreimbursed expenses for which he is entitled to reimbursement from us. As part of their respective employment agreements, Messrs. Glennon and Luckhurst have also agreed to provisions relating to non-competition, non-solicitation, confidentiality and protection of our intellectual property.

For purposes of the amended and restated employment agreements of Messrs. Mack and Link and the employment agreements of Messrs. Glennon and Luckhurst, the terms Cause, Disability and Good Reason have the meanings set forth below:

Cause means (i) the failure by the employee to perform his duties in any material respect after reasonable notice and an opportunity to cure; (ii) the conviction of the employee of any felony or the plea by the employee of *nolo contendere* to any felony; (iii) personally or on behalf of another person, receipt by the employee of a benefit relating to the Company or its subsidiaries or its funds, properties, opportunities or other assets that the board considers to be in violation of a policy of the Company, applicable law, or constituting fraud, embezzlement or misappropriation; (iv) the failure by the employee to comply in any material respect with any written policy of the Company after reasonable notice and an opportunity to cure; (v) the willful material misstatement of the financial records of the Company or its subsidiaries or complicit actions in respect thereof; (vi) the willful failure to disclose material financial or other information to the board; (vii) the material breach by the employee of any of the terms of the applicable employment agreement; or (viii) disparaging the Company, its subsidiaries or its executives or employees, or engaging in any conduct that would tend to materially harm their reputation.

Disability, if the Company or its subsidiary Teavana Corporation provides long-term disability insurance to its employees generally, has the meaning set forth in the plan regarding eligibility for long-term disability insurance; otherwise, the term Disability means a physical or mental incapacity as a result of which the employee becomes unable to continue to perform fully his duties for 60 consecutive calendar days or for shorter periods aggregating 120 or more days in any 12-month period or upon the determination by a licensed medical doctor practicing as a specialist in the area to which the alleged disability relates selected by the Company that the employee will be unable to return to work and perform his duties on a full-time basis within 30 calendar days following the date of such determination on account of mental or physical incapacity. The board's determination, in its sole discretion, as to whether a Disability exists and the initial date of Disability is final and binding upon the parties to the employment agreements.



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Good Reason means the occurrence of any of the following events, without the employee's consent: (i) the Company's material breach of the employee's employment agreement; (ii) the assignment of the employee to a position, responsibilities, or duties of a materially lesser status or degree of responsibility than his position, responsibilities, or duties as of the effective date of the agreement; or (iii) relocation of the employee's principal workplace to a location that is more than 50 miles away from the location on the effective date of the agreement. No Good Reason exists unless (x) the employee notifies the Company in writing within 60 days after the initial existence of any condition listed above, and the Company fails to cure the condition within 60 days after receiving notice, and (y) the employee terminates employment by no later than 150 days after the initial existence of any condition listed above.

**Summary Compensation Table**

The following table sets forth information regarding compensation earned by our NEOs during fiscal 2011 and fiscal 2010:

Named Executive Officer and Principal Position	Year (1)	Salary	Bonus	Stock Awards	Option Awards (2)	Non-Equity Incentive Plan Compensation	All Other Compensation (3)	Total
Andrew T. Mack	2011	\$ 343,890	\$	\$	\$	\$ 120,393	\$ 18,896	\$ 483,179
<i>Chairman of the Board, Chief Executive Officer</i>	2010	327,600				131,040	14,779	473,419
Daniel P. Glennon	2011	250,000			445,750	75,000	20,001	790,751
<i>Executive Vice President, Chief Financial Officer</i>	2010	220,115				77,040	23,098	320,253
Peter M. Luckhurst	2011	250,000			445,750	75,000	17,489	788,239
<i>Executive Vice President, Operations</i>	2010	220,115				77,040	23,094	320,249
Jurgen W. Link	2011	196,560				49,140	13,722	259,422
<i>Vice President, Distribution</i>	2010	187,200				56,160	21,651	265,011
David V. Christopherson (4)	2011	100,769			151,640	25,962	9,118	287,489
<i>Vice President, General Counsel and Secretary</i>	2010	\$	\$	\$		\$	\$	\$

Note: The Summary Compensation Table requires a column for Change in Pension Value and Non-qualified Deferred Compensation Dollars, which requires the reporting of above-market or preferential earnings for nonqualified deferred compensation plans of which there were none. Therefore, for presentation purposes, this column was omitted.

- (1) Teavana Holdings, Inc.'s fiscal year ends on the Sunday nearest to January 31st of each year. For fiscal 2011, the fiscal year ended on January 29, 2012.
- (2) Amounts in this column reflect the aggregate grant date fair value of options granted calculated in accordance with the FASB's Accounting Standard Codification 718, *Compensation - Stock Compensation* (ASC 718). The discussion of relevant assumptions used in the valuation of options granted in fiscal 2011 may be found in Item 8, Note 9 on Form 10-K filed with the SEC on April 13, 2012.
- (3) Represents health premium reimbursements, 401(k) matching contributions, life insurance premiums, and short-term disability premiums.
- (4) Mr. Christopherson was hired in July of 2011. This table reflects compensation earned beginning on his hire date.

**Grants of Plan-Based Awards**

The following table sets forth certain information with respect to grants of plan-based awards for fiscal 2011 with respect to our NEOs.

Name	Grant Date	Estimated Future Payouts			All Other Awards: Number Of		
		Under Non-Equity Incentive Plan Awards	Under Non-Equity Incentive Plan Awards	Maximum (\$)	Securities Underlying Options (#)	Exercise Or Base Price Of Option Awards (\$/sh)	Grant Date Fair Value Of Stock And Option Awards (\$)
Andrew T. Mack		Threshold (\$)	Target (\$)	Maximum (\$)	(1)	Awards (\$/sh)	Grant Date Fair Value Of Stock And Option Awards (\$)
		\$ 51,584	\$ 103,167	\$ 137,556		\$	\$

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Daniel P. Glennon	July 27, 2011	31,250	62,500	87,500	50,000	17.00	445,750
Peter M. Luckhurst	July 27, 2011	31,250	62,500	87,500	50,000	17.00	445,750
Jurgen W. Link		19,638	39,276	58,914			
David V. Christopherson	July 27, 2011	\$ 10,077	\$ 20,154	\$ 30,231	17,000	\$ 17.00	\$ 151,640

- (1) Stock options were granted under the 2011 Equity Incentive Plan and vest 25% on each anniversary of the closing of the IPO on August 2, 2011.
- (2) The amounts set forth in this column represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of the stock options granted to certain Named Executive Officers in July of 2011 (disregarding any estimate of forfeitures related to service-based vesting conditions). A discussion of relevant assumptions used in the valuation of options granted in fiscal 2011 may be found in Item 8, Note 9 on Form 10-K filed with the SEC on April 13, 2012.

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**Outstanding Equity Awards at Fiscal Year End**

The following table sets forth information regarding outstanding equity awards held as of January 29, 2012 by our NEOs:

Name	Number Of Securities Underlying Unexercised Options (#) - Exercisable (1)	Number Of Securities Underlying U
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