Teavana Holdings Inc
Form PRER14C
December 05, 2012
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14C

(Rule 14c-101)

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of the

Securities Exchange Act of 1934

(Amendment No. 1)

Check the appropriate box:

x Preliminary Information Statement
¨ Confidential, for use of the Commission Only (as permitted by Rule 14c-5(d)(2))
¨ Definitive Information Statement

TEAVANA HOLDINGS, INC.

(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

x Fee paid previously with preliminary materials.

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Table of Contents

PRELIMINARY COPY SUBJECT TO COMPLETION

TEAVANA HOLDINGS, INC.

3630 Peachtree Rd. NE, Suite 1480

Atlanta, Georgia 30326

(404) 995-8200

NOTICE OF ACTION BY WRITTEN CONSENT AND APPRAISAL RIGHTS

AND

INFORMATION STATEMENT

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED

NOT TO SEND US A PROXY.

DECEMBER [ ], 2012

Dear Stockholder:

This notice of action by written consent and appraisal rights and the accompanying information statement are being furnished to the holders of common stock of Teavana Holdings, Inc., a Delaware corporation that we refer to as Teavana or the Company, in connection with the Agreement and Plan of Merger, dated as of November 14, 2012, by and among Starbucks Corporation, a Washington corporation that we refer to as Parent, Taj Acquisition Corp., a Delaware corporation and wholly-owned subsidiary of Parent that we refer to as Merger Sub, and Teavana. We refer to the Agreement and Plan of Merger as the Merger Agreement and to the merger of Merger Sub with and into Teavana that is contemplated by the Merger Agreement as the Merger. Upon completion of the Merger, each share of common stock, par value $0.00003, of Teavana (Common Stock) issued and outstanding immediately prior to the effective time of the Merger, except for shares (i) held by stockholders who are entitled to demand and who properly demand appraisal under Section 262 of the General Corporation Law of the State of Delaware (the DGCL) for such shares or (ii) owned by the Company as treasury stock or by Parent or Merger Sub will be cancelled and converted automatically into the Merger Consideration, which represents the right to receive $15.50 in cash, without interest and subject to any required withholding taxes. The Principal Stockholders (defined below) and certain executives of Teavana have agreed to escrow a portion of the Merger Consideration payable with respect to their shares to cover certain potential costs including relating to integration matters. A copy of the Merger Agreement is attached as **Annex A** to the accompanying information statement.

If the Merger is completed, you will be entitled to receive $15.50 in cash, without interest and subject to required tax withholdings, for each share of Common Stock owned by you (unless you have properly exercised your appraisal rights under Section 262 of the DGCL with respect to such shares).

The Company s board of directors (the Board of Directors) unanimously approved and declared advisable the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, declared that it was in the best interests of the Company s stockholders that the Company enter into the Merger Agreement and consummate the Merger and the other transactions contemplated by the Merger Agreement on the terms and subject to the conditions set forth in the Merger Agreement, declared that the Merger Consideration is fair to the Company s stockholders and recommended that the Company s stockholders adopt the Merger Agreement.

Under Section 251 of the DGCL and the applicable provisions of Teavana s Second Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, the adoption of the Merger Agreement by Teavana stockholders required the affirmative vote or written consent of the holders of a majority of the outstanding shares of Common Stock. On November 14, 2012, Andrew T. Mack, SKM Equity Fund III, L.P.,

Table of Contents

SKM Investment Fund and Jurgen W. Link (together, the Principal Stockholders) delivered or caused to be delivered to Teavana a written consent adopting the Merger Agreement in respect of 28,749,196 shares of Common Stock, representing approximately 74% of the outstanding shares of Common Stock entitled to act by written consent with respect to the adoption of the Merger Agreement. Accordingly, the adoption of the Merger Agreement was effected November 14, 2012. No further approval of the stockholders of Teavana is required to adopt the Merger Agreement. As a result, Teavana has not solicited and will not be soliciting your authorization and adoption of the Merger Agreement and does not intend to call a meeting of stockholders for purposes of voting on the adoption of the Merger Agreement.

This notice of action by written consent and appraisal rights and the accompanying information statement shall constitute notice to you from the Company of the action by written consent to adopt the Merger Agreement taken by the Principal Stockholders.

Under Section 262 of the DGCL, if the Merger is completed, subject to compliance with the requirements of Section 262 of the DGCL, holders of shares of Common Stock, other than the Principal Stockholders, will have the right to seek an appraisal for, and be paid the fair value of, their shares of Common Stock (as determined by the Court of Chancery of the State of Delaware) instead of receiving the Merger Consideration. In order to exercise your appraisal rights, you must submit a written demand for an appraisal no later than 20 days after the date of mailing of this notice and the accompanying information statement, or December [ ], 2012, and precisely comply with other procedures set forth in Section 262 of the DGCL, which are summarized in the accompanying information statement. A copy of Section 262 of the DGCL is attached to the accompanying information statement as **Annex D**. **This notice and the accompanying information statement shall constitute notice to you from the Company of the availability of appraisal rights under Section 262 of the DGCL.**

We urge you to read the entire accompanying information statement carefully. Please do not send in your Common Stock at this time. If the Merger is completed, you will receive instructions regarding the surrender of your Common Stock and payment for your shares of Common Stock.

By order of the Board of Directors,

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

Neither the U.S. Securities and Exchange Commission nor any state securities or other regulatory agency has approved or disapproved the Merger, passed upon the merits or fairness of the Merger, or passed upon the adequacy or accuracy of the disclosures in this notice or the accompanying information statement. Any representation to the contrary is a criminal offense.

The information statement is dated December [ ], 2012 and is first being mailed to stockholders on December [ ], 2012.

TABLE OF CONTENTS

Table of Contents

Table of Contents

TEAVANA HOLDINGS, INC.

3630 Peachtree Rd. NE, Suite 1480

Atlanta, Georgia 30326

INFORMATION STATEMENT

QUESTIONS AND ANSWERS ABOUT THE MERGER

The following questions and answers are intended to address briefly some commonly asked questions regarding the Merger Agreement and the Merger. These questions and answers may not address all questions that may be important to you as a Teavana stockholder. Please refer to the additional information contained elsewhere in this information statement, the annexes to this information statement and the documents referred to in this information statement.

Unless otherwise indicated or the context requires otherwise, all references to Teavana or the Company refer to Teavana Holdings, Inc.; all references to Parent refer to Starbucks Corporation, a Washington corporation; all references to Merger Sub refer to Taj Acquisition Corp., a Delaware corporation, a direct, wholly-owned subsidiary of Parent; all references to Merger Agreement refer to the Agreement and Plan of Merger, dated as of November 14, 2012, by and among Teavana, Parent and Merger Sub, a copy of which is attached as **Annex A** to this information statement, as it may be amended from time to time; all references to the Merger refer to the merger contemplated by the Merger Agreement; and all references to the Principal Stockholders refer to Andrew T. Mack, SKM Equity Fund III, L.P., SKM Investment Fund and Jurgen W. Link, which together owned approximately 74% of the outstanding shares of Teavana common stock as of the date of the Merger Agreement.

Q. WHY DID I RECEIVE THIS INFORMATION STATEMENT?

A. Teavana and Parent have agreed to the acquisition of Teavana by Parent upon the terms and conditions of the Merger Agreement described in this information statement, and the Principal Stockholders have adopted the Merger Agreement and approved the Merger. Applicable provisions of Delaware law and certain securities regulations require us to provide you with information regarding the Merger, even though your vote or consent is neither required nor requested to adopt the Merger Agreement or complete the Merger.

Q. WHAT IS THE PROPOSED TRANSACTION?

A. The proposed transaction is the acquisition of Teavana by Parent. The proposed transaction will be accomplished through a merger of Merger Sub, a wholly-owned subsidiary of Parent, with and into Teavana, with Teavana as the surviving corporation. As a result of the Merger, Teavana will become a wholly-owned subsidiary of Parent and our Common Stock will cease to be listed on the New York Stock Exchange and will no longer be publicly traded.

Q. WHY DID THE BOARD OF DIRECTORS APPROVE THE MERGER AND THE MERGER AGREEMENT?

A. After careful consideration and evaluation of the Merger, and in consideration of, among other things, the opinion of Piper Jaffray & Co. that, based upon and subject to the factors and assumptions set forth in such opinion, the Merger Consideration to be paid to holders of Common Stock pursuant to the Merger Agreement is fair, from a financial point of view to the holders of shares of Common Stock, our Board of Directors approved and declared advisable the Merger Agreement and the Merger. To review our Board of Directors reasons for recommending and approving the Merger and the Merger Agreement, see The Merger Reasons for the Merger on page 18 of this information statement.

Q-1

Q. IS THE APPROVAL OF STOCKHOLDERS NECESSARY TO ADOPT THE MERGER AGREEMENT? WHY AM I NOT BEING ASKED TO VOTE ON THE MERGER AGREEMENT?

A. The Merger requires the adoption of the Merger Agreement by the holders of a majority of the outstanding shares of our Common Stock. The requisite stockholder approval was obtained on November 14, 2012, the date on which the Principal Stockholders delivered or caused to be delivered to the Company a written consent adopting and approving the Merger Agreement and the Merger, in respect of approximately 74% of our outstanding Common Stock. Therefore, your vote is not required and is not being sought. We are not asking you for a proxy and you are requested not to send us a proxy.

Q. IF THE MERGER IS COMPLETED, WHAT WILL I RECEIVE FOR MY SHARES OF COMMON STOCK?

A. In the Merger, each share of our Common Stock that is issued and outstanding will be converted into the right to receive $15.50 in cash, without interest and subject to any required withholding taxes, which we refer to as the Merger Consideration. As a result of the Merger, upon the surrender of your shares of Common Stock, you will receive a total amount equal to the product obtained by multiplying the Merger Consideration by the number of shares of our Common Stock that you own. In the event of a transfer of ownership of Common Stock that is not registered in the records of our transfer agent, the Merger Consideration for shares of our Common Stock may, subject to certain requirements, be paid to a person other than the person in whose name the Common Stock so surrendered is registered. See The Merger Conversion of Shares; Procedures for Exchange of Common Stock on page 40 of this information statement.

Q. WILL THE MERGER CONSIDERATION I RECEIVE IN THE MERGER INCREASE IF TEAVANA S RESULTS OF OPERATIONS IMPROVE OR IF THE PRICE OF TEAVANA S COMMON STOCK INCREASES ABOVE THE CURRENT MERGER CONSIDERATION?

A. No. The Merger Consideration is fixed at $15.50 in cash per share, without interest and subject to any required withholding taxes. The Merger Agreement does not contain any provision that would adjust the Merger Consideration (in either direction) based on fluctuations in the price of Teavana s Common Stock or based on the results of operations of Teavana prior to the consummation of the Merger.

Q. IS THE MERGER SUBJECT TO THE FULFILLMENT OF CERTAIN CONDITIONS?

A. Yes. Before completion of the Merger, Teavana, Parent and Merger Sub must fulfill or waive several closing conditions. If these conditions are not satisfied or waived, the Merger will not be completed. See The Merger Agreement Conditions to the Merger on page 48 of this information statement.

Q. AM I ENTITLED TO APPRAISAL RIGHTS?

A. Yes. Under the General Corporation Law of the State of Delaware, which we refer to as the DGCL, stockholders who did not provide a consent to the adoption of the Merger Agreement (i.e., stockholders other than the Principal Stockholders) are entitled to appraisal rights in connection with the Merger with respect to their shares, so long as they precisely follow specific procedures to exercise their rights under Delaware law. See The Merger Appraisal Rights on page 37 of this information statement.

Q. WHAT HAPPENS IF A THIRD PARTY MAKES AN OFFER TO ACQUIRE TEAVANA BEFORE THE MERGER IS COMPLETED?

A. Prior to the requisite stockholder approval, our Board of Directors could have, subject to certain requirements and rights of Parent, terminated the Merger Agreement in order to enter into a superior acquisition agreement with a third party upon complying with certain other conditions. This termination right ceased upon delivery of a written consent by the Principal Stockholders constituting the requisite stockholder approval on November 14, 2012.

Table of Contents

Q. WHEN IS THE MERGER EXPECTED TO BE COMPLETED?

A. We expect the Merger to be completed on or prior to December 31, 2012, subject to government regulatory review and clearance; however, there can be no assurance that the Merger will be completed at that time, or at all.

Q. SHOULD I SURRENDER MY SHARES OF COMMON STOCK NOW?

A. No. After the Merger is completed, you will be sent detailed instructions for exchanging your shares of Common Stock for the Merger Consideration.

Q. WILL I OWE TAXES AS A RESULT OF THE MERGER?

A. The Merger will be a taxable transaction for U.S. holders of our Common Stock. As a result, assuming you are a U.S. holder, any gain you recognize as a result of the Merger will be subject to United States federal income tax and also may be taxed under applicable state, local or other tax laws. In general, you will recognize gain or loss equal to the difference between (1) the Merger Consideration and (2) the adjusted tax basis of the shares of Common Stock you surrender in the Merger. See The Merger Material U.S. Federal Income Tax Consequences of the Merger to Our Stockholders on page 32 of this information statement for a more detailed explanation of the tax consequences of the Merger. You should consult your tax advisor on how specific tax consequences of the Merger apply to you.

Q. WHERE CAN I FIND MORE INFORMATION ABOUT TEAVANA?

A. We file periodic reports and other information with the U.S. Securities and Exchange Commission, which we refer to as the SEC. Some of these reports are attached as annexes to this information statement. You may read and copy this information at the SEC s public reference facilities. Please call the SEC at 1-800-SEC-0330 for information about these facilities. This information is also available on the internet site maintained by the SEC at www.sec.gov. For a more detailed description of the information available, please refer to the section entitled Where You Can Find More Information on page 58 of this information statement.

Q. WILL I BE IMPACTED BY THE ESCROW?

A. No. The Principal Stockholders, as well as certain executives of Teavana, have agreed with Starbucks to place a portion of the proceeds from the sale of their shares pursuant to the Merger into escrow to cover certain potential costs including relating to integration matters. Public stockholders are not subject to the escrow arrangement and accordingly will not have their proceeds reduced thereby.

Q. WHO CAN HELP ANSWER MY QUESTIONS?

A. If you have questions about the Merger after reading this information statement, please call the Office of the General Counsel, Teavana Holdings, Inc., at (404) 995-8200.

Table of Contents

SUMMARY

The following summary highlights selected information from this information statement. Because this summary may not contain all of the information that is important to you, you should carefully read this entire information statement and the other documents to which this information statement refers you for a more complete understanding of the Merger, including, in particular, the copy of the Merger Agreement, the Written Consent of Stockholders and the Fairness Opinion of Piper Jaffray & Co. that are attached to this information statement as **Annexes A, B** and **C**, respectively. **WE ARE NOT ASKING YOU FOR A PROXY, AND YOU ARE REQUESTED NOT TO SEND US A PROXY.**

Unless we otherwise indicate or unless the context requires otherwise: all references in this information statement to Company, Teavana, we, our and us refer to Teavana Holdings, Inc., a Delaware corporation and, where appropriate, its subsidiaries; all references to Parent refer to Starbucks Corporation, a Washington corporation; all references to Merger Sub refer to Taj Acquisition Corp., a Delaware corporation; all references to the Merger Agreement refer to the Agreement and Plan of Merger, dated as of November 14, 2012, by and among Parent, Merger Sub and the Company, as it may be amended from time to time, a copy of which is attached as **Annex A** to this information statement; all references to the Merger refer to the merger contemplated by the Merger Agreement; all references to the Merger Consideration refer to the right to receive $15.50 in cash per share, without interest and subject to any required withholding taxes, contemplated to be received by the holders of our Common Stock pursuant to the Merger Agreement; all references to the Board of Directors refer to the Company s Board of Directors; and all references to Common Stock refer to the Company s Common Stock, par value $0.00003 per share.

THE PROPOSED TRANSACTION

Pursuant to the Merger Agreement, Merger Sub will merge with and into Teavana, with Teavana continuing as the surviving corporation.

Upon completion of the Merger, each issued and outstanding share of our Common Stock (other than shares of Common Stock (i) where the holder has properly exercised appraisal rights under Section 262 of the DGCL (and has not withdrawn such exercise or lost such rights) or (ii) owned by Teavana, Parent or Merger Sub will automatically be cancelled and will cease to exist and will be converted into the right to receive $15.50 in cash, without interest and subject to any required withholding taxes. The Principal Stockholders and certain executives of Teavana have agreed to escrow a portion of the Merger Consideration payable with respect to their shares to cover certain potential costs including relating to integration matters. Public stockholders are not subject to the escrow arrangement and accordingly will not have their proceeds reduced thereby.

As a result of the Merger, Teavana will cease to be an independent, publicly-traded company and will become a wholly-owned subsidiary of Parent.

THE PARTIES TO THE MERGER (SEE PAGE 10)

TEAVANA (SEE PAGE 10)

Teavana, a Delaware corporation headquartered in Atlanta, Georgia, is a specialty retailer offering more than 100 varieties of premium loose-leaf teas, authentic artisanal teawares and other tea-related merchandise through more than 300 company-owned stores and on its website. Founded in 1997, the Company offers new tea enthusiasts and tea connoisseurs alike its Heaven of Tea® retail experience where passionate and knowledgeable teaologists engage and educate them about the ritual and enjoyment of tea. The Company s mission is to establish Teavana as the most recognized and respected brand in the tea industry by expanding the

Table of Contents

culture of tea across the world. To support the tea culture globally, Teavana donates approximately 1% of annual net profits to the Cooperative for Assistance and Relief Everywhere, Inc., or CARE, through its Teavana Equatrade® program.

Our principal executive office is located at 3630 Peachtree Rd. NE, Suite 1480, Atlanta, Georgia 30326, and our telephone number is (404) 995-8200.

PARENT (SEE PAGE 11)

Starbucks Corporation, a Washington corporation headquartered in Seattle, Washington, is the premier roaster, marketer and retailer of specialty coffee in the world, operating in more than 50 countries. Formed in 1985, Parent purchases and roasts high-quality whole bean coffees that it sells, along with handcrafted coffee and tea beverages and a variety of fresh food items, through company-operated stores. Parent also sells a variety of coffee and tea products and licenses its trademarks through other channels such as licensed stores, and grocery and national foodservice accounts. In addition to Parent s flagship Starbucks brand, its portfolio also includes Tazo® Tea, Seattle s Best Coffee®, and Starbucks VIA® Ready Brew.

The mailing address of Parent s principal executive offices is 2401 Utah Avenue South, Seattle, Washington 98134, and its telephone number is (206) 447-1575.

MERGER SUB (SEE PAGE 11)

Merger Sub is a Delaware corporation formed by Parent solely for the purpose of completing the Merger with the Company. Merger Sub is a wholly-owned subsidiary of Parent and has not engaged in any business to date, except for activities incidental to its incorporation and activities undertaken in connection with the Merger and the other transactions contemplated by the Merger Agreement.

The mailing address of Merger Sub s principal executive offices is 2401 Utah Avenue South, Seattle, Washington 98134, and its telephone number is (206) 447-1575.

WHAT YOU WILL BE ENTITLED TO RECEIVE UPON COMPLETION OF THE MERGER (SEE PAGE 42)

Upon completion of the Merger, each issued and outstanding share of our Common Stock will be converted into the right to receive $15.50 in cash per share, without interest and subject to any required withholding taxes, which we refer to as the Merger Consideration. As a result of the Merger, upon surrender of your Common Stock you will receive a total amount equal to the product obtained by multiplying the per share Merger Consideration by the number of shares of our Common Stock that you own, less any amounts withheld. We expect the Merger to be completed on or before December 31, 2012, subject to certain government regulatory reviews and approvals; however, there can be no assurance that the Merger will be completed at that time, or at all.

RECORD DATE (SEE PAGE 17)

On November 14, 2012, the record date for determining stockholders entitled to act by written consent with respect to the adoption of the Merger Agreement, there were 38,777,893 shares of Common Stock outstanding and entitled to vote.

As of November 14, 2012, the Company received a written consent adopting and approving the Merger Agreement and the Merger executed by the holders of the requisite number of shares of Common Stock of the Company in accordance with Section 251 of the DGCL.

In addition, the Board of Directors of the Company set December 4, 2012 as the record date for determining the stockholders entitled to receive notice of the approval of the Merger and that appraisal rights are available for

Table of Contents

holders of our Common Stock. Because this information statement constitutes both notice to stockholders of the action by written consent and notice to stockholders of the availability of appraisal rights, the information statement will be mailed to stockholders of record as of both November 14, 2012 and December 4, 2012.

RECOMMENDATION OF OUR BOARD OF DIRECTORS (SEE PAGE 18)

After careful consideration, our Board of Directors:

- approved and declared advisable the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement;

- declared that it was in the best interests of the Company s stockholders that the Company enter into the Merger Agreement and consummate the Merger and the other transactions contemplated by the Merger Agreement on the terms and subject to the conditions set forth in the Merger Agreement;

- declared that the Merger Consideration is fair to the Company s stockholders; and

- recommended that the Company s stockholders adopt the Merger Agreement.

For a discussion of the material factors considered by our Board of Directors in reaching their conclusion, see The Merger Reasons for the Merger on page 18 of this information statement.

TEAVANA S FINANCIAL ADVISORS (SEE PAGE 22)

On November 14, 2012, Piper Jaffray & Co., which we refer to as Piper Jaffray, delivered its oral opinion, which was subsequently confirmed in writing as of November 14, 2012, to the effect that, and based upon and subject to the factors and assumptions and limitations set forth therein, as of November 14, 2012, the per share Merger Consideration to be received by the holders of our Common Stock pursuant to the Merger Agreement is fair, from a financial point of view, to such holders.

The full text of the written opinion of Piper Jaffray, dated November 14, 2012, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as **Annex C** to this information statement. Piper Jaffray provided its opinion for the information and assistance of our Board of Directors in connection with its consideration of the Merger. The opinion did not constitute a recommendation to the members of the Board as to whether they should approve the Merger or the Merger Agreement, nor did it constitute a recommendation as to whether stockholders of Teavana should adopt the Merger Agreement and it does not constitute a recommendation as to whether stockholders of Teavana should take any other action in respect of the Merger, including, but not limited to, the exercise of appraisal rights. You are urged to read the opinion in its entirety.

The Board of Directors also engaged North Point Advisors LLC (North Point) to act as a financial advisor to the Board of Directors with respect to the contemplated transaction. North Point assisted Teavana in its negotiations with Parent and also helped Teavana assess potential alternative bidders and engaged in discussions with potential buyers. Piper Jaffray also assisted in contacting potential alternative bidders.

FINANCING (SEE PAGE 32)

The Merger is not contingent on the receipt of any proceeds from any financing.

THE WRITTEN CONSENT OF STOCKHOLDERS (SEE PAGE 47)

Under Delaware law and Teavana s Second Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, the adoption of the Merger Agreement by Teavana s stockholders may be provided without a meeting by written consent of the stockholders holding a majority of the voting power of the

Table of Contents

outstanding shares of Common Stock. On November 14, 2012, the Principal Stockholders, which together owned, as of that date, approximately 74% of the shares of Common Stock entitled to vote on the adoption of the Merger Agreement, delivered to the Company written consent to the adoption of the Merger Agreement. A copy of the Written Consent of Stockholders is attached to this information statement as **Annex B**. As of November 14, 2012, the Company received a written consent adopting and approving the Merger Agreement and the Merger from the holders of the requisite number of shares of Common Stock of the Company in accordance with § 251 of the DGCL, and the adoption of the Merger Agreement was effected as of that date. As a result, no other vote of any other Teavana stockholder is necessary to adopt the Merger Agreement, and your approval is not required and is not being requested. If the Merger Agreement is terminated in accordance with its terms, the Written Consent of Stockholders will be of no further force and effect.

Federal securities laws state that the Merger may not be completed until 20 days after the date of mailing of this information statement to Teavana stockholders. Therefore, notwithstanding the execution and delivery of the written consent (which was obtained shortly after the signing of the Merger Agreement), the Merger will not occur until that time has elapsed. We expect the Merger to be completed on or prior to December 31, 2012, subject to certain government regulatory reviews and approvals. However, there can be no assurance that the Merger will be completed at that time, or at all.

When actions are taken by written consent of less than all of the stockholders entitled to vote on a matter, Section 228(e) of the DGCL requires that notice of the action be provided to those stockholders who did not consent. **This information statement and the notice attached hereto shall constitute notice to you of action by written consent as required by Section 228(e) of the DGCL.**

INTERESTS OF DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER (SEE PAGE 34)

Some of our executive officers and the members of our Board of Directors have interests in the Merger that are different from, or in addition to, the interests of Teavana and our stockholders generally.

These interests include:

- the accelerated vesting of options to acquire our Common Stock held by directors and executive officers upon the occurrence of the Merger and the right to receive an amount in cash equal to the excess, if any, of the Merger Consideration over the per share exercise price of such options;
- solely with respect to our executive officers, the right to receive certain severance payments in the event of a qualifying termination of employment following the Merger;
- the right to continued indemnification and directors and officers liability insurance for our directors and officers by the surviving corporation for events occurring prior to the time of the Merger; and
- in order to promote retention of key employees, including the executive officers, during the period prior to and following consummation of the Merger, Parent expects to grant certain key Company employees, including the executive officers, restricted stock units payable in shares of Parent s common stock and stock options exercisable for shares of Parent s common stock following the consummation of the Merger.

For the discussion of the restricted stock units and stock options described above, see Interests of Directors and Executive Officers in the Merger Executive Retention Arrangements with Parent on page 36 of this information statement.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO OUR STOCKHOLDERS (SEE PAGE 32)

The Merger will be a taxable transaction to U.S. holders of our Common Stock. For U.S. federal income tax purposes, each of our stockholders who are U.S. holders generally will recognize taxable gain or loss as a result

Table of Contents

of the Merger measured, on a block by block basis, by the difference, if any, between the aggregate Merger Consideration received and the aggregate adjusted tax basis in that block of shares. That gain or loss will be a capital gain or loss if the shares are held as a capital asset in the hands of the stockholder, and will be long-term capital gain or loss if the shares have been held for more than one year at the time of the completion of the Merger. Stockholders are urged to consult their own tax advisors as to the particular tax consequences to them of the Merger.

THE MERGER AGREEMENT

TREATMENT OF STOCK OPTIONS (SEE PAGE 43)

At the effective time of the Merger, each option to acquire our Common Stock outstanding immediately prior to the Merger under any Company stock option or equity incentive plan whether or not then vested and exercisable, will be cancelled and the holder of any such stock option will be entitled to receive, for each share of Common Stock subject to such stock option, an amount in cash, without interest and subject to any required withholding taxes, equal to the excess, if any, of the Merger Consideration over the per share exercise price of such option. Certain executive officers of Teavana have agreed to place a portion of their proceeds from their options into escrow to cover certain potential costs including with respect to transition matters. All stock options with a per share exercise price equal to or greater than the per share Merger Consideration will be cancelled upon consummation of the Merger and the holders of such stock options will not have any right to receive any consideration in respect thereof.

CONDITIONS TO THE MERGER (SEE PAGE 48)

As more fully described in this information statement and the Merger Agreement, the completion of the Merger depends on the satisfaction or waiver of a number of conditions. If these conditions are not satisfied or waived, the Merger will not be completed.

NO SOLICITATION OF OTHER OFFERS (SEE PAGE 50)

The Merger Agreement provides that Teavana (i) shall not, and shall cause its subsidiaries and any director, officer or employee of Teavana or any of its subsidiaries or any investment banker, attorney, accountant or other advisor or representative of Teavana or any of its subsidiaries not to, directly or indirectly, (A) solicit, initiate or encourage, or take any other action to knowingly facilitate, any takeover proposal or any inquiries or the making of any proposal that could reasonably be expected to lead to a takeover proposal or (B) enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any person (or any representative thereof) any information with respect to, or otherwise knowingly cooperate in any way with any person (or any representative thereof) with respect to, any takeover proposal, (ii) shall and shall cause its subsidiaries and its and their respective directors, officers, employees, investment bankers, attorneys, accountants and other advisors and representatives to immediately cease and cause to be terminated all existing activities, discussions and negotiations with any person conducted heretofore with respect to any takeover proposal and (iii) shall promptly, and in any event within two days following the date of the Merger Agreement, request, and shall use its commercially reasonable efforts to cause, the prompt return or written acknowledgment of destruction of all confidential information previously furnished to such parties or their representatives in connection with any takeover proposal to the extent that Teavana is entitled to have such documents returned or destroyed; provided, however, that at any time prior to obtaining the requisite stockholder approval (which has now been obtained), in response to a bona fide written unsolicited takeover proposal received after the execution of the Merger Agreement that the Board of Directors of Teavana determines in good faith, after consultation with its outside legal counsel and a financial advisor of nationally recognized reputation, constitutes a superior proposal, and which takeover proposal did not result from a breach of the non-solicitation covenant or any other provision of the Merger Agreement, and if the Board of Directors of Teavana determines in good faith, after consultation with its outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties to the stockholders of Teavana under applicable law, Teavana may, and may permit and authorize its subsidiaries and

Table of Contents

its representatives and its subsidiaries representatives to, in each case subject to compliance with the notice provision and the other provisions of the Merger Agreement, (A) furnish information with respect to Teavana or any of its subsidiaries to the person making such takeover proposal (and its representatives) pursuant to a confidentiality agreement which contains terms that are in all material respects no less restrictive of such person than those contained in the confidentiality agreement between Teavana and Parent; provided that all such information had been provided, or is concurrently provided, to Parent, and (B) participate in discussions or negotiations with, and only with, the person making such takeover proposal (and its representatives) regarding such takeover proposal. As a result of the fact that the requisite stockholder approval was obtained upon delivery of the written consent of the Principal Stockholders, the exception to the restrictions set forth in this paragraph with respect to certain unsolicited takeover proposals is no longer in effect.

The term takeover proposal means any inquiry, proposal or offer from any person or group (as defined in Section 13(d) of the Exchange Act) (other than Parent or Merger Sub or any of their affiliates) relating to, or that could reasonably be expected to lead to, in one transaction or a series of transactions, any merger, consolidation, business combination, recapitalization, liquidation or dissolution involving Teavana or any direct or indirect acquisition, including by way of any merger, consolidation, tender offer, exchange offer, stock acquisition, asset acquisition, binding share exchange, business combination, recapitalization, liquidation, dissolution, joint venture, license agreement or similar transaction, of (i) assets or businesses that constitute or represent 20% or more of the total revenue, net income, EBITDA (earnings before interest expense, taxes, depreciation and amortization) or assets of Teavana and its subsidiaries, taken as a whole, or (ii) 20% or more of the outstanding shares of our Common Stock or of any class of capital stock of, or other equity or voting interests in, one or more of the subsidiaries of Teavana which, in the aggregate, directly or indirectly hold the assets or businesses referred to in clause (i) above.

The term superior proposal means any binding bona fide unsolicited written offer which did not result from a breach of the non-solicitation covenant made by any person (other than Parent or Merger Sub or any of their affiliates) that, if consummated, would result in such person (or, in the case of a direct merger between such person and Teavana, the stockholders of such person) acquiring, directly or indirectly, more than 50% of the voting power of our Common Stock or all or substantially all the assets of Teavana and its subsidiaries, taken as a whole, and which offer, in the reasonable good faith judgment of the Board of Directors of Teavana (after consultation with a financial advisor of nationally recognized reputation and outside legal counsel), (i) provides a higher value to the stockholders of Teavana than the consideration payable in the Merger (taking into account all of the terms and conditions of such proposal and the Merger Agreement (including any changes to the terms of the Merger Agreement proposed by Parent in response to such superior proposal or otherwise)) and (ii) is reasonably capable of being completed, taking into account all financial, legal, regulatory and other aspects of such proposal.

TERMINATION OF THE MERGER AGREEMENT (SEE PAGE 51)

The Merger Agreement may be terminated at any time prior to the completion of the Merger:

- by mutual written consent of Teavana, Parent and Merger Sub;
- by either Teavana or Parent:
  - if the Merger shall not have been consummated by March 14, 2013, except that this right is not available to any party whose action or failure to act has been a principal cause of, or resulted in, the failure of the Merger to occur on or before such date and such action or failure to act constitutes a breach of the Merger Agreement; or
  - if any court of competent jurisdiction or other governmental entity issues or enters a temporary restraining order, preliminary or permanent injunction or other judgment or other legal restraint that has the effect of preventing the consummation of the Merger and such legal restraint has become final and non-appealable; or

by Parent:

- if prior to the receipt of stockholder approval (which has been obtained), Teavana delivers written notice to Parent that the Board withdraws or modifies in a manner adverse to Parent or Merger Sub, or proposes publicly to withdraw or modify in a manner adverse to Parent or Merger Sub, the recommendation or declaration of advisability by the Board or any committee of the Merger Agreement or the Merger;

- if (i) we breach or fail to perform any of our representations, warranties, covenants or other agreements contained in the Merger Agreement, which breach or failure to perform (A) would give rise to the failure of a condition set forth under The Merger Agreement Conditions to the Merger Conditions to Parent s and Merger Sub s Obligations and (B) is incapable of being cured or is not cured by Teavana by the date that is 30 business days after such breach or failure or, if capable of being cured by Teavana by such date, Teavana does not commence to cure such breach or failure within 10 business days after its receipt of written notice thereof from Parent and diligently pursue such cure thereafter;

- if a written consent duly executed by the Principal Stockholders had not been delivered to Parent and Teavana prior to 6:00 a.m., New York City time, on the date immediately following the date of the Merger Agreement; or

by Teavana:

- if (i) Parent breaches or fails to perform any of its representations, warranties, covenants or other agreements contained in the Merger Agreement, which breach or failure to perform (A) would give rise to the failure of a condition set forth under The Merger Agreement Conditions to the Merger Conditions to Teavana s Obligations and (B) is incapable of being cured or is not cured by Parent or Merger Sub by the date that is 30 business days after such breach or failure or, if capable of being cured by Parent or Merger Sub by such date, Parent or Merger Sub, as the case may be, does not commence to cure such breach or failure within 10 business days after its receipt of written notice thereof from Teavana and diligently pursue such cure thereafter; or

- if prior to the receipt of stockholder approval (which has been obtained), Teavana (i) executed a definitive agreement with respect to a superior proposal in accordance with the terms of the Merger Agreement, and (ii) paid to Parent the termination fee.

TERMINATION FEES (SEE PAGE 52)

In certain circumstances, the Board of Directors had the right to terminate the Merger Agreement in order to enter into a definitive agreement relating to a superior proposal, as further described in The Merger Agreement Termination of the Merger Agreement. In that event and in certain other specified circumstances, the Merger Agreement provides that we must pay Parent a termination fee of $18,400,000. See The Merger Agreement Termination Fees and Expenses.

As a result of the receipt by Teavana of the written consent by the Principal Stockholders, this right is no longer operative.

APPRAISAL RIGHTS (SEE PAGE 37)

Stockholders who have properly exercised appraisal rights under Section 262 of the DGCL (and have not withdrawn such exercise or lost such rights) will not have the right to receive the Merger Consideration, but will receive payment in cash for the fair value of their shares of our Common Stock as determined in accordance with Delaware law. The fair value of shares of our Common Stock as determined in accordance with Delaware law may be more or less than (or the same as) the per share Merger Consideration to be paid to stockholders who

choose not to exercise their appraisal rights. Stockholders who wish to exercise appraisal rights must precisely follow specific procedures. These procedures are described in this information statement, and the provisions of Delaware law that grant appraisal rights and govern such procedures are attached as **Annex D** to this information statement. We encourage you to read these provisions carefully and in their entirety.

REGULATORY APPROVALS (SEE PAGE 41)

The Hart-Scott-Rodino Act provides that transactions such as the Merger may not be completed until certain information has been submitted to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice and certain waiting period requirements have been satisfied. On November 16, 2012, Teavana and Parent each filed a Notification and Report Form with the Antitrust Division and the Federal Trade Commission and requested an early termination of the waiting period. Early termination of the waiting period was granted on November 27, 2012.

Under the Merger Agreement, both Teavana and Parent have agreed to use commercially reasonable efforts to obtain all required governmental approvals and avoid any action or proceeding by a governmental entity to the extent necessary, proper or advisable to consummate the Merger. Except as noted above with respect to the required filings under the Hart-Scott-Rodino Act, the expiration of 20 days from the dissemination of this information statement to Teavana s stockholders and the filing of a certificate of merger in Delaware at or before the effective date of the Merger, we are unaware of any material federal, state or foreign regulatory requirements or approvals required for the execution of the Merger Agreement or completion of the Merger or the other transactions contemplated by the Merger Agreement.

MARKET PRICE OF TEAVANA COMMON STOCK (SEE PAGE 54)

Our Common Stock is listed on the New York Stock Exchange under the trading symbol TEA. The closing sale price of our Common Stock on the New York Stock Exchange on November 13, 2012, the last full trading day prior to the announcement of the Merger, was $10.13 per share. The $15.50 cash consideration to be paid for each share of our Common Stock in the Merger represents an approximately 53.0% premium to the closing sale price of our Common Stock on November 13, 2012. On December 4, 2012, the last trading day before the date of this information statement, the closing sale price of our Common Stock on the New York Stock Exchange was $14.40 per share.

LITIGATION RELATED TO THE MERGER (SEE PAGE 41)

On November 19, 2012, a putative class action, entitled *Rosenblum v. Teavana Holdings, Inc. et al.*, Case No. 2012CV224005, was filed against the Company, the members of its Board of Directors, Parent and Merger Sub in the Superior Court of Fulton County, State of Georgia. The complaint purports to be brought on behalf of all the Company s stockholders (excluding the defendants and their affiliates). The complaint alleges that the Merger Consideration is inadequate, that the members of the Board of Directors breached their fiduciary obligations to the Company s stockholders in approving the Merger Agreement and related agreements and by failing to make adequate disclosures to the Company s stockholders, and that the other named defendants aided and abetted the breach of those duties. The complaint seeks various forms of relief, including injunctive relief that would, if granted, prevent the completion of the Merger and an award of attorneys fees and expenses. All defendants intend to vigorously defend against this action.

On November 27, 2012, a putative class action, entitled *Rubin v. Teavana Holdings, Inc. et al.*, Case No. 8069-VCN, was filed against the Company, the members of its Board of Directors, SKM Partners, LLC (SKM), Parent and Merger Sub in the Court of Chancery of the State of Delaware. The complaint purports to be brought on behalf of all the Company s stockholders (excluding the defendants and their affiliates). The complaint alleges that the members of the Board of Directors breached their fiduciary obligations to the

Table of Contents

Company s stockholders in approving the Merger Agreement and related agreements and by failing to make adequate disclosures to the Company s stockholders, and that the Company Parent and Merger Sub aided and abetted the breach of those duties. The complaint also alleges that several large stockholders of the Company, including the Company s chief executive officer and SKM, breached their fiduciary obligations to the Company s stockholders by executing the written consent approving the Merger Agreement. The complaint seeks various forms of relief, including injunctive relief that would, if granted, prevent the completion of the Merger and an award of attorneys fees and expenses. All defendants intend to vigorously defend against this action.

Table of Contents

THE PARTIES TO THE MERGER

TEAVANA

Teavana Holdings, Inc. is a specialty retailer offering more than 100 varieties of premium loose-leaf teas, authentic artisanal teawares and other tea-related merchandise through more than 300 company-owned stores and on its website. Founded in 1997, the Company offers new tea enthusiasts and tea connoisseurs alike its Heaven of Tea® retail experience where passionate and knowledgeable teaologists engage and educate them about the ritual and enjoyment of tea. The Company s mission is to establish Teavana as the most recognized and respected brand in the tea industry by expanding the culture of tea across the world. To support the tea culture globally, Teavana donates approximately 1% of annual net profits to the Cooperative for Assistance and Relief Everywhere, Inc., or CARE, through its Teavana Equatrade® program.

Retail Stores

We operate more than 300 company-owned stores in 40 states and Canada. We focus on high traffic locations in malls and lifestyle centers with top-tier co-tenants, and our store base is balanced geographically across the United States.

Online Platform

Our online platform is primarily comprised of our website, www.teavana.com, through which we provide educational resources for tea consumers and the ability to purchase the full range of our teas and tea-related merchandise. Through our online platform, we can target a broader audience of customers and tea enthusiasts who may not live near one of our retail locations. We believe our online platform and our stores are complementary, as our online platform provides our store customers an additional channel through which to purchase our teas and tea-related merchandise, while also helping drive awareness of and traffic to our stores.

Teas and Tea-Related Merchandise

We offer in our stores and through our website more than 100 varieties of premium loose-leaf teas, tea wares such as handcrafted cast-iron, clay and ceramic tea pots, and other tea-related merchandise. We also offer a selection of fresh-brewed teas in our stores.

Teas

We provide our customers a diverse selection of over 100 loose-leaf teas from around the world. Our overall tea selection is comprised of approximately 20% single-estate teas and 80% specially blended teas. Our offering is comprised of teas from the following three main groups:

Single-estate teas. Our single-estate teas, which are the teas that originate wholly from an individual tea plantation, estate or garden, are produced from the Camellia Sinensis bush. We offer four types of single-estate teas white, green, oolong and black each with its own distinctive characteristics arising from the climate, soil, altitude, growing conditions, when and how the tea is harvested, and the processing method used.

Single-estate blended teas. We offer blends that combine our single-estate teas with spices, herbs, flower petals, essential oils of fruits and other flavorings. We work in close collaboration with third-party blenders to develop our specially blended teas, and spend significant amounts of time perfecting the balance of flavors, aromas and colors to create unique teas that we believe will appeal to our customers.

Herbal blended teas. Herbal teas are not technically teas, as they are not produced from the Camellia Sinensis bush, but are herbal infusions generally made from other sources, such as the Rooibos bush and Honeybush from South Africa, the Maté shrub from Argentina, and other ingredients including dried fruits, herbs and even flowers. Herbal teas, aside from Maté, are generally caffeine-free and can be brewed individually or blended with other types of tea to create an aromatic and flavorful beverage.

Tea-Related Merchandise

We offer in our stores and through our website a carefully selected assortment of artisanal tea wares and other tea-related merchandise that provides our customers the ability to brew and consume our premium loose-leaf teas and to more broadly experience tea cultures from around the globe. The majority of our tea-related merchandise is Teavana-branded. We also offer a selection of our teas and tea-related merchandise in the form of prepackaged gift sets.

Our tea wares and other tea-related merchandise are grouped into five main categories: (1) teapots, (2) tea cups and mugs, (3) tea accessories, (4) tea décor and media and (5) tea foods.

Beverages

We offer made-to-order fresh-brewed teas in each of our stores. Our customers may select any of the varieties of loose-leaf single-estate and blended teas that we offer. Customers can choose to have their beverages served hot or cold.

For a more detailed description of our business, please see Item 1 in our Annual Report on Form 10-K for the fiscal year ended January 29, 2012.

The Company was founded in 1997. Our principal executive office is located at 3630 Peachtree Rd. NE, Suite 1480, Atlanta, Georgia 30326, and our telephone number is (404) 995-8200.

PARENT

Starbucks Corporation, a Washington corporation headquartered in Seattle, Washington, is the premier roaster, marketer and retailer of specialty coffee in the world, operating in more than 50 countries. Formed in 1985, Parent purchases and roasts high-quality whole bean coffees that it sells, along with handcrafted coffee and tea beverages and a variety of fresh food items, through company-operated stores. Parent also sells a variety of coffee and tea products and licenses its trademarks through other channels such as licensed stores, and grocery and national foodservice accounts. In addition to Parent s flagship Starbucks brand, its portfolio also includes Tazo® Tea, Seattle s Best Coffee®, and Starbucks VIA® Ready Brew.

The mailing address of Parent s principal executive offices is 2401 Utah Avenue South, Seattle, Washington 98134, and its telephone number is (206) 447-1575.

MERGER SUB

Taj Acquisition Corp. is a Delaware corporation formed for the sole purpose of completing the Merger with the Company. Merger Sub is a wholly-owned subsidiary of Parent. Merger Sub has not engaged in any business to date except for activities incidental to its incorporation and activities undertaken in connection with the Merger and the other transactions contemplated by the Merger Agreement. Upon consummation of the proposed Merger, Merger Sub will merge with and into the Company, Merger Sub will cease to exist and the Company will continue as the surviving corporation and a wholly-owned subsidiary of Parent, under the name Teavana Holdings, Inc.

The mailing address of Merger Sub s principal executive offices is 2401 Utah Avenue South, Seattle, Washington 98134, and its telephone number is (206) 447-1575.

Table of Contents

THE MERGER

BACKGROUND

The Board of Directors and senior management of the Company periodically review the Company s long-term strategic plan with a goal of maximizing stockholder value. The Board of Directors explored various alternatives on a preliminary basis, including a possible sale of the Company, before its initial public offering in July 2011, and has continued to review its strategic plans thereafter.

On June 24, 2012, Mr. Howard Schultz, the chairman, president and chief executive officer of Parent, contacted Mr. David Jacquin of North Point, who had advised the Company in the past, to ask whether he believed Mr. Andrew Mack, the CEO of the Company, would be interested in meeting with him.

On August 7, 2012, Mr. Mack met with Mr. Schultz, and they discussed Parent s interest in expanding its presence in the tea category and the possibility that the Company could provide an interesting platform for such a move. Mr. Jacquin of North Point also attended the meeting. No specific proposals were made, but the parties agreed that further discussion was appropriate.

On August 20, 2012, a meeting of the Board of Directors was held with representatives of DLA Piper LLP (US) (DLA Piper), the Company s outside legal counsel, and North Point in attendance. Mr. Mack advised the Board of Directors of his meeting with Mr. Schultz. Mr. Mack indicated that as a result of that meeting Parent had asked North Point to meet with members of the senior management team of Parent to discuss the possible strategic fit between the two companies. Mr. Mack indicated that the matter was at a very preliminary stage and might or might not develop into something of mutual interest. Mr. Mack also requested the approval of the Board of Directors for North Point to act as the Company s financial advisor in the discussions with Parent. Following the presentations and further questions and discussion, the Board of Directors agreed that management should engage in further discussions with Parent using North Point as the Company s financial advisor.

On August 28, 2012, Mr. Jacquin met with Mr. Schultz and Mr. Troy Alstead, the chief financial officer of Parent, in Seattle, Washington. No formal proposals were made, no confidential information was exchanged and the parties discussed on a very preliminary basis the possible benefits of a transaction.

On September 24 and 25, 2012, Messrs. Mack and Jacquin met in Seattle with Messrs. Schultz and Alstead. Also in attendance from Parent were Mr. Bill McNichols, vice president of Corporate Development, and other members of senior management of Parent. At those meetings, Mr. Mack and Mr. Jacquin provided a high level overview of the Company s business. No confidential information was exchanged. Mr. Schultz indicated that the board of directors of Parent likely would discuss the potential for a transaction at an upcoming board meeting.

On September 26, 2012, a meeting of the Board of Directors was held with representatives of North Point and DLA Piper in attendance. Mr. Mack and North Point provided an update on the contacts and meetings with representatives of Parent. Representatives from DLA Piper reviewed with the Board of Directors their duties under Delaware law if the Board of Directors decided to consider a transaction with Parent and the importance of confidentiality. Following the presentations and further questions and discussion, the Board of Directors expressed support for continuing the exploration of a possible transaction with Parent.

Between October 4 and October 6, 2012, Messrs. Mack and Jacquin met with Mr. Schultz and other members of Parent management. On October 8, 2012, Mr. Schultz advised Messrs. Mack and Jacquin that the Parent board of directors supported the interest of Parent in exploring a possible acquisition of the Company.

On October 8, 2012, North Point provided Parent with a draft of a confidentiality agreement to facilitate the exchange of confidential information between the Company and Parent in consideration of a potential transaction. The parties negotiated the terms of the agreement between October 8, 2012 and October 10, 2012.

Table of Contents

On October 9, 2012, a meeting of the Board of Directors was held with representatives of North Point and DLA Piper in attendance. Mr. Mack and North Point provided an update on the contacts with representatives of Parent. Representatives of North Point discussed preliminary valuation methodologies with respect to the Company, procedural considerations for a possible transaction and the Company s competitive landscape. Representatives from DLA Piper reviewed with the Board of Directors their duties under Delaware law with respect to a potential transaction and possible next steps in reaction to a proposal from Parent. Following the presentations and further questions and discussion, the Board of Directors authorized the execution of a confidentiality agreement with Parent.

On October 10, 2012, the Company and Parent entered into a confidentiality agreement.

On October 11, 2012, Mr. McNichols spoke to Mr. Jacquin by telephone and expressed Parent s preliminary interest in an acquisition of the Company, providing an indicative value of $16.75 in cash per share, subject to due diligence and further financial review as well as negotiation of definitive transaction documents and board approval, among other items. Additionally, he noted Parent s expectation that the significant stockholders of the Company holding approximately 74% of the outstanding shares would act by written consent to adopt the Merger Agreement. Mr. Jacquin indicated he would present the proposal to the Company s Board of Directors.

On October 12, 2012, a meeting of the Board of Directors was held with representatives of North Point and DLA Piper in attendance. At the meeting, North Point informed the Board of Directors of the preliminary indication of value that Parent had provided. North Point informed the Board that Parent had noted the feasibility of completing the transaction by year end and the potential benefit to stockholders of the Company given the taxable nature of the transaction. Following further questions and discussion, the Board of Directors decided to review internal valuation assumptions and models in order to determine an appropriate response.

On October 12, 2012, Parent provided an initial request list of due diligence information to the Company.

On October 15, 2012, the Company s electronic data room was opened, and Parent was provided access. Thereafter, Parent conducted its due diligence review of the Company.

On October 16, 2012, a meeting of the Board of Directors was held with representatives of North Point and DLA Piper in attendance. North Point discussed the valuation work that had been done to date, which was supplemented with analysis by Mr. Barron Fletcher, a member of the Company s Board of Directors and a representative of SKM, one of the Company s large stockholders. North Point also summarized their conversations with representatives of Parent. The Board of Directors discussed the Company s prospects as an independent company, including market conditions, the competitive landscape and its financial performance, as well as other strategic alternatives that the Company could explore. After discussion and deliberation, and considering the potential long-term value of Teavana to Parent and the belief that Parent would be willing to pay a higher price, the Board of Directors authorized North Point to indicate to Parent that the Company would consider a transaction in the range of $21.00 per share, subject to board approval, negotiation of definitive agreements and further validation of the appropriate price. The Board of Directors also approved the formal engagement of North Point as the Company s financial advisor and discussed the potential benefits of engaging a second investment bank to render a fairness opinion in connection with any such transaction.

Following the meeting of the Board of Directors of the Company, Mr. Jacquin conveyed to Mr. McNichols the Board of Directors perspective on valuation. Mr. McNichols responded with an indicative value of $17.00 per share in cash, noting that there was no room to go beyond that price and that the proposed value was still subject to due diligence and further financial review, as well as negotiation of definitive transaction documents and board approval. Mr. McNichols further noted Parent s ability to move on an accelerated timeline which would make a closing by calendar year end feasible. Mr. Jacquin indicated he would present the proposal to the Company s Board of Directors.

Table of Contents

On October 17, 2012, a meeting of the Board of Directors was held with representatives of North Point and DLA Piper in attendance. North Point updated the Board of Directors with respect to recent conversations with Parent. The Board of Directors again discussed the benefits and risks of remaining an independent company in light of the certainty of value provided by a potential all-cash transaction with Parent, as well as other strategic alternatives the Company could explore. The Board of Directors discussed the fact that the price offered by Parent could be compelling to stockholders, particularly given the recent decline in the Company s stock price, a recent slowdown in same store sales growth and competitive and other business challenges likely faced by the Company, including competition from Parent. After further discussion and deliberation, the Board of Directors authorized North Point to notify Parent that the Company was willing to remain engaged in conversations with Parent with respect to a potential transaction at $17.00 per share. The Board of Directors also agreed to continue to consider all options, including remaining as an independent company, and instructed North Point and senior management to explore other third party alternatives and determine an appropriate strategy for determining whether there were alternative financial or strategic buyers who would be interested in acquiring the Company at a price competitive with the proposal from Parent. North Point noted, and the Board of Directors discussed, that financial buyers likely would not be interested at pricing multiples within the range contemplated by Parent s offer given that at such levels the potential internal rate of return would not be sufficient. North Point also noted that Parent was the most logical strategic buyer. Potential targets were discussed, and the Board of Directors asked North Point to work with Messrs. Mack and Fletcher to recommend the most appropriate financial and strategic buyers to be approached.

After the meeting on October 17, 2012, North Point and Messrs. Mack and Fletcher reviewed and assessed possible third party alternatives to Parent, and based on that assessment, the Board of Directors asked North Point to reach out to five potential financial buyers, as well as five potential strategic buyers viewed as the ones most likely to have an interest in a transaction with the Company at a price range that would be competitive with Parent. Between October 18, 2012 and October 25, 2012, North Point reached out to the five financial buyers, discussed the opportunity with each of them and solicited their interest in entering into a confidentiality agreement and receiving detailed information concerning the Company. One financial buyer requested a confidentiality agreement and the Company negotiated and entered into a confidentiality agreement with that potential buyer. The other financial buyers all advised that based on publicly available information and the discussions with North Point they did not have an interest in pursuing a transaction. In addition, the financial buyer who executed the confidentiality agreement also concluded on further analysis not to pursue a transaction and did not engage in any significant due diligence.

North Point also sought out five strategic buyers to determine their interest in a possible transaction as during the period from October 18, 2012 through the signing of the Merger Agreement. One strategic buyer immediately indicated that it was not interested in a transaction. On November 1, 2012, Piper Jaffray was engaged to assist North Point in making contact with the additional four strategic buyers and through Piper Jaffray contact was made with each of those potential strategic buyers. Three of the strategic buyers indicated that they had no interest in pursuing a transaction. One potential strategic buyer indicated it was unlikely that it would have an interest and did not respond to additional inquiries by Piper Jaffray through the date the Merger Agreement was signed.

On October 20, 2012, Cravath, Swaine & Moore LLP (Cravath), counsel for Parent, provided a draft Merger Agreement to DLA Piper and the Company for review.

On October 22, 2012, Cravath and DLA Piper engaged in a high level discussion of structural elements of the Merger Agreement and whether to structure the transaction as a merger with a stockholder consent or a tender offer and merger.

Between October 22 and October 24, 2012, Parent conducted on-site due diligence at the Company s headquarters in Atlanta and at its distribution center in Stratford, Connecticut. During the course of these meetings, management presentations were made to representatives of Parent. Also during this period DLA Piper and Cravath engaged in discussions regarding the draft Merger Agreement.

Table of Contents

On October 24, 2012, DLA Piper provided revisions to the draft Merger Agreement, which included significant comments on the representations and warranties, pre-closing covenants, deal protection terms, termination fees and expenses, post-closing employee covenants and closing conditions.

On October 25, 2012, a meeting of the Board of Directors was held with representatives of North Point and DLA Piper in attendance. North Point updated the Board of Directors on recent developments with respect to the potential transaction with Parent and reviewed the diligence meetings that had taken place with Parent. The Board of Directors also discussed the recent weakness in the Company s stock price. North Point also reported on the efforts to date with respect to other potential interested buyers. A representative of DLA Piper updated the Board of Directors on the status of negotiations related to the Merger Agreement, reviewed the material terms of the Merger Agreement and the structure of the transaction, including the stockholder consent process, and responded to questions from the Board of Directors. At the meeting, the Board of Directors also authorized the engagement of Piper Jaffray to provide a fairness opinion in connection with a possible transaction.

On October 26, 2012, Cravath provided a revised draft of the Merger Agreement that modified certain representations and warranties, certain provisions of the pre-closing covenants regarding the Company s operations, conditions to closing and the amount of any termination fee or expense reimbursement. In this draft of the Merger Agreement, Parent also proposed that Mr. Mack and his spouse enter into three-year non-competition and non-solicitation agreements at the time of the execution of the Merger Agreement, a proposal which was ultimately accepted.

On October 30, 2012, a meeting of the Board of Directors was held with representatives of North Point and DLA Piper in attendance. North Point updated the Board of Directors on the progress of negotiations with Parent, including updates based on Parent s due diligence of its views regarding potential integration costs. North Point also indicated Parent s desire to take more time to complete its due diligence efforts. North Point also provided an update on the exploration of other third party alternatives.

On November 2, Mr. McNichols informed Mr. Jacquin that, based on its ongoing due diligence and financial analysis of the transaction, Parent had concluded that integration costs would be higher than had been expected, and accordingly it was no longer prepared to pursue a transaction at $17.00 per share.

On November 3, 2012, Mr. McNichols told Mr. Jacquin that Parent would be prepared to proceed with a transaction with Teavana at a price of $15.00 per share, including a request for an escrow of funds from certain stockholders to cover certain potential costs of Teavana in connection with the proposed transaction.

On November 5 and November 7, 2012, informal calls were held with members of the Board of Directors who were updated regarding the status of the negotiations and discussions between the Company and Parent. During these calls board members agreed that Mr. Mack should continue to discuss pricing terms with Parent. Also on November 5, the Company stopped further due diligence activities with Parent pending further discussion regarding pricing terms.

On November 6, 2012, Messrs. Mack and Jacquin met with Mr. Schultz and other members of Parent management to discuss the status of the transaction. At that meeting, Mr. Mack stated that the Company could not accept Parent s proposal of $15.00 per share with an escrow for certain stockholders. Mr. Schultz then reiterated that Parent was not prepared to move forward with a transaction at $17.00 per share, and that Parent s best and final offer was $15.50 per share to all stockholders with a $10 million escrow deposit from Mr. Mack and other significant stockholders. Discussion occurred regarding these matters. Messrs. Mack and Jacquin left without any agreement on a course of action.

On November 7 and November 8, 2012, further conversations occurred between Mr. Jacquin and Mr. McNichols as to whether there was any potential for movement on price, and Mr. McNichols reiterated that Parent was unwilling to pay more than $15.50 per share. Mr. McNichols noted that Parent did have some flexibility on the terms of the Merger Agreement, making concessions relating to the closing condition on accuracy of representations and warranties and agreeing to a material adverse effect standard to provide additional closing certainty.

On November 9, 2012, a meeting of the Board of Directors was held with representatives of North Point and DLA Piper in attendance. Mr. Mack and North Point updated the Board of Directors on recent developments since the update calls that occurred on November 5, 2012 and November 7, 2012. North Point reviewed discussions regarding Parent s proposed revised price of $15.50 per share, which would also include a $10 million escrow applicable to certain significant stockholders, but not the public stockholders. The Board of Directors also received an update on the exploration of other third party alternatives. After questions and further discussion, and after considering the lack of interest from other third parties and the Company s prospects as an independent company, the Board of Directors supported continuing negotiations with Parent to determine if a definitive agreement could be reached.

On November 9, 2012, DLA Piper sent a revised draft of the Merger Agreement that included revisions to, among other things, the representations and warranties, conditions to closing and the amount of any termination fee and expense reimbursement.

Between November 9 and November 14, 2012, multiple drafts of the Merger Agreement were exchanged between DLA Piper and Cravath to finalize the terms of the transaction, including a separate agreement establishing an escrow fund from the Principal Stockholders and certain executives of the Company. Independent counsel was retained by the Principal Stockholders to negotiate the escrow agreement and the non-competition agreements with Mr. Mack and his spouse. Subsequently, an additional escrow arrangement was established by the Principal Stockholders and certain executives of the Company to cover certain potential costs including relating to integration matters that were identified by Parent in its pre-closing review of integration planning and related matters.

On November 11, 2012, the Board of Directors of Parent approved entry into the Merger Agreement.

During the day on November 13, 2012, the Board of Directors convened to consider the terms of Parent s revised Merger Agreement. At the meeting were representatives from Piper Jaffray, North Point and DLA Piper. North Point and Piper Jaffray summarized the current status of the exploration of other third party alternatives. Piper Jaffray then reviewed its preliminary assessment with respect to the fairness of the consideration proposed to be received by stockholders in the transaction. Representatives of DLA Piper then reviewed the status of the negotiations and the revised terms of the Merger Agreement and reviewed with the Board of Directors their fiduciary duties in the context of the transaction being considered. Following discussions and questions from the Board of Directors, DLA Piper reviewed the proposed board resolutions to be considered in connection with the transaction. The Board further reviewed the exploration of other third party alternatives conducted and concluded that there were no other viable acquirors for the Company, particularly at the price level indicated by Parent and the degree of deal certainty offered by Parent. North Point and Piper Jaffray concurred in this judgment based on their analysis of market conditions, their interaction with the potential financial and strategic buyers and their assessment of the price being offered by Parent. The Board of Directors discussed the significant risk of losing the opportunity with Parent in the event of delay. The Board of Directors took no action at this time pending completion of all negotiations of the transaction documents.

On the afternoon of November 14, 2012, the Board of Directors, together with the Company s legal and financial advisors, convened a meeting. All of the members of the Board of Directors were in attendance. DLA Piper updated the Board of Directors on the course of final negotiations relating to the Merger Agreement and all related agreements, and Piper Jaffray updated the Board of Directors on its financial analyses. Piper Jaffray then rendered its opinion to the Board of Directors to the effect that, as of November 14, 2012 and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the review undertaken as set forth in the opinion, the consideration of $15.50 per share in cash proposed to be received by the holders of shares of Company Common Stock pursuant to the Merger was fair, from a financial point of view, to such holders. Following questions by the members of the Board of Directors to representatives of Piper Jaffray and DLA Piper, and further discussion among the

Table of Contents

members of the Board of Directors, the Board of Directors then unanimously determined that it was advisable, fair to and in the best of interests of the Company and its stockholders to enter into the Merger Agreement and to consummate the transactions contemplated thereby and approved, and authorized the execution and delivery of, the Merger Agreement in the form presented to the Board of Directors. After the approval, the meeting adjourned.

DLA Piper informed Cravath that the Company s Board of Directors had approved the Merger Agreement and related transactions. The parties completed the Merger Agreement and related documents and signature pages thereafter were exchanged and released. The written consent of the Principal Stockholders was delivered thereafter. The parties announced the transaction in a joint press release at approximately 3:00 p.m. on November 14, 2012.

REQUIRED APPROVAL OF THE MERGER; WRITTEN CONSENT

Under Section 251 of the DGCL, the approval of Teavana s Board of Directors and the affirmative vote of a majority of Teavana s Common Stock outstanding and entitled to vote are required to approve and adopt the Merger Agreement and the Merger. Teavana s Board of Directors has previously approved the Merger Agreement and the Merger.

Under Delaware law and Teavana s Second Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, the approval of Teavana s stockholders may be provided by written consent of the stockholders holding a majority of the voting power of the outstanding shares of Common Stock. On November 14, 2012, the Principal Stockholders, which collectively owned on such date, shares of Common Stock representing approximately 74% of the total number of shares of Common Stock outstanding and entitled to vote on the adoption of the Merger Agreement, delivered a written consent to the adoption of the Merger Agreement. Such written consent constituted adoption of the Merger Agreement by the holders of the requisite number of shares of Common Stock of the Company in accordance with Section 251 of the DGCL. This means that the Merger can occur without the vote of any other Teavana stockholders and there will not be a meeting of Teavana stockholders at which you will be asked to vote on the adoption of the Merger Agreement.

Federal securities laws state that the Merger may not be completed until 20 days after the date of mailing of this information statement to Teavana stockholders. Therefore, notwithstanding the execution and delivery of the written consent, the Merger will not occur until that time has elapsed. We expect the Merger to close on or before December 31, 2012, subject to certain government regulatory reviews and approvals; however, there is no assurance that the Merger will close at that time, or at all.

RECORD DATE

On November 14, 2012, the record date for determining stockholders entitled to act by written consent with respect to the adoption of the Merger Agreement, there were 38,777,893 shares of Common Stock outstanding and entitled to vote. Each share of our Common Stock issued and outstanding is entitled to one vote. This is the date used for determining the number of shares of Teavana stock outstanding and therefore necessary to adopt the Merger Agreement.

As of November 14, 2012, the Company received the written consent adopting and approving the Merger Agreement and the Merger executed by the holders of the requisite number of shares of Common Stock in accordance with Section 251 of the DGCL. You may be receiving this information statement because you owned shares of our Common Stock on November 14, 2012.

In addition, the Board of Directors of the Company set December 4, 2012 as the record date for determining the stockholders entitled to receive notice of the approval of the Merger and that appraisal rights are available for holders of our Common Stock. You may be receiving this information statement because you owned shares of our Common Stock on December 4, 2012. This is the date used for determining stockholders entitled to receive notice of the availability of appraisal rights.

Table of Contents

Because this information statement constitutes both notice to stockholders of the action by written consent and notice to stockholders of the availability of appraisal rights, the information statement will be mailed to stockholders of record as of both November 14, 2012 and December 4, 2012.

RECOMMENDATION OF OUR BOARD OF DIRECTORS

On November 14, 2012, at a special meeting of our Board of Directors, after careful consideration, our Board of Directors unanimously:

- approved and declared advisable the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement;
- declared that it was in the best interests of the Company s stockholders that the Company enter into the Merger Agreement and consummate the Merger and the other transactions contemplated by the Merger Agreement on the terms and subject to the conditions set forth in the Merger Agreement;
- declared that the Merger Consideration is fair to the Company s stockholders; and
- recommended that the Company s stockholders adopt the Merger Agreement.

REASONS FOR THE MERGER

The Board of Directors, at a meeting held on November 14, 2012, unanimously approved and declared advisable the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, and declared that it was in the best interests of the Company s stockholders that the Company enter into the Merger Agreement and consummate the Merger. The Board of Directors made its determination after consultation with its independent legal and financial advisors and consideration of a number of factors.

In reaching its determination, the Board of Directors consulted with Company management and its independent financial and legal advisors and considered a number of potentially positive factors, including the following:

- *Historical Trading Price.* The Board of Directors considered the fact that the $15.50 per share Merger Consideration represented a premium of approximately 53.0% to the stock price of $10.13 on November 13, 2012, the last full trading day before announcement of the Merger. The Merger Consideration represents a premium of approximately 37.9% to the 30-day average closing price of $11.24 for the 30 days ended November 13, 2012, a 26.9% premium to the 60-day average closing price of $12.21 for the 60 days ended November 13, 2012 and a 53.0% premium to the 52-week low of $10.13 per share on November 13, 2012.
- *Teavana s Business Condition and Prospects*. The Board of Directors considered information with respect to Teavana s financial condition, results of operations, business and earnings prospects in light of various factors, including Teavana s current and anticipated near-term operating results, which reflects some slow down in the Company s rate of growth and the competitive dynamics of Teavana s product offerings. The Board of Directors considered other strategic alternatives reasonably available to the Company, including potential competition from Parent, the prospect of continuing to operate as an independent company and the possibility of growing its business through acquisitions and internal growth. In that connection, the Board of Directors reviewed financial materials prepared by management and management s concerns that current and projected challenging economic and market conditions create uncertain conditions for the Company s future business. The Board of Directors considered this information in the context of Teavana s risk profile if it were to remain an independent company, taking into account the potential benefits, risks and uncertainties associated with that course of action.

Merger Consideration. The Board of Directors considered the fact that the Merger Consideration is payable in cash, which provides liquidity and certainty of value to holders of shares of Common Stock immediately upon the closing of the Merger in comparison to the risks and uncertainty that would be inherent in continuing to operate as an independent company and executing the Company s business plan.

Table of Contents

The Board also considered the fact that all holders of shares of Common Stock (other than (i) those shares with respect to which appraisal rights are properly exercised and (ii) shares held by Parent, Merger Sub or the Company, if any) will receive the same form and amount of consideration per share of Common Stock in connection with the Merger and that the Principal Stockholders will not be paid a control premium and (together with certain executives of Teavana) will escrow a portion of their proceeds to cover certain potential costs of Teavana including relating to integration matters.

Process. The Board of Directors took into account the process that Teavana and its advisors had conducted prior to the signing of the Merger Agreement, which involved active assessment by the Board of Directors of potential alternative bidders and initiating contact with a selection of 10 strategic buyers and financial sponsors that the Board of Directors and its advisors believed would potentially have an interest in acquiring Teavana. The sale process did not result in any significant interest on the part of any strategic buyer or financial sponsor to acquire the Company at a price competitive with the price obtained from or proposed by Parent. The Board of Directors also considered the negotiating process with Parent and its belief that the Company obtained the highest price per share of Common Stock that Parent was willing to pay as a result of the extensive negotiations between the Company and its legal and financial advisors, on the one hand, and Parent and its legal advisors, on the other hand.

Opinion of and Input of Teavana s Financial Advisors. The Board of Directors considered the financial analysis presented by Piper Jaffray and its oral opinion (which was subsequently confirmed in writing) that, as of November 14, 2012, and based on and subject to the factors and assumptions to be set forth in its written opinion, the $15.50 per share in cash to be received by the holders of shares of Common Stock pursuant to the Merger Agreement is fair, from a financial point of view, to such holders, as more fully described in the subsection entitled Opinion of Teavana s Financial Advisor. The Board of Directors also considered the input from North Point that in its view the price obtained represented the best price available to the Company at this time.

Support of the Principal Stockholders. The Board of Directors considered the support of the Principal Stockholders, which controlled approximately 74% of the aggregate voting power of shares of Common Stock, as evidenced by their willingness to execute and deliver a written consent adopting and approving the Merger Agreement and the Merger.

Nature of Principal Stockholders. The Board of Directors considered the fact that the Principal Stockholders could eventually decide to divest their holdings in the Company, and the possibility that such sale could relate only to their own stake, in lieu of a sale transaction in which all stockholders would be entitled to participate, and the Board of Directors belief that such a sale alone by the Principal Stockholders could potentially impact the economic interests of our minority stockholders.

Escrowed Funds. The Board of Directors considered the willingness of the Principal Stockholders, as well as certain executives of Teavana, to place a portion of the proceeds from the sale of their shares and cancellation of their options pursuant to the Merger into escrow to cover certain potential costs of Teavana including relating to integration matters. The public stockholders are not subject to the escrow arrangement and accordingly will not have their proceeds reduced thereby.

Prompt Closing. The Board of Directors considered the potential for a prompt completion of the Merger, which presented the possibility of favorable tax treatment to stockholders if the transaction is completed before the end of the year. The Board of Directors also considered the risk of losing the opportunity with Parent in the event of any delay.

Appraisal Rights. The Board of Directors considered the availability of appraisal rights to the stockholders of the Company who are entitled to such rights and who comply with all of the requirements set forth in Section 262 of the DGCL for exercising such rights, which allow such holders to seek appraisal of the fair value of their shares of our Common Stock as determined by the Court of Chancery of the State of Delaware in lieu of receiving the Merger Consideration.

Terms of the Merger Agreement. The Board of Directors considered the terms of the Merger Agreement, as reviewed with its legal advisors, including:

The fact that Parent s obligation to complete the Merger is not subject to any financing condition.

Table of Contents

The fact that the provisions of the Merger Agreement provide the Company with sufficient operating flexibility to conduct its business in the ordinary course of business consistent with past practice between signing the Merger Agreement and the closing of the Merger.

The Board of Directors also determined that the following factors increased the likelihood that the Merger would be completed:

the fact that the consent of the Principal Stockholders, who had been involved with the negotiation process, was sufficient to adopt the Merger Agreement without the need for a meeting of stockholders;

the Company s ability, under certain circumstances, to seek specific performance to prevent breaches of the Merger Agreement by Parent and Merger Sub and to enforce specifically the terms of the Merger Agreement, including enforcing Parent s obligation to consummate the Merger;

the fact that while the closing of the Merger is subject to antitrust clearance, the Board of Directors did not expect there to be significant antitrust or other regulatory impediments the closing of the Merger;

the experience, reputation and financial capability of Parent; and

the limited conditions to the Closing and the fact that the satisfaction of those conditions was, in the view of the Board of Directors, likely attainable by December 31, 2012.

The Board of Directors also considered certain uncertainties, risks and potentially negative factors, including, but not limited to, the following:

Potential Inability to Complete the Merger. The Board of Directors considered the fact that, while the Company expected the Merger to be consummated if stockholder approval was obtained and that it would likely be obtained through the consent process, (i) there could be no assurance at that time that such stockholder consent would be delivered and (ii) there can be no assurance that all conditions to the parties obligations to complete the Merger will be satisfied or waived, and as a result, it is possible that the Merger may not be completed. In that connection, the Board of Directors considered the fact that the Company s business, sales, operations and financial results could suffer in the event the Merger is not consummated, and that the Company s stock price would likely be adversely affected.

Limitation on Alternative Proposals. The Board of Directors considered the fact that under the Merger Agreement, the Board would be unable to solicit, initiate, encourage or take any other action to knowingly facilitate a takeover proposal from a third party, subject to certain exceptions that expired upon delivery by the Principal Stockholders to Teavana of a written consent.

No Participation in Future Growth. The Board of Directors considered the fact that the $15.50 price per share will represent the maximum price per share receivable by Teavana stockholders pursuant to the Merger Agreement (subject to appraisal rights under Delaware law), and that Teavana will cease to be a public company and its stockholders will no longer participate in any future earnings or growth of Teavana and therefore will not benefit from any appreciation in the Company s value, including any appreciation in value that could be realized as a result of improvements to operations.

Written Consent of Stockholders. The Board evaluated the fact that, as a condition to entering into the Merger Agreement, Parent required that the Merger Agreement include a provision permitting Parent to terminate the Merger Agreement and be reimbursed for Parent s expenses if the Principal Stockholders failed to execute and deliver the Written Consent of Stockholders by 6 a.m. on the day following the execution of the Merger Agreement.

Interim Operating Covenants. The Board of Directors considered the fact that, although the Company will continue to exercise control and supervision over its operations prior to closing, the Merger Agreement prohibits the Company from taking a number of actions relating to the conduct of its business prior to the Closing without Parent s consent, which may delay or prevent the Company from undertaking business opportunities that may arise during the pendency of the Merger, whether or not the Merger is completed.

Pendency of Consummation. The Board of Directors considered the fact that the announcement and pendency of the Merger, or failure to complete the Merger, may cause harm to the Company s

Table of Contents

relationships with its employees (including making it more difficult to attract and retain key personnel), vendors and customers and may divert employees attention away from the Company s day-to-day business operations.

Stock Price. The Board of Directors considered the fact that while the Merger Consideration of $15.50 per share represented a premium of approximately 53.0% to the closing price of the Company s Common Stock on November 13, 2012, the last full trading day prior to the execution of the Merger Agreement, the Common Stock had traded at higher prices during the course of the prior year and had received a price of $17.00 per share in its initial public offering on July 28, 2011. The Merger Consideration represents a discount of approximately 40.5% to the 52-week high of $26.03 per share on February 28, 2012.

Termination Fee. The Board of Directors took into account the $18.4 million termination fee payable to Parent if the Merger Agreement is terminated under certain circumstances.

Expense Reimbursement. The Board of Directors considered the requirement that the Company reimburse Parent for up to $3.5 million of its and its affiliates out-of-pocket expenses in connection with the Merger if the Merger Agreement is terminated under certain circumstances, including the failure of the Principal Stockholders to deliver their written consent adopting and approving the Merger Agreement and the Merger.

Potential for Litigation. The Board of Directors considered the possible effects of the pendency or consummation of the transactions contemplated by the Merger Agreement, including any suit, action or proceeding in respect of the Merger Agreement or the transactions contemplated by the Merger Agreement.

Taxability. The Board of Directors considered that any gain from an all-cash transaction such as the Merger will be a taxable transaction to Teavana s stockholders for U.S. federal income tax purposes.

Expenses. The Board recognized the fact that the Company has incurred and will incur substantial expenses related to the transactions contemplated by the Merger Agreement, regardless of whether the Merger is consummated.

Interests of Teavana s Directors and Executive Officers. The Board of Directors was aware of and considered the interests that the Company s directors and executive officers may have with respect to the Merger that differ from, or are in addition to, their interests as stockholders of the Company generally, as described in the section entitled Interests of Directors and Executive Officers in the Merger .

The foregoing discussion of the information and factors considered by the Board of Directors is not intended to be exhaustive but includes the material factors considered by the Board of Directors. In view of the complexity and wide variety of factors considered, the Board of Directors did not find it useful to and did not attempt to quantify, rank or otherwise assign weights to these factors. In addition, the Board of Directors did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, but rather the Board of Directors conducted an overall analysis of the factors described above, including discussions with Teavana s management and its financial and legal advisors. In considering the factors described above, individual members of the Board of Directors may have given different weights to different factors.

After considering these factors, the Board of Directors concluded that the positive factors relating to the Merger Agreement and the Merger outweighed the potential negative factors and declared the advisability of the Merger Agreement and the Merger based upon the totality of the information presented to and considered by it.

OUR BOARD OF DIRECTORS APPROVED AND DECLARED ADVISABLE THE MERGER AGREEMENT AND THE MERGER AND RECOMMENDED THAT OUR STOCKHOLDERS ADOPT THE MERGER AGREEMENT.

Table of Contents

OPINION OF TEAVANA S FINANCIAL ADVISOR

The Company retained Piper Jaffray to render a fairness opinion to the Company s Board of Directors in connection with the Merger. On November 14, 2012, Piper Jaffray delivered its oral opinion, subsequently confirmed in writing, to the Board of Directors that, based on and subject to the limitations and assumptions stated in the opinion, as of the date of the opinion the Merger Consideration to be received by the holders of the Company Common Stock pursuant to the Merger Agreement is fair, from a financial point of view, to such holders. Piper Jaffray understands that the Principal Stockholders agreed to have a portion of their Merger Consideration placed in escrow for release upon satisfaction of certain conditions and for purposes of rendering its opinion, Piper Jaffray assumed that the Principal Stockholders would receive their Merger Consideration on the same terms as the other holders of Company Common Stock and that no portion of their Merger Consideration would be subject to escrow.

The full text of Piper Jaffray s written opinion dated November 14, 2012, which contains the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, and with the prior written approval of Piper Jaffray, is attached as **Annex C** to this information statement and is incorporated herein by reference. The summary of Piper Jaffray s opinion in this information statement is qualified in its entirety by reference to the full text of the opinion. You are urged to read the opinion in its entirety and this summary is qualified by reference to the written opinion. Piper Jaffray s opinion addressed solely the fairness, from a financial point of view, to the holders of the Company Common Stock of the Merger Consideration. Piper Jaffray s opinion was directed solely to the Company s Board of Directors in connection with its consideration of the Merger and was not intended to be, and does not constitute, a recommendation to any Company stockholder as to how such stockholder should vote or how any such stockholder should act with respect to the Merger or any other matter, including, but not limited to, exercise of appraisal rights. Piper Jaffray s opinion was approved for issuance by the Piper Jaffray Opinion Committee.

In arriving at its opinion, Piper Jaffray, among other things, has:

- reviewed and analyzed the financial terms of a draft of the Merger Agreement dated November 12, 2012;
- reviewed and analyzed certain financial and other data with respect to the Company which was publicly available;
- reviewed and analyzed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities and prospects of the Company that were publicly available, as well as those that were furnished to Piper Jaffray and prepared by the Company;
- conducted discussions with members of senior management and representatives of the Company concerning the two immediately preceding matters described above, as well as the business and prospects of the Company before and after giving effect to the Merger;
- reviewed the current and historical reported prices and trading activity of the Company s Common Stock and similar information for certain other companies deemed by Piper Jaffray to be comparable to the Company;
- compared the financial performance of the Company with that of certain other public companies that Piper Jaffray deemed relevant; and
- reviewed the financial terms, to the extent publicly available, of certain business combination transactions that Piper Jaffray deemed relevant.

In addition, Piper Jaffray conducted such other inquiries, examinations and analyses, and considered such other financial, economic and market criteria as Piper Jaffray deemed necessary in arriving at its opinion.

The following is a summary of the material financial analyses performed by Piper Jaffray in connection with the preparation of its fairness opinion, which was reviewed with, and formally delivered to, the Company s Board of Directors at a meeting held on November 13, 2012, and confirmed at a subsequent meeting held on

Table of Contents

November 14, 2012. The preparation of analyses and a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, this summary does not purport to be a complete description of the analyses performed by Piper Jaffray or of its presentation to the Board of Directors on November 13, 2012, subsequently confirmed on November 14, 2012.

This summary includes information presented in tabular format, which tables must be read together with the text of each analysis summary and considered as a whole in order to fully understand the financial analyses presented by Piper Jaffray. The tables alone do not constitute a complete summary of the financial analyses. The order in which these analyses are presented below, and the results of those analyses, should not be taken as an indication of the relative importance or weight given to these analyses by Piper Jaffray or the Company s Board of Directors. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before November 9, 2012, and is not necessarily indicative of current market conditions.

For purposes of its analyses, Piper Jaffray calculated (i) the Company s equity value implied by the Merger to be approximately $613.4 million, based on approximately 39,576,211 fully-diluted shares of Common Stock outstanding as of October 24, 2012, calculated using the treasury stock method and the Merger Consideration and (ii) the Company s enterprise value (EV) (for the purposes of this analysis, implied EV equates to implied equity value, plus debt, less cash) to be approximately $622.2 million.

Financial Analyses

Piper Jaffray performed the following financial analyses in connection with rendering its opinion to the Company s Board of Directors:

- selected public companies analysis;
- selected mergers and acquisitions (M&A) transaction analysis;
- premiums paid analysis; and
- discounted cash flows analysis.

Each of these analyses is summarized below.

Selected Public Companies Analysis

Piper Jaffray reviewed selected historical financial data of the Company and estimated financial data of the Company based on projections provided by Company management and compared them to corresponding financial data, where applicable, for U.S. listed public companies in the consumer sector, including specialty retail, limited service restaurants (primarily non-franchised), and beverage companies that Piper Jaffray deemed comparable to the Company. Piper Jaffray selected companies in these industries based on information obtained by searching SEC filings, public company disclosures, press releases, equity research reports, industry and popular press reports, databases and other sources. Piper Jaffray selected these companies based on the following criteria:

- EV greater than $250 million;
- long-term EPS growth greater than 15%; and
- non-financially distressed.

Table of Contents

Based on these criteria, Piper Jaffray identified and analyzed the following selected companies:

Specialty Retail		Non-Franchised, Limited Service Restaurants	Beverage Companies
Abercrombie & Fitch Co.	rue21, Inc.	Chipotle Mexican Grill, Inc.	Green Mountain Beverage Corporation
Chico s FAS Inc.	Stage Stores Inc.	Panera Bread Co.	Monster Beverage Corporation
Coach, Inc.	Tilly s, Inc.	Starbucks Corporation	
Express Inc.	Tumi Holdings, Inc.		
Fossil, Inc.	Ulta Salon, Cosmetics & Fragrance, Inc.		
Francesca s Holding Corp.			
Hot Topic Inc.	Urban Outfitters Inc.		
Jos. A Bank Clothiers Inc.	Vera Bradley, Inc.		
Lululemon Athletica Inc.	Vitamin Shoppe, Inc.		
Michael Kors Holdings Ltd.	Zumiez, Inc.		

Piper Jaffray performed its valuation analysis using the Company s Base Case Forecast and Upside Case Forecast described below under The Merger Summary of Teavana s Projections. For the selected public companies analysis, Piper Jaffray compared valuation multiples for the Company derived from the Merger Consideration and the Company s last 12 months (LTM) revenue and LTM EBITDA (calculated throughout as earnings before interest, taxes, depreciation and amortization), as well as the Company s management projections for 2012-2017 revenue, EBITDA and Net Income, to valuation multiples for the selected public companies derived from their closing prices per share on November 9, 2012, and LTM revenue and LTM EBITDA, as well as consensus projections for calendar year 2012 and 2013 revenue, EBITDA and Net Income.

The selected public companies analysis showed that, based on the estimates and assumptions used in the analysis, the implied valuation multiples of the Company based on the Merger Consideration were within the range of valuation multiples of the selected public companies when comparing the ratio of EV to (i) LTM revenue, (ii) projected revenue for calendar year 2012, (iii) projected revenue for calendar year 2013, (iv) LTM EBITDA, (v) projected EBITDA for calendar year 2012, (vi) projected EBITDA for calendar year 2013, (vii) projected Price/Earnings for calendar year 2012 and (viii) projected Price/Earnings for calendar year 2013. Piper Jaffray also compared the projected long-term EPS Growth Rates of the selected public companies.

			Selected Public Companies			
	Company Base Case(1)	Company Upside Case(1)	Minimum	Mean	Median	Maximum
EV to LTM Revenue (2)	3.3x	3.3x	0.4x	2.4x	1.9x	8.0x
EV to Projected 2012 Revenue (3)	2.7x	2.7x	0.4x	2.2x	1.8x	6.9x
EV to Projected 2013 Revenue (3)	2.2x	2.1x	0.4x	1.8x	1.6x	5.6x
EV to LTM EBITDA (2)	17.4x	17.4x	3.0x	11.8x	9.8x	29.9x
EV to Projected 2012 EBITDA (3)	13.4x	13.4x	3.4x	10.5x	9.1x	24.2x
EV to Projected 2013 EBITDA (3)	10.1x	9.5x	3.3x	8.8x	7.8x	18.1x
Projected 2012 Price/Earnings (3)	28.2x	28.2x	7.6x	21.9x	19.7x	44.2x
Projected 2013 Price/Earnings (3)	20.3x	19.0x	7.0x	18.1x	16.7x	30.1x
Projected Long-term EPS Growth Rate (4)	18.5%	26.8%	15.0%	20.3%	18.9%	34.0%

(1) Based on the Merger Consideration.

(2) LTM for selected public company analysis is based on latest publicly reported financial results. For the Company, LTM is as of July 29, 2012.

(3) Projected calendar year 2012 and calendar 2013 revenue, EBITDA, and Net Income for the Company were based on Company management projections. Projected calendar year 2012 and calendar year 2013 revenue, EBITDA, and Net Income for the selected public

companies were based on equity research analyst consensus estimates.

(4) The projected long-term EPS growth rate for the Company was based on Company management projections. The projected long-term EPS growth rates for the selected public companies were based on equity research analyst consensus estimates.

Table of Contents

Selected M&A Transaction Analysis

Piper Jaffray reviewed merger and acquisition transactions involving target companies in the retail, restaurant and beverage industries that it deemed comparable to the Company. Piper Jaffray selected these transactions based on information obtained by searching SEC filings, public company disclosures, press releases, equity research reports, industry and popular press reports, databases and other sources. Piper Jaffray selected these transactions based on the following criteria:

- transaction value between $250 million and $4 billion;
- pending or completed transactions announced since 2009; and
- transactions in which the acquiring company purchased a controlling interest of the target.

The following transactions had target companies in the retail industry that were deemed comparable to the Company:

Target	Acquiror
99 Cents Only	Ares Management, CPP Investment Board
BJ s Wholesale Club	Leonard Green & Partners LP, CVC Capital Partners
Charming Shoppes	Ascena Retail Group
Charlotte Russe Holding Inc.	Advent International
Cost Plus World Market	Bed, Bath and Beyond
Gymboree	Bain Capital
J. Crew Group	TPG, Leonard Green & Partners
Jo-Ann Fabrics	Leonard Green & Partners
Party City	Thomas H. Lee Partners
Peet s Coffee & Tea	BDT Capital Partners

The following transactions had target companies in the restaurant industry that were deemed comparable to the Company:

Target	Acquiror
Benihana Inc.	Angelo, Gordon and Co.
California Pizza Kitchen	Golden Gate Capital
CKE Restaurants	Apollo Management
Dave & Buster s	Oak Hill Capital
Landry s Restaurants	Fertitta Group, Inc.
P.F. Chang s China Bistro	Centerbridge Capital Partners

The following transactions had target companies in the beverage industry that were deemed comparable to the Company:

Target	Acquiror
Cliffstar	Cott Corporation
Van Houtte	Green Mountain Coffee Roasters
Wm. Bolthouse Farms	Campbell Soup Company

Piper Jaffray calculated the ratio of implied EV to: (i) LTM revenue, (ii) LTM EBITDA and (iii) LTM EBIT. Piper Jaffray also calculated the ratio of the implied equity value to the LTM Net Income. Piper Jaffray then compared the results of these calculations with similar calculations for the Company based on the Merger Consideration.

The selected transactions analysis showed that, based on the estimates and assumptions used in the analysis, the implied valuation multiples of the Company based on the Merger Consideration were within or above the range of valuation multiples of the selected transactions when comparing the ratio of (i) the implied EV to LTM revenue, (ii) the implied EV to LTM EBITDA, (iii) the implied EV to LTM EBIT, and (iv) the implied equity value to the LTM Net Income.

The analysis indicated the following multiples:

		Selected M&A Transactions			
	Company(1)	Minimum	Mean	Median	Maximum
Implied EV to LTM Revenue (2)	3.3x	0.2x	1.1x	0.9x	2.5x
Implied EV to LTM EBITDA (2)	17.4x	6.1x	9.2x	8.5x	22.2x
Implied EV to LTM EBIT (2)(3)	21.7x	7.9x	16.6x	14.5x	34.5x
Implied Equity Value to LTM Net Income (2)(4)	36.6x	16.6x	26.9x	20.3x	59.5x

(1) Based on the Merger Consideration.
(2) LTM for the selected transactions is based on latest publicly reported financial results. For the Company, LTM was as of July 29, 2012.
(3) Piper Jaffray omitted EBIT results of two selected transactions in which the target company was undergoing restructuring and impairment charges or experiencing operational distress, resulting in multiples that were negative or not meaningful, and deemed misleading.
(4) Piper Jaffray omitted Equity Value to LTM Net Income results of five selected transactions in which the target company was undergoing restructuring and impairment charges or experiencing operational distress, resulting in multiples that were negative or not meaningful, and deemed misleading.

Premiums Paid Analysis

Piper Jaffray reviewed publicly available information for selected announced and completed or pending merger transactions to determine the premiums paid in the transactions over recent trading prices of the target companies prior to announcement of the transaction. Piper Jaffray selected these transactions based on the following criteria:

- transactions announced after January 1, 2006;
- targets in broad-based consumer industries, including retail, food and beverage, restaurants, apparel, consumer products and consumer services; and
- EV between $250 million and $4 billion.

Piper Jaffray performed its analysis on approximately 55 transactions that satisfied these criteria, and the table below shows a comparison of premiums paid in these transactions to the premium that would be paid to the Company s stockholders based on the Merger Consideration.

		Selected Premiums Paid based on Enterprise Value			
	Company(1)	Minimum	Mean	Median	Maximum
Premium 1 day prior	50.5%	0.7%	33.5%	24.9%	147.3%
Premium 1 week prior	50.0%	(7.2%)	33.8%	27.1%	137.0%
Premium 4 weeks prior	20.3%	(7.0%)	35.1%	28.4%	157.9%
Premium 3 months prior	29.2%	(12.9%)	38.8%	30.1%	171.3%

(1) Based on the Merger Consideration.

Discounted Cash Flows Analysis

Using a discounted cash flows analysis, Piper Jaffray calculated an estimated range of theoretical values for the Company using the Company s Base Case Forecast and Upside Case Forecast described below under The Merger Summary of Teavana s Projections, based on the net present value of (i) implied free cash flows from July 29, 2012 through fiscal year 2017; and (ii) a terminal value at fiscal year 2017 based upon a multiple of EBITDA consistent with transaction analysis multiples. The free cash flows for each year were calculated from the Company s projections as operating income less taxes plus depreciation and amortization, less capital expenditures, plus/less change in net working capital. Using the Company s Base Case Forecast, Piper Jaffray calculated the range of net present values based on terminal value multiples ranging from 7.0x to 9.0x and discount rates ranging from 11.0% to 16.0%, based on a weighted average cost of capital analysis, which was adjusted upward to account for small Company premiums as provided by Ibbotson and inherent business risk relative to the Company, and a tax rate ranging from 40.5% in 2012 to 37.3% in 2017 based on the Company s projections. This analysis resulted in implied per share values of the Company s Common Stock ranging from a low of $10.84 per share to a high of $16.18 per share. Using the Company s Upside Case Forecast, Piper Jaffray calculated the range of net present values based on terminal value multiples ranging from 8.0x to 10.0x and discount rates ranging from 11.0% to 16.0%, based on a weighted average cost of capital analysis, which was adjusted upward to account for small Company premiums as provided by Ibbotson and inherent business risk relative to the Company, and a tax rate ranging from 40.5% in 2012 to 37.3% in 2017 based on the Company s projections. This analysis resulted in implied per share values of the Company s Common Stock ranging from a low of $14.98 per share to a high of $22.53 per share. Piper Jaffray observed that the Merger Consideration was within the range of values derived from this analysis.

Miscellaneous

The summary set forth above does not contain a complete description of the analyses performed by Piper Jaffray, but does summarize the material analyses performed by Piper Jaffray in rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Piper Jaffray believes that its analyses and the summary set forth above must be considered as a whole and that selecting portions of its analyses or of the summary, without considering the analyses as a whole or all of the factors included in its analyses, would create an incomplete view of the processes underlying the analyses set forth in the Piper Jaffray opinion. In arriving at its opinion, Piper Jaffray considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis. Instead, Piper Jaffray made its determination as to fairness on the basis of its experience and financial judgment after considering the results of all of its analyses. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that this analysis was given greater weight than any other analysis. In addition, the ranges of valuations resulting from any particular analysis described above should not be taken to be Piper Jaffray s view of the actual value of the Company.

No company or transaction used in the above analyses as a comparison is directly comparable to the Company or the Merger and the other transactions contemplated by the Merger Agreement. Accordingly, an analysis of the results of the comparisons is not mathematical; rather, it involves complex considerations and judgments about differences in the companies and transactions to which the Company and the Merger were compared and other factors that could affect the public trading value or transaction value of the companies involved.

Piper Jaffray performed its analyses for purposes of providing its opinion to the Company s Board of Directors. In performing its analyses, Piper Jaffray made numerous assumptions with respect to industry performance, general business and economic conditions and other matters. Certain of the analyses performed by Piper Jaffray are based upon forecasts of future results furnished to Piper Jaffray by the Company s management, which are not necessarily indicative of actual future results and may be significantly more or less favorable than actual future results. These forecasts are inherently subject to uncertainty because, among other things, they are based upon numerous factors or events beyond the control of the parties or their respective advisors. Piper Jaffray does not assume responsibility if future results are materially different from forecasted results.

Piper Jaffray relied upon and assumed, without assuming liability or responsibility for independent verification, the accuracy and completeness of all information that was publicly available or was furnished, or otherwise made available, to Piper Jaffray or discussed with or reviewed by Piper Jaffray. Piper Jaffray further relied upon the assurances of the Company s management that the financial information provided to Piper Jaffray was prepared on a reasonable basis in accordance with industry practice, and that the Company s management

Table of Contents

was not aware of any information or facts that would make any information provided to Piper Jaffray incomplete or misleading. Without limiting the generality of the foregoing, for the purpose of Piper Jaffray s opinion, Piper Jaffray assumed that with respect to financial forecasts, estimates and other forward-looking information reviewed by Piper Jaffray, that such information was reasonably prepared based on assumptions reflecting the best currently available estimates and judgments of the Company s management as to the expected future results of operations and financial condition of the Company. Piper Jaffray expressed no opinion as to any such financial forecasts, estimates or forward-looking information or the assumptions on which they were based. Piper Jaffray relied, with the Company s consent, on advice of the outside counsel and the independent registered public accounting firm to the Company, and on the assumptions of the Company s management, as to all accounting, legal, regulatory, tax and financial reporting matters with respect to the Company and the Merger Agreement. Piper Jaffray s opinion does not address any accounting, legal, regulatory, tax and financial reporting matters.

In arriving at its opinion, Piper Jaffray assumed that the executed Merger Agreement was in all material respects identical to the last draft reviewed by Piper Jaffray. Piper Jaffray relied upon and assumed, without independent verification, that (i) the representations and warranties of all parties to the Merger Agreement and all other related documents and instruments that are referred to therein were true and correct, (ii) each party to such agreements would fully and timely perform all of the covenants and agreements required to be performed by such party, (iii) the Merger would be consummated pursuant to the terms of the Merger Agreement without amendments thereto and (iv) all conditions to the consummation of the Merger would be satisfied without waiver by any party of any conditions or obligations thereunder. Additionally, Piper Jaffray assumed that all the necessary regulatory approvals and consents required for the Merger would be obtained in a manner that would not adversely affect the Company or the contemplated benefits of the Merger. Piper Jaffray understands that the Principal Stockholders agreed to have a portion of their Merger Consideration placed in escrow for release upon satisfaction of certain conditions and for purposes of rendering its opinion, Piper Jaffray assumed that the Principal Stockholders would receive their Merger Consideration on the same terms as the other holders of Company Common Stock and that no portion of their Merger Consideration would be subject to escrow.

In arriving at its opinion, Piper Jaffray did not perform any appraisals or valuations of any specific assets or liabilities (fixed, contingent or other) of the Company, and was not furnished or provided with any such appraisals or valuations, nor did Piper Jaffray evaluate the solvency of the Company under any state or federal law relating to bankruptcy, insolvency or similar matters. The analyses performed by Piper Jaffray in connection with its opinion were going concern analyses. Piper Jaffray expressed no opinion regarding the liquidation value of the Company or any other entity. Without limiting the generality of the foregoing, Piper Jaffray undertook no independent analysis of any pending or threatened litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which the Company or any of its affiliates was a party or may be subject, and at the direction of the Company and with its consent, Piper Jaffray s opinion made no assumption concerning, and therefore did not consider, the possible assertion of claims, outcomes or damages arising out of any such matters. Piper Jaffray also assumed that neither the Company nor Parent is party to any material pending transaction, including without limitation any financing, recapitalization, acquisition or merger, divestiture or spin-off, other than the Merger.

Piper Jaffray s opinion was necessarily based upon the information available to it and facts and circumstances as they existed and were subject to evaluation on the date of its opinion. Events occurring after the date of its opinion could materially affect the assumptions used in preparing its opinion. Piper Jaffray did not express any opinion as to the price at which shares of Company Common Stock may trade following announcement of the Merger or at any future time. Piper Jaffray did not undertake to reaffirm or revise its opinion or otherwise comment upon any events occurring after the date of its opinion and does not have any obligation to update, revise or reaffirm its opinion.

Piper Jaffray s opinion addressed solely the fairness, from a financial point of view, to the holders of the Company Common Stock of the Merger Consideration, as set forth in the Merger Agreement, and did not address any other terms or agreement relating to the Merger or any other terms of the Merger Agreement. Piper Jaffray

Table of Contents

was not requested to opine as to, and its opinion does not address, the basic business decision to proceed with or effect and the Merger, the merits of the Merger relative to any alternative transaction or business strategy that may be available to the Company, Parent s ability to fund the Merger Consideration payable in the Merger pursuant to the Merger Agreement or any other terms contemplated by the Merger Agreement. Furthermore, Piper Jaffray expressed no opinion with respect to the amount or nature of the compensation to any officer, director or employee, or any class of such persons, relative to the compensation to be received by holders of Company Common Stock in the Merger or with respect to the fairness of any such compensation.

Piper Jaffray is a nationally recognized investment banking firm and is regularly engaged as financial advisor in connection with mergers and acquisitions, underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for corporate and other purposes. The Company s Board of Directors selected Piper Jaffray to render its fairness opinion in connection with the transactions contemplated by the Merger Agreement on the basis of its experience and reputation in acting as financial advisor in connection with mergers and acquisitions.

Piper Jaffray rendered to the Company s Board of Directors a fairness opinion in connection with the Merger and will receive a fee of approximately $375,000 plus expenses from the Company, none of which is contingent upon the consummation of the Merger. The opinion fee was not contingent upon the consummation of the Merger or the conclusions reached in Piper Jaffray s opinion. Piper Jaffray will also receive a fee of approximately $100,000 from the Company for making a limited number of initial contacts with potential acquirers, none of which is contingent upon the consummation of the Merger. The Company has agreed to indemnify Piper Jaffray against certain liabilities and reimburse Piper Jaffray for certain expenses in connection with its services. In the ordinary course of its business, Piper Jaffray and its affiliates may actively trade securities of the Company for its own account or the account of its customers and, accordingly, may at any time hold a long or short position in such securities. Piper Jaffray and its affiliates may from time to time perform various investment banking and financial advisory services for the Company and for other clients and customers that may have conflicting interests with the Company, for which Piper Jaffray would expect to receive compensation.

Consistent with applicable legal and regulatory requirements, Piper Jaffray has adopted policies and procedures to establish and maintain the independence of Piper Jaffray s research department and personnel. As a result, Piper Jaffray s research analysts may hold opinions, make statements or investment recommendations and/or publish research reports with respect to the Merger and other participants in the merger that differ from the opinions of Piper Jaffray s investment banking personnel.

SUMMARY OF TEAVANA S PROJECTIONS

Teavana does not as a matter of course publicly disclose long-term forecasts or internal projections as to future performance, revenues, earnings, financial condition or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, in connection with the Board of Directors exploration of strategic alternatives, Company management prepared unaudited prospective financial information on a stand-alone, pre-merger basis. Teavana is electing to provide the unaudited prospective financial information in this information statement to provide the stockholders of Teavana access to certain non-public unaudited prospective financial information that was made available to Parent or to Teavana s financial advisors in connection with the Merger. The unaudited prospective financial information was not prepared with a view toward public disclosure and the inclusion of this information should not be regarded as an indication that Teavana or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results. Neither Teavana nor any of its affiliates assumes any responsibility for the accuracy of this information. Readers of this information statement are cautioned not to place undue reliance on the unaudited prospective financial information. No one has made or makes any representation to any stockholder of Teavana regarding the information included in the unaudited prospective financial information or the ultimate performance of Teavana compared to the information included in the unaudited prospective financial information.

Table of Contents

The unaudited prospective financial information was not prepared with a view toward complying with Generally Accepted Accounting Principles (GAAP), the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants with respect to the preparation or presentation of prospective financial information. Certain of the unaudited prospective financial information presents financial metrics that were not prepared in accordance with GAAP. These non-GAAP financial measures may be different from non-GAAP financial measures used by other companies. Teavana has not prepared, and neither the Board of Directors nor the Board of Directors financial advisors have considered, a reconciliation of these non-GAAP financial measures to applicable GAAP financial measures.

There can be no assurance that the assumptions made in preparing such information will prove accurate or that the projected results reflected therein will be realized. Neither Teavana s independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the unaudited prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for the unaudited prospective financial information and disclaim any association with, the prospective financial information. Furthermore, the unaudited prospective financial information does not take into account any circumstance or event occurring after the date it was prepared or which may occur in the future, and, in particular, does not take into account any revised prospects of Teavana s business, changes in general business, regulatory or economic conditions, competition or any other transaction or event that has occurred since the date on which such information was prepared or which may occur in the future.

While presented with numeric specificity, the unaudited prospective financial information reflects numerous estimates and assumptions made by Company management with respect to industry performance and competition, general business, economic, market and financial conditions and matters specific to Teavana s business, all of which are difficult to predict and many of which are beyond Teavana s control. As a result, the unaudited prospective financial information reflects numerous assumptions and estimates as to future events and there can be no assurance that these assumptions will accurately reflect future conditions, that the unaudited prospective financial information will be realized or that actual results will not be significantly higher or lower than estimated. Since the unaudited prospective financial information covers multiple years, such information by its nature becomes less predictive with each successive year.

Company management prepared unaudited prospective financial information under two cases reflecting alternative business scenarios, reflected below as the Upside Case Forecast and the Base Case Forecast. The Upside Case Forecast was prepared first and was provided to Parent and reflected management s forecast based on aggressive growth assumptions relating to new store openings and growth in comparable store sales. The Base Case Forecast was prepared later and reflected a more conservative growth pattern and was based on the most recent financial performance trends of the Company as well as management s judgment that competitive and other conditions would make obtaining the Upside Case Forecast difficult and less likely. The Board considered both of the forecasts in reaching its judgment to accept the proposal from Parent, and concluded that the Base Case Forecast was subject to risk and uncertainty but represented the more likely outcome at this time and that the Upside Case Forecast was subject to significant additional risk and uncertainty.

Table of Contents

The following table presents a summary of the material unaudited prospective financial information of Teavana contained in the base plan or Base Case Forecast:

($ in millions)	Historical			Projected				
				Fiscal Year End				
	2010A	2011A	2012E	2013E	2014E	2015E	2016E	2017E
Net Sales	$ 124.7	$ 168.1	$ 234.4	$ 279.3	$ 309.9	$ 347.9	$ 388.8	$ 428.3
Cost of Goods Sold	46.3	60.9	87.0	102.5	113.9	128.3	144.0	159.1
Gross Profit	78.4	107.2	147.4	176.8	196.1	219.6	244.9	269.2
Selling General and Administrative	50.4	69.7	100.9	115.2	127.1	140.9	155.3	170.2
EBITDA	$ 28.0	$ 37.5	$ 46.5	$ 61.5	$ 69.0	$ 78.7	$ 89.6	$ 99.0
Depreciation and amortization	4.6	6.0	9.2	11.0	12.2	13.7	15.3	16.8
Operating Income	23.4	31.6	37.3	50.5	56.8	65.0	74.4	82.2
Interest	2.4	1.6	0.8	0.6	0.3	0.3	0.3	0.3
Pre-Tax Income	20.9	29.9	36.4	49.9	56.5	64.7	74.1	81.9
Taxes	8.9	12.2	14.8	19.4	21.9	24.7	28.1	30.5
Net Income	$ 12.0	$ 17.8	$ 21.7	$ 30.5	$ 34.6	$ 40.0	$ 45.9	$ 51.3

The following table presents a summary of the material unaudited prospective financial information of Teavana contained in the upside plan or Upside Case Forecast:

($ in millions)	Historical			Projected				
				Fiscal Year End				
	2010A	2011A	2012E	2013E	2014E	2015E	2016E	2017E
Net Sales	$ 124.7	$ 168.1	$ 234.4	$ 300.0	$ 368.3	$ 442.0	$ 510.4	$ 579.0
Cost of Goods Sold	46.3	60.9	87.0	110.4	136.0	163.7	190.3	216.5
Gross Profit	78.4	107.2	147.4	189.6	232.3	278.2	320.1	362.6
Selling General and Administrative	50.4	69.7	100.9	124.0	150.0	176.2	200.4	224.9
EBITDA	$ 28.0	$ 37.5	$ 46.5	$ 65.6	$ 82.3	$ 102.0	$ 119.7	$ 137.7
Depreciation and amortization	4.6	6.0	9.2	11.8	14.4	17.1	19.7	22.4
Operating Income	23.4	31.6	37.3	53.9	67.9	84.9	100.0	115.3
Interest	2.4	1.6	0.8	0.6	0.3	0.3	0.3	0.3
Pre-Tax Income	20.9	29.9	36.4	53.3	67.6	84.6	99.7	115.0
Taxes	8.9	12.2	14.8	20.7	26.2	32.3	37.9	42.9
Net Income	$ 12.0	$ 17.8	$ 21.7	$ 32.5	$ 41.4	$ 52.3	$ 61.8	$ 72.1

Piper Jaffray calculated free cash flows based on the Company s projections that were also used in its analyses. The free cash flows from July 29, 2012 through 2017 used by Piper Jaffray in its analyses for the Base Case Forecast were $19.2 million, $28.1 million, $27.6 million, $34.0 million, $46.1 million and $46.6 million, respectively. The free cash flows from July 29, 2012 through 2017 used by Piper Jaffray in its analyses for the Upside Case Forecast were $19.2 million, $22.3 million, $18.7 million, $31.1 million, $39.3 million and $49.3 million, respectively.

The unaudited prospective financial information includes forward-looking statements and is based on estimates and assumptions that are inherently subject to factors such as industry performance, competition, general business, economic, regulatory, market and financial conditions, as well as changes to the business, financial condition or results of operations of Teavana, including the factors described under Special Note Regarding Forward-Looking Statements beginning on page 57, and other risk factors as disclosed in Teavana s filings with the SEC that could cause actual results to differ materially from those shown below. Teavana s most recent annual and quarterly reports on Forms 10-K and 10-Q are attached to this information statement as **Annex E, Annex F** and **Annex G**. Stockholders are urged to review Teavana s most recent SEC filings for a description of risk factors with respect to Teavana s business. See Special Note Regarding Forward-Looking Statements beginning on page 57 and Where You Can Find More Information beginning on page 58. The

31

unaudited prospective financial information does not take into account any of the transactions contemplated by the Merger Agreement, including the Merger, which might cause actual results to differ materially.

Teavana s stockholders are urged to review Teavana s most recent SEC filings attached as annexes to this information statement for a description of Teavana s reported results of operations, financial condition and capital resources during the fiscal year ended January 29, 2012, and the six months ended July 29, 2012. See Where You Can Find More Information beginning on page 58.

For the foregoing reasons, as well as the bases and assumptions on which the unaudited prospective financial information was compiled, the inclusion of Teavana s unaudited prospective financial information in this information statement should not be regarded as an indication that such information will be predictive of future results or events nor construed as financial guidance, and it should not be relied on as such or for any other purpose whatsoever.

TEAVANA HAS NOT UPDATED AND DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE PROSPECTIVE FINANCIAL INFORMATION SET FORTH ABOVE, INCLUDING, WITHOUT LIMITATION, TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE SUCH INFORMATION WAS PREPARED OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, INCLUDING, WITHOUT LIMITATION, CHANGES IN GENERAL ECONOMIC, REGULATORY OR INDUSTRY CONDITIONS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING THE PROSPECTIVE FINANCIAL INFORMATION ARE NO LONGER APPROPRIATE.

ADDITIONAL FINANCIAL ADVISOR

The Board of Directors also engaged North Point to act as a financial advisor to the Board of Directors with respect to the contemplated transaction. North Point was selected because of its long-time relationship with the Company as well as its substantial experience in the Company s industry, including acquisition transactions in that industry. Under the terms of its agreement with North Point, the Company has agreed to pay North Point a transaction fee of $6.1 million, all of which is payable upon consummation of the transaction. In addition, Teavana has agreed to reimburse North Point up to $100,000 in the aggregate for its reasonable expenses, including fees and expenses of its legal counsel, and to indemnify North Point and related persons against various liabilities, including certain liabilities under the federal securities laws. In light of the fact that North Point and its affiliates owned shares of Common Stock, Teavana did not ask North Point to render an opinion as to the fairness from a financial point of view to the holders of Common Stock of Teavana of the consideration to be received by such holders pursuant to the Merger Agreement, but rather requested and relied on the opinion of Piper Jaffray.

Piper Jaffray served as a co-manager in connection with the Company s initial public offering in July 2011 and North Point advised the Company in connection with its 2011 acquisition of Teaopia. In addition, Mr. Jacquin served on the Board of Directors of the Company from 2004 to 2010 prior to the Company s initial public offering. North Point also holds less than one percent of the outstanding shares of the Company s Common Stock. During the two years preceding the date of Piper Jaffray s opinion, neither Piper Jaffray nor North Point were engaged by, performed any services for or received any compensation from Parent.

FINANCING OF THE MERGER

Parent s obligation to complete the Merger is not conditioned upon obtaining financing. Parent has advised the Company that it will have available at the closing date of the Merger the necessary funds from its cash on hand to complete the Merger.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO OUR STOCKHOLDERS

The following is a summary of United States federal income tax consequences of the Merger to U.S. holders (as defined below) whose shares of our Common Stock are converted into the right to receive the Merger Consideration in the Merger. The discussion is for general information purposes only and does not purport to consider all aspects of United States federal income taxation that might be relevant to our stockholders. The

Table of Contents

discussion is based on current law which is subject to change, possibly with retroactive effect. The discussion applies only to stockholders who hold shares of our Common Stock as capital assets, and does not address the tax consequences that may be relevant to a particular stockholder subject to special treatment under certain federal income tax laws, such as dealers in securities, banks, insurance companies, tax-exempt organizations, and stockholders who acquired shares of Common Stock pursuant to the exercise of options or otherwise as compensation or through a tax-qualified retirement plan.

For purposes of this summary, a U.S. holder is a holder of our Common Stock who is, for United States federal income tax purposes:

- An individual who is a citizen or resident of the United States;
- A corporation (or other entity treated as a corporation) created or organized under the laws of the United States or any political subdivision thereof;
- An estate whose income is subject to United States federal income tax regardless of its source; or
- A trust (a) if a U.S. court is able to exercise primary supervision over the trust s administration and one or more United States persons are authorized to control all substantial decisions of the trust or (b) if the trust has a valid election in place to be treated as a U.S. person.

This discussion does not discuss the tax consequences to any stockholder who, for United States federal income tax purposes, is not a U.S. holder and does not address any aspect of state, local or non-U.S. tax laws.

If our Common Stock is held by a partnership, the United States federal income tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships that are holders of our Common Stock, and partners in such partnerships, are urged to consult their own tax advisors regarding the consequences to them of the Merger.

The receipt of the Merger Consideration for shares of our Common Stock in the Merger will be a taxable transaction for United States federal income tax purposes. In general, a stockholder who surrenders shares of our Common Stock for cash in the Merger will recognize capital gain or loss for United States federal income tax purposes equal to the difference, if any, between the Merger Consideration and the stockholder s adjusted tax basis in the shares of our Common Stock surrendered. Gain or loss will be determined separately for each block of shares (i.e., shares acquired at the same cost in a single transaction) surrendered in the Merger. Such gain or loss will be long-term capital gain or loss provided that a stockholder s holding period for such shares is more than one year at the time of the completion of the Merger. Long-term capital gains of individuals are eligible for reduced rates of taxation in 2012. There are limitations on the deductibility of capital losses.

Backup withholding will apply to all cash payments to which a stockholder or other payee is entitled pursuant to the Merger Agreement, unless such stockholder or other payee provides a taxpayer identification number (Social Security number, in the case of individuals, or employer identification number, in the case of other stockholders), certifies that such number is correct, and otherwise complies with the backup withholding tax rules. Each of our stockholders and, if applicable, each other payee, should complete and sign the Substitute Form W-9 which will be included as part of the letter of transmittal and return it to the paying agent, in order to provide the information and certification necessary to avoid backup withholding tax, unless an exemption applies and is established in a manner satisfactory to the paying agent.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is furnished to the Internal Revenue Service.

Stockholders considering the exercise of their appraisal rights should consult their own tax advisors concerning the application of U.S. federal income tax laws to their particular situations as well as any consequences of the exercise of such rights arising under the laws of any other taxing jurisdiction.

Table of Contents

The United States federal income tax consequences set forth above are for general information purposes only and are not intended to constitute a complete description of all tax consequences relating to the Merger. Because individual circumstances may differ, each stockholder should consult the stockholder s tax advisor regarding the applicability of the rules discussed above to the stockholder and the particular tax effects to the stockholder of the Merger, including the application of state, local and non-U.S. tax laws.

INTERESTS OF DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER

Members of our Board of Directors and our executive officers have various interests in the Merger described in this section that may be different from, or in addition to, the interests of Teavana and our stockholders generally.

Please see The Merger Agreement Treatment of Stock Options for a discussion of the treatment of outstanding vested and unvested options to acquire our Common Stock held by our directors and executive officers at the closing of the Merger. Please see Security Ownership of Certain Beneficial Owners and Management for details regarding the beneficial ownership of certain members of our Board of Directors and our executive officers.

Stock Options to be Cashed Out in the Merger

The following table sets forth, based on options outstanding as of November 14, 2012, the cash proceeds that each of the Company s directors and executive officers would receive at the closing of the Merger (and, with respect to Messrs. Mack, Glennon, Luckhurst and Link, some portion of which will be payable only upon release of funds from an escrow account) in respect of the cash-out of those options (taking into account, for purposes of determining the cash proceeds in respect of vested and unvested stock options, respectively, any stock options that are expected to vest in accordance with their terms between the date of this information statement and the closing of the Merger). With respect to Messrs. Mack, Glennon, Luckhurst and Link, a portion of the cash proceeds they will receive will be payable only upon release of funds from an escrow account. The amounts disclosed in the table below do not include any vested or unvested stock options with a per share exercise price equal to or greater than the Merger Consideration as those stock options will be cancelled for no consideration.

Name	**Cash Payment for Vested Stock Options ($)**	**Cash Payment for Unvested Stock Options ($)**	**Total Cash Payment for Stock Options (1) ($)**
Non-Employee Directors:			
Robert J. Dennis		$ 4,920	$ 4,920
F. Barron Fletcher III			
John E. Kyees		$ 4,920	$ 4,920
Michael J. Nevins	$ 624,873	$ 4,920	$ 629,793
Thomas A. Saunders III		$ 4,920	$ 4,920
Named Executive Officers:			
Andrew T. Mack			
Daniel P. Glennon (2)	$ 2,153,922		$ 2,153,922
Peter M. Luckhurst (2)	$ 3,245,924		$ 3,245,924
Jurgen W. Link (2)	$ 393,287		$ 393,287
David V. Christopherson		$ 38,850	$ 38,850
All Directors and Executive Officers as a Group (10 Persons)	$ 6,276,994	$ 58,530	$ 6,335,524

(1) Does not include value attributable to vested Common Stock owned outright by the director or executive officer.
(2) A portion of the option cash-out proceeds will be placed in escrow to cover certain potential costs including relating to integration matters.

Table of Contents

Potential Severance Payable to Executive Officers

The Company is party to employment agreements with each of Messrs. Mack, Link, Glennon, Luckhurst and Christopherson. Pursuant to these agreements, if we terminate an executive officer s employment without cause, as defined in the agreement, or if the executive officer resigns for good reason, as defined below, we are required to continue to pay the executive officer s base salary for 18 months following the termination date, subject to the executive officer s execution and delivery to us of a general release of claims in our favor. If we terminate the executive officer for cause, or if the executive officer resigns other than for good reason, we are required only to pay the executive officer accrued but unpaid salary and unreimbursed expenses for which the executive is entitled to reimbursement from us. Pursuant to their employment agreements, the executive officers have also agreed to a non-competition and non-solicitation clause, which survives for two years following termination of employment, a confidentiality clause which survives for five years following termination of employment and provisions relating to protection of our intellectual property. If the executive officer breaches any of these covenants, we have the right to seek specific performance and, if the executive officer breaches either the non-competition or the non-solicitation covenant, we may cease any severance payments being made to the executive and recover severance payments already made.

For purposes of the employment agreements, good reason means the occurrence of any of the following events, without the executive officer s consent: (i) the Company s material breach of the employment agreement; (ii) the assignment of the executive officer 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 employment agreement; or (iii) relocation of the executive officer 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 executive officer 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 executive officer terminates employment by no later than 150 days after the initial existence of any condition listed above.

Golden Parachute Compensation

The following table shows the aggregate dollar value of the various elements of compensation that each of our named executive officers could receive in connection with the Merger from the Company and Parent, as required by Item 402(t) of Regulation S-K, assuming that (i) the consummation of the Merger occurred on November 14, 2012 and (ii) each named executive officer s employment was terminated on the date of consummation of the Merger without cause or by the named executive officer for good reason:

Name	**Cash ($) (1)**	**Equity ($) (2)**	**Total Payments ($)**
Andrew T. Mack	$ 525,000		$ 525,000
Daniel P. Glennon	$ 405,000		$ 405,000
Peter M. Luckhurst	$ 405,000		$ 405,000
Jurgen W. Link	$ 309,582		$ 309,582
David V. Christopherson	$ 315,000	$ 38,850	$ 353,850

(1) These amounts represent cash severance equal to 18 months of continued base salary payable pursuant to the executives employment agreements. These payments are double-trigger, as they will generally only be payable in the event of a qualifying termination of employment following the consummation of the Merger. These payments are based on the named executive officers base salary levels in effect on November 15, 2012; therefore, if base salaries are increased after November 15, 2012, actual payments may be greater than those provided for above. In addition, these double-trigger payments that the named executive officers are entitled to receive pursuant to their employment agreements are subject to their execution of a release of claims and continued compliance with the non-competition and non-solicitation covenants in their employment agreements.

Table of Contents

(2) These amounts represent the cash to be received upon consummation of the Merger due to the cash-out of unvested stock options. These payments are single-trigger, as they will occur upon consummation of the Merger.

Executive Retention Arrangements with Parent

In order to promote the retention of key Company employees during the period prior to and following the consummation of the Merger, Parent expects to grant the employees, including the executive officers, restricted stock units payable in shares of Parent s common stock that are expected to vest in equal 50% installments on each of the second and fourth anniversaries of the consummation of the Merger and stock options exercisable for shares of Parent s common stock that are expected to vest in equal 25% installments on each of the first four anniversaries of the consummation of the Merger, in each case subject to the employee s continued provision of services through the applicable vesting date. The following table indicates the anticipated grant date value of these expected equity grants with respect to our executive officers:

Name	Grant Date Economic Value of Equity Grants ($)
Andrew T. Mack	$ 375,000
Daniel P. Glennon	$ 125,000
Peter M. Luckhurst	$ 125,000
Jurgen W. Link	$ 125,000
David V. Christopherson	$ 125,000

New Management Arrangements

As of the date of this filing, neither the Company nor Parent has entered into any employment agreements with the Company s named executive officers in connection with the Merger other than the anticipated retention equity grants described above, and the Company has not amended or modified any employment agreements or other arrangements with management.

Non-Competition Agreements

Contemporaneously with the execution of the Merger Agreement, each of Andrew T. Mack and his spouse entered into a non-competition agreement with the Company and Parent, effective as of the closing of the Merger, pursuant to which each of them agreed not to compete with the Company or Parent for a period of three years following the closing, to maintain the confidentiality of proprietary and trade secret information of the Company, and to certain restrictions on soliciting customers of the Company and soliciting, recruiting or hiring employees of the Company.

Indemnification and Insurance

The Merger Agreement provides that following the Merger, the surviving corporation will assume all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the Merger existing in favor of the current or former directors or officers of Teavana and its subsidiaries as provided in their respective certificates of incorporation or bylaws (or comparable organizational documents) and any indemnification or other agreements of Teavana as in effect on the date of the Merger Agreement. For six years after the Merger, the surviving corporation must maintain in the certificate of incorporation, bylaws and other organizational documents of the surviving corporation provisions concerning the indemnification and exculpation of Teavana s and its subsidiaries current and former officers, directors and employees that are no less favorable than the provisions under Teavana s and its subsidiaries certificate of incorporation and bylaws (or comparable organizational documents) as of the date of the Merger Agreement. Prior to the Merger, Teavana shall purchase a six-year tail directors and officers liability insurance policy, subject to a cap on aggregate premiums, for acts or omissions prior to the Merger.

Table of Contents

APPRAISAL RIGHTS

The discussion of the provisions set forth below is not intended to be a complete summary regarding your appraisal rights under Delaware law and is qualified in its entirety by reference to the text of the relevant provisions of Delaware law, which are attached as Annex D to this information statement. Stockholders intending to exercise appraisal rights should carefully review Annex D. Failure to follow precisely any of the statutory procedures set forth in Annex D may result in a loss or waiver of these rights.

If the Merger is completed, holders of our Common Stock who did not consent to the adoption of the Merger Agreement and who precisely follow the procedures specified in Section 262 of the DGCL within the appropriate time periods will be entitled to have their shares of our Common Stock appraised by the Delaware Court of Chancery and to receive the fair value of such shares in cash as determined by such court in lieu of the consideration that such stockholders would otherwise be entitled to receive pursuant to the Merger Agreement.

The following is a brief summary of Section 262, which sets forth the procedures for holders of Common Stock who did not consent to the adoption of the Merger Agreement and decide to exercise their statutory appraisal rights. Failure to follow the procedures set forth in Section 262 precisely could result in the loss of appraisal rights. Stockholders who desire to exercise their appraisal rights must satisfy all of the conditions of Section 262. A stockholder of record wishing to assert appraisal rights must hold the shares of stock on the date of making a demand for appraisal rights with respect to such shares and must continuously hold such shares through the effective date of the Merger.

Under Section 262, where a merger is adopted by stockholders by written consent in lieu of a meeting of stockholders, either the constituent corporation before the effective date of the merger or the surviving or resulting corporation after the merger, within 10 days after the effective date of the merger, must notify each stockholder of the constituent corporation entitled to appraisal rights of the merger and that appraisal rights are available. This notice and this information statement constitute notice to holders of Teavana s Common Stock concerning the availability of appraisal rights under Section 262.

Holders of shares of our Common Stock who desire to exercise their appraisal rights must deliver a written demand for appraisal to Teavana not later than December [ ], 2012 (which is 20 days after the date of mailing of this information statement and the notice attached hereto). A stockholder who elects to exercise appraisal rights should mail or deliver the written demand to Teavana at 3630 Peachtree Rd. NE, Suite 1480, Atlanta, Georgia 30326, Attention: Office of the General Counsel. A demand for appraisal must be executed by or for the stockholder of record and must reasonably inform Teavana of the identity of the stockholder of record and that such stockholder intends thereby to demand appraisal of our Common Stock.

Only a holder of record of our Common Stock is entitled to assert appraisal rights for the shares of Common Stock registered in that holder s name. If the shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, the demand must be executed by the fiduciary in such capacity. If the shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or for all joint owners. An authorized agent, including an agent for two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner or owners and expressly disclose the fact that, in exercising the demand, he is acting as agent for the record owner or owners. If a stockholder holds shares of our Common Stock through a broker who in turn holds the shares through a central securities depository nominee, a demand for appraisal of such shares must be made by or on behalf of the depository nominee and must identify the depository nominee as record holder.

A record holder, such as a broker, fiduciary, depositary or other nominee, who holds shares of our Common Stock as a nominee for others, may exercise appraisal rights with respect to the shares held for all or less than all beneficial owners of shares as to which such person is the record owner. In such case, the written demand should set forth the number of shares covered by the demand. Where the number of shares is not expressly stated, the demand will be presumed to cover all shares of our Common Stock outstanding in the name of such record owner.

Table of Contents

A person having a beneficial interest in our Common Stock held of record in the name of another person, such as a broker, depositary or other nominee, must act promptly to cause the record holder to follow the procedures set forth in Section 262 in a timely manner to perfect any appraisal rights. Stockholders who hold their shares of Common Stock in brokerage accounts or other nominee forms and who wish to exercise appraisal rights are urged to consult with their brokers or other nominees to determine the appropriate procedures for the making of a demand for appraisal by such brokers or nominees.

Prior to the Merger or within 10 days after the effective time of the Merger, we must provide notice of the effective time of the Merger to all of our stockholders entitled to appraisal rights. If this notice is sent more than 20 days after the sending of this information statement, we will only send it to stockholders who are entitled to appraisal rights and who have demanded appraisal in accordance with Section 262.

Within 120 days after the effective date of the Merger, any stockholder who has satisfied the requirements of Section 262 may deliver to us a written demand for a statement listing the aggregate number of shares not voted in favor of the adoption of the Merger Agreement and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Teavana, as the surviving corporation in the Merger, must mail any such written statement to the stockholder within 10 days after the stockholders request is received by us or within 10 days after the latest date for delivery of a demand for appraisal under Section 262, whichever is later.

Within 120 days after the effective date of the Merger, either Teavana or any stockholder who has complied with the required conditions of Section 262 and who is otherwise entitled to appraisal rights may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the Teavana shares of Common Stock of stockholders entitled to appraisal rights. We have no obligation, and no present intention, to file such a petition. If no petition is filed, appraisal rights will be lost for all stockholders who had previously demanded appraisal of their shares. Accordingly, it is the obligation of the holders of our Common Stock to initiate all necessary action to perfect their appraisal rights in respect of such shares of Common Stock within the time prescribed in Section 262.

Upon the filing of a petition for appraisal by a stockholder in accordance with Section 262, service of a copy must be provided to us. Within 20 days after service, we must file in the office of the Delaware Register in Chancery a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached by us. The Delaware Register in Chancery, if so ordered by the Delaware Court of Chancery, will give notice of the time and place fixed for the hearing of such petition by registered or certified mail to us and to the stockholders shown on the list at the addresses therein stated, and notice will also be given by publishing a notice at least one week before the day of the hearing in a newspaper of general circulation published in the City of Wilmington, Delaware, or such publication as the Delaware Court of Chancery deems advisable. The forms of the notices by mail and by publication must be approved by the Delaware Court of Chancery, and the costs thereof will be borne by us. The Delaware Court of Chancery may require the stockholders who have demanded an appraisal for their shares (and who hold stock represented by certificates) to submit their stock certificates to the Delaware Register in Chancery for notation of the pendency of the appraisal proceedings and the Delaware Court of Chancery may dismiss the proceedings as to any stockholder that fails to comply with such direction.

If a petition for an appraisal is filed in a timely fashion, after a hearing on the petition, the Delaware Court of Chancery will determine which stockholders are entitled to appraisal rights and will appraise the shares owned by these stockholders, determining the fair value of such shares, exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with a fair rate of interest to be paid, if any, upon the amount determined to be the fair value. When the fair value is so determined, the Delaware Court of Chancery will direct the payment by Teavana, as the surviving corporation of the Merger, of such value, with interest thereon to be paid in accordance with Section 262 of the DGCL and as the Delaware Court of Chancery so determines, to the stockholders entitled thereto, upon the surrender to Teavana by such stockholders of such shares of Common Stock. Unless the Delaware Court of Chancery, in its discretion, sets a different interest rate

Table of Contents

for good cause shown, interest on an appraisal award will accrue and compound quarterly from the effective time of the Merger through the date on which the judgment is paid at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective time of the Merger and the date of payment of the judgment.

In determining fair value of shares, the Delaware Court of Chancery will take into account all relevant factors. In *Weinberger v. UOP, Inc.*, the Delaware Supreme Court has stated that such factors include market value, asset value, dividends, earning prospects, the nature of the enterprise and any other facts which were known or which could be ascertained as of the date of the merger and which throw any light on future prospects of the merged corporation. In *Weinberger*, the Delaware Supreme Court stated, among other things, that proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered in an appraisal proceeding. Section 262 of the DGCL provides that fair value is to be exclusive of any element of value arising from the accomplishment or expectation of the merger. In *Cede & Co. v. Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a narrow exclusion [that] does not encompass known elements of value, but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Delaware Supreme Court construed Section 262 of the DGCL to mean that elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered. In addition, the Court of Chancery has decided that the statutory appraisal remedy, depending on factual circumstances, may or may not be a dissenter s exclusive remedy.

Teavana stockholders considering seeking appraisal of their shares should note that the fair value of their shares determined under Section 262 could be more, the same or less than the consideration they would have received pursuant to the Merger Agreement if they had not sought appraisal of their shares and that opinions of investment banking firms as to the fairness of the Merger Consideration, from a financial point of view, are not necessarily opinions as to the fair value thereof to be determined by the Delaware Court of Chancery under Section 262 of the DGCL. Moreover, Teavana does not anticipate offering more than the Merger Consideration to any stockholder exercising appraisal rights and reserves the right to assert, in any appraisal proceeding, that, for purposes of Section 262, the fair value of a share of our Common Stock is less than the Merger Consideration. The costs of the appraisal proceeding may be determined by the Delaware Court of Chancery and assessed against the parties as the Delaware Court of Chancery deems equitable under the circumstances. However, costs do not include attorney and expert witness fees. Upon application of a stockholder seeking appraisal, the Delaware Court of Chancery may order that all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys fees and the fees and expenses of experts, be charged pro rata against the value of all shares entitled to appraisal. In the absence of an assessment, each party must bear his, her or its own expenses.

Any stockholder who has duly demanded appraisal in compliance with Section 262 will not, after the effective time of the Merger, be entitled to vote for any purpose the shares subject to appraisal or to receive payment of dividends or other distributions on such shares, except for dividends or distributions payable to stockholders of record at a date prior to the effective time of the Merger.

At any time within 60 days after the effective date of the Merger, any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party will have the right to withdraw his, her or its demand for appraisal and to accept the terms offered in the Merger Agreement by delivering a written withdrawal of such demand to the Company. After this 60-day period, a stockholder may withdraw his, her or its demand for appraisal and receive payment for his, her or its shares as provided in the Merger Agreement only with our consent. If no petition for appraisal is filed with the Delaware Court of Chancery within 120 days after the effective date of the Merger, stockholders rights to appraisal (if available) will cease. Inasmuch as we have no obligation or present intention to file such a petition, any stockholder who desires a petition to be filed is advised to file it on a timely basis. No petition timely filed in the Delaware Court of Chancery demanding appraisal may be dismissed as to any stockholder without the approval of the Delaware Court of Chancery, which

Table of Contents

approval may be conditioned upon such terms as the Delaware Court of Chancery deems just, except that this provision will not affect the right of any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party to withdraw such stockholder s demand for appraisal and to accept the terms of the Merger within 60 days after the effective date of the Merger.

Failure by any stockholder to comply fully with the procedures described above and set forth in **Annex D** to this information statement may result in loss of the stockholder s appraisal rights. If you properly demand appraisal of your shares of our Common Stock under Section 262 of the DGCL and you fail to perfect, or effectively withdraw or lose, your right to appraisal, as provided in the DGCL, your shares of our Common Stock will be converted into the right to receive the Merger Consideration.

If you are considering whether to demand appraisal of the fair value of your shares of Common Stock of the Company, you are urged to consult your own legal counsel.

FORM OF THE MERGER

Subject to the terms and conditions of the Merger Agreement and in accordance with DGCL, at the effective date of the Merger, Merger Sub will merge with and into Teavana. Teavana will survive the Merger as a wholly-owned subsidiary of Parent.

CONVERSION OF SHARES; PROCEDURES FOR EXCHANGE OF COMMON STOCK

The conversion of our Common Stock into the right to receive the per share Merger Consideration in cash, without interest and subject to any required withholding taxes, will occur automatically at the effective date of the Merger. As soon as practicable (but in any event within two business days) after the effective date of the Merger, the paying agent will mail a letter of transmittal to each holder of record (other than the Company, Parent and Merger Sub, any of their respective subsidiaries and any stockholders who chose to exercise their appraisal rights) of our Common Stock. The letter of transmittal will be accompanied by instructions for use by each such holder in surrendering his, her or its stock certificates or transferring book-entry shares, as applicable, in exchange for the Merger Consideration into which such shares shall have been converted in the Merger. Stockholders should not return stock certificates or transfer book-entry shares before receiving the letter of transmittal.

In the event of a transfer of ownership of shares of our Common Stock that is not registered in the records of our transfer agent, the Merger Consideration for such shares may be paid to a person other than the person in whose name the certificate so surrendered is registered if:

- the certificate is properly endorsed or otherwise is in proper form for transfer or such book-entry shares shall be properly transferred; and

- the person requesting such payment (a) pays any transfer or other taxes resulting from the payment to a person other than the registered holder of the certificate or (b) establishes that the tax has been paid or is not applicable.

The Merger Consideration paid upon surrender of shares of our Common Stock will be in full satisfaction of all rights relating to the shares of our Common Stock.

DELISTING AND DEREGISTRATION OF TEAVANA COMMON STOCK

If the merger is completed, Teavana s Common Stock will be delisted from the New York Stock Exchange and deregistered under the Exchange Act, and we will no longer file periodic reports with the SEC on account of our Common Stock.

Table of Contents

REGULATORY APPROVALS REQUIRED FOR THE MERGER

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, the Merger may not be completed until the Company and Parent have filed notification and report forms with the U.S. Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice and the applicable waiting period has expired or been terminated. On November 16, 2012, Teavana and Parent each filed a Notification and Report Form with the Antitrust Division and the Federal Trade Commission and requested an early termination of the waiting period. Early termination of the waiting period was granted on November 27, 2012.

Under the Merger Agreement, both Teavana and Parent have agreed to use commercially reasonable efforts to obtain all required governmental approvals and avoid any action or proceeding by a governmental entity to the extent necessary, proper or advisable to consummate the Merger. Except as noted above with respect to the required filings under the Hart-Scott-Rodino Act, the expiration of 20 days from the dissemination of this information statement to Teavana s stockholders and the filing of a certificate of merger in Delaware at or before the effective date of the Merger, we are unaware of any material federal, state or foreign regulatory requirements or approvals required for the execution of the Merger Agreement or completion of the Merger or the other transactions contemplated by the Merger Agreement.

LITIGATION RELATED TO THE MERGER

On November 19, 2012, a putative class action, entitled *Rosenblum v. Teavana Holdings, Inc. et al.*, Case No. 2012CV224005, was filed against the Company, the members of its Board of Directors, Parent and Merger Sub in the Superior Court of Fulton County, State of Georgia. The complaint purports to be brought on behalf of all the Company s stockholders (excluding the defendants and their affiliates). The complaint alleges that the members of the Board of Directors breached their fiduciary obligations to the Company s stockholders in approving the Merger Agreement and related agreements and by failing to make adequate disclosures to the Company s stockholders, and that the other named defendants aided and abetted the breach of those duties. More specifically, the complaint alleges, among other things, that (i) the Merger Consideration is inadequate; (ii) the no-solicitation, termination fee and matching rights provisions of the Merger Agreement will hinder and deter other potential acquirers from seeking to acquire the Company on better terms than the proposed transaction; and (iii) the members of the Board of Directors are conflicted. The complaint seeks various forms of relief, including injunctive relief that would, if granted, prevent the completion of the Merger and an award of attorneys fees and expenses.

On November 27, 2012, a putative class action, entitled *Rubin v. Teavana Holdings, Inc. et al.*, Case No. 8069-VCN, was filed against the Company, the members of its Board of Directors, SKM Partners, LLC (SKM), Parent and Merger Sub in the Court of Chancery of the State of Delaware. The complaint purports to be brought on behalf of all the Company s stockholders (excluding the defendants and their affiliates). The complaint alleges that the members of the Board of Directors breached their fiduciary obligations to the Company s stockholders in approving the Merger Agreement and related agreements and by failing to make adequate disclosures to the Company s stockholders, and that the Company Parent and Merger Sub aided and abetted the breach of those duties. The complaint also alleges that several large stockholders of the Company, including the Company s chief executive officer and SKM, breached their fiduciary obligations to the Company s stockholders in executing the written consent approving the Merger Agreement. More specifically, the complaint alleges, among other things, that (i) the Merger Consideration is inadequate; (ii) the execution of the written consent, and the no-solicitation, termination fee and matching rights provisions of the Merger Agreement restrict the Company from soliciting other offers on more favorable terms than the proposed transaction; and (iii) the members of the Board of Directors are conflicted. The complaint seeks various forms of relief, including injunctive relief that would, if granted, prevent the completion of the Merger and an award of attorneys fees and expenses.

Table of Contents

THE MERGER AGREEMENT

This section of this information statement describes the material provisions of the Merger Agreement but does not purport to describe all of the terms of the Merger Agreement. The following summary is qualified in its entirety by reference to the complete text of the Merger Agreement, which is attached as **Annex A** to this information statement and is incorporated into this information statement by reference. We urge you to read the full text of the Merger Agreement because it is the legal document that governs the Merger. This section is not intended to provide you with any factual information about us. Such information can be found elsewhere in this information statement and in the public filings we make with the SEC, as described in the section entitled Where You Can Find More Information beginning on page 58.

Explanatory Note Regarding the Merger Agreement

The Merger Agreement and this summary of its terms are included to provide you with information regarding its terms. Factual disclosures about the Company contained in this information statement or in the Company s public reports filed with the SEC may supplement, update or modify the factual disclosures about the Company contained in the Merger Agreement. The Merger Agreement has been included to provide investors and security holders with information regarding its terms. It is not intended to provide any other factual information about Teavana, Starbucks or any of their respective subsidiaries or affiliates. The representations and warranties of Teavana contained in the Merger Agreement have been made solely for the benefit of Starbucks and Merger Sub. In addition, such representations and warranties (a) have been made only for purposes of the Merger Agreement, (b) may be subject to limits or exceptions agreed upon by the contracting parties, (c) are subject to materiality qualifications contained in the Merger Agreement which may differ from what may be viewed as material by investors, (d) were made only as of the date of the Merger Agreement or other specific dates and (e) have been included in the Merger Agreement for the purpose of allocating risk between the contracting parties rather than establishing matters as facts. Additionally, the representations, warranties, covenants, conditions and other terms of the Merger Agreement may be subject to subsequent waiver or modification. Matters may change from the state of affairs contemplated by the representations and warranties. The Company will provide additional disclosure in its public reports to the extent that it is aware of the existence of any material facts that are required to be disclosed under federal securities law and that might otherwise contradict the terms and information contained in the Merger Agreement and will update such disclosure as required by federal securities laws. Accordingly, the representations and warranties of Teavana contained in the Merger Agreement should not be read alone, but instead should be read together with the information provided elsewhere in this information statement, the Company s periodic reports attached as annexes to this information statement, and reports, statements and filings that the Company publicly files with the SEC from time to time. Please refer to the sections entitled Additional Information and Where You Can Find More Information on page 58 of this information statement.

THE MERGER

Subject to the terms and conditions of the Merger Agreement, Merger Sub, a wholly-owned subsidiary of Parent, will merge with and into Teavana, with Teavana continuing as the surviving corporation. As a result of the Merger, Teavana will cease to be an independent, publicly-traded company and will become a wholly-owned subsidiary of Parent. The Merger will be effective at the time a certificate of merger is duly filed with the Secretary of State of the State of Delaware (or at a later time, if agreed upon by the parties and specified in the certificate of merger filed with the Secretary of State).

MERGER CONSIDERATION

Upon completion of the Merger, each issued and outstanding share of our Common Stock will automatically be cancelled and will cease to exist and each outstanding share (other than shares (i) where the holder has properly exercised appraisal rights under Section 262 of the DGCL (and has not withdrawn such exercise or lost such rights) or (ii) owned by Teavana, Parent or Merger Sub) will automatically be cancelled and will cease to exist and will be converted into the right to receive $15.50 in cash, without interest and subject to any required withholding taxes. The Principal Stockholders and certain executives of Teavana have agreed to escrow a portion of the Merger Consideration payable with respect to their shares to cover certain potential costs of Teavana including relating to integration matters.

DIRECTORS AND OFFICERS; CERTIFICATE OF INCORPORATION; BYLAWS

The board of directors of the surviving corporation will, from and after the effective time of the Merger, consist of the directors of Merger Sub until the earlier of their resignation or removal or until their respective successors have been duly elected and qualified. The officers of Merger Sub immediately prior to the effective time of the Merger will, from and after the effective time of the Merger, be the officers of the surviving corporation until the earlier of their resignation or removal or until their respective successors have been duly elected and qualified.

The certificate of incorporation of the surviving corporation will be amended in the Merger to be in the form of the certificate of incorporation attached as an exhibit to the Merger Agreement, until changed or amended in accordance with its terms and as provided by applicable law. The bylaws of Merger Sub in effect immediately prior to the effective time of the Merger will be the bylaws of the surviving corporation, until thereafter changed or amended in accordance with its terms and as provided by applicable law.

TREATMENT OF STOCK OPTIONS

At the effective time of the Merger, each Teavana option outstanding immediately prior to the Merger, whether or not then vested and exercisable, will be cancelled and converted into the right to receive, for each share of Common Stock subject to such stock option, an amount in cash, without interest, equal to the excess, if any, of the Merger Consideration over the per share exercise price of such option; provided that the Principal Stockholders that hold options and certain executives of Teavana have agreed to escrow a portion of such consideration. All stock options with an exercise price greater than the per share Merger Consideration will be cancelled at the effective time and the holders of such stock options will not have any right to receive any consideration in respect thereof.

STOCKHOLDERS SEEKING APPRAISAL

The Merger Agreement provides that those stockholders who are entitled to demand and properly demand appraisal will not have the right to receive the Merger Consideration, but will receive payment in cash for the fair value of their shares of our Common Stock as determined in accordance with Delaware law. If a holder fails to perfect, waives, withdraws or loses his, her or its right to appraisal of our Common Stock, his, her or its shares will be treated as if they had been converted into and are exchangeable for the Merger Consideration as of the effective time without interest and the stockholder s right to appraisal will be extinguished. Teavana must give Parent prompt notice of demands for appraisal and Teavana may not make a payment with respect to a demand for appraisal or settle any such demands without Parent s prior written consent.

The fair value of shares of our Common Stock as determined in accordance with Delaware law may be more or less than (or same as) the Merger Consideration to be paid to stockholders who choose not to exercise their appraisal rights. Stockholders who wish to exercise appraisal rights must precisely follow specific procedures. Additional details on appraisal rights are described above in The Merger Appraisal Rights.

PAYMENT FOR THE SHARES

Parent will designate a paying agent reasonably acceptable to us to make payment of the Merger Consideration as contemplated by the Merger Agreement. Prior to or at the time of the Merger, Parent will deposit with the paying agent the funds appropriate to pay the Merger Consideration to the stockholders on a timely basis.

Table of Contents

As soon as reasonably practicable after the completion of the Merger, the paying agent will send you a letter of transmittal and instructions advising you how to surrender your shares of Common Stock in exchange for the Merger Consideration. The paying agent will promptly pay you your Merger Consideration after you have (1) surrendered your shares of Common Stock and (2) provided to the paying agent a properly completed letter of transmittal and any other documents reasonable required by the paying agent. Interest will not be paid or accrue in respect of cash payments. The amount of any cash payments paid to you will be reduced by any applicable withholding taxes. YOU SHOULD NOT SURRENDER YOUR SHARES OF COMMON STOCK WITHOUT A LETTER OF TRANSMITTAL.

If any stock certificate shall have been lost, stolen, defaced or destroyed, upon the making of an affidavit of that fact by the person claiming such stock certificate to be lost, stolen, defaced or destroyed and, if required by the surviving corporation, the posting by such person of a bond in such amount as the surviving corporation may direct as indemnity against any claim that may be made against it with respect to such stock certificate, the paying agent or the surviving corporation, as the case may be, shall pay the Merger Consideration in respect of such lost, stolen, defaced or destroyed stock certificate.

REPRESENTATIONS AND WARRANTIES

The Merger Agreement contains representations and warranties made by Teavana to Parent and Merger Sub, including representations and warranties relating to:

- our organization, standing and power, and other corporate matters of Teavana and our subsidiaries;
- ownership of the Company s subsidiaries;
- the capitalization of Teavana and our subsidiaries;
- the authorization, execution, delivery and enforceability of the Merger Agreement and the related transaction agreements;
- the absence of conflicts or violations under our organizational documents, contracts or law, and required consents and approvals;
- reports, schedules, forms, statements and other documents filed with the SEC and the accuracy of the information in those documents;
- the absence of certain changes or events since January 29, 2012;
- the absence of material litigation;
- our material contracts;
- our compliance with applicable laws and permits;
- our employee benefit plans and labor relations;

our compliance with environmental laws and other environmental matters;

tax matters;

our real property and tangible assets;

our intellectual property;

our insurance policies;

matters regarding Teavana franchises and franchisees;

our compliance with food quality and safety matters;

our compliance with merchandise quality and safety matters;

matters regarding our suppliers and other vendors;

Table of Contents

- related-party transactions;
- compliance with the Foreign Corrupt Practices Act of 1977, as amended, and other anticorruption and trade laws;
- the inapplicability of state takeover statutes;
- the written consent executed by the Principal Stockholders;
- the brokers and finders fees and other expenses payable by us with respect to the Merger; and
- our receipt of a fairness opinion.

The Merger Agreement also contains representations and warranties made by Parent and Merger Sub to Teavana, including representations and warranties relating to:

- organization, standing and power, and other corporate matters;
- authorization, execution, delivery and enforceability of the Merger Agreement and related transaction agreements;
- the absence of conflicts or violations under organizational documents, contracts or law, and required consents and approvals;
- the operations of Merger Sub;
- the brokers lack of and finders fees payable by Parent with respect to the Merger; and
- Parent s lack of ownership of our Common Stock.

The representations and warranties of each of the parties to the Merger Agreement will expire upon completion of the Merger.

CONDUCT OF BUSINESS PENDING THE MERGER

From the date of the Merger Agreement through the effective date of the Merger or, if earlier, the termination of the Merger Agreement, Teavana has agreed (and has agreed to cause its subsidiaries) to conduct its respective businesses in the ordinary course in all material respects and, to the extent consistent therewith, use its commercially reasonable efforts to comply with applicable laws, keep available the services of its present officers and other employees, to preserve its assets and preserve its relationships with material suppliers, licensors, licensees, distributors, franchisees and others having business dealings with the Company or any of its subsidiaries.

In addition, during the same period, Teavana has also agreed that, subject to certain exceptions, without the prior written consent of Parent, it will not, and will not permit its subsidiaries to:

(i) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property) in respect of, any of its capital stock or other equity or voting interests, except for dividends by a direct or indirect wholly-owned subsidiary; (ii) split, combine or reclassify any of its capital stock or other equity or voting interests, or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock or other equity or voting interests; or (iii) purchase, redeem or otherwise acquire any shares of capital stock, other equity or voting interests or any of its other securities or any of its subsidiaries or any options, restricted shares, warrants, calls or rights to acquire any such shares or other securities;

issue, deliver, sell, pledge or otherwise encumber any (i) shares of its capital stock, other equity or voting interests or equity equivalents (other than the issuance of shares of Common Stock upon the exercise of stock options outstanding as of the date of the Merger Agreement) or (ii) securities convertible into, or exchangeable or exercisable for, or any options, warrants, calls or rights to acquire, any such stock, interests or equity equivalents;

Table of Contents

amend its certificate of incorporation or bylaws (or similar organizational documents);

acquire or agree to acquire (i) by merging or consolidating with, or by purchasing all or a substantial portion of the assets of, or by purchasing all or a substantial equity or voting interest in, or by any other manner, any business or person or division thereof or (ii) any other assets other than certain capital expenditures, and purchases of raw materials, supplies or immaterial assets in the ordinary course of business;

sell, lease, license, sell and lease back, mortgage or otherwise encumber or subject to any lien or otherwise dispose of any of its material properties or assets (including any shares of capital stock, equity or voting interests or other rights, instruments or securities), except sales of inventory or used equipment in the ordinary course of business and except for permitted liens;

(i) repurchase, prepay or incur any indebtedness, including by way of a guarantee or an issuance or sale of debt securities, or issue and sell options, warrants, calls or other rights to acquire any of its debt securities or any of its subsidiaries, enter into any keep well or other contract to maintain any financial statement or similar condition of another person or enter into any arrangement having the economic effect of any of the foregoing, other than the incurrence of borrowings under the Company s revolving credit facility as in effect on the date of the Merger Agreement in the ordinary course of business and not in excess of the amount outstanding as of the date of the Merger Agreement plus $1,000,000 or (ii) make any loans, advances or capital contributions to, or investments in, any other person, other than the Company or any direct or indirect wholly-owned subsidiary;

incur or commit to incur any capital expenditures, or any obligations or liabilities in connection therewith, that individually are in excess of $125,000 or in the aggregate are in excess of $2,000,000, other than capital expenditures incurred (i) in connection with the construction of new stores in the ordinary course of business or (ii) under existing contracts;

(i) pay, discharge, settle or satisfy any claims (including any claims of stockholders and any stockholder litigation relating to the Merger Agreement, the Merger or any other transaction contemplated by the Merger Agreement or otherwise), liabilities or obligations (whether absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge, settlement or satisfaction in the ordinary course of business, or as required by their terms on the date of the Merger Agreement, of claims, liabilities or obligations reserved against in the Company s financial statements (for amounts not in excess of such reserves) or incurred since the date of such financial statements in the ordinary course of business or (1) for an aggregate amount of less than (x) $1,500,000 in the case of certain claims, liabilities and obligations identified by the Company or included in filings with the SEC and (y) $500,000 in the case of all other claims, liabilities and obligations, or (2) for amounts that are covered by insurance (other than a customary deductible) in each case, the payment, discharge, settlement or satisfaction of which does not include any obligation (other than the payment of money) to be performed by the Company or its subsidiaries following the closing of the Merger, (ii) waive, relinquish, release, grant, transfer or assign any right of material value or (iii) waive any material benefits of, or agree to modify in any adverse respect, or fail to enforce, or consent to any matter with respect to which its consent is required under, any confidentiality or similar contract to or by which the Company or any of its subsidiaries is a party or bound;

except for certain planned leasing activity identified to parent, enter into any lease or sublease of real property (whether as a lessor, sublessor, lessee or sublessee), or modify or amend in any material respect, or exercise any right to renew, any lease or sublease of real property or acquire any interest in real property;

modify or amend in any material respect, or accelerate, terminate or cancel, any material contract or waive in any material respect any right to enforce, or relinquish, release, transfer or assign any rights or claims thereunder;

except as required to ensure that any benefit plan or benefit agreement as in effect on the date of the Merger Agreement is not then out of compliance with applicable law or as specifically required

pursuant to the Merger Agreement, (i) adopt, establish, enter into, terminate, amend or modify any benefit plan or benefit agreement, (ii) except for standard salary increases in connection with anniversary dates of employment in the ordinary course of business, increase in any manner the compensation or benefits of, or pay any bonus or award to, or grant any loan to, any employee, (iii) pay or provide to any employee any compensation or benefit not provided for under a benefit plan or benefit agreement as in effect on the date of the Merger Agreement, other than the payment of base compensation in the ordinary course of business, (iv) grant or amend any award under any benefit plan (including the grant or amendment of stock options, restricted stock, stock appreciation rights, restricted stock units, performance units, stock purchase rights or other equity or equity-based compensation) or remove or modify existing restrictions in any benefit plan or benefit agreement or awards made thereunder, (v) grant or pay any severance, separation, change in control, termination, retention or similar compensation or benefits to, or increase in any manner the severance, separation, change in control, termination, retention or similar compensation or benefits of, any employee, (vi) enter into any trust, annuity or insurance contract or similar agreement or take any other action to fund or in any other way secure the payment of compensation or benefits under any benefit plan or benefit agreement, (vii) take any action to accelerate, or that would reasonably be expected to result in the acceleration of, the time of payment or vesting of any rights, compensation, benefits or funding obligations under any benefit plan or benefit agreement or otherwise or (viii) make any material determination under any benefit plan or benefit agreement that is inconsistent with the ordinary course of business or past practice;

form any subsidiary;

adopt or enter into any collective-bargaining agreement or other labor union contract applicable to the employees of the Company or any of its subsidiaries;

write-down any of its material assets or make any change in any financial or tax accounting principle, method or practice, other than as required by GAAP or applicable law;

enter into, extend, renew or amend certain identified categories of contracts;

amend, modify or waive any of the Company s existing takeover defenses or take any action to render any state takeover or similar statute inapplicable to any transaction other than the Merger;

make any material amendment or modification to the policies, procedures and guidelines of the Company and its subsidiaries with respect to franchises and franchisees;

enter into any new line of business not related to tea;

authorize any of, or commit, resolve or agree to take any of, the foregoing actions; or

file any tax return by or on behalf of the Company or any of its Subsidiaries; settle or compromise any suit, claim, action, assessment, investigation, proceeding or audit pending against or with respect to the Company or any of its Subsidiaries in respect of any tax; or make, revoke or change any material tax election.

STOCKHOLDER ACTION BY WRITTEN CONSENT

Immediately after the execution of the Merger Agreement, Teavana submitted a form of irrevocable written consent adopting the Merger Agreement to the Principal Stockholders. If such stockholder written consent had not been delivered by the Principal Stockholders to the Company and Parent by 6:00 a.m. on the day after the execution of the Merger Agreement, Parent would have had the right to terminate the Merger Agreement.

Following the execution of the Merger Agreement, Teavana received and delivered to Parent, the stockholder written consent (a copy of which is attached as **Annex B**) executed by the Principal Stockholders, which on such date owned shares of Common Stock representing approximately 74% of the outstanding shares of Common Stock entitled to vote on the adoption of the Merger Agreement. Therefore, no further approval by Teavana s stockholders is required in connection with the Merger Agreement or the Merger.

Table of Contents

EFFORTS TO COMPLETE THE MERGER

Subject to the terms and conditions set forth in the Merger Agreement, we, Parent and Merger Sub have agreed to use commercially reasonable efforts to take, or cause to be taken, all actions that are necessary, proper or advisable to consummate and make effective the Merger and the other transactions contemplated by the Merger Agreement, including using commercially reasonable efforts to accomplish the following: (i) the satisfaction of the conditions precedent to the Merger, (ii) the obtaining of all necessary actions or non-actions, waivers, consents, approvals, orders and authorizations from, and the giving of any necessary notices to, governmental entities and other persons and the making of all necessary registrations, declarations and filings (including filings under the HSR Act and other registrations, declarations and filings with, or notices to, governmental entities, if any), (iii) the taking of all reasonable steps to provide any supplemental information requested by a governmental entity, including participating in meetings with officials of such entity in the course of its review of the Merger Agreement, the Merger or the other transactions contemplated by the Merger Agreement, (iv) the taking of all reasonable steps as may be necessary to avoid any suit, claim, action, investigation or proceeding by any governmental entity or third party and (v) the obtaining of all necessary consents, approvals or waivers from any third party.

CONDITIONS TO THE MERGER

The consummation of the Merger is subject to certain customary closing conditions, as described further below.

Conditions to Each Party s Obligations. Each party s obligations to effect the Merger are subject to the satisfaction or waiver of the following conditions:

- the Company and Parent shall have received duly executed copies of a written consent executed by the Principal Stockholders;

- any waiting period (and any extensions thereof) applicable to the Merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, shall have been terminated or expired. Any other approval or waiting period under any other applicable competition, merger control, antitrust or similar law shall have been obtained or terminated or shall have expired;

- no temporary restraining order, preliminary or permanent injunction or other judgment issued by any court of competent jurisdiction or other legal restraint or prohibition issued or enacted by a governmental entity that has the effect of preventing the consummation of the Merger shall be in effect; and

- this information statement shall have been mailed to the stockholders of the Company at least 20 days prior and the consummation of the Merger shall be permitted by Regulation 14C of the Exchange Act (including, without limitation, Rule 14c-2, promulgated under the Exchange Act).

Conditions to Parent s and Merger Sub s Obligations. The obligation of Parent and Merger Sub to effect the Merger are further subject to the satisfaction or waiver by Parent of the following conditions:

- the representations and warranties of Teavana in the Merger Agreement related to corporate organization, standing and corporate power, subsidiaries, capital structure, authority/non-contravention (in certain respects), state takeover statutes, voting requirements, brokers and the opinion of the financial advisor that are qualified as to materiality or material adverse effect shall be true and correct in all respects (as so qualified), and the representations and warranties of Teavana in the Merger Agreement related to corporate organization, standing and corporate power, subsidiaries, capital structure, authority/non-contravention, state takeover statutes, voting requirements, brokers and the opinion of the financial advisor that are not qualified as to materiality or material adverse effect shall be true and correct in all material respects, in each case as of the date of the Merger Agreement and as of the closing of the Merger with the same effect as though made as of the closing of the Merger, except that the accuracy of representations and warranties that by their terms speak as of a specified

Table of Contents

date will be determined as of such date; provided that the representations and warranties relating to the authorized, issued and outstanding capital stock of Teavana shall be true and correct in all respects (other than de minimis exceptions or inaccuracies) as of the date of the Merger Agreement and as of the closing of the Merger;

- the representations and warranties of the Company (other than those covered in the previous bullet point) shall be true and correct, without giving effect to any qualifications as to materiality or material adverse effect, in each case as of the date of the Merger Agreement and as of the closing of the Merger with the same effect as though made as of the closing of the Merger, except that the accuracy of representations and warranties that by their terms speak as of a specified date will be determined as of such date, other than any failures to be true and correct which, in the aggregate, would not reasonably be expected to have a material adverse effect;

- Teavana shall have performed in all material respects all obligations required to be performed by it under the Merger Agreement at or prior to the closing of the Merger;

- since November 14, 2012, there shall not have occurred any material adverse effect (as defined below);

- Parent shall have received a certificate signed on behalf of Teavana by the chief executive officer and chief financial officer of Teavana certifying satisfaction of each of above conditions; and

- Teavana shall have provided Parent with a pay-off letter with respect to the Loan and Security Agreement, dated as of June 12, 2008, by and among Teavana, Teavana Corporation, ST Acquisition Company, Teavana Franchising Corporation and Teavana International, Inc., as obligors, and Fifth Third Bank, as lender, reasonably satisfactory to Parent, which will become effective upon payment of the amount specified in such pay-off letter.

A material adverse effect means any state of facts, change, development, event, effect, condition, occurrence, action or omission that, individually or in the aggregate, (i) has had or would reasonably be expected to have a material adverse effect on the business, assets, properties, financial condition or results of operations of Teavana and its subsidiaries, taken as a whole; provided, however, that, in the case of this clause (i), any state of facts, change, development, event, effect, condition, occurrence, action or omission resulting from the following (either alone or in combination) shall not be taken into account in determining whether a material adverse effect has occurred or may occur: (A) any change, in and of itself, in the market price or trading volume of Teavana s common stock or any failure, in and of itself, to meet internal projections or forecasts or published revenue or earnings predictions (it being understood that the facts or causes underlying or contributing to such change or failure shall be considered in determining whether a material adverse effect has occurred or may occur, if not otherwise excluded pursuant to this definition); (B) changes in general economic or political conditions, or in the financial, credit or securities markets in general (except to the extent, and only to the extent, disproportionately affecting Teavana and its subsidiaries, taken as a whole, relative to other participants in the industry in which Teavana and its subsidiaries conduct business); (C) changes in applicable law or GAAP or in any interpretation thereof (except to the extent, and only to the extent, disproportionately affecting Teavana and its subsidiaries, taken as a whole, relative to other participants in the industry in which Teavana and its subsidiaries conduct business); (D) changes in the conditions generally of the industries in which Teavana and its subsidiaries conduct their respective businesses (except to the extent, and only to the extent, disproportionately affecting Teavana and its subsidiaries, taken as a whole, relative to other participants in the industry in which Teavana and its subsidiaries conduct business); (E) acts of civil unrest or war (whether or not declared), armed hostilities or terrorism, or any escalation or worsening of any acts of civil unrest or war (whether or not declared), armed hostilities or terrorism underway as of the date of the Merger Agreement (except to the extent, and only to the extent, disproportionately affecting Teavana and its subsidiaries, taken as a whole, relative to other participants in the industry in which Teavana and its subsidiaries conduct business); (F) earthquakes, hurricanes, tsunamis, tornadoes, floods, mudslides, volcanic eruptions or other natural disasters (except to the extent, and only to the extent, disproportionately affecting Teavana and its subsidiaries, taken as a whole, relative to other participants in the industry in which Teavana and its subsidiaries conduct business) or (G) the announcement of the Merger Agreement or the transactions contemplated hereby, including any actions of competitors, customers, employees,

Table of Contents

suppliers, distributors, licensors, licensees, partners or third parties in a similar relationship with Teavana and its subsidiaries resulting from such announcement; or (ii) would prevent, materially impede or materially delay the consummation by Teavana of the Merger or the other transactions contemplated by the Merger Agreement.

Conditions to Teavana s Obligations. Teavana s obligation to effect the Merger is further subject to the satisfaction or waiver by Teavana of the following conditions:

the representations and warranties of Parent and Merger Sub contained in the Merger Agreement that are qualified as to materiality shall be true and correct (as so qualified), and the representations and warranties of Parent and Merger Sub contained in the Merger Agreement that are not so qualified shall be true and correct in all material respects, in each case as of the date of the Merger Agreement and as of the closing of the Merger with the same effect as though made as of the closing of the Merger, except that the accuracy of representations and warranties that by their terms speak as of a specified date will be determined as of such date. Teavana shall have received a certificate signed on behalf of Parent by an authorized signatory of Parent to such effect; and

Parent and Merger Sub shall have performed in all material respects all obligations required to be performed by them under the Merger Agreement at or prior to the closing of the Merger, and Teavana shall have received a certificate signed on behalf of Parent by an authorized signatory of Parent to such effect.

NO SOLICITATION OF OTHER OFFERS

The Merger Agreement provides that Teavana (i) shall not, and shall cause its subsidiaries and any director, officer or employee of Teavana or any of its subsidiaries or any investment banker, attorney, accountant or other advisor or representative of Teavana or any of its subsidiaries not to, directly or indirectly, (A) solicit, initiate or encourage, or take any other action to knowingly facilitate, any takeover proposal or any inquiries or the making of any proposal that could reasonably be expected to lead to a takeover proposal or (B) enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any person (or any representative thereof) any information with respect to, or otherwise knowingly cooperate in any way with any person (or any representative thereof) with respect to, any takeover proposal, (ii) shall and shall cause its subsidiaries and its and their respective directors, officers, employees, investment bankers, attorneys, accountants and other advisors and representatives to immediately cease and cause to be terminated all existing activities, discussions and negotiations with any person with respect to any takeover proposal and (iii) shall promptly, and in any event within two days following the date of the Merger Agreement, request, and shall use its commercially reasonable efforts to cause, the prompt return or written acknowledgment of destruction of all confidential information previously furnished to such parties or their representatives in connection with any takeover proposal to the extent that Teavana is entitled to have such documents returned or destroyed; provided, however, that at any time prior to obtaining the requisite stockholder approval (which was obtained upon the delivery of the written consent executed by the Principal Stockholders), in response to a bona fide written unsolicited takeover proposal received after the execution of the Merger Agreement by each of the parties hereto that the Board of Directors of Teavana determines in good faith, after consultation with its outside legal counsel and a financial advisor of nationally recognized reputation, constitutes a superior proposal, and which takeover proposal did not result from a breach of the non-solicitation covenant or any other provision of the Merger Agreement, if the Board of Directors of Teavana determines in good faith, after consultation with its outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties to the stockholders of Teavana under applicable law, Teavana may, and may permit and authorize its subsidiaries and its representatives and its subsidiaries representatives to, in each case subject to compliance with the notice provision and the other provisions of the Merger Agreement, (A) furnish information with respect to Teavana or any of its subsidiaries to the person making such takeover proposal (and its representatives) pursuant to a confidentiality agreement which contains terms that are in all material respects no less restrictive of such person than those contained in the confidentiality agreement between Teavana and Parent; provided that all such information had been provided, or is concurrently provided, to Parent, and (B) participate in discussions or negotiations with, and only with, the person making such takeover proposal (and its representatives) regarding such takeover proposal.

Table of Contents

The term takeover proposal means any inquiry, proposal or offer from any person or group (as defined in Section 13(d) of the Exchange Act) (other than Parent or Merger Sub or any of their affiliates) relating to, or that could reasonably be expected to lead to, in one transaction or a series of transactions, any merger, consolidation, business combination, recapitalization, liquidation or dissolution involving Teavana or any direct or indirect acquisition, including by way of any merger, consolidation, tender offer, exchange offer, stock acquisition, asset acquisition, binding share exchange, business combination, recapitalization, liquidation, dissolution, joint venture, license agreement or similar transaction, of (i) assets or businesses that constitute or represent 20% or more of the total revenue, net income, EBITDA (earnings before interest expense, taxes, depreciation and amortization) or assets of Teavana and its subsidiaries, taken as a whole, or (ii) 20% or more of the outstanding shares of Teavana s common stock or of any class of capital stock of, or other equity or voting interests in, one or more of the subsidiaries of Teavana which, in the aggregate, directly or indirectly hold the assets or businesses referred to in clause (i) above.

The term superior proposal means any binding bona fide unsolicited written offer which did not result from a breach of the non-solicitation covenant made by any person (other than Parent or Merger Sub or any of their affiliates) that, if consummated, would result in such person (or, in the case of a direct merger between such person and Teavana, the stockholders of such person) acquiring, directly or indirectly, more than 50% of the voting power of the Teavana s common stock or all or substantially all the assets of the Teavana and its subsidiaries, taken as a whole, and which offer, in the reasonable good-faith judgment of the Board of Directors of Teavana (after consultation with a financial advisor of nationally recognized reputation and outside legal counsel), (i) provides a higher value to the stockholders of Teavana than the consideration payable in the Merger (taking into account all of the terms and conditions of such proposal and the Merger Agreement (including any changes to the terms of the Merger Agreement proposed by Parent in response to such superior proposal or otherwise)) and (ii) is reasonably capable of being completed, taking into account all financial, legal, regulatory and other aspects of such proposal.

Because the Principal Stockholders delivered a written consent adopting and approving the Merger Agreement and the Merger on November 14, 2012, the Company may not terminate the Merger Agreement pursuant to receipt of a takeover proposal or superior proposal.

TERMINATION OF THE MERGER AGREEMENT

The Merger Agreement may be terminated at any time prior to the completion of the Merger:

- by mutual written consent of Teavana, Parent and Merger Sub;
- by either Teavana or Parent:
  - if the Merger is not consummated on or before March 14, 2013, except that this right is not available to any party if its failure to fulfill any obligation under the Merger Agreement was a principal cause of, or resulted in, the failure of the Merger to occur by such date; or
  - if any court of competent jurisdiction issues or enters a permanent injunction or other judgment, that prevents consummation of the Merger and the injunction or judgment has become final and non-appealable; or
- by Parent:
  - if prior to the receipt of stockholder approval (which was obtained upon delivery of the written consent by the Principal Stockholders), the Teavana Board of Directors changes its recommendation of the Merger or notifies Parent of the intent to make such a change;
  - if (i) we breach or fail to perform any of our representations, warranties, covenants or other agreements contained in the Merger Agreement, which breach or failure to perform (A) would give rise to the failure of a conditions set forth under The

Merger Agreement Conditions to the Merger Conditions to Parent s and Merger Sub s Obligations and (B) is incapable of being

Table of Contents

cured or is not cured by Teavana by the date that is 30 business days after such breach or failure or, if capable of being cured by Teavana by such date, Teavana does not commence to cure such breach or failure within 10 business days after its receipt of written notice thereof from Parent and diligently pursue such cure thereafter;

if a written consent executed by the Principal Stockholders had not been delivered to Parent and Teavana prior to 6:00 a.m., New York City time, on the date immediately following the date of the Merger Agreement (which consent was delivered on the date of the Merger Agreement); or

by Teavana:

if (i) Parent breaches or fails to perform any of its representations, warranties, covenants or other agreements contained in the Merger Agreement, which breach or failure to perform (A) would give rise to the failure of a conditions set forth under The Merger Agreement Conditions to the Merger Conditions to Teavana s Obligations and (B) is incapable of being cured or is not cured by Parent or Merger Sub by the date that is 30 business days after such breach or failure or, if capable of being cured by Parent or Merger Sub by such date, Parent or Merger Sub, as the case may be, does not commence to cure such breach or failure within 10 business days after its receipt of written notice thereof from Teavana and diligently pursue such cure thereafter; or

if prior to the receipt of stockholder approval (which was obtained upon delivery of the written consent by the Principal Stockholders), in accordance with the terms of the Merger Agreement, Teavana (i) executes a definitive agreement with respect to a superior proposal and (ii) pays to Parent the termination fee.

TERMINATION FEES AND EXPENSES

Termination Fee

We must pay to Parent a termination fee of $18,400,000, if:

either party terminates the Merger Agreement if (i) the closing has not occurred on or before March 14, 2013, (ii) an acquisition proposal (for at least 50% of the Company) has been made publicly and (iii) within 12 months after such termination the Company has consummated or entered into a definitive agreement relating to any acquisition proposal for the Company;

Parent terminates the Merger Agreement because, prior to the receipt of stockholder approval (which was obtained upon delivery of the written consent by the Principal Stockholders) or the Teavana Board changes its recommendation of the Merger or notifies Parent of the intent to make such a change; or

Teavana terminates the Merger Agreement prior to the receipt of stockholder approval (which was obtained upon delivery of the written consent by the Principal Stockholders), in order to enter into a definitive agreement for a superior proposal.

Reimbursement of Expenses

All out-of-pocket costs and expenses incurred in connection with the Merger Agreement and the transactions contemplated thereby will be paid by the party incurring such cost or expenses, except that we may be required to reimburse Parent for reasonably documented out-of-pocket fees and expenses incurred by Parent and its affiliates in connection with the transactions contemplated by the Merger Agreement, up to a maximum of $3.5 million, if (i) Parent terminates the Merger Agreement because the Teavana Board changes its recommendation of the Merger or notifies Parent of their intent to make such a change, (ii) Parent terminates the Merger Agreement because a written consent executed by the Principal Stockholders (which was obtained upon delivery of the written consent by the Principal Stockholders) has not been delivered to Parent and Teavana prior to 6:00 a.m., New York City time, on the date immediately following the date of the Merger Agreement or (iii) the Company terminates the Merger Agreement in order to enter into a definitive agreement for a superior proposal.

Table of Contents

EMPLOYEE MATTERS

The Merger Agreement provides that, for a period of one year following the effectiveness of the Merger, the employees of Teavana that remain employed by the surviving corporation will receive base cash compensation that is no less favorable than the base cash compensation in effect immediately prior to the effectiveness of the Merger. Parent will also provide employee benefit plans and arrangements (including bonus and incentive opportunities (but excluding equity-based compensation) and paid time off accrual) to employees of Teavana that remain employed by the surviving corporation that are substantially comparable to those provided to similarly situated employees of Parent and will generally consider employees of Teavana that remain employed by the surviving corporation for equity-based compensation grants at the same time and levels as similarly situated employees of Parent.

Following the completion of the Merger, Parent will recognize the service with Teavana or its subsidiaries for purposes of eligibility, participation, vesting and, except under defined benefit pension plans, benefit accrual under such employee benefit plan of Parent or any of its subsidiaries, to the same extent such service was recognized immediately prior to the effectiveness of the Merger under a comparable benefit plan in which employees of Teavana that remain employed by the surviving corporation were eligible to participate immediately prior to the effectiveness of the Merger except to the extent such credit would result in duplication of benefits or for which similarly situated employees of Parent do not receive credit for prior service.

Parent will use commercially reasonable efforts to waive all limitations as to preexisting conditions and exclusions with respect to participation and coverage requirements under any health, dental, vision or other welfare plans maintained by Parent to the extent such conditions and exclusions were satisfied or did not apply prior to the closing of the Merger and will also use commercially reasonable efforts to provide continuing employees with credit for co-payments and deductibles paid in satisfying any analogous deductible or out-of-pocket requirements under Teavana s plans.

AMENDMENT, EXTENSION AND WAIVER

The parties may amend provisions of the Merger Agreement at any time, except that after stockholder approval has been obtained, no amendment that requires further approval by stockholders of Teavana is permitted without the further approval of such stockholders. All such amendments must be in writing and signed by each of the parties.

At any time prior to the effective time of the Merger, the parties may (a) extend the time for the performance of any of the obligations or other acts of the other parties, (b) waive any inaccuracies in the representations and warranties contained in the Merger Agreement or in any document delivered pursuant to the Merger Agreement or (c) waive compliance with any of the agreements or conditions contained in the Merger Agreement, except that after stockholder approval has been obtained, no waiver that requires further approval by stockholders of Teavana is permitted without the further approval of such stockholders. Any agreement on the part of a party to any such extension or waiver will be valid only if set forth in an instrument in writing signed on behalf of such party. The failure of any party to the Merger Agreement to assert any of its rights under the Merger Agreement or otherwise shall not constitute a waiver of such rights.

Table of Contents

MARKET PRICE OF OUR COMMON STOCK

General

Our Certificate of Incorporation provides that we may issue up to 105,000,000 shares of stock, consisting of: (a) 100,000,000 shares of Common Stock and (b) 5,000,000 shares of Preferred Stock, $0.0001 par value per share (the Preferred Stock). As of December 4, 2012, there were 38,784,893 shares of Common Stock outstanding and no shares of Preferred Stock were outstanding.

Principal Trading Market; High and Low Sales Prices

Our Common Stock has been listed on the NYSE under the symbol TEA since July 28, 2011 in connection with our initial public offering, which had a price of $17.00 per share. Before then, there was no public market for our Common Stock. The closing sale price of our Common Stock on the New York Stock Exchange on November 13, 2012, the last full trading day prior to the announcement of the Merger, was $10.13 per share. The $15.50 cash consideration to be paid for each share of our Common Stock in the merger represents a premium of approximately 53.0% from the closing sale price of our Common Stock on November 13, 2012. On December 4, 2012, the last trading day before the date of this information statement, the closing sale price of our Common Stock on the New York Stock Exchange was $14.40 per share. You are encouraged to obtain current market quotations for our Common Stock.

The following table sets forth, for the fiscal quarters indicated, the high and low sales price per share, as reported on New York Stock Exchange, for our Common Stock.

	High	Low
Fiscal Year Ended January 29, 2012		
Second quarter (commencing July 28, 2011)	$ 29.35	$ 17.00
Third quarter	$ 29.01	$ 18.00
Fourth quarter	$ 24.07	$ 14.28
Fiscal Year Ending February 3, 2013		
First quarter	$ 26.03	$ 18.30
Second quarter	$ 22.58	$ 10.83
Third quarter	$ 13.78	$ 10.41
Fourth quarter (through December 4, 2012)	$ 16.06	$ 9.75

There are no shares of Preferred Stock outstanding or listed for trading on any market. Following the Merger, there will be no further market for our Common Stock and our Common Stock will be delisted from New York Stock Exchange and deregistered under the Exchange Act, and we will no longer file periodic reports with the SEC on account of our Common Stock.

Dividends

We did not pay cash dividends in 2011, and we currently do not anticipate that we will pay any cash dividends on shares of our Common Stock for the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board of Directors and will depend upon results of operations, financial condition, contractual restrictions, including our senior secured credit facility and other indebtedness we may incur, restrictions imposed by applicable law and other factors our Board of Directors deems relevant. In addition, under the Merger Agreement we are prohibited from declaring any dividend without Parent s prior written consent.

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock is ComputerShare Limited.

Table of Contents

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of Teavana s common stock (as of December 4, 2012, unless otherwise indicated) for the following:

each person (or group of affiliated persons) who is known by us to beneficially own 5% or more of the outstanding shares of our common stock;

each of our non-employee directors;

each of our named executive officers; and

all directors, director nominees and current executive officers of Teavana as a group.

We have determined beneficial ownership in accordance with SEC rules. The information does not necessarily indicate beneficial ownership for any other purpose. Under these rules, a person is deemed to be a beneficial owner of our common stock if that person has a right to acquire ownership within 60 days of December 4, 2012 by the exercise of vested options. A person is also deemed to be a beneficial holder of our common stock if that person has or shares voting power, which includes the power to vote or direct the voting of our common stock, or investment power, which includes the power to dispose of or to direct the disposition of such capital stock. Except in cases where community property laws apply or as indicated in the footnotes to this table, we believe that each stockholder identified in the table possesses sole voting and investment power over all shares of common stock shown as beneficially owned by the stockholder. The percentages of beneficial ownership set forth below are based on 38,784,893 shares of our common stock issued and outstanding as of December 4, 2012.

Except as otherwise indicated, the address for each person listed below is c/o Teavana Holdings, Inc., 3630 Peachtree Rd. NE, Suite 1480, Atlanta, Georgia 30326.

Name	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)
5% or Greater Owners		
Andrew T. Mack	21,510,960	55.5%
3630 Peachtree Rd. Suite 1480 Atlanta, GA 30326		
SKM Equity Fund III, L.P. (3)	6,146,656	15.8%
601 Lexington Ave. 53rd Floor New York, New York 10022		
President and Fellows of Harvard College (4)	2,240,000	5.8%
c/o Harvard Management Company, Inc. 600 Atlantic Ave Boston, MA 02210		
The TCW Group, Inc., on behalf of the TCW Business Unit (5)	1,949,429	5.0%
865 South Figueroa Street Los Angeles, CA 90017		
Directors and Executive Officers		
Daniel P. Glennon (6)	199,786	*
Peter M. Luckhurst (7)	244,286	*
Jurgen W. Link (8)	973,465	2.5%

David V. Christopherson (9)	32,000	*
Robert J. Dennis (10)	9,500	*
F. Barron Fletcher III (11)	6,146,656	15.8%
John E. Kyees (12)	9,500	*
Michael J. Nevins (13)	54,638	*
Thomas A. Saunders III (14)	39,254	*
All executive officers and directors as a group (11 persons) (15)	29,220,045	74.2%

* Represents beneficial ownership of less than 1%.

(1) Under the rules of the SEC, a person is deemed to be the beneficial owner of a security if that person, directly or indirectly, has or shares the power to direct the voting of the security or the power to dispose or direct the disposition of the security. Accordingly, more than one person may be deemed to be a beneficial owner of the same securities. A person is also deemed to be a beneficial owner of any securities if that person has the right to acquire beneficial ownership within 60 days of the relevant date. Unless otherwise indicated by footnote, the named individuals have sole voting and investment power with respect to beneficially owned shares of stock.

(2) Based on 38,784,893 shares of our common stock outstanding as of November 14, 2012. In accordance with SEC rules, percent of class as of December 4, 2012 is calculated for each person and group by dividing the number of shares beneficially owned by the sum of the total shares outstanding plus the number of shares subject to options exercisable by that person or group within 60 days.

(3) Based upon a Form 4, dated February 23, 2012, showing sole dispositive and voting power with respect to 6,146,656 shares. SKM Partners, LLC is the general partner of SKM Equity Fund III, L.P. F. Barron Fletcher III is the person authorized by SKM Partners, LLC to have voting and dispositive power over the Common Stock held by SKM Equity Fund III, L.P. Both SKM Partners, LLC and Mr. Fletcher disclaim beneficial ownership of such shares except to the extent of its and/or his pecuniary interest, if any, therein.

(4) Based upon a Schedule 13D dated November 29, 2012, showing sole dispositive and voting power with respect to 2,240,000 shares.

(5) Based upon a Schedule 13G dated February 9, 2012, showing sole dispositive and voting power with respect to 1,949,429 shares.

(6) The amount listed under Amount and Nature of Beneficial Ownership represents 199,786 shares of common stock issuable upon exercise of vested options within 60 days of December 4, 2012 under the 2004 Management Incentive Plan.

(7) The amount listed under Amount and Nature of Beneficial Ownership represents 244,286 shares of common stock issuable upon exercise of vested options within 60 days of December 4, 2012 under the 2004 Management Incentive Plan.

(8) The amount listed under Amount and Nature of Beneficial Ownership represents 943,465 shares of common stock held and 30,092 shares of common stock issuable upon exercise of vested options within 60 days of December 4, 2012 under the 2004 Management Incentive Plan.

(9) The amount listed under Amount and Nature of Beneficial Ownership represents 32,000 shares of common stock issuable upon exercise of vested options within 60 days of December 4, 2012 under the 2004 Management Incentive Plan.

(10) The amount listed under Amount and Nature of Beneficial Ownership represents 9,500 shares of common stock issuable upon exercise of vested options within 60 days of December 4, 2012 under the 2004 Management Incentive Plan.

(11) The amount listed under Amount and Nature of Beneficial Ownership represents shares of common stock held by SKM Equity Fund III, L.P. SKM Partners, LLC is the general partner of SKM Equity Fund III, L.P. Mr. Fletcher is the person authorized by SKM Partners, LLC to have voting and dispositive power over the common stock held by SKM Equity Fund III, L.P. Both SKM Partners, LLC and Mr. Fletcher disclaim beneficial ownership of such shares except to the extent of its and/or his pecuniary interest, if any, therein.

(12) The amount listed under Amount and Nature of Beneficial Ownership represents 9,500 shares of common stock issuable upon exercise of vested options within 60 days of December 4, 2012 under the 2004 Management Incentive Plan.

(13) The amount listed under Amount and Nature of Beneficial Ownership represents 54,638 shares of common stock issuable upon exercise of vested options within 60 days of December 4, 2012 under the 2004 Management Incentive Plan.

(14) The amount listed under Amount and Nature of Beneficial Ownership represents 25,593 shares of common stock held directly, 681 shares of common stock held indirectly through the Ivor Family GST Trust, 3,480 shares of common stock held indirectly in custodial accounts for family members and 9,500 shares of common stock issuable upon exercise of vested options within 60 days of December 4, 2012 under the 2004 Management Incentive Plan.

(15) This number includes shares held and shares issuable upon the exercise of options held by the individuals named above that are exercisable within 60 days of December 4, 2012 under the 2004 Management Incentive Plan.

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This information statement, and the documents to which we refer you in this information statement, contain forward-looking statements that involve numerous risks and uncertainties which may be difficult to predict. The statements contained in this communication that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended, including, without limitation, statements regarding projections of net sales, EBITDA, net income or other financial items, the expected timing of the closing of the proposed Merger, the management of the Company and the Company s current views and estimates regarding our industry, business strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. All forward-looking statements included in this communication are based on information available to the Company on the date hereof. In some cases, you can identify forward-looking statements by terminology such as such as anticipate, assume, believe, can, continue, could, estimate, expect, fut guidance, intend, may, outlook, plan, potential, predict, project, preliminary, should, targets or variations of such words, si the negative of these terms or other comparable terminology.

No assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on our business, results of operations or financial condition. Accordingly, actual results may differ materially and adversely from those expressed in any forward-looking statements. Neither the Company nor any other person can assume responsibility for the accuracy and completeness of forward-looking statements. There are various important factors that could cause actual results to differ materially from those in any such forward-looking statements, many of which are beyond the Company s control. These factors include, without limitation: the results and impact of the Company s announcement of the proposed Merger; failure to obtain, delays in obtaining or adverse conditions contained in any required regulatory or other approvals in connection with the Merger; failure to consummate or delay in consummating the Merger for other reasons; changes in laws or regulations; the outcome of any legal proceedings that have been or may be instituted against Teavana and others related to the Merger Agreement; the impact of the Merger on our ability to attract and retain key personnel, on our sales, including the length of our sales cycles, and on our total costs and expenses; the diversion of management s attention from ongoing business concerns as a result of the Merger; costs relating to the Merger, such as legal, accounting and financial advisory fees, and, in specified circumstances, termination fees, that must be paid even if the Merger is not completed; risks relating to our strategy and expansion plans, the availability of suitable new store locations, risks that consumer spending may decline and that U.S., Canadian and global macroeconomic conditions may worsen, risks related to our continued retention of our senior management and other key personnel, risks relating to changes in consumer preferences and economic conditions, risks relating to our distribution center, quality or health concerns about our teas and tea-related merchandise, events that may affect our vendors, increased competition from other tea and beverage retailers, risks relating to trade restrictions, risks associated with leasing substantial amounts of space; the ability of our majority stockholder to exert influence over our affairs, including the ability to approve or disapprove any corporate actions submitted to a vote of our stockholders; and other factors that are set forth in the Company s filings with the Securities and Exchange Commission (SEC), including risk factors in our Annual Report on Form 10-K filed with the SEC and available at http://www.sec.gov and in all filings with the SEC made by us subsequent to the filing of the Form 10-K.

Any forward-looking statement made by us in this information statement speaks only as of the date on which we make it. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable securities laws.

Table of Contents

ADDITIONAL INFORMATION

The following documents that we previously filed with the SEC accompany this information statement, portions of which are referenced herein:

Annual Report on Form 10-K of the Company for the fiscal year ended January 29, 2012, filed with the SEC on April 13, 2012, including the financial statements and related notes thereto and the report of independent auditor, is attached to this information statement as **Annex E**.

Quarterly Report of the Company on Form 10-Q for the fiscal quarter ended April 29, 2012, filed with the SEC on June 12, 2012, including the financial statements and related notes thereto, is attached to this information statement as **Annex F**.

Quarterly Report of the Company on Form 10-Q for the fiscal quarter ended July 29, 2012, filed with the SEC on September 10, 2012, including the financial statements and related notes thereto, is attached to this information statement as **Annex G**.

Such Annual Report and Quarterly Reports should be read in conjunction with this information statement.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. These reports, proxy statements and other information contain additional information about the Company. Stockholders may read and copy any reports, statements or other information filed by the Company at the SEC s public reference room at Station Place, 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of this information by mail from the public reference section of the SEC at Station Place, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. The Company s SEC filings made electronically are available to the public at the SEC s website located at www.sec.gov. Stockholders can also obtain free copies of the Company s SEC filings through the Investor Relations section of the Company s website at www.teavana.com. The Company s website address is being provided as an inactive textual reference only. The information provided on the Company s website, other than the copies of the documents listed or referenced above that have been or will be filed with the SEC, is not part of this information statement, and therefore is not incorporated herein by reference.

Pursuant to the rules of the SEC, services that deliver the Company s communications to stockholders that hold their stock through a bank, broker or other holder of record may deliver to multiple stockholders sharing the same address a single copy of the Company s information statement, unless the Company has received contrary instructions from one or more of the stockholders. Upon written or oral request, the Company will promptly deliver a separate copy of this information statement to any stockholder at a shared address to which a single copy of this information statement was delivered. Multiple stockholders sharing the same address may also notify the Company if they wish to receive separate copies of the Company s communications to stockholders in the future or if they are currently receiving multiple copies of such communications and they would prefer to receive a single copy in the future. Stockholders may notify the Company of their requests by calling or writing the Office of the General Counsel, Teavana Holdings, Inc., 3630 Peachtree Rd. NE, Suite 1480, Atlanta, Georgia 30326, telephone (404) 995-8200.

Table of Contents

ANNEX A

EXECUTION COPY

AGREEMENT AND PLAN OF MERGER

Among

STARBUCKS CORPORATION

TAJ ACQUISITION CORP.

and

TEAVANA HOLDINGS, INC.

Dated as of November 14, 2012

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

GLOSSARY

Term	Section
2004 Plan	3.01(c)(i)
2011 Plan	3.01(c)(i)
409A Authorities	3.01(l)(x)
Acceptable Confidentiality Agreement	4.02(a)
Acquisition Agreement	4.02(b)
Adverse Change Notice	4.02(b)
Adverse Recommendation Change	4.02(b)
affiliate	8.03(a)
Agreement	Preamble
Appraisal Shares	2.02
Baseline Financials	8.03(b)
Benefit Agreements	3.01(f)
Benefit Plans	3.01(j)(i)
Cash Consideration	2.01(c)
Ceramic and Tableware Laws	3.01(s)
Certificate	2.01(c)
Certificate of Merger	1.03
Closing	1.02
Closing Date	1.02
Code	2.03(f)
Commonly Controlled Entity	3.01(j)(i)
Company	Preamble
Company 401(k) Plan	5.05(c)
Company Bylaws	3.01(a)
Company Certificate	3.01(a)
Company Common Stock	2.01
Company Exclusively Licensed Intellectual Property	3.01(o)(i)
Company Letter	3.01
Company Owned Intellectual Property	3.01(o)(i)
Company Personnel	3.01(f)
Company Policies	3.01(t)
Company Preferred Stock	3.01(c)(i)
Company Stock Plans	3.01(c)(i)
Confidentiality Agreement	8.03(c)
Consumer Product Safety Laws	3.01(s)
Continuing Employees	5.05(a)
Contract	3.01(d)
CPSC	3.01(s)
CPSIA	3.01(s)
DC Termination Date	5.05(c)
DGCL	1.01
Effective Time	1.03
Environmental Claims	3.01(k)
Environmental Law	3.01(k)
Environmental Permits	3.01(k)

Table of Contents

Table of Contents

AGREEMENT AND PLAN OF MERGER dated as of November 14, 2012 (this Agreement), by and among Starbucks Corporation, a Washington corporation (Parent), Taj Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of Parent (Sub), and Teavana Holdings, Inc., a Delaware corporation (the Company).

WHEREAS the Board of Directors of each of the Company and Sub deems it in the best interests of their respective stockholders to consummate the merger (the Merger), on the terms and subject to the conditions set forth in this Agreement, of Sub with and into the Company in which the Company would survive and become a wholly owned subsidiary of Parent, and such Boards of Directors have approved this Agreement, declared its advisability and recommended that this Agreement be adopted by the stockholders of the Company or Sub, as the case may be;

WHEREAS Parent, Sub and the Company desire to make certain representations, warranties, covenants and agreements in connection with the Merger and also to prescribe various conditions to the Merger; and

WHEREAS concurrently with the execution and delivery of this Agreement, and as a condition to the willingness of Parent and Sub to enter into this Agreement, Parent, the Company and each