CENTRAL EUROPE, RUSSIA & TURKEY FUND, INC.
Form N-PX
August 19, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM N-PX
ANNUAL REPORT OF PROXY VOTING RECORD OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-06041

The Central Europe, Russia and Turkey Fund, Inc.
(Exact name of registrant as specified in charter)

345 Park Avenue
New York, NY 10154
(Address of principal executive offices) (Zip code)

John Millette
Secretary
One Beacon Street
Boston, MA 02108-3106
(Name and address of agent for service)

Registrant's telephone number, including area code: 617-295-1000

Date of fiscal year end: 10/31

Date of reporting period: 7/1/13-6/30/14

****************************** FORM N-Px REPORT ******************************

ICA File Number: 811-06041
Reporting Period: 07/01/2013 - 06/30/2014
The Central Europe, Russia and Turkey Fund, Inc.

============== The Central Europe, Russia and Turkey Fund, Inc. ==============

AEROFLOT

Ticker: AFLT Security ID: X00096101
Meeting Date: OCT 15, 2013 Meeting Type: Special
Record Date: AUG 29, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Related-Party Transaction Re: Lease of Five Aircrafts Airbus A321-200	For	For	Management
2	Approve Large-Scale Related-Party Transaction Re: Lease of 50 Aircrafts of Boeing	For	For	Management
3	Amend Large-Scale Related-Party Transaction Re: Purchase of 22 Aircrafts Airbus A350XWB	For	For	Management

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AKBANK T.A.S.

Ticker: AKBNK Security ID: M0300L106
Meeting Date: MAR 27, 2014 Meeting Type: Annual
Record Date:

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Elect Presiding Council of Meeting	For	For	Management
2	Accept Board Report	For	For	Management
3	Accept Audit Report	For	For	Management
4	Accept Financial Statements	For	For	Management
5	Approve Discharge of Board	For	For	Management
6	Approve Allocation of Income	For	For	Management
7	Ratify Director Appointment	For	For	Management
8	Elect Directors	For	For	Management
9	Approve Director Remuneration	For	For	Management
10	Ratify External Auditors	For	For	Management
11	Amend Company Articles	For	For	Management
12	Grant Permission for Board Members to Engage in Commercial Transactions with Company and Be Involved with Companies with Similar Corporate Purpose	For	For	Management
13	Approve Upper Limit of Donations for 2014	For	For	Management
14	Approve Profit Distribution Policy	For	For	Management
15	Receive Information on Remuneration	None	None	Management

Policy

ALPHA BANK AE

Ticker: ALPHA Security ID: X1687N119
Meeting Date: JUN 27, 2014 Meeting Type: Annual
Record Date: JUN 20, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Accept Financial Statements and Statutory Reports	For	For	Management
2	Approve Discharge of Board and Auditors	For	For	Management
3	Approve Auditors and Fix Their Remuneration	For	For	Management
4	Approve Director Remuneration	For	For	Management
5	Ratify Director Appointments	For	For	Management
6	Elect Directors	For	For	Management
7	Authorize Share Capital Increase or Issuance of Convertible Bonds	For	For	Management
8	Authorize Board to Participate in Companies with Similar Business Interests	For	For	Management

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BANK MILLENNIUM SA

Ticker: MIL Security ID: X05407105
Meeting Date: APR 10, 2014 Meeting Type: Annual
Record Date: MAR 25, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2	Receive Information on Voting Procedures	None	None	Management
3	Elect Meeting Chairman	For	For	Management
4	Acknowledge Proper Convening of Meeting	None	None	Management
5	Approve Agenda of Meeting	For	For	Management
6	Elect Members of Vote Counting Commission	For	For	Management
7	Receive and Approve Financial Statements, Management Board Report on Company's Operations in Fiscal 2013, and Supervisory Board Report	For	For	Management
8	Receive and Approve Consolidated Financial Statements and Management Board Report on Group's Operations in	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
	Fiscal 2013			
9.1	Approve Discharge of Management Board Members	For	For	Management
9.2	Approve Discharge of Supervisory Board Members	For	For	Management
10	Approve Allocation of 2013 Income and Dividends of PLN 0.22 per Share	For	For	Management
11	Amend Statute	For	For	Management
12	Close Meeting	None	None	Management

BANK SAINT PETERSBURG

Ticker: BSPB Security ID: X0R917109
Meeting Date: JUN 19, 2014 Meeting Type: Annual
Record Date: APR 30, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Meeting Procedures	For	For	Management
2	Approve Annual Report, Financial Statements, and Allocation of Income	For	For	Management
3	Approve Dividends	For	For	Management
4	Approve Allocation of Income of Previous Years	For	For	Management
5	Approve Remuneration of Directors	For	For	Management
6	Approve Reimbursement of Expenses of Directors	For	For	Management
7	Approve Related-Party Transactions	For	Against	Management
8	Ratify Auditor	For	For	Management
9.1	Elect Olga Babikova as Member of Audit Commission	For	For	Management
9.2	Elect Tatiyana Voronova as Member of Audit Commission	For	For	Management
9.3	Elect Elena Duryagina as Member of Audit Commission	For	For	Management
9.4	Elect Nadezhda Komysheva as Member of Audit Commission	For	For	Management
9.5	Elect Nikolay Lokay as Member of Audit Commission	For	For	Management
10	Fix Number of Directors	For	For	Management
11.1	Elect Susan Gail Buyske as Director	None	For	Management
11.2	Elect Andrey Bychkov as Director	None	For	Management
11.3	Elect Vladimir Gariugin as Director	None	For	Management
11.4	Elect Aleksey Germanovich as Director	None	Against	Management
11.5	Elect Vladislav Guz as Director	None	Against	Management
11.6	Elect Andrey Ibragimov as Director	None	Against	Management
11.7	Elect Elena Ivannikova as Director	None	Against	Management
11.8	Elect Felix Karmazinov as Director	None	For	Management
11.9	Elect Nina Kukuruzova as Director	None	Against	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
11.10	Elect Marlen Manasov as Director	None	For	Management
11.11	Elect Aleksandr Polukeyev as Director	None	Against	Management
11.12	Elect Aleksandr Pustovalov as Director	None	Against	Management
11.13	Elect Aleksandr Savelyev as Director	None	Against	Management
12	Approve New Edition of Charter	For	Against	Management
13	Appoint Company Representatives to Sign New Edition of Statute	For	Against	Management
14	Approve New Edition of Regulations on Board of Directors	For	For	Management
15	Approve New Edition of Regulations on Management	For	For	Management

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BANK ZACHODNI WBK SA

Ticker: BZW Security ID: X0646L107
Meeting Date: APR 16, 2014 Meeting Type: Annual
Record Date: MAR 31, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2	Elect Meeting Chairman	For	For	Management
3	Acknowledge Proper Convening of Meeting	None	None	Management
4	Approve Agenda of Meeting	For	For	Management
5	Approve Management Board Report on Company's Operations in Fiscal 2013 and Financial Statements	For	For	Management
6	Approve Management Board Report on Group's Operations in Fiscal 2013 and Consolidated Financial Statements	For	For	Management
7	Approve Allocation of Income	For	For	Management
8.1	Approve Discharge of Mateusz Morawiecki (Bank Zachodni WBK S.A. CEO)	For	For	Management
8.2	Approve Discharge of Andrzej Burliga (Bank Zachodni WBK S.A. Management Board Member)	For	For	Management
8.3	Approve Discharge of Eamonn Crowley (Bank Zachodni WBK S.A. Management Board Member)	For	For	Management
8.4	Approve Discharge of Michael McCarthy (Bank Zachodni WBK S.A. Management Board Member)	For	For	Management
8.5	Approve Discharge of Piotr Partyga (Bank Zachodni WBK S.A. Management Board Member)	For	For	Management
8.6	Approve Discharge of Juan de Porras Aguirre (Bank Zachodni WBK S.A. Management Board Member)	For	For	Management
8.7	Approve Discharge of Marcin Prell	For	For	Management

	(Bank Zachodni WBK S.A. Management Board Member)			
8.8	Approve Discharge of Marco Antonio Silva Rojas (Bank Zachodni WBK S.A. Management Board Member)	For	For	Management
8.9	Approve Discharge of Miroslaw Skiba (Bank Zachodni WBK S.A. Management Board Member)	For	For	Management
8.10	Approve Discharge of Feliks Szyszkowiak (Bank Zachodni WBK S.A. Management Board Member)	For	For	Management
9.1	Approve Discharge of Maciej Bardan (Kredyt Bank S.A. CEO)	For	For	Management
9.2	Approve Discharge of Umberto Arts (Kredyt Bank S.A. Management Board Member)	For	For	Management
9.3	Approve Discharge of Mariusz Kaczmarek (Kredyt Bank S.A. Management Board Member)	For	For	Management
9.4	Approve Discharge of Zbigniew Kudas (Kredyt Bank S.A. Management Board Member)	For	For	Management
9.5	Approve Discharge of Jerzy Sledziewski (Kredyt Bank S.A. Management Board Member)	For	For	Management
9.6	Approve Discharge of Piotr Sztrauch (Kredyt Bank S.A. Management Board Member)	For	For	Management
10	Approve Supervisory Board Reports	For	For	Management
11.1	Approve Discharge of Gerry Byrne (Bank Zachodni WBK S.A. Supervisory Board Chairman)	For	For	Management
11.2	Approve Discharge of Jose Antonio Alvarez (Bank Zachodni WBK S.A. Supervisory Board Member)	For	For	Management
11.3	Approve Discharge of David R. Hexter (Bank Zachodni WBK S.A. Supervisory Board Member)	For	For	Management
11.4	Approve Discharge of Witold Jurcewicz (Bank Zachodni WBK S.A. Supervisory Board Member)	For	For	Management
11.5	Approve Discharge of Guy Libot (Bank Zachodni WBK S.A. Supervisory Board Member)	For	For	Management
11.6	Approve Discharge of Jose Luis De Mora (Bank Zachodni WBK S.A. Bank Zachodni WBK S.A. Supervisory Board Member)	For	For	Management
11.7	Approve Discharge of John Power (Bank Zachodni WBK S.A. Supervisory Board Member)	For	For	Management
11.8	Approve Discharge of Jerzy Surma (Bank	For	For	Management

	Zachodni WBK S.A. Supervisory Board Member)			
11.9	Approve Discharge of Jose Manuel Varela (Bank Zachodni WBK S.A. Supervisory Board Member)	For	For	Management
12.1	Approve Discharge of Andrzej Witkowski (Kredyt Bank S.A. Supervisory Board Chairman)	For	For	Management
12.2	Approve Discharge of Adam Noga (Kredyt Bank S.A. Supervisory Board Member)	For	For	Management
12.3	Approve Discharge of Stefan Kawalec (Kredyt Bank S.A. Supervisory Board Member)	For	For	Management
12.4	Approve Discharge of Marko Voljc (Kredyt Bank S.A. Supervisory Board Member)	For	For	Management
12.5	Approve Discharge of Guy Libot (Kredyt Bank S.A. Supervisory Board Member)	For	For	Management
12.6	Approve Discharge of Ronny Delchambre (Kredyt Bank S.A. Supervisory Board Member)	For	For	Management
12.7	Approve Discharge of Lidia Jablonowska-Luba (Kredyt Bank S.A. Supervisory Board Member)	For	For	Management
13	Amend Statute Re: Corporate Purpose	For	For	Management
14	Approve Issuance of Shares without Preemptive Rights	For	For	Management
15	Fix Maximum Variable Compensation Ratio	For	For	Management
16	Elect Supervisory Board Member	For	Against	Management
17	Elect Chairman of Supervisory Board	For	Against	Management
18	Approve Remuneration of Supervisory Board Members	For	Against	Management
19	Close Meeting	None	None	Management

BANK ZACHODNI WBK SA

Ticker: BZW Security ID: X0646L107
Meeting Date: JUN 30, 2014 Meeting Type: Special
Record Date: JUN 14, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2	Elect Meeting Chairman	For	For	Management
3	Acknowledge Proper Convening of Meeting	None	None	Management
4	Approve Agenda of Meeting	For	For	Management
5	Approve Issuance of Series L Shares without Preemptive Rights; Amend Statute Accordingly	For	For	Management

6 Approve Incentive Plan For Against Management
7 Close Meeting None None Management

CCC SA

Ticker: CCC Security ID: X5818P109
Meeting Date: JUN 27, 2014 Meeting Type: Annual
Record Date: JUN 11, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2	Elect Meeting Chairman	For	For	Management
3	Acknowledge Proper Convening of Meeting	None	None	Management
4	Approve Agenda of Meeting	For	For	Management
5	Receive Management Board Reports on Company's and Group's Operations, Standalone and Consolidated Financial Statements	None	None	Management
6.1	Receive Supervisory Board Opinion on Company's Standing, Internal Controlling and Risk Management Systems	None	None	Management
6.2	Receive Supervisory Board Report on Its Activities	None	None	Management
7	Receive Supervisory Board Reports on Management Board Reports on Company's and Group's Operations, Standalone and Consolidated Financial Statements, and Management Board's Proposal on Income Allocation	None	None	Management
8	Approve Management Board Report on Company's Operations and Financial Statements	For	For	Management
9	Approve Management Board Report on Group's Operations and Consolidated Financial Statements	For	For	Management
10	Approve Allocation of Income	For	For	Management
11.1	Approve Discharge of Dariusz Milek (CEO)	For	For	Management
11.2	Approve Discharge of Mariusz Gnych (Deputy CEO)	For	For	Management
11.3	Approve Discharge of Piotr Nowjalis (Deputy CEO)	For	For	Management
12.1	Approve Discharge of Henryk Chojnacki (Supervisory Board Chairman)	For	For	Management
12.2	Approve Discharge of Martyna Kupiecka (Supervisory Board Member)	For	For	Management
12.3	Approve Discharge of Wojciech Fenrich (Supervisory Board Member)	For	For	Management

12.4	Approve Discharge of Marcin Murawski (Supervisory Board Member)	For	For	Management
12.5	Approve Discharge of Piotr Nadolski (Supervisory Board Member)	For	For	Management
12.6	Approve Discharge of Jan Rosochowiczi (Supervisory Board Member)	For	For	Management
13	Amend Statute Re: Corporate Purpose	For	For	Management
14	Receive Management Board Opinion on Increase of Share Capital within Limits of Target Capital without Preemptive Rights	None	None	Management
15	Amend Statute Re: Management Board Authorization to Increase Share Capital with Limits of Target Capital with Possible Exclusion of Preemptive Rights	For	For	Management
16	Approve Transfer of Organized Part of Enterprise to Company's Wholly Owned Subsidiary CCC Shoes & Bags Sp. z o.o.	For	For	Management
17	Approve Transfer of Organized Part of Wholly Owned Subsidiary CCC Shoes & Bags Sp. z o.o. to Company's Wholly Owned Subsidiary CCC.eu Sp. z o.o.	For	For	Management
18	Approve Decision on Authorization of Management Board to Change Corporate Supervision of Wholly Owned Subsidiary CCC Shoes & Bags Sp. z o.o.	For	For	Management
19	Approve Decision on Authorization of Management Board to Change Corporate Supervision of Wholly Owned Subsidiary CCC.eu Sp. z o.o.	For	For	Management
20	Close Meeting	None	None	Management

CHEMICAL WKS OF RICHTER GEDEON PLC

Ticker: RICHTER Security ID: X3124S107
Meeting Date: APR 24, 2014 Meeting Type: Annual
Record Date: APR 22, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Use of Electronic Vote Collection Method	For	Did Not Vote	Management
2	Authorize Company to Produce Sound Recording of Meeting Proceedings	For	Did Not Vote	Management
3	Elect Meeting Officials	For	Did Not Vote	Management
4	Approve Consolidated Financial Statements and Statutory Reports	For	Did Not Vote	Management
5	Approve Mangement Board Report on	For	Did Not Vote	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
	Company's Operations			
6	Approve Dividends of HUF 57 per Share	For	Did Not Vote	Management
7	Approve Allocation of Income	For	Did Not Vote	Management
8	Accept Financial Statements and Statutory Reports	For	Did Not Vote	Management
9	Approve Company's Corporate Governance Statement	For	Did Not Vote	Management
10	Decision on the Application of the New Civil Code to the Company and Amend Bylaws	For	Did Not Vote	Management
11	Adopt Consolidated Text of Bylaws	For	Did Not Vote	Management
12	Authorize Share Repurchase Program	For	Did Not Vote	Management
13	Reelect William de Gelsey as Management Board Member	For	Did Not Vote	Management
14	Reelect Erik Bogsch as Management Board Member	For	Did Not Vote	Management
15	Reelect Laszlo Kovacs, Dr. as Management Board Member	For	Did Not Vote	Management
16	Reelect Gabor Perjes, Dr. as Management Board Member	For	Did Not Vote	Management
17	Reelect E. Szilveszter Vizi, Prof., Dr. as Management Board Member	For	Did Not Vote	Management
18	Elect Janos Csak as Management Board Member	For	Did Not Vote	Management
19	Elect Kriszta Zolnay, Dr. as Management Board Member	For	Did Not Vote	Management
20	Approve Remuneration of Management Board Members	For	Did Not Vote	Management
21	Approve Remuneration of Supervisory Board Members	For	Did Not Vote	Management
22	Ratify PricewaterhouseCoopers Auditing Ltd as Auditor	For	Did Not Vote	Management
23	Approve Remuneration of Auditor	For	Did Not Vote	Management

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COCA COLA ICECEK A.S.

Ticker: CCOLA Security ID: M253EL109
Meeting Date: APR 15, 2014 Meeting Type: Annual
Record Date:

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting and Elect Presiding Council of Meeting	For	For	Management
2	Accept Board Report	For	For	Management
3	Accept Audit Report	For	For	Management
4	Accept Financial Statements	For	For	Management
5	Approve Discharge of Board	For	For	Management
6	Approve Allocation of Income	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
7	Approve Profit Distribution Policy	For	For	Management
8	Receive Information on Company Disclosure Policy	None	None	Management
9	Elect Directors	For	For	Management
10	Ratify External Auditors	For	For	Management
11	Receive Information on Charitable Donations	None	None	Management
12	Receive Information on the Guarantees, Pledges, and Mortgages Provided by the Company to Third Parties	None	None	Management
13	Receive Information on Related Party Transactions	None	None	Management
14	Receive Information on Remuneration Policy	None	None	Management
15	Receive Information on Commercial Transactions with the Company	None	None	Management
16	Grant Permission for Board Members to Engage in Commercial Transactions with Company and Be Involved with Companies with Similar Corporate Purpose	For	For	Management
17	Wishes	None	None	Management

E.ON RUSSIA OJSC

Ticker: EONR Security ID: X2156X109
Meeting Date: JUN 26, 2014 Meeting Type: Annual
Record Date: MAY 19, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Annual Report, Financial Statements, and Allocation of Income, Including Dividends	For	For	Management
2.1	Elect Albert Reutersberg as Director	None	Against	Management
2.2	Elect Jorgen Kildahl as Director	None	Against	Management
2.3	Elect Maksim Shirokov as Director	None	Against	Management
2.4	Elect Sergey Malinov as Director	None	For	Management
2.5	Elect Karl-Heinz Feldmann as Director	None	Against	Management
2.6	Elect Reiner Hartmann as Director	None	Against	Management
2.7	Elect Mike Winkel as Director	None	Against	Management
2.8	Elect Tatiyana Mitrova as Director	None	Against	Management
2.9	Elect Aleksey Germanovich as Director	None	Against	Management
3.1	Elect Aleksey Asyaev as Member of Audit Commission	For	For	Management
3.2	Elect Sascha Bibert as Member of Audit Commission	For	For	Management
3.3	Elect Guntram Wurzberg as Member of Audit Commission	For	For	Management
3.4	Elect Denis Alekseenkov as Member of	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
	Audit Commission			
4	Ratify PricewaterhouseCoopers Audit as Auditor	For	For	Management
5	Approve New Edition of Charter	For	Against	Management
6	Approve New Edition of Regulations on General Meetings	For	For	Management

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ENKA INSAAT VE SANAYI A.S.

Ticker: ENKAI Security ID: M4055T108
Meeting Date: MAR 27, 2014 Meeting Type: Annual
Record Date:

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting, Elect Presiding Council of Meeting, and Authorize Presiding Council to Sign Meeting Minutes	For	For	Management
2	Accept Board Report	For	For	Management
3	Accept Audit Report	For	For	Management
4	Receive Information on Charitable Donations	None	None	Management
5	Accept Financial Statements	For	For	Management
6	Approve Discharge of Board	For	For	Management
7	Receive Information on Remuneration Policy	None	None	Management
8	Elect Directors	For	For	Management
9	Approve Director Remuneration	For	For	Management
10	Ratify External Auditors	For	For	Management
11	Approve Allocation of Income	For	For	Management
12	Approve Profit Distribution Policy	For	For	Management
13	Approve Donation Policy	For	For	Management
14	Receive Information on the Guarantees, Pledges, and Mortgages Provided by the Company to Third Parties	None	None	Management
15	Grant Permission for Board Members to Engage in Commercial Transactions with Company and Be Involved with Companies with Similar Corporate Purpose	For	For	Management
16	Wishes	None	None	Management

ENKA INSAAT VE SANAYI A.S.

Ticker: ENKAI Security ID: M4055T108
Meeting Date: JUN 19, 2014 Meeting Type: Special
Record Date:

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Elect Presiding Council of Meeting and Authorize Presiding Council to Sign Meeting Minutes	For	For	Management
2	Approve Dividend Advance Payments	For	For	Management
3	Approve Allocation of Income for 2014	For	For	Management
4	Wishes	None	None	Management

FOLLI FOLLIE GROUP

Ticker: FFGRP Security ID: X1890Z115
Meeting Date: JUN 20, 2014 Meeting Type: Annual
Record Date: JUN 13, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Accept Financial Statements and Statutory Reports	For	For	Management
2	Approve Allocation of Income	For	For	Management
3	Approve Discharge of Board and Auditors	For	For	Management
4	Approve Auditors and Fix Their Remuneration	For	Against	Management
5	Approve Director Remuneration	For	Against	Management
6	Approve Guarantees to Subsidiaries	For	For	Management
7	Authorize Convertible Debt Issuance	For	Against	Management
8	Authorize Share Repurchase Program	For	For	Management
9	Authorize Capitalization of Reserves for Increase in Par Value	For	For	Management
10	Approve Reduction in Issued Share Capital	For	For	Management
11	Change Company Name	For	For	Management
12	Amend Company Articles	For	For	Management
13	Elect Directors	For	Against	Management
14	Other Business	For	Against	Management

FORD OTOMOTIV SANAYI AS

Ticker: FROTO Security ID: M7608S105
Meeting Date: MAR 25, 2014 Meeting Type: Annual
Record Date:

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting and Elect Presiding Council of Meeting	For	For	Management
2	Accept Board Report	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
3	Accept Audit Report	For	For	Management
4	Accept Financial Statements	For	For	Management
5	Ratify Director Appointments	For	For	Management
6	Approve Discharge of Board	For	For	Management
7	Approve Dividend Policy	For	For	Management
8	Approve Allocation of Income	For	For	Management
9	Elect Directors	For	For	Management
10	Receive Information on Remuneration Policy	None	None	Management
11	Approve Director Remuneration	For	For	Management
12	Ratify External Auditors	For	For	Management
13	Receive Information on Related Party Transactions	None	None	Management
14	Approve Upper Limit of Donations for 2014	For	Against	Management
15	Grant Permission for Board Members to Engage in Commercial Transactions with Company and Be Involved with Companies with Similar Corporate Purpose	For	For	Management
16	Wishes	None	None	Management

GAZPROM NEFT JSC

Ticker: SIBN Security ID: 36829G107
Meeting Date: JUN 06, 2014 Meeting Type: Annual
Record Date: APR 17, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Annual Report	For	For	Management
2	Approve Financial Statements	For	For	Management
3	Approve Allocation of Income	For	For	Management
4	Approve Dividends of RUB 9.38 per Share	For	For	Management
5.1	Elect Vladimir Alisov as Director	None	Against	Management
5.2	Elect Marat Garaev as Director	None	Against	Management
5.3	Elect Valery Golubev as Director	None	Against	Management
5.4	Elect Nikolay Dubik as Director	None	Against	Management
5.5	Elect Alexander Dyukov as Director	None	Against	Management
5.6	Elect Alexander Kalinkin as Director	None	Against	Management
5.7	Elect Andrey Kruglov as Director	None	Against	Management
5.8	Elect Alexey Miller as Director	None	Against	Management
5.9	Elect Elena Mikhailova as Director	None	Against	Management
5.10	Elect Alexander Mikheyev as Director	None	Against	Management
5.11	Elect Kirill Seleznev as Director	None	Against	Management
5.12	Elect Valery Serdyukov as Director	None	Against	Management
5.13	Elect Mikhail Sereda as Director	None	Against	Management
5.14	Elect Sergey Fursenko as Director	None	Against	Management
5.15	Elect Vsevolod Cherepanov as Director	None	Against	Management
6.1	Elect Dmitry Arkhipov as Member of	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
	Audit Commission			
6.2	Elect Galina Delvig as Member of Audit Commission	For	For	Management
6.3	Elect Vitaly Kovalev as Member of Audit Commission	For	For	Management
6.4	Elect Anatoly Kotlyar as Member of Audit Commission	For	For	Management
6.5	Elect Alexander Frolov as Member of Audit Commission	For	For	Management
7	Ratify ZAO PricewaterhouseCoopers Audit as Auditor	For	For	Management
8	Approve Remuneration of Directors	For	Against	Management
9	Approve Remuneration of Members of Audit Commission	For	For	Management

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GAZPROM OAO

Ticker: GAZP Security ID: 368287207
Meeting Date: JUN 27, 2014 Meeting Type: Annual
Record Date: MAY 08, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Annual Report	For	For	Management
2	Approve Financial Statements	For	For	Management
3	Approve Allocation of Income	For	For	Management
4	Approve Dividends of RUB 7.20 per Share	For	For	Management
5	Ratify ZAO PricewaterhouseCoopers as Auditor	For	For	Management
6	Approve Remuneration of Directors	For	Against	Management
7	Approve Remuneration of Members of Audit Commission	For	For	Management
8	Amend Charter	For	For	Management
9	Amend Regulations on Board of Directors	For	For	Management
10	Approve Large-Scale Related-Party Transaction with South Stream Transport B.V.: Guarantee Agreement for Securing Obligations of LLC Gazprom Export	For	For	Management
11.1	Approve Related-Party Transaction with OAO Gazprombank Re: Loan Agreements	For	For	Management
11.2	Approve Related-Party Transaction with OAO Sberbank of Russia Re: Loan Agreements	For	For	Management
11.3	Approve Related-Party Transaction with OAO Bank VTB Re: Loan Agreements	For	For	Management
11.4	Approve Related-Party Transaction with OAO Gazprombank Re: Loan Facility Agreement	For	For	Management

11.5	Approve Related-Party Transaction with OAO Sberbank of Russia Re: Loan Facility Agreement	For	For	Management
11.6	Approve Related-Party Transaction with OAO Bank VTB Re: Loan Facility Agreement	For	For	Management
11.7	Approve Related-Party Transaction with OAO AB ROSSIYA Re: Loan Facility Agreement	For	For	Management
11.8	Approve Related-Party Transaction with OAO Gazprombank and OAO Sberbank of Russia Re: Agreements on Transfer of Funds and Maintaining Minimum Balance on Bank Accounts	For	For	Management
11.9	Approve Related-Party Transaction with OAO AB ROSSIYA Re: Agreements on Transfer of Funds and Maintaining Minimum Balance On Bank Accounts	For	For	Management
11.10	Approve Related-Party Transaction with OAO Gazprombank, OAO Sberbank of Russia, and OAO AB ROSSIYA Re: Agreements on Using Electronic Payments System	For	For	Management
11.11	Approve Related-Party Transaction with OAO Gazprombank Re: Agreements on Foreign Currency Purchase/Sale	For	For	Management
11.12	Approve Related-Party Transaction with OAO Bank VTB Re: Agreements on Foreign Currency Purchase/Sale	For	For	Management
11.13	Approve Related-Party Transaction with OAO Bank VTB Re: Agreement on Forward/Swap Conversion Operations	For	For	Management
11.14	Approve Related-Party Transaction with OAO Sberbank of Russia Re: Agreements on Foreign Currency Purchase/Sale	For	For	Management
11.15	Approve Related-Party Transaction with OAO Bank VTB Re: Deposit Agreements	For	For	Management
11.16	Approve Related-Party Transaction with OAO Gazprombank Re: Deposit Agreements	For	For	Management
11.17	Approve Related-Party Transaction with OAO Sberbank of Russia Re: Deposit Agreements	For	For	Management
11.18	Approve Related-Party Transaction with OAO Gazprombank Re: Guarantee Agreements for Securing Obligations of Gazprom's Subsidiaries	For	For	Management
11.19	Approve Related-Party Transaction with OAO Sberbank of Russia Re: Guarantee Agreements for Securing Obligations of Gazprom's Subsidiaries	For	For	Management
11.20	Approve Related-Party Transaction with	For	For	Management

OAO Bank VTB Re: Guarantee Agreements for Securing Obligations of Gazprom's Subsidiaries			
11.21 Approve Related-Party Transaction with OAO Gazprombank Re: Agreements on Guarantees to Tax Authorities	For	For	Management
11.22 Approve Related-Party Transaction with OAO Bank VTB Re: Agreements on Guarantees to Tax Authorities	For	For	Management
11.23 Approve Related-Party Transaction with OAO Sberbank of Russia Re: Agreements on Guarantees to Tax Authorities	For	For	Management
11.24 Approve Related-Party Transaction with DOAO Tsentrenergogaz Re: Agreements on Temporary Possession and Use of Building and Equipment	For	For	Management
11.25 Approve Related-Party Transaction with OAO Tsentrgaz Re: Agreements on Temporary Possession and Use of Software and Hardware Solutions	For	For	Management
11.26 Approve Related-Party Transaction with OAO Gazprombank Re: Agreements on Temporary Possession and Use of Non-residential Premises	For	For	Management
11.27 Approve Related-Party Transaction with OOO Gazprom Export Re: Agreements on Temporary Possession and Use of Software and Hardware Solutions	For	For	Management
11.28 Approve Related-Party Transaction with OAO Gazpromneft Re: Agreements on Temporary Possession and Use of Software and Hardware Solutions, and Special-Purpose Telecommunications	For	For	Management
11.29 Approve Related-Party Transaction with OAO Gazprom Kosmicheskiye Sistemy Re: Agreements on Temporary Possession and Use of Software and Hardware Solutions	For	For	Management
11.30 Approve Related-Party Transaction with OOO Gazprom Mezhregiongaz Re: Agreements on Temporary Possession and Use of Software and Hardware Solutions	For	For	Management
11.31 Approve Related-Party Transaction with OOO Gazprom Export Re: Agreements on Sale of Commercial Products Owned by Gazprom	For	For	Management
11.32 Approve Related-Party Transaction with OOO Gazprom Tsentrremont Re: Agreements on Temporary Possession and Use of Software and Hardware Solutions	For	For	Management
11.33 Approve Related-Party Transaction with OAO Gazprom Gazoraspredeleniye Re:	For	For	Management

	Agreements on Temporary Possession and Use of Gas Distribution System, Software and Hardware Solutions			
11.34	Approve Related-Party Transaction with OAO Druzhba Re: Agreements on Temporary Possession and Use of Facilities of Druzhba Vacation Cente	For	For	Management
11.35	Approve Related-Party Transaction with OOO Gazprom Investproyekt Re: Provision of Consulting Services	For	For	Management
11.36	Approve Related-Party Transaction with OAO NOVATEK Re: Agreements on Arranging of Injection and Storage of Gas	For	For	Management
11.37	Approve Related-Party Transaction with OOO Gazprom Komplektatsiya Re: Agreements on Temporary Possession and Use of Software and Hardware Solutions	For	For	Management
11.38	Approve Related-Party Transaction with OAO Severneftegazprom Re: Agreements on Delivery of Gas	For	For	Management
11.39	Approve Related-Party Transaction with OAO Tomskgazprom Re: Agreements on Transportation of Gas	For	For	Management
11.40	Approve Related-Party Transaction with OOO Gazprom Mezhregiongaz Re: Agreements on Transportation of Gas	For	For	Management
11.41	Approve Related-Party Transaction with OAO SOGAZ Re: Agreement on Environment, Life, Health, and Individual Property Insurance	For	For	Management
11.42	Approve Related-Party Transaction with OOO Gazprom Mezhregiongaz Re: Agreements on Sale/Purchase of Gas	For	For	Management
11.43	Approve Related-Party Transaction with A/S Latvijas Gaze Re: Agreements on Sale of Gas, Arranging of Injection, and Storage of Gas	For	For	Management
11.44	Approve Related-Party Transaction with OAO Rosselkhozbank Re: Agreements on Transfer of Funds	For	For	Management
11.45	Approve Related-Party Transaction with AB Lietuvos Dujos Re: Agreements on Sale of Gas	For	For	Management
11.46	Approve Related-Party Transaction with AO Moldovagaz Re: Agreements on Sale and Transportation of Gas	For	For	Management
11.47	Approve Related-Party Transaction with KazRosGaz LLP Re: Agreements on Transportation of Gas	For	For	Management
11.48	Approve Related-Party Transaction with	For	For	Management

	OAO Gazprom Neft Re: Agreements on Transportation of Gas			
11.49	Approve Related-Party Transaction with OAO AK Transneft Re: Agreements on Transportation of Oil and Storage of Oil	For	For	Management
11.50	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.51	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.52	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.53	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.54	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.55	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.56	Approve Related-Party Transaction with OAO Bank VTB Re: Agreements on Transfer of Funds and Maintaining Minimum Balance On Bank Accounts Work	For	For	Management
11.57	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.58	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.59	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.60	Approve Related-Party Transaction with OOO Gazprom Tsentrremont Re: License to Use Software	For	For	Management
11.61	Approve Related-Party Transaction with OAO Gazprom Kosmicheskiye Sistemy Re:	For	For	Management

	Agreements on Investment Projects			
11.62	Approve Related-Party Transaction with OOO Gazprom Tsentrremont Re: Agreements on Investment Projects	For	For	Management
11.63	Approve Related-Party Transaction with OOO Gazprom Tsentrremont Re: Agreements on Works Related to Cost Estimate Documentation and On-Load Pre-Commissioning Tests	For	For	Management
11.64	Approve Related-Party Transaction with Multiple Parties Re: Agreements on Arranging Stocktaking of Property	For	For	Management
11.65	Approve Related-Party Transaction with OAO SOGAZ Re: Agreements on Insurance of Property	For	For	Management
11.66	Approve Related-Party Transaction with OAO SOGAZ Re: Agreement on Liability Insurance to Members of Board of Directors and Management Board	For	For	Management
11.67	Approve Related-Party Transaction with OAO SOGAZ Re: Agreements on Insurance of Property	For	For	Management
11.68	Approve Related-Party Transaction with OAO SOGAZ Re: Agreements on Insurance of Gazprom's Employees	For	For	Management
11.69	Approve Related-Party Transaction with OAO SOGAZ Re: Agreements on Insurance of Gazprom's Employees, Their Familiy Members, and Retired Former Employees	For	For	Management
11.70	Approve Related-Party Transaction with OAO SOGAZ Re: Agreements on Insurance of Transportation Vehicles Owned By Gazprom	For	For	Management
11.71	Approve Related-Party Transaction with OAO SOGAZ Re: Agreements on Insurance of Gazprom's Employees Travelling On Official Business	For	For	Management
11.72	Approve Related-Party Transaction with OAO Bank VTB Re: Agreements on Using Electronic Payments System	For	For	Management
11.73	Approve Related-Party Transaction with OOO Gazprom Gazomotornoye Toplivo Re: License to Use OAO Gazprom's Trademarks Electronic Payments System	For	For	Management
11.74	Approve Related-Party Transaction with Equipment Manufacturers Association Novye Technologii Gazovoy Otrasli Re: License to Use OAO Gazprom's Trademarks Electronic Payments System	For	For	Management
11.75	Approve Related-Party Transaction with OAO Gazprom Neft Re: Exclusive License	For	For	Management

	to Use OAO Gazprom's TrademarksElectronic Payments System			
11.76	Approve Related-Party Transaction with OAO Rosselkhozbank Re: Agreements on Using Electronic Payments System	For	For	Management
11.77	Approve Related-Party Transaction with OOO Gazprom Mezhregiongaz Re: Gas Supply Agreements	For	For	Management
11.78	Approve Related-Party Transaction with OAO Gazprom Neft Re: Crude Oil Supply Agreements	For	For	Management
11.79	Approve Related-Party Transaction with OAO NOVATEK Re: Agreements on Transportation of Gas	For	For	Management
11.80	Approve Related-Party Transaction with OAO Gazprom Transgaz Belarus Re: Agreements on Sale of Gas and Transit Transportation of Gas	For	For	Management
12.1	Elect Andrey Akimov as Director	None	Against	Management
12.2	Elect Farit Gazizullin as Director	None	Against	Management
12.3	Elect Viktor Zubkov as Director	None	Against	Management
12.4	Elect Elena Karpel as Director	None	Against	Management
12.5	Elect Timur Kulibayev as Director	None	Against	Management
12.6	Elect Vitaliy Markelov as Director	None	Against	Management
12.7	Elect Viktor Martynov as Director	None	Against	Management
12.8	Elect Vladimir Mau as Director	None	Against	Management
12.9	Elect Aleksey Miller as Director	None	Against	Management
12.10	Elect Valery Musin as Director	None	For	Management
12.11	Elect Seppo Remes as Director	None	Against	Management
12.12	Elect Oleg Saveliev as Director	None	Against	Management
12.13	Elect Andrey Sapelin as Director	None	Against	Management
12.14	Elect Mikhail Sereda as Director	None	Against	Management
13.1	Elect Vladimir Alisov as Member of Audit Commission	For	Did Not Vote	Management
13.2	Elect Dmitry Arkhipov as Member of Audit Commission	For	For	Management
13.3	Elect Aleksey Afonyashin as Member of Audit Commission	For	Did Not Vote	Management
13.4	Elect Irina Babenkova as Member of Audit Commission	For	Did Not Vote	Management
13.5	Elect Andrey Belobrov as Member of Audit Commission	For	Did Not Vote	Management
13.6	Elect Vadim Bikulov as Member of Audit Commission	For	For	Management
13.7	Elect Larisa Vitj as Member of Audit Commission	For	Did Not Vote	Management
13.8	Elect Aleksandr Ivanninkov as Member of Audit Commission	For	Did Not Vote	Management
13.9	Elect Marina Mikhina as Member of Audit Commission	For	For	Management
13.10	Elect Yuriy Nosov as Member of Audit	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
	Commission			
13.11	Elect Karen Oganyan as Member of Audit Commission	For	Did Not Vote	Management
13.12	Elect Oleg Osipenko as Member of Audit Commission	For	Did Not Vote	Management
13.13	Elect Sergey Platonov as Member of Audit Commission	For	Did Not Vote	Management
13.14	Elect Svetlana Ray as Member of Audit Commission	For	Against	Management
13.15	Elect Mikhail Rosseyev as Member of Audit Commission	For	Against	Management
13.16	Elect Tatyana Fisenko as Member of Audit Commission	For	Against	Management
13.17	Elect Alan Khadziev as Member of Audit Commission	For	Against	Management
13.18	Elect Aleksandr Shevchuk as Member of Audit Commission	For	For	Management

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GAZPROM OAO

Ticker: GAZP Security ID: 368287207
Meeting Date: JUN 27, 2014 Meeting Type: Annual
Record Date: MAY 08, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Annual Report	For	For	Management
2	Approve Financial Statements	For	For	Management
3	Approve Allocation of Income	For	For	Management
4	Approve Dividends of RUB 7.20 per Share	For	For	Management
5	Ratify ZAO PricewaterhouseCoopers as Auditor	For	For	Management
6	Approve Remuneration of Directors	For	Against	Management
7	Approve Remuneration of Members of Audit Commission	For	For	Management
8	Amend Charter	For	For	Management
9	Amend Regulations on Board of Directors	For	For	Management
10	Approve Large-Scale Related-Party Transaction with South Stream Transport B.V.: Guarantee Agreement for Securing Obligations of LLC Gazprom Export	For	For	Management
11.1	Approve Related-Party Transaction with OAO Gazprombank Re: Loan Agreements	For	For	Management
11.2	Approve Related-Party Transaction with OAO Sberbank of Russia Re: Loan Agreements	For	For	Management
11.3	Approve Related-Party Transaction with OAO Bank VTB Re: Loan Agreements	For	For	Management

11.4	Approve Related-Party Transaction with OAO Gazprombank Re: Loan Facility Agreement	For	For	Management
11.5	Approve Related-Party Transaction with OAO Sberbank of Russia Re: Loan Facility Agreement	For	For	Management
11.6	Approve Related-Party Transaction with OAO Bank VTB Re: Loan Facility Agreement	For	For	Management
11.7	Approve Related-Party Transaction with OAO AB ROSSIYA Re: Loan Facility Agreement	For	For	Management
11.8	Approve Related-Party Transaction with OAO Gazprombank and OAO Sberbank of Russia Re: Agreements on Transfer of Funds and Maintaining Minimum Balance on Bank Accounts	For	For	Management
11.9	Approve Related-Party Transaction with OAO AB ROSSIYA Re: Agreements on Transfer of Funds and Maintaining Minimum Balance On Bank Accounts	For	For	Management
11.10	Approve Related-Party Transaction with OAO Gazprombank, OAO Sberbank of Russia, and OAO AB ROSSIYA Re: Agreements on Using Electronic Payments System	For	For	Management
11.11	Approve Related-Party Transaction with OAO Gazprombank Re: Agreements on Foreign Currency Purchase/Sale	For	For	Management
11.12	Approve Related-Party Transaction with OAO Bank VTB Re: Agreements on Foreign Currency Purchase/Sale	For	For	Management
11.13	Approve Related-Party Transaction with OAO Bank VTB Re: Agreement on Forward/Swap Conversion Operations	For	For	Management
11.14	Approve Related-Party Transaction with OAO Sberbank of Russia Re: Agreements on Foreign Currency Purchase/Sale	For	For	Management
11.15	Approve Related-Party Transaction with OAO Bank VTB Re: Deposit Agreements	For	For	Management
11.16	Approve Related-Party Transaction with OAO Gazprombank Re: Deposit Agreements	For	For	Management
11.17	Approve Related-Party Transaction with OAO Sberbank of Russia Re: Deposit Agreements	For	For	Management
11.18	Approve Related-Party Transaction with OAO Gazprombank Re: Guarantee Agreements for Securing Obligations of Gazprom's Subsidiaries	For	For	Management
11.19	Approve Related-Party Transaction with OAO Sberbank of Russia Re: Guarantee	For	For	Management

	Agreements for Securing Obligations of Gazprom's Subsidiaries			
11.20	Approve Related-Party Transaction with OAO Bank VTB Re: Guarantee Agreements for Securing Obligations of Gazprom's Subsidiaries	For	For	Management
11.21	Approve Related-Party Transaction with OAO Gazprombank Re: Agreements on Guarantees to Tax Authorities	For	For	Management
11.22	Approve Related-Party Transaction with OAO Bank VTB Re: Agreements on Guarantees to Tax Authorities	For	For	Management
11.23	Approve Related-Party Transaction with OAO Sberbank of Russia Re: Agreements on Guarantees to Tax Authorities	For	For	Management
11.24	Approve Related-Party Transaction with DOAO Tsentrenergogaz Re: Agreements on Temporary Possession and Use of Building and Equipment	For	For	Management
11.25	Approve Related-Party Transaction with OAO Tsentrgaz Re: Agreements on Temporary Possession and Use of Software and Hardware Solutions	For	For	Management
11.26	Approve Related-Party Transaction with OAO Gazprombank Re: Agreements on Temporary Possession and Use of Non-residential Premises	For	For	Management
11.27	Approve Related-Party Transaction with OOO Gazprom Export Re: Agreements on Temporary Possession and Use of Software and Hardware Solutions	For	For	Management
11.28	Approve Related-Party Transaction with OAO Gazpromneft Re: Agreements on Temporary Possession and Use of Software and Hardware Solutions, and Special-Purpose Telecommunications	For	For	Management
11.29	Approve Related-Party Transaction with OAO Gazprom Kosmicheskiye Sistemy Re: Agreements on Temporary Possession and Use of Software and Hardware Solutions	For	For	Management
11.30	Approve Related-Party Transaction with OOO Gazprom Mezhregiongaz Re: Agreements on Temporary Possession and Use of Software and Hardware Solutions	For	For	Management
11.31	Approve Related-Party Transaction with OOO Gazprom Export Re: Agreements on Sale of Commercial Products Owned by Gazprom	For	For	Management
11.32	Approve Related-Party Transaction with OOO Gazprom Tsentrremont Re: Agreements on Temporary Possession and	For	For	Management

	Use of Software and Hardware Solutions			
11.33	Approve Related-Party Transaction with OAO Gazprom Gazoraspredeleniye Re: Agreements on Temporary Possession and Use of Gas Distribution System, Software and Hardware Solutions	For	For	Management
11.34	Approve Related-Party Transaction with OAO Druzhba Re: Agreements on Temporary Possession and Use of Facilities of Druzhba Vacation Cente	For	For	Management
11.35	Approve Related-Party Transaction with OOO Gazprom Investproyekt Re: Provision of Consulting Services	For	For	Management
11.36	Approve Related-Party Transaction with OAO NOVATEK Re: Agreements on Arranging of Injection and Storage of Gas	For	For	Management
11.37	Approve Related-Party Transaction with OOO Gazprom Komplektatsiya Re: Agreements on Temporary Possession and Use of Software and Hardware Solutions	For	For	Management
11.38	Approve Related-Party Transaction with OAO Severneftegazprom Re: Agreements on Delivery of Gas	For	For	Management
11.39	Approve Related-Party Transaction with OAO Tomskgazprom Re: Agreements on Transportation of Gas	For	For	Management
11.40	Approve Related-Party Transaction with OOO Gazprom Mezhregiongaz Re: Agreements on Transportation of Gas	For	For	Management
11.41	Approve Related-Party Transaction with OAO SOGAZ Re: Agreement on Environment, Life, Health, and Individual Property Insurance	For	For	Management
11.42	Approve Related-Party Transaction with OOO Gazprom Mezhregiongaz Re: Agreements on Sale/Purchase of Gas	For	For	Management
11.43	Approve Related-Party Transaction with A/S Latvijas Gaze Re: Agreements on Sale of Gas, Arranging of Injection, and Storage of Gas	For	For	Management
11.44	Approve Related-Party Transaction with OAO Rosselkhozbank Re: Agreements on Transfer of Funds	For	For	Management
11.45	Approve Related-Party Transaction with AB Lietuvos Dujos Re: Agreements on Sale of Gas	For	For	Management
11.46	Approve Related-Party Transaction with AO Moldovagaz Re: Agreements on Sale and Transportation of Gas	For	For	Management
11.47	Approve Related-Party Transaction with	For	For	Management

	KazRosGaz LLP Re: Agreements on Transportation of Gas			
11.48	Approve Related-Party Transaction with OAO Gazprom Neft Re: Agreements on Transportation of Gas	For	For	Management
11.49	Approve Related-Party Transaction with OAO AK Transneft Re: Agreements on Transportation of Oil and Storage of Oil	For	For	Management
11.50	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.51	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.52	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.53	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.54	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.55	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.56	Approve Related-Party Transaction with OAO Bank VTB Re: Agreements on Transfer of Funds and Maintaining Minimum Balance On Bank Accounts Work	For	For	Management
11.57	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.58	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.59	Approve Related-Party Transaction with Gubkin Russian State University of Oil and Gas Re: Agreements on Research and Development Work	For	For	Management
11.60	Approve Related-Party Transaction with OOO Gazprom Tsentrremont Re: License	For	For	Management

	to Use Software			
11.61	Approve Related-Party Transaction with OAO Gazprom Kosmicheskiye Sistemy Re: Agreements on Investment Projects	For	For	Management
11.62	Approve Related-Party Transaction with OOO Gazprom Tsentrremont Re: Agreements on Investment Projects	For	For	Management
11.63	Approve Related-Party Transaction with OOO Gazprom Tsentrremont Re: Agreements on Works Related to Cost Estimate Documentation and On-Load Pre-Commissioning Tests	For	For	Management
11.64	Approve Related-Party Transaction with Multiple Parties Re: Agreements on Arranging Stocktaking of Property	For	For	Management
11.65	Approve Related-Party Transaction with OAO SOGAZ Re: Agreements on Insurance of Property	For	For	Management
11.66	Approve Related-Party Transaction with OAO SOGAZ Re: Agreement on Liability Insurance to Members of Board of Directors and Management Board	For	For	Management
11.67	Approve Related-Party Transaction with OAO SOGAZ Re: Agreements on Insurance of Property	For	For	Management
11.68	Approve Related-Party Transaction with OAO SOGAZ Re: Agreements on Insurance of Gazprom's Employees	For	For	Management
11.69	Approve Related-Party Transaction with OAO SOGAZ Re: Agreements on Insurance of Gazprom's Employees, Their Familiy Members, and Retired Former Employees	For	For	Management
11.70	Approve Related-Party Transaction with OAO SOGAZ Re: Agreements on Insurance of Transportation Vehicles Owned By Gazprom	For	For	Management
11.71	Approve Related-Party Transaction with OAO SOGAZ Re: Agreements on Insurance of Gazprom's Employees Travelling On Official Business	For	For	Management
11.72	Approve Related-Party Transaction with OAO Bank VTB Re: Agreements on Using Electronic Payments System	For	For	Management
11.73	Approve Related-Party Transaction with OOO Gazprom Gazomotornoye Toplivo Re: License to Use OAO Gazprom's Trademarks Electronic Payments System	For	For	Management
11.74	Approve Related-Party Transaction with Equipment Manufacturers Association Novye Technologii Gazovoy Otrasli Re: License to Use OAO Gazprom's	For	For	Management

	Trademarks Electronic Payments System			
11.75	Approve Related-Party Transaction with OAO Gazprom Neft Re: Exclusive License to Use OAO Gazprom's TrademarksElectronic Payments System	For	For	Management
11.76	Approve Related-Party Transaction with OAO Rosselkhozbank Re: Agreements on Using Electronic Payments System	For	For	Management
11.77	Approve Related-Party Transaction with OOO Gazprom Mezhregiongaz Re: Gas Supply Agreements	For	For	Management
11.78	Approve Related-Party Transaction with OAO Gazprom Neft Re: Crude Oil Supply Agreements	For	For	Management
11.79	Approve Related-Party Transaction with OAO NOVATEK Re: Agreements on Transportation of Gas	For	For	Management
11.80	Approve Related-Party Transaction with OAO Gazprom Transgaz Belarus Re: Agreements on Sale of Gas and Transit Transportation of Gas	For	For	Management
12.1	Elect Andrey Akimov as Director	None	Against	Management
12.2	Elect Farit Gazizullin as Director	None	Against	Management
12.3	Elect Viktor Zubkov as Director	None	Against	Management
12.4	Elect Elena Karpel as Director	None	Against	Management
12.5	Elect Timur Kulibayev as Director	None	Against	Management
12.6	Elect Vitaliy Markelov as Director	None	Against	Management
12.7	Elect Viktor Martynov as Director	None	Against	Management
12.8	Elect Vladimir Mau as Director	None	Against	Management
12.9	Elect Aleksey Miller as Director	None	Against	Management
12.10	Elect Valery Musin as Director	None	For	Management
12.11	Elect Seppo Remes as Director	None	Against	Management
12.12	Elect Oleg Saveliev as Director	None	Against	Management
12.13	Elect Andrey Sapelin as Director	None	Against	Management
12.14	Elect Mikhail Sereda as Director	None	Against	Management
13.1	Elect Vladimir Alisov as Member of Audit Commission	For	Against	Management
13.2	Elect Dmitry Arkhipov as Member of Audit Commission	For	For	Management
13.3	Elect Aleksey Afonyashin as Member of Audit Commission	For	Against	Management
13.4	Elect Irina Babenkova as Member of Audit Commission	For	Against	Management
13.5	Elect Andrey Belobrov as Member of Audit Commission	For	Against	Management
13.6	Elect Vadim Bikulov as Member of Audit Commission	For	For	Management
13.7	Elect Larisa Vitj as Member of Audit Commission	For	Against	Management
13.8	Elect Aleksandr Ivanninkov as Member of Audit Commission	For	Against	Management

13.9	Elect Marina Mikhina as Member of Audit Commission	For	For	Management
13.10	Elect Yuriy Nosov as Member of Audit Commission	For	For	Management
13.11	Elect Karen Oganyan as Member of Audit Commission	For	Against	Management
13.12	Elect Oleg Osipenko as Member of Audit Commission	For	Against	Management
13.13	Elect Sergey Platonov as Member of Audit Commission	For	Against	Management
13.14	Elect Svetlana Ray as Member of Audit Commission	For	Against	Management
13.15	Elect Mikhail Rosseyev as Member of Audit Commission	For	Against	Management
13.16	Elect Tatyana Fisenko as Member of Audit Commission	For	Against	Management
13.17	Elect Alan Khadziev as Member of Audit Commission	For	Against	Management
13.18	Elect Aleksandr Shevchuk as Member of Audit Commission	For	For	Management

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GETIN NOBLE BANK SA

Ticker: GNB Security ID: X3214S108
Meeting Date: APR 24, 2014 Meeting Type: Annual
Record Date: APR 08, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2	Elect Meeting Chairman	For	For	Management
3	Acknowledge Proper Convening of Meeting	None	None	Management
4	Approve Agenda of Meeting	For	For	Management
5	Receive Supervisory Board Report on Management Board Operations, on Financial Statements and on Management Board Proposal of Allocation of Income	None	None	Management
6	Approve Supervisory Board Report on Management Board Operations, on Financial Statements and on Management Board Proposal of Allocation of Income	For	For	Management
7	Approve Management Board Report on Company's Operations in Fiscal 2013	For	For	Management
8	Approve Financial Statements	For	For	Management
9	Approve Management Board Report on Group's Operations in Fiscal 2013	For	For	Management
10	Approve Consolidated Financial Statements	For	For	Management
11	Receive Management Board Proposal on	None	None	Management

	Allocation of Income			
12	Approve Allocation of Income	For	For	Management
13.1	Approve Discharge of Krzysztof Rosinski (CEO)	For	For	Management
13.2	Approve Discharge of Radoslaw Stefaruk (Management Board Member)	For	For	Management
13.3	Approve Discharge of Karol Karolkiewicz (Management Board Member)	For	For	Management
13.4	Approve Discharge of Maurycy Kuhn (Management Board Member)	For	For	Management
13.5	Approve Discharge of Krzysztof Spyra (Management Board Member)	For	For	Management
13.6	Approve Discharge of Maciej Szczechura (Management Board Member)	For	For	Management
13.7	Approve Discharge of Grzegorz Tracz (Management Board Member)	For	For	Management
14.1	Approve Discharge of Leszek Czarnecki (Supervisory Board Chairman)	For	For	Management
14.2	Approve Discharge of Remigiusz Balinski (Supervisory Board Member)	For	For	Management
14.3	Approve Discharge of Michal Kowalczewski (Supervisory Board Member)	For	For	Management
14.4	Approve Discharge of Rafal Juszczak (Supervisory Board Member)	For	For	Management
14.5	Approve Discharge of Jacek Lisik (Supervisory Board Member)	For	For	Management
15.1	Elect Supervisory Board Member	For	Against	Management
15.2	Elect Supervisory Board Member	For	Against	Management
15.3	Elect Supervisory Board Member	For	Against	Management
15.4	Elect Supervisory Board Member	For	Against	Management
15.5	Elect Supervisory Board Member	For	Against	Management
16	Amend Statute	For	For	Management
17	Approve Consolidated Text of Statute	For	For	Management
18	Amend Regulations on General Meetings	For	For	Management
19	Close Meeting	None	None	Management

GOLDBRIDGES GLOBAL RESOURCES PLC

Ticker: GBGR Security ID: G4284V103
Meeting Date: JUN 30, 2014 Meeting Type: Annual
Record Date: JUN 27, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Accept Financial Statements and Statutory Reports	For	For	Management
2	Elect Kanat Assaubayev as Director	For	For	Management
3	Elect Ken Crichton as Director	For	For	Management
4	Elect Alain Balian as Director	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
5	Re-elect William Trew as Director	For	For	Management
6	Reappoint BDO LLP as Auditors and Authorise Their Remuneration	For	For	Management
7	Authorise Issue of Equity with Pre-emptive Rights	For	For	Management
8	Authorise Issue of Equity without Pre-emptive Rights	For	For	Management

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HACI OMER SABANCI HOLDING A.S

Ticker: SAHOL Security ID: M8223R100
Meeting Date: MAR 31, 2014 Meeting Type: Annual
Record Date:

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting and Elect Presiding Council of Meeting	For	For	Management
2	Accept Board Report	For	For	Management
3	Accept Audit Report	For	For	Management
4	Receive Information on Charitable Donations	None	None	Management
5	Approve Profit Distribution Policy	For	For	Management
6	Accept Financial Statements	For	For	Management
7	Approve Discharge of Board	For	For	Management
8	Approve Allocation of Income	For	For	Management
9	Approve Director Remuneration	For	For	Management
10	Approve Upper Limit of Donations for 2014	For	Against	Management
11	Amend Company Articles	For	For	Management
12	Ratify External Auditors	For	For	Management
13	Grant Permission for Board Members to Engage in Commercial Transactions with Company and Be Involved with Companies with Similar Corporate Purpose	For	For	Management

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HELLENIC EXCHANGES - ATHENS STOCK EXCHANGE S.A

Ticker: EXAE Security ID: X3247C104
Meeting Date: JUN 17, 2014 Meeting Type: Special
Record Date: JUN 12, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Reduction in Issued Share Capital	For	For	Management

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INTEGER.PL SA

Ticker: ITG Security ID: X3959Z101
Meeting Date: MAY 09, 2014 Meeting Type: Special
Record Date: APR 23, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2	Waive Secrecy for Elections of Members of Vote Counting Commission	For	For	Management
3	Elect Members of Vote Counting Commission	For	For	Management
4	Elect Meeting Chairman	For	For	Management
5	Acknowledge Proper Convening of Meeting	None	None	Management
6	Approve Agenda of Meeting	For	For	Management
7	Approve Transfer of Organized Part Of Enterprise to Subsidiary	For	For	Management
8	Amend Statute Re: Supervisory and Management Board	For	For	Management
9	Approve Consolidated Text of Statute	For	For	Management
10	Close Meeting	None	None	Management

INTEGER.PL SA

Ticker: ITG Security ID: X3959Z101
Meeting Date: JUN 30, 2014 Meeting Type: Annual
Record Date: JUN 14, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2	Waive Secrecy of Voting When Electing Members of Vote Counting Commission	For	For	Management
3	Elect Members of Vote Counting Commission	For	For	Management
4	Elect Meeting Chairman	For	For	Management
5	Acknowledge Proper Convening of Meeting	None	None	Management
6	Approve Agenda of Meeting	For	For	Management
7	Receive Management Board Report on Company's and Group's Operations in Fiscal 2013	None	None	Management
8	Receive Supervisory Board Report	None	None	Management
9	Approve Management Board Report on Company's and Group's Operations in Fiscal 2013	For	For	Management
10	Receive Financial Statements	None	None	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
11	Approve Financial Statements	For	For	Management
12	Receive Consolidated Financial Statements	None	None	Management
13	Approve Consolidated Financial Statements	For	For	Management
14	Approve Allocation of Income	For	For	Management
15.1	Approve Discharge of Rafal Brzoska (CEO)	For	For	Management
15.2	Approve Discharge of Krzysztof Kolpa (Deputy CEO)	For	For	Management
15.3	Approve Discharge of Rossen Hadjiev (Management Board Member)	For	For	Management
16.1	Approve Discharge of Anna Izydorek-Brzoska (Supervisory Board Member)	For	For	Management
16.2	Approve Discharge of Rafal Abratanski (Supervisory Board Member)	For	For	Management
16.3	Approve Discharge of Zbigniew Popielski (Supervisory Board Member)	For	For	Management
16.4	Approve Discharge of Krzysztof Setkowicz (Supervisory Board Member)	For	For	Management
16.5	Approve Discharge of Arkadiusz Jastrzebski (Supervisory Board Member)	For	For	Management
17	Amend Statute	For	For	Management
18	Authorize Supervisory Board to Approve Consolidated Text of Statute	For	For	Management
19	Close Meeting	None	None	Management

JERONIMO MARTINS SGPS S.A

Ticker: JMT Security ID: X40338109
Meeting Date: DEC 18, 2013 Meeting Type: Special
Record Date: DEC 11, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Fix Number of Directors	For	For	Management
2	Elect Board Chairman	For	Against	Management

KGHM POLSKA MIEDZ S.A.

Ticker: KGH Security ID: X45213109
Meeting Date: JUN 23, 2014 Meeting Type: Annual
Record Date: JUN 07, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor

1	Open Meeting	None	None	Management
2	Elect Meeting Chairman	For	For	Management
3	Acknowledge Proper Convening of Meeting	None	None	Management
4	Approve Agenda of Meeting	For	For	Management
5	Receive Management Board Report on Company's Operations and Financial Statements	None	None	Management
6	Receive Management Board Proposal on Allocation of Income	None	None	Management
7	Receive Supervisory Board Report on Board's Review of Management Board Report on Company's Operations and Financial Statements	None	None	Management
8.1	Receive Supervisory Board Report on Company's Standing	None	None	Management
8.2	Receive Supervisory Board Report on Board's Work in 2013	None	None	Management
9.1	Approve Management Board Report on Company's Operations in Fiscal 2013	For	For	Management
9.2	Approve Financial Statements	For	For	Management
9.3	Approve Allocation of Income	For	For	Management
10.1a	Approve Discharge of Marcin Chmielewski (Management Board Member)	For	For	Management
10.1b	Approve Discharge of Jacek Kardela (Management Board Member)	For	For	Management
10.1c	Approve Discharge of Wojciech Kedzia (Management Board Member)	For	For	Management
10.1d	Approve Discharge of Wlodzimierz Kicinski (Management Board Member)	For	For	Management
10.1e	Approve Discharge of Jaroslaw Romanowski (Management Board Member)	For	For	Management
10.1f	Approve Discharge of Adam Sawicki (Management Board Member)	For	For	Management
10.1g	Approve Discharge of Herbert Wirth (Management Board Member)	For	For	Management
10.1h	Approve Discharge of Dorota Wloch (Management Board Member)	For	For	Management
10.2a	Approve Discharge of Pawel Bialek (Supervisory Board Member)	For	For	Management
10.2b	Approve Discharge of Krzysztof Kaczmarczyk (Supervisory Board Member)	For	For	Management
10.2c	Approve Discharge of Andrzej Kidyba (Supervisory Board Member)	For	For	Management
10.2d	Approve Discharge of Dariusz Krawczyk (Supervisory Board Member)	For	For	Management
10.2e	Approve Discharge of Aleksandra Magaczewska (Supervisory Board Member)	For	For	Management
10.2f	Approve Discharge of Krzysztof Opawski (Supervisory Board Member)	For	For	Management
10.2g	Approve Discharge of Marek Panfil (Supervisory Board Member)	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
10.2h	Approve Discharge of Ireneusz Piecuch (Supervisory Board Member)	For	For	Management
10.2i	Approve Discharge of Jacek Poswiata (Supervisory Board Member)	For	For	Management
10.2j	Approve Discharge of Boguslaw Szarek (Supervisory Board Member)	For	For	Management
10.2k	Approve Discharge of Iwona Zatorska-Pantak (Supervisory Board Member)	For	For	Management
11	Receive Management Board Report on Group's Operations and Consolidated Financial Statements	None	None	Management
12	Receive Supervisory Board Report on Board's Review of Management Board Report on Group's Operations and Consolidated Financial Statements	None	None	Management
13.1	Approve Management Board Report on Group's Operations	For	For	Management
13.2	Approve Consolidated Financial Statements	For	For	Management
14.1	Elect Supervisory Board Member	For	Against	Management
14.2	Elect Supervisory Board Member	For	Against	Management
15	Close Meeting	None	None	Management

KOMERCNI BANKA A.S.

Ticker: BAAKOMB Security ID: X45471111
Meeting Date: JAN 28, 2014 Meeting Type: Special
Record Date: JAN 21, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2.1	Approve Meeting Procedures	For	For	Management
2.2	Elect Meeting Chairman and Other Meeting Officials	For	For	Management
3	Amend Articles of Association	For	For	Management
4	Close Meeting	None	None	Management

KOMERCNI BANKA A.S.

Ticker: BAAKOMB Security ID: X45471111
Meeting Date: APR 30, 2014 Meeting Type: Annual
Record Date: APR 23, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor

1	Approve Management Board Report on Company's Operations and State of Its Assets in Fiscal 2013	For	For	Management
2	Receive Report on Defensive Structure and Mechanisms in Case of Takeover Bid	None	None	Management
3	Receive Management Board Report on Relations Among Related Entities	None	None	Management
4	Receive Financial Statements, Consolidated Financial Statements, and Allocation of Income Proposal	None	None	Management
5	Receive Supervisory Board Reports	None	None	Management
6	Receive Audit Committee's Report	None	None	Management
7	Approve Financial Statements	For	For	Management
8	Approve Allocation of Income and Dividend of CZK 230 per Share	For	For	Management
9	Approve Consolidated Financial Statements	For	For	Management
10	Approve Agreements with Supervisory Board Members	For	For	Management
11	Approve Agreements with Audit Committee Board Members	For	For	Management
12	Approve Share Repurchase Program	For	For	Management
13	Ratify Ernst and Young Audit s.r.o. as Auditor	For	For	Management

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LSR GROUP

Ticker: LSRG Security ID: X32441101
Meeting Date: JUN 20, 2014 Meeting Type: Annual
Record Date: MAY 05, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Annual Report	For	For	Management
2	Approve Financial Statements	For	For	Management
3	Approve Allocation of Income and Dividends of RUB 40 per Share	For	For	Management
4	Fix Number of Directors at Nine	For	For	Management
5.1	Elect Ilgiz Valitov as Director	None	Against	Management
5.2	Elect Aleksandr Vakhmistrov as Director	None	Against	Management
5.3	Elect Dmitry Goncharov as Director	None	Against	Management
5.4	Elect Yury Kudimov as Director	None	Against	Management
5.5	Elect Andrey Molchanov as Director	None	Against	Management
5.6	Elect Yury Osipov as Director	None	For	Management
5.7	Elect Sergey Skatershchikov as Director	None	Against	Management
5.8	Elect Elena Tumanova as Director	None	Against	Management
5.9	Elect Olga Sheikina as Director	None	Against	Management
6.1	Elect Natalya Klevtsova as Member of Audit Commission	For	For	Management

6.2	Elect Yury Terentyev as Member of Audit Commission	For	For	Management
6.3	Elect Ludmila Fradina as Member of Audit Commission	For	For	Management
7.1	Ratify ZAO Audit-Service as RAS Auditor	For	For	Management
7.2	Ratify ZAO KPMG as IFRS Auditor	For	For	Management
8	Approve New Edition of Charter	For	For	Management
9	Approve New Edition of Regulations on Board of Directors	For	For	Management
10	Approve New Edition of Regulations on General Meetings	For	For	Management
11	Approve Future Related-Party Transactions	For	Against	Management

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LSR GROUP

Ticker: LSRG Security ID: 50218G206
Meeting Date: JUN 20, 2014 Meeting Type: Annual
Record Date: MAY 05, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Annual Report	For	For	Management
2	Approve Financial Statements	For	For	Management
3	Approve Allocation of Income and Dividends of RUB 40 per Share	For	For	Management
4	Fix Number of Directors at Nine	For	For	Management
5.1	Elect Ilgiz Valitov as Director	None	Against	Management
5.2	Elect Aleksandr Vakhmistrov as Director	None	Against	Management
5.3	Elect Dmitry Goncharov as Director	None	Against	Management
5.4	Elect Yury Kudimov as Director	None	Against	Management
5.5	Elect Andrey Molchanov as Director	None	Against	Management
5.6	Elect Yury Osipov as Director	None	For	Management
5.7	Elect Sergey Skatershchikov as Director	None	Against	Management
5.8	Elect Elena Tumanova as Director	None	Against	Management
5.9	Elect Olga Sheikina as Director	None	Against	Management
6.1	Elect Natalya Klevtsova as Member of Audit Commission	For	For	Management
6.2	Elect Yury Terentyev as Member of Audit Commission	For	For	Management
6.3	Elect Ludmila Fradina as Member of Audit Commission	For	For	Management
7.1	Ratify ZAO Audit-Service as RAS Auditor	For	For	Management
7.2	Ratify ZAO KPMG as IFRS Auditor	For	For	Management
8	Approve New Edition of Charter	For	For	Management
9	Approve New Edition of Regulations on Board of Directors	For	For	Management
10	Approve New Edition of Regulations on General Meetings	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
11	Approve Future Related-Party Transactions	For	Against	Management

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LUKOIL OAO

Ticker: LKOH Security ID: X5060T106
Meeting Date: SEP 30, 2013 Meeting Type: Special
Record Date: AUG 15, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Interim Dividends of RUB 50 per Share for First Six Months of Fiscal 2013	For	For	Management
2	Amend Charter	For	For	Management
3	Amend Regulations on Board of Directors	For	For	Management

LUKOIL OAO

Ticker: LKOH Security ID: 677862104
Meeting Date: SEP 30, 2013 Meeting Type: Special
Record Date: AUG 15, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Interim Dividends of RUB 50 per Share for First Six Months of Fiscal 2013	For	For	Management
2	Amend Charter	For	For	Management
3	Amend Regulations on Board of Directors	For	For	Management

LUKOIL OAO

Ticker: LKOH Security ID: 677862104
Meeting Date: JUN 26, 2014 Meeting Type: Annual
Record Date: MAY 12, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Annual Report, Financial Statements, and Allocation of Income, Including Dividends of RUB 110 Per Share for 2013	For	For	Management
2.1	Elect Vagit Alekperov as Director	None	Against	Management
2.2	Elect Viktor Blazheev as Director	None	For	Management

2.3	Elect Valery Grayfer as Director	None	Against	Management
2.4	Elect Igor Ivanov as Director	None	For	Management
2.5	Elect Sergey Kochkurov as Director	None	Against	Management
2.6	Elect Ravil Maganov as Director	None	Against	Management
2.7	Elect Richard Matzke as Director	None	Against	Management
2.8	Elect Sergey Mikhaylov as Director	None	Against	Management
2.9	Elect Mark Mobius as Director	None	For	Management
2.10	Elect Guglielmo Antonio Claudio Moscato as Director	None	For	Management
2.11	Elect Ivan Pictet as Director	None	For	Management
2.12	Elect Leonid Fedun as Director	None	Against	Management
3.1	Elect Mikhail Maksimov as Member of Audit Commission	For	For	Management
3.2	Elect Pavel Suloev as Member of Audit Commission	For	For	Management
3.3	Elect Aleksandr Surkov as Member of Audit Commission	For	For	Management
4.1	Approve Remuneration of Directors for Their Service until 2014 AGM	For	For	Management
4.2	Approve Remuneration of Newly Elected Directors	For	For	Management
5.1	Approve Remuneration of Members of Audit Commission for Their Service until 2014 AGM	For	For	Management
5.2	Approve Remuneration of Newly Elected Members of Audit Commission	For	For	Management
6	Ratify ZAO KPMG as Auditor	For	For	Management
7	Amend Charter	For	For	Management
8	Amend Regulations on General Meetings	For	For	Management
9.1	Approve Related-Party Transaction with OAO Kapital Strakhovanie Re: Liability Insurance for Directors, Officers, and Corporations	For	For	Management
9.2	Approve Related-Party Transaction Re: Supplement to Loan Agreement with OAO RITEK	For	For	Management

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M VIDEO COMPANY JSC

Ticker: MVID Security ID: X5596G107
Meeting Date: DEC 11, 2013 Meeting Type: Special
Record Date: NOV 01, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Dividends of RUB 13.80 per Share for Fiscal 2012 and First Nine Months of Fiscal 2013	For	For	Management
2	Approve New Edition of Charter	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
3	Approve Related-Party Transaction Re: Loan Agreement with M.Video Management	For	For	Management

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MAGNIT OAO

Ticker: MGNT Security ID: 55953Q202
Meeting Date: SEP 26, 2013 Meeting Type: Special
Record Date: AUG 09, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Interim Dividends of RUB 46.06 for First Six Months of Fiscal 2013	For	For	Management
2	Approve Related-Party Transaction Re: Loan Agreement with ZAO Tander	For	For	Management

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MAGNIT OAO

Ticker: MGNT Security ID: X51729105
Meeting Date: MAY 29, 2014 Meeting Type: Annual
Record Date: APR 15, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Annual Report and Financial Statements	For	For	Management
2	Approve Allocation of Income and Dividends of RUB 89.15 per Share	For	For	Management
3.1	Elect Andrey Aroutuniyan as Director	None	Against	Management
3.2	Elect Sergey Galitskiy as Director	None	Against	Management
3.3	Elect Alexander Zayonts as Director	None	For	Management
3.4	Elect Alexey Makhnev as Director	None	Against	Management
3.5	Elect Khachatur Pombukhchan as Director	None	Against	Management
3.6	Elect Alexey Pshenichnyy as Director	None	Against	Management
3.7	Elect Aslan Shkhachemukov as Director	None	Against	Management
4.1	Elect Roman Efimenko as Member of Audit Commission	For	For	Management
4.2	Elect Angela Udovichenko as Member of Audit Commission	For	For	Management
4.3	Elect Denis Fedotov as Member of Audit Commission	For	For	Management
5	Ratify Auditor to Audit Company's Accounts in Accordance with Russian Accounting Standards (RAS)	For	For	Management
6	Ratify Auditor to Audit Company's Accounts in Accordance with IFRS	For	For	Management
7	Elect Members of Counting Commission	For	For	Management

8	Approve New Edition of Charter	For	For	Management
9	Approve New Edition of Regulations on General Meetings	For	For	Management
10.1	Approve Large-Scale Related-Party Transaction Re: Loan Agreement with ZAO Tander	For	For	Management
10.2	Approve Large-Scale Related-Party Transaction Re: Guarantee Agreement with OAO Sberbank of Russia for Securing Obligations of ZAO Tander	For	For	Management
10.3	Approve Large-Scale Related-Party Transaction Re: Guarantee Agreement with OAO Alfa-Bank for Securing Obligations of ZAO Tander	For	For	Management
10.4	Approve Large-Scale Related-Party Transaction Re: Guarantee Agreement with OAO Bank Moskvy for Securing Obligations of ZAO Tander	For	For	Management
11.1	Approve Related-Party Transaction Re: Guarantee Agreement with OAO Rosbank for Securing Obligations of ZAO Tander	For	For	Management
11.2	Approve Related-Party Transaction Re: Guarantee Agreement with OAO Absolut Bank for Securing Obligations of ZAO Tander	For	For	Management
11.3	Approve Related-Party Transaction Re: Guarantee Agreement with OAO Absolut Bank for Securing Obligations of ZAO Tander	For	For	Management
11.4	Approve Related-Party Transaction Re: Guarantee Agreement with OAO Rossiysky Selskokhozyaystvennyy Bank for Securing Obligations of ZAO Tander	For	For	Management
11.5	Approve Related-Party Transaction Re: Guarantee Agreement with OAO Bank VTB for Securing Obligations of ZAO Tander	For	For	Management

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MEGAFON OJSC

Ticker: MFON Security ID: 58517T209
Meeting Date: SEP 12, 2013 Meeting Type: Special
Record Date: AUG 07, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Remuneration of Independent Directors	For	For	Management
2	Approve Related-Party Transaction Re: Acquisition of 100 percent of Share	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
	Capital of Maxiten Co Limited			
3	Approve Regulations on General Meetings	For	For	Management

MEGAFON OJSC

Ticker: MFON Security ID: 58517T209
Meeting Date: SEP 27, 2013 Meeting Type: Special
Record Date: JUL 09, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Early Termination of Powers of Board of Directors	For	For	Management
2.1	Elect Per-Arne Blomquist as Director	None	Against	Management
2.2	Elect Kenneth Karlberg as Director	None	Against	Management
2.3	Elect Johan Dennelind as Director	None	Against	Management
2.4	Elect Christian Luiga as Director	None	Against	Management
2.5	Elect Jan Rudberg as Director	None	For	Management
2.6	Elect Paul Myners as Director	None	For	Management
2.7	Elect Jan Erixon as Director	None	Against	Management
2.8	Elect Sergey Soldatenkov as Director	None	Against	Management
2.9	Elect Vladimir Streshinsky as Director	None	Against	Management

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MEGAFON OJSC

Ticker: MFON Security ID: 58517T209
Meeting Date: OCT 30, 2013 Meeting Type: Special
Record Date: SEP 24, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Related-Party Transaction Re: Liability Insurance for Company, Directors, General Directors and Other Officials	For	For	Management
2	Fix Size of Management Board; Elect Members of Management Board	For	For	Management

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MEGAFON OJSC

Ticker: MFON Security ID: 58517T209
Meeting Date: JUN 05, 2014 Meeting Type: Special
Record Date: MAY 05, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Related-Party Transactions	For	For	Management

MEGAFON OJSC

Ticker: MFON Security ID: 58517T209
Meeting Date: JUN 30, 2014 Meeting Type: Annual
Record Date: MAY 12, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Annual Report	For	For	Management
2	Approve Financial Statements	For	For	Management
3	Approve Allocation of Income and Dividends of RUB 64.51 per Share	For	For	Management
4.1	Elect Gustav Bengtsson as Director	None	Against	Management
4.2	Elect Berndt Karlberg as Director	None	Against	Management
4.3	Elect Sergey Kulikov as Director	None	Against	Management
4.4	Elect Nikolay Krylov as Director	None	Against	Management
4.5	Elect Carl Luiga as Director	None	Against	Management
4.6	Elect Paul Myners as Director	None	For	Management
4.7	Elect Jan Rudberg as Director	None	For	Management
4.8	Elect Sergey Soldatenkov as Director	None	Against	Management
4.9	Elect Ingrid Stenmark as Director	None	Against	Management
4.10	Elect Vladimir Streshinsky as Director	None	Against	Management
4.11	Elect Bjorn Hannervall as Director	None	Against	Management
4.12	Elect Erik Hallberg as Director	None	Against	Management
4.13	Elect Jan Erixon as Director	None	Against	Management
5	Fix Size of Management Board at 17; Elect Members of Management Board	For	For	Management
6	Ratify Ernst & Young as Auditor	For	For	Management
7.1	Elect Yuriy Zheymo as Member of Audit Commission	For	For	Management
7.2	Elect Pavel Kaplun as Member of Audit Commission	For	For	Management
7.3	Elect Sami Haavisto as Member of Audit Commission	For	For	Management
8	Approve Remuneration and Reimbursement of Expenses of Directors	For	For	Management

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MMC NORILSK NICKEL

Ticker: GMKN Security ID: X40407102
Meeting Date: DEC 20, 2013 Meeting Type: Special
Record Date: NOV 01, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Interim Dividends of RUB 220.70 per Share for First Nine Months of Fiscal 2013	For	For	Management
2.1	Approve Related-Party Transaction with OJSC Kola MMC Re: Processing of Industrial Products	For	For	Management
2.2	Approve Related-Party Transaction with OJSC Kola MMC Re: Security Services	For	For	Management
2.3	Approve Related-Party Transaction with Norilskpromtransport LLC Re: Transportation and Construction Services, Remodeling and Technologic Assignments	For	For	Management
2.4	Approve Related-Party Transaction with Norilskpromtransport LLC Re: Construction Services	For	For	Management
2.5	Approve Related-Party Transaction with Norilskpromtransport LLC Re: Transfer of Ownership of Materials to MMC Norilsk Nickel	For	For	Management
2.6	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Mechanized Services	For	For	Management
2.7	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Servicing of Fixed Assets and Metrological Services	For	For	Management
2.8	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Drafting Project and Estimate Documentation	For	For	Management
2.9	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Services Related to Weighing Mine Cars	For	For	Management
2.10	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Repair Works at the Facilities of the Polar Division of MMC Norilsk Nickel	For	For	Management
2.11	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Transfer of Ownership of Materials to MMC Norilsk Nickel	For	For	Management
2.12	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Supply of Energy Resources	For	For	Management
2.13	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Cargo Handling and Goods Storage Services	For	For	Management
2.14	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Water Treatment and Transportation Services	For	For	Management

2.15	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Construction and Installation Works	For	For	Management
2.16	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Mechanized Services	For	For	Management
2.17	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Supply of Fuel Resources	For	For	Management
2.18	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Lease of Equipment	For	For	Management
2.19	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Information and Automation Systems Services	For	For	Management
2.20	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Services on Tinting of Diesel Fuel	For	For	Management
2.21	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Services on Laboratory Analyses of Waste Oil Products	For	For	Management
2.22	Approve Related-Party Transaction with Polar Construction Company Re: Services Related to Operation of Fixed Assets	For	For	Management
2.23	Approve Related-Party Transaction with Polar Construction Company Re: Shaft Sinking Services	For	For	Management
2.24	Approve Related-Party Transaction with Polar Construction Company Re: Repair Works	For	For	Management
2.25	Approve Related-Party Transaction with Polar Construction Company Re: Transfer of Ownership of Materials and Equipment to MMC Norilsk Nickel	For	For	Management
2.26	Approve Related-Party Transaction with Polar Construction Company Re: Health and Safety Services	For	For	Management
2.27	Approve Related-Party Transaction with Polar Construction Company Re: Transfer of Ownership of Buildings, Constructions and Equipment to MMC Norilsk Nickel	For	For	Management
2.28	Approve Related-Party Transaction with Polar Construction Company Re: Commissioning Works at Facilities	For	For	Management
2.29	Approve Related-Party Transaction with Polar Construction Company Re: Construction and Installation Works	For	For	Management

2.30	Approve Related-Party Transaction withGipronickel Institute LLC Re: Prepare Land Plots Cadaster Catalogues	For	For	Management
2.31	Approve Related-Party Transaction withGipronickel Institute LLC Re: Services Related to Drafting Project, Estimate and Technical Documentation	For	For	Management
2.32	Approve Related-Party Transaction withGipronickel Institute LLC Re: Design Works at the Facility Komsomolsky Mine Management Office	For	For	Management
2.33	Approve Related-Party Transaction with Gipronickel Institute LLC Re: Scientific and Technical Services	For	For	Management
2.34	Approve Related-Party Transaction with Gipronickel Institute LLC Re: Accreditation, Certification and Control Services	For	For	Management
2.35	Approve Related-Party Transaction with Gipronickel Institute LLC Re: Subscription Information and Library Services	For	For	Management
2.36	Approve Related-Party Transaction with Gipronickel Institute LLC Re: Design, Exploration, Technology, Scientific Research and Feasibility Studies	For	For	Management
2.37	Approve Related-Party Transaction with OJSC NTEK Re: Services Related to Operation of Fixed Assets	For	For	Management
2.38	Approve Related-Party Transaction with OJSC NTEK Re: Transfer of Ownership of Materials to MMC Norilsk Nickel	For	For	Management
2.39	Approve Related-Party Transaction with OJSC NTEK Re: Supply of Energy Resources	For	For	Management
2.40	Approve Related-Party Transaction with OJSC NTEK Re: Cargo Handling and Goods Storage Services	For	For	Management
2.41	Approve Related-Party Transaction with OJSC Norilskgazprom Re: Supply of Fuel Resources	For	For	Management
2.42	Approve Related-Party Transaction with OJSC Taimyrgaz Re: Supply of Fuel Resources	For	For	Management
2.43	Approve Related-Party Transaction with OJSC Arkhangelsk Commercial Sea Port Re: Transportation Services	For	For	Management
2.44	Approve Related-Party Transaction with Norilskpromtransport LLC Re: Cargo Transportation, Mechanized Construction and Remodeling Works,	For	For	Management

	Logistic Cargo Handling			
2.45	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Services Related to Adjusting and Repair of Measurement Instruments	For	For	Management
2.46	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Works Related to Repair of Mechanical and Power equipment	For	For	Management
2.47	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Transfer of Materials and Equipment to MMC Norilsk Nickel	For	For	Management
2.48	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Equipment Installation Services	For	For	Management
2.49	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Supply of Fuel Resources; Refueling, Transportation and Dispensing of Fuels and Lubricants	For	For	Management
2.50	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Information and Automation Systems Services	For	For	Management
2.51	Approve Related-Party Transaction with Polar Construction Company Re: Transfer of Ownership of Materials to MMC Norilsk Nickel	For	For	Management
2.52	Approve Related-Party Transaction with Polar Construction Company Re: Health and Safety Services	For	For	Management
2.53	Approve Related-Party Transaction Re: Providing Goods Transportation and Mechanized Services to Norilsknickelremont LLC	For	For	Management
2.54	Approve Related-Party Transaction Re: Transfer of Ownership of Goods to Norilsknickelremont LLC	For	For	Management
2.55	Approve Related-Party Transaction Re: Provide Goods Transportation and Mechanized Services to CJSC Taimyr Fuel Company	For	For	Management
2.56	Approve Related-Party Transaction Re: Provide Goods Transportation and Mechanized Services to Polar Construction Company	For	For	Management
2.57	Approve Related-Party Transaction Re: Provide Goods Transportation and Mechanized Services to OJSC NTEK	For	For	Management
2.58	Approve Related-Party Transaction Re:	For	For	Management

Lease of Property to OJSC NTEK			
2.59 Approve Related-Party Transaction Re: Transfer of Ownership of Coal and Other Goods to OJSC Yenisey River Shipping Company	For	For	Management
2.60 Approve Related-Party Transaction Re: Transfer of Ownership of Fixed Assets, Unfinished Construction Objects, Goods and Other Products to Norilskpromtransport LLC	For	For	Management
2.61 Approve Related-Party Transaction Re: Providing Road Rransportation, Mechanized Services and Railway Transportation to Norilskpromtransport LLC	For	For	Management
2.62 Approve Related-Party Transaction Re: Lease of Property to Norilskpromtransport LLC	For	For	Management
2.63 Approve Related-Party Transaction Re: Transfer of Ownership of Fixed Assets, Unfinished Construction Objects, Goods and Other Products to Norilsknickelremont LLC	For	For	Management
2.64 Approve Related-Party Transaction Re: Providing Road Rransportation, Mechanized Services and Railway Transportation to Norilsknickelremont LLC	For	For	Management
2.65 Approve Related-Party Transaction Re: Lease of Property to Norilsknickelremont LLC	For	For	Management
2.66 Approve Related-Party Transaction Re: Transfer of Ownership of Fixed Assets, Unfinished Construction Objects, Goods and Other Products to CJSC Taimyr Fuel Company	For	For	Management
2.67 Approve Related-Party Transaction Re: Providing Road Rransportation, Mechanized Services and Railway Transportation to CJSC Taimyr Fuel Company	For	For	Management
2.68 Approve Related-Party Transaction Re: Lease of Property to CJSC Taimyr Fuel Company	For	For	Management
2.69 Approve Related-Party Transaction Re: Transfer of Ownership of Fixed Assets, Unfinished Construction Objects, Goods and Other Products to Polar Construction Company	For	For	Management
2.70 Approve Related-Party Transaction Re: Providing Loading and Unloading of	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
	Materials, Fire Safety Services, and Transportation Services to Polar Construction Company			
2.71	Approve Related-Party Transaction Re: Lease of Property to Polar Construction Company	For	For	Management
2.72	Approve Related-Party Transaction Re: Transfer of Ownership of Equipment, Unfinished Construction Objects and Goods to Gipronickel Institute LLC	For	For	Management
2.73	Approve Related-Party Transaction Re: Provide Services on Fire Safety Supervision to Gipronickel Institute LLC	For	For	Management
2.74	Approve Related-Party Transaction Re: Lease of Property to Gipronickel Institute LLC	For	For	Management
2.75	Approve Related-Party Transaction Re: Transfer of Ownership of Equipment and Unfinished Construction Objects OJSC NTEK	For	For	Management
2.76	Approve Related-Party Transaction Re: Transportation and Weightbridge Services; Fire Safety Supervision and Road Maintenance Services to OJSC NTEK	For	For	Management
2.77	Approve Related-Party Transaction Re: Transfer of Ownership of Goods to OJSC Norilskgazprom	For	For	Management
2.78	Approve Related-Party Transaction Re: Providing Technical Railway Transportation Services to OJSC Norilskgazprom	For	For	Management
2.79	Approve Related-Party Transaction Re: Transfer of Ownership of Goods and Other Products to OJSC Taimyrgaz	For	For	Management

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MMC NORILSK NICKEL

Ticker: GMKN Security ID: 46626D108
Meeting Date: DEC 20, 2013 Meeting Type: Special
Record Date: NOV 01, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Interim Dividends of RUB 220. 70 per Share for First Nine Months of Fiscal 2013	For	For	Management
2.1	Approve Related-Party Transaction with OJSC Kola MMC Re: Processing of	For	For	Management

	Industrial Products			
2.2	Approve Related-Party Transaction with OJSC Kola MMC Re: Security Services	For	For	Management
2.3	Approve Related-Party Transaction with Norilskpromtransport LLC Re: Transportation and Construction Services, Remodeling and Technologic Assignments	For	For	Management
2.4	Approve Related-Party Transaction with Norilskpromtransport LLC Re: Construction Services	For	For	Management
2.5	Approve Related-Party Transaction with Norilskpromtransport LLC Re: Transfer of Ownership of Materials to MMC Norilsk Nickel	For	For	Management
2.6	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Mechanized Services	For	For	Management
2.7	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Servicing of Fixed Assets and Metrological Services	For	For	Management
2.8	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Drafting Project and Estimate Documentation	For	For	Management
2.9	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Services Related to Weighing Mine Cars	For	For	Management
2.10	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Repair Works at the Facilities of the Polar Division of MMC Norilsk Nickel	For	For	Management
2.11	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Transfer of Ownership of Materials to MMC Norilsk Nickel	For	For	Management
2.12	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Supply of Energy Resources	For	For	Management
2.13	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Cargo Handling and Goods Storage Services	For	For	Management
2.14	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Water Treatment and Transportation Services	For	For	Management
2.15	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Construction and Installation Works	For	For	Management
2.16	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Mechanized Services	For	For	Management

2.17	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Supply of Fuel Resources	For	For	Management
2.18	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Lease of Equipment	For	For	Management
2.19	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Information and Automation Systems Services	For	For	Management
2.20	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Services on Tinting of Diesel Fuel	For	For	Management
2.21	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Services on Laboratory Analyses of Waste Oil Products	For	For	Management
2.22	Approve Related-Party Transaction with Polar Construction Company Re: Services Related to Operation of Fixed Assets	For	For	Management
2.23	Approve Related-Party Transaction with Polar Construction Company Re: Shaft Sinking Services	For	For	Management
2.24	Approve Related-Party Transaction with Polar Construction Company Re: Repair Works	For	For	Management
2.25	Approve Related-Party Transaction with Polar Construction Company Re: Transfer of Ownership of Materials and Equipment to MMC Norilsk Nickel	For	For	Management
2.26	Approve Related-Party Transaction with Polar Construction Company Re: Health and Safety Services	For	For	Management
2.27	Approve Related-Party Transaction with Polar Construction Company Re: Transfer of Ownership of Buildings, Constructions and Equipment to MMC Norilsk Nickel	For	For	Management
2.28	Approve Related-Party Transaction with Polar Construction Company Re: Commissioning Works at Facilities	For	For	Management
2.29	Approve Related-Party Transaction with Polar Construction Company Re: Construction and Installation Works	For	For	Management
2.30	Approve Related-Party Transaction withGipronickel Institute LLC Re: Prepare Land Plots Cadaster Catalogues	For	For	Management
2.31	Approve Related-Party Transaction withGipronickel Institute LLC Re: Services Related to Drafting Project,	For	For	Management

	Estimate and Technical Documentation			
2.32	Approve Related-Party Transaction withGipronickel Institute LLC Re: Design Works at the Facility Komsomolsky Mine Management Office	For	For	Management
2.33	Approve Related-Party Transaction with Gipronickel Institute LLC Re: Scientific and Technical Services	For	For	Management
2.34	Approve Related-Party Transaction with Gipronickel Institute LLC Re: Accreditation, Certification and Control Services	For	For	Management
2.35	Approve Related-Party Transaction with Gipronickel Institute LLC Re: Subscription Information and Library Services	For	For	Management
2.36	Approve Related-Party Transaction with Gipronickel Institute LLC Re: Design, Exploration, Technology, Scientific Research and Feasibility Studies	For	For	Management
2.37	Approve Related-Party Transaction with OJSC NTEK Re: Services Related to Operation of Fixed Assets	For	For	Management
2.38	Approve Related-Party Transaction with OJSC NTEK Re: Transfer of Ownership of Materials to MMC Norilsk Nickel	For	For	Management
2.39	Approve Related-Party Transaction with OJSC NTEK Re: Supply of Energy Resources	For	For	Management
2.40	Approve Related-Party Transaction with OJSC NTEK Re: Cargo Handling and Goods Storage Services	For	For	Management
2.41	Approve Related-Party Transaction with OJSC Norilskgazprom Re: Supply of Fuel Resources	For	For	Management
2.42	Approve Related-Party Transaction with OJSC Taimyrgaz Re: Supply of Fuel Resources	For	For	Management
2.43	Approve Related-Party Transaction with OJSC Arkhangelsk Commercial Sea Port Re: Transportation Services	For	For	Management
2.44	Approve Related-Party Transaction with Norilskpromtransport LLC Re: Cargo Transportation, Mechanized Construction and Remodeling Works, Logistic Cargo Handling	For	For	Management
2.45	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Services Related to Adjusting and Repair of Measurement Instruments	For	For	Management
2.46	Approve Related-Party Transaction with	For	For	Management

	Norilsknickelremont LLC Re: Works Related to Repair of Mechanical and Power equipment			
2.47	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Transfer of Materials and Equipment to MMC Norilsk Nickel	For	For	Management
2.48	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Equipment Installation Services	For	For	Management
2.49	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Supply of Fuel Resources; Refueling, Transportation and Dispensing of Fuels and Lubricants	For	For	Management
2.50	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Information and Automation Systems Services	For	For	Management
2.51	Approve Related-Party Transaction with Polar Construction Company Re: Transfer of Ownership of Materials to MMC Norilsk Nickel	For	For	Management
2.52	Approve Related-Party Transaction with Polar Construction Company Re: Health and Safety Services	For	For	Management
2.53	Approve Related-Party Transaction Re: Providing Goods Transportation and Mechanized Services to Norilsknickelremont LLC	For	For	Management
2.54	Approve Related-Party Transaction Re: Transfer of Ownership of Goods to Norilsknickelremont LLC	For	For	Management
2.55	Approve Related-Party Transaction Re: Provide Goods Transportation and Mechanized Services to CJSC Taimyr Fuel Company	For	For	Management
2.56	Approve Related-Party Transaction Re: Provide Goods Transportation and Mechanized Services to Polar Construction Company	For	For	Management
2.57	Approve Related-Party Transaction Re: Provide Goods Transportation and Mechanized Services to OJSC NTEK	For	For	Management
2.58	Approve Related-Party Transaction Re: Lease of Property to OJSC NTEK	For	For	Management
2.59	Approve Related-Party Transaction Re: Transfer of Ownership of Coal and Other Goods to OJSC Yenisey River Shipping Company	For	For	Management
2.60	Approve Related-Party Transaction Re:	For	For	Management

	Transfer of Ownership of Fixed Assets, Unfinished Construction Objects, Goods and Other Products to Norilskpromtransport LLC			
2.61	Approve Related-Party Transaction Re: Providing Road Rransportation, Mechanized Services and Railway Transportation to Norilskpromtransport LLC	For	For	Management
2.62	Approve Related-Party Transaction Re: Lease of Property to Norilskpromtransport LLC	For	For	Management
2.63	Approve Related-Party Transaction Re: Transfer of Ownership of Fixed Assets, Unfinished Construction Objects, Goods and Other Products to Norilsknickelremont LLC	For	For	Management
2.64	Approve Related-Party Transaction Re: Providing Road Rransportation, Mechanized Services and Railway Transportation to Norilsknickelremont LLC	For	For	Management
2.65	Approve Related-Party Transaction Re: Lease of Property to Norilsknickelremont LLC	For	For	Management
2.66	Approve Related-Party Transaction Re: Transfer of Ownership of Fixed Assets, Unfinished Construction Objects, Goods and Other Products to CJSC Taimyr Fuel Company	For	For	Management
2.67	Approve Related-Party Transaction Re: Providing Road Rransportation, Mechanized Services and Railway Transportation to CJSC Taimyr Fuel Company	For	For	Management
2.68	Approve Related-Party Transaction Re: Lease of Property to CJSC Taimyr Fuel Company	For	For	Management
2.69	Approve Related-Party Transaction Re: Transfer of Ownership of Fixed Assets, Unfinished Construction Objects, Goods and Other Products to Polar Construction Company	For	For	Management
2.70	Approve Related-Party Transaction Re: Providing Loading and Unloading of Materials, Fire Safety Services, and Transportation Services to Polar Construction Company	For	For	Management
2.71	Approve Related-Party Transaction Re: Lease of Property to Polar Construction Company	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
2.72	Approve Related-Party Transaction Re: Transfer of Ownership of Equipment, Unfinished Construction Objects and Goods to Gipronickel Institute LLC	For	For	Management
2.73	Approve Related-Party Transaction Re: Provide Services on Fire Safety Supervision to Gipronickel Institute LLC	For	For	Management
2.74	Approve Related-Party Transaction Re: Lease of Property to Gipronickel Institute LLC	For	For	Management
2.75	Approve Related-Party Transaction Re: Transfer of Ownership of Equipment and Unfinished Construction Objects OJSC NTEK	For	For	Management
2.76	Approve Related-Party Transaction Re: Transportation and Weightbridge Services; Fire Safety Supervision and Road Maintenance Services to OJSC NTEK	For	For	Management
2.77	Approve Related-Party Transaction Re: Transfer of Ownership of Goods to OJSC Norilskgazprom	For	For	Management
2.78	Approve Related-Party Transaction Re: Providing Technical Railway Transportation Services to OJSC Norilskgazprom	For	For	Management
2.79	Approve Related-Party Transaction Re: Transfer of Ownership of Goods and Other Products to OJSC Taimyrgaz	For	For	Management

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MMC NORILSK NICKEL

Ticker: GMKN Security ID: 46626D108
Meeting Date: JUN 06, 2014 Meeting Type: Annual
Record Date: APR 29, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Annual Report	For	For	Management
2	Approve Financial Statements	For	For	Management
3	Approve Consolidated Financial Statements	For	For	Management
4	Approve Allocation of Income and Dividends	For	For	Management
5.1	Elect Sergey Barbashev as Director	None	Against	Management
5.2	Elect Alexey Bashkirov as Director	None	Against	Management
5.3	Elect Sergey Bratukhin as Director	None	Against	Management
5.4	Elect Andrey Bugrov as Director	None	Against	Management
5.5	Elect Marianna Zakharova as Director	None	Against	Management

5.6	Elect Egor Ivanov as Director	None	Against	Management
5.7	Elect Stalbek Mishakov as Director	None	Against	Management
5.8	Elect Ardavan Moshiri as Director	None	Against	Management
5.9	Elect Garreth Penny as Director	None	For	Management
5.10	Elect Gerhard Prinsloo as Director	None	For	Management
5.11	Elect Sergei Skvorcov as Director	None	Against	Management
5.12	Elect Maxim Sokov as Director	None	Against	Management
5.13	Elect Vladislav Solovyev as Director	None	Against	Management
5.14	Elect Robert Edwards as Director	None	For	Management
6.1	Elect Ekaterina Voziyanova as Member of Audit Commission	For	For	Management
6.2	Elect Anna Masalova as Member of Audit Commission	For	For	Management
6.3	Elect Georgiy Svanidze as Member of Audit Commission	For	For	Management
6.4	Elect Vladimir Shilkov as Member of Audit Commission	For	For	Management
6.5	Elect Elena Yanevich as Member of Audit Commission	For	For	Management
7	Ratify Auditor of Company's Financial Statements Prepared in Accordance with Russian Accounting Standards (RAS)	For	For	Management
8	Ratify Auditor of Company's Financial Statements Prepared in Accordance with International Financial Reporting Standards (IFRS)	For	For	Management
9	Approve Remuneration of Directors	For	Against	Management
10	Approve Remuneration of Members of Audit Commission	For	For	Management
11	Approve Related-Party Transactions Re: Indemnification Agreements with Directors and Executives	For	For	Management
12	Approve Related-Party Transaction Re: Liability Insurance for Directors and Executives	For	For	Management
13	Amend Charter	For	Against	Management
14	Amend Regulations on General Meetings	For	For	Management
15a1	Approve Related-Party Transaction with OJSC Arkhangelsk Commercial Sea Port Re: Lease of Equipment	For	For	Management
15a2	Approve Related-Party Transaction with OJSC Arkhangelsk Commercial Sea Port Re: Supply of Heat Energy and/or Heat-Carriers	For	For	Management
15a3	Approve Related-Party Transaction with OJSC Arkhangelsk Commercial Sea Port Re: Lease of Equipment	For	For	Management
15a4	Approve Related-Party Transaction with CJSC Taymyr Fuel Company Re: Provision of Petroleum Products	For	For	Management
15a5	Approve Related-Party Transaction with	For	For	Management

	Norilsknickelremont LLC Re: Supply of Materials Required for Maintenance of Machinery, and Hoisting Mechanisms			
15a6	Approve Related-Party Transaction with OJSC NTEK Re: Rendition of Sewage Network Maintenance, and Operation Services	For	For	Management
15a7	Approve Related-Party Transaction with Polar Construction Company LLC Re: Lease of Movable and Immovable Property for Production, and Operation Activities	For	For	Management
15a8	Approve Related-Party Transaction with Polar Construction Company LLC Re: Sale of Fixed Assets, Goods, Miscellaneous Products, and Materials	For	For	Management
15a9	Approve Related-Party Transaction with Gipronickel Institute LLC Re: Lease of Movable and Immovable Property for Production, and Operation Activities	For	For	Management
15a10	Approve Related-Party Transaction with Gipronickel Institute LLC Re: Transfer of Machinery, WIP Products, and Goods	For	For	Management
15a11	Approve Related-Party Transaction with OJSC Norilskgazprom Re: Land Plot Lease Agreement	For	For	Management
15a12	Approve Related-Party Transaction with OJSC Norilskgazprom Re: Sale of Fixed Assets, Goods, Miscellaneous Products, and Materials	For	For	Management
15a13	Approve Related-Party Transaction with Norilsk Industrial Transport LLC Re: Lease of Movable and Immovable Property for Production and Operation Activities	For	For	Management
15a14	Approve Related-Party Transaction with Norilsk Industrial Transport LLC Re: Sale of Fixed Assets, Goods, Miscellaneous Products, and Materials	For	For	Management
15a15	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Lease of Movable and Immovable Property for Production and Operation Activities	For	For	Management
15a16	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Sale of Fixed Assets, Goods, Miscellaneous Products, and Materials	For	For	Management
15a17	Approve Related-Party Transaction with CJSC Taymyr Fuel Company Re: Lease of Movable and Immovable Property for Production and Operation Activities	For	For	Management

15a18	Approve Related-Party Transaction with CJSC Taymyr Fuel Company Re: Sale of Fixed Assets, Goods, Miscellaneous Products, and Materials	For	For	Management
15a19	Approve Related-Party Transaction with OJSC NTEK Re: Sale of Goods	For	For	Management
15a20	Approve Related-Party Transaction with OJSC Taimyrgas Re: Transfer of Inventories, Other Products, and Materials	For	For	Management
15a21	Approve Related-Party Transaction with OJSC Yenisey River Shipping Company Re: Transfer of Coal	For	For	Management
15a22	Approve Related-Party Transaction with OJSC Norilskgazprom Re: Placement of Industrial Wastes	For	For	Management
15a23	Approve Related-Party Transaction with Polar Construction Company LLC Re: Agency Services for Organization of Training Employees	For	For	Management
15a24	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Agency Services for Organization of Training Employees	For	For	Management
15a25	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Organization of Storage and Destruction of Documents, Making Copies, Submission of Information Requested in Course of Inspection	For	For	Management
15a26	Approve Related-Party Transaction with Gipronikel Institut LLC Re: Design Work on Projects	For	For	Management
15a27	Approve Related-Party Transaction with Gipronikel Institut LLC Re: Geodetic Survey Works	For	For	Management
15a28	Approve Related-Party Transaction with Gipronikel Institut LLC Re: Quantitative Chemical Assay of Samples of Raw Materials and Process Cycle Products for Quality Control	For	For	Management
15a29	Approve Related-Party Transaction with Gipronikel Institut LLC Re: External Quality Control of Results of Quantitative Chemical Assay	For	For	Management
15a30	Approve Related-Party Transaction with Gipronikel Institut LLC Re: R&D Services	For	For	Management
15a31	Approve Related-Party Transaction with Gipronikel Institut LLC Re: Design Works, Development of Working and	For	For	Management

	Non-Standard Equipment Design Documentation for Production Units			
15a32	Approve Related-Party Transaction with Gipronikel Institut LLC Re: R&D Works for Production Units	For	For	Management
15a33	Approve Related-Party Transaction with Gipronikel Institut LLC : Feasibility Study for Nadezhda Metallurgical Plant and for Production Association of Concentrators	For	For	Management
15a34	Approve Related-Party Transaction with Gipronikel Institut LLC Re: R&D Works for NMP Facilities and Nickel Plant Shutdown	For	For	Management
15a35	Approve Related-Party Transaction with Gipronikel Institut LLC Re: Unforeseen Design and Survey Works	For	For	Management
15a36	Approve Related-Party Transaction with Gipronikel Institut LLC Re: Development and Approval of Design Documents for Non-Standard Equipment, Approval of Estimates for Start-Up Operations	For	For	Management
15a37	Approve Related-Party Transaction with Gipronikel Institut LLC Re: Cadastral Works	For	For	Management
15a38	Approve Related-Party Transaction with Gipronikel Institut LLC Re: Design Works	For	For	Management
15a39	Approve Related-Party Transaction with Gipronikel Institut LLC Re: Design Works	For	For	Management
15a40	Approve Related-Party Transaction with Gipronikel Institut LLC Re: R&D Works, Approval of Budgeting Documentation and Engineering Documentation for Non-Standardized Equipment, Engineering Documentation Development	For	For	Management
15a41	Approve Related-Party Transaction with Polar Construction Company LLC Re: Execution of Civil, Assembly and Specialized Works	For	For	Management
15a42	Approve Related-Party Transaction with Polar Construction Company LLC Re: Preassembly Equipment Audit Works	For	For	Management
15a43	Approve Related-Party Transaction with Norilsknickelremont LLC Re: Preassembly Equipment Audit Works	For	For	Management
15a44	Approve Related-Party Transaction Norilsknickelremont LLC Re: Transfer of Goods	For	For	Management

15a45	Approve Related-Party Transaction with Polar Contraction Company LLC Re: Lease of Movable Property	For	For	Management
15a46	Approve Related-Party Transaction with CJSC Taimyr Fuel Company Re: Lease of Movable Property	For	For	Management
15b1	Approve Related-Party Transactions with OJSC Sberbank of Russia Re: Opening Accounts and Debiting of Monetary Funds	For	For	Management
15b2	Approve Related-Party Transactions with OJSC Sberbank of Russia Re: Maintenance of Security Deposit on Accounts	For	For	Management
15b3	Approve Related-Party Transactions with OJSC Sberbank of Russia Re: Services of Systems of Information Electronic Transfer and Electronic Payment Systems	For	For	Management
15b4	Approve Related-Party Transactions with OJSC Sberbank of Russia Re: Agreements on Procedures and Terms of Interest Rate Charging	For	For	Management
15b5	Approve Related-Party Transactions with OJSC Sberbank of Russia Re: Agreements on Procedures of Issuance and Maintenance of International Bank Cards for Employees	For	For	Management
15b6	Approve Related-Party Transactions with OJSC Sberbank of Russia Re: Services on Management of Financial Flows of MMC Norilsk Nickel and Its Subsidiaries	For	For	Management
15b7	Approve Related-Party Transactions with OJSC Sberbank of Russia Re: Opening of Letters of Credit	For	For	Management
15b8	Approve Related-Party Transactions with OJSC Sberbank of Russia Re: Contracts on Placing Deposits	For	For	Management
15b9	Approve Related-Party Transactions with OJSC Sberbank of Russia Re: Guarantee Agreements	For	For	Management
15b10	Approve Related-Party Transactions with OJSC Sberbank of Russia Re: Agreements on Loan Funds in Form of Credits, Credit Lines, and Overdrafts	For	For	Management
15b11	Approve Related-Party Transactions with OJSC Sberbank of Russia Re: Agreements on Promissory Notes	For	For	Management
15b12	Approve Related-Party Transactions with OJSC Sberbank of Russia Re: Sale	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
	and Purchase of Foreign Currency			
15b13	Approve Related-Party Transactions with OJSC Sberbank of Russia Re: Agreements on Derivative Financial Instruments	For	For	Management
15b14	Approve Related-Party Transactions with OJSC Sberbank of Russia Re: Sale and Purchase of Precious Metals	For	For	Management
15b15	Approve Related-Party Transactions with OJSC Sberbank of Russia Re: Joint Implementation of Corporate Social Programs	For	For	Management
15b16	Approve Related-Party Transactions with OJSC Sberbank of Russia Re: Sale and Purchase of Securities	For	For	Management
15c	Approve Related-Party Transactions with OJSC Sberbank of Russia, and/or SIB (Cyprus) Ltd., and/or Sberbank CIB (UK) Ltd., and/or Sberbank (Switzerland) AG Re: Guarantee Agreements to Secure Fulfillment of Obligations of Subsidiaries	For	For	Management

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MOBILE TELESYSTEMS OJSC

Ticker: MTSS Security ID: X5430T109
Meeting Date: SEP 30, 2013 Meeting Type: Special
Record Date: AUG 14, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Meeting Procedures	For	For	Management
2	Approve Interim Dividends for First Six Months of Fiscal 2013	For	For	Management

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MOBILE TELESYSTEMS OJSC

Ticker: MTSS Security ID: X5430T109
Meeting Date: JUN 24, 2014 Meeting Type: Annual
Record Date: MAY 06, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Meeting Procedures, Elect Meeting Chairman	For	For	Management
2	Approve Annual Report, Financial Statements, and Allocation of Income,	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
	Including Dividends of RUB 18.60 per Share			
3.1	Elect Anton Abugov as Director	None	Against	Management
3.2	Elect Aleksandr Gorbunov as Director	None	Against	Management
3.3	Elect Sergey Drozdov as Director	None	Against	Management
3.4	Elect Andrey Dubovskov as Director	None	Against	Management
3.5	Elect Ron Sommer as Director	None	Against	Management
3.6	Elect Michel Combes as Director	None	For	Management
3.7	Elect Stanley Miller as Director	None	For	Management
3.8	Elect Vsevolod Rozanov as Director	None	Against	Management
3.9	Elect Thomas Holtrop as Director	None	For	Management
4.1	Elect Irina Borisenkova as Member of Audit Commission	For	For	Management
4.2	Elect Natalia Demeshkina as Member of Audit Commission	For	Did Not Vote	Management
4.3	Elect Maksim Mamonov as Member of Audit Commission	For	For	Management
4.4	Elect Andrey Tverdokhleb as Member of Audit Commission	For	Against	Management
5	Ratify Deloitte and Touche CIS as Auditor	For	For	Management
6	Approve Reorganization of Company via Merger with Subsidiaries ZAO Elf, ZAO EFKOM, ZAO Pilot, ZAO Firma TVK i K, ZAO ZhelGorTeleCom, ZAO Intercom, ZAO TRK TVT, ZAO Kaskad-TV, ZAO Kuznetsktelemost, ZAO Systema Telecom, ZAO TZ	For	For	Management
7	Amend Charter in Connection with Reorganization Proposed under Item 6	For	For	Management

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MOSCOW EXCHANGE MICEX-RTS OJSC

Ticker: MOEX Security ID: X5504J102
Meeting Date: FEB 10, 2014 Meeting Type: Special
Record Date: DEC 23, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve New Edition of Charter	For	For	Management
2	Approve New Edition of Regulations on Supervisory Board	For	Against	Management
3	Approve New Edition of Regulations on Remuneration of Directors	For	For	Management
4	Approve Related-Party Transaction Re: Liability Insurance for Directors, Officers, and Subsidiaries	For	For	Management

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MOSCOW EXCHANGE MICEX-RTS OJSC

Ticker: MOEX Security ID: X5504J102
Meeting Date: JUN 26, 2014 Meeting Type: Annual
Record Date: MAY 12, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1.1	Approve Annual Report	For	For	Management
1.2	Approve Financial Statements	For	For	Management
1.3	Approve Allocation of Income and Dividends of RUB 2.38 per Share	For	For	Management
2.1	Elect Aleksandr Afanasiev as Director	None	Against	Management
2.2	Elect Nicola Beattie as Director	None	For	Management
2.3	Elect Mikhail Bratanov as Director	None	For	Management
2.4	Elect Yuan Wang as Director	None	For	Management
2.5	Elect Sean Glodek as Director	None	Against	Management
2.6	Elect Andrey Golikov as Director	None	Against	Management
2.7	Elect Valeriy Goreglyad as Director	None	Against	Management
2.8	Elect Yuriy Denisov as Director	None	Against	Management
2.9	Elect Bella Zlatkis as Director	None	Against	Management
2.10	Elect Anatoliy Karachinskiy as Director	None	For	Management
2.11	Elect Sergey Kozlov as Director	None	Against	Management
2.12	Elect Aleksey Kudrin as Director	None	Against	Management
2.13	Elect Sergey Lykov as Director	None	Against	Management
2.14	Elect Rainer Riess as Director	None	For	Management
2.15	Elect Kirill Shershun as Director	None	Against	Management
3.1	Fix Number of Audit Commission Members at Three	For	For	Management
3.2.1	Elect Olga Romantsova as Member of Audit Commission	For	For	Management
3.2.2	Elect Tatiana Sannikova as Member of Audit Commission	For	For	Management
3.2.3	Elect Vyacheslav Ulupov as Member of Audit Commission	For	For	Management
4	Ratify ZAO Ernst & Young Vneshaudit as Auditor	For	For	Management
5	Approve New Edition of Charter	For	For	Management
6	Approve New Edition of Regulations on Supervisory Board	For	For	Management
7	Approve Regulations on Executive Board	For	For	Management
8	Approve Regulations on Audit Commission	For	For	Management
9	Approve New Edition of Regulations on Remuneration of Directors	For	For	Management
10	Approve Remuneration of Directors for 2013	For	For	Management
11	Approve Remuneration of Members of Audit Commission for 2013	For	For	Management
12	Approve Related-Party Transactions with ZAO Registrar Company STATUS Re:	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
	Conducting General Shareholder Meetings			
13.1	Approve Related-Party Transactions with OAO Sberbank of Russia Re: Cash Deposits	For	For	Management
13.2	Approve Related-Party Transactions with ZAO National Clearing Centre Re: Cash Deposits	For	For	Management
13.3	Approve Related-Party Transactions with ZAO National Clearing Centre Re: Currency Conversion	For	For	Management
14.1	Approve Related-Party Transactions with ZAO MICEX Stock Exchange Re: Lease of Immovable Property	For	For	Management
14.2	Approve Related-Party Transactions with ZAO National Settlement Depository Re: Lease of Immovable Property and Parking Spaces	For	For	Management
14.3	Approve Related-Party Transactions with ZAO National Clearing Centre Re: Lease of Immovable Property and Parking Spaces	For	For	Management
14.4	Approve Related-Party Transactions with ZAO National Mercantile Exchange Re: Lease of Immovable Property	For	For	Management
15	Approve Related-Party Transaction with ZAO MICEX Stock Exchange Re: IT Services	For	For	Management
16	Approve Termination of Company's Membership in Russian Exchange Union	For	For	Management

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NATIONAL BANK OF GREECE SA

Ticker: ETE Security ID: X56533148
Meeting Date: MAY 10, 2014 Meeting Type: Special
Record Date: MAY 02, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Authorize Share Capital Increase without Preemptive Rights	For	For	Management
2	Receive Information on the Replacement of Resigned Board Members	None	None	Management

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NATIONAL BANK OF GREECE SA

Ticker: ETE Security ID: X56533148

Meeting Date: JUN 26, 2014 Meeting Type: Annual
Record Date: JUN 20, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Accept Statutory Reports	For	For	Management
2	Accept Financial Statements	For	For	Management
3	Approve Discharge of Board and Auditors	For	For	Management
4	Approve Director Remuneration	For	For	Management
5	Authorize Board to Participate in Companies with Similar Business Interests	For	For	Management
6	Elect Directors	For	Against	Management
7	Elect Members of Audit Committee	For	For	Management
8	Approve Auditors and Fix Their Remuneration	For	For	Management
9	Amend Company Articles	For	For	Management
10	Various Announcements and Approvals	For	Against	Management

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NOVATEK OAO

Ticker: NVTK Security ID: 669888109
Meeting Date: OCT 22, 2013 Meeting Type: Special
Record Date: SEP 16, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Interim Dividends of RUB 3.40 per Share for First Six Months of Fiscal 2013	For	For	Management

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NOVATEK OAO

Ticker: NVTK Security ID: 669888109
Meeting Date: APR 18, 2014 Meeting Type: Annual
Record Date: MAR 14, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Annual Report, Financial Statements, Allocation of Income and Terms of Dividends Payment	For	For	Management
2.1	Elect Andrei Akimov as Director	None	Against	Management
2.2	Elect Burckhard Bergmann as Director	None	Against	Management
2.3	Elect Yves Louis Darricarrere as Director	None	Against	Management
2.4	Elect Vladimir Dmitriyev as Director	None	For	Management
2.5	Elect Leonid Mikhelson as Director	None	Against	Management

2.6	Elect Alexander Natalenko as Director	None	For	Management
2.7	Elect Viktor Orlov as Director	None	Against	Management
2.8	Elect Gennady Timchenko as Director	None	Against	Management
2.9	Elect Andrey Sharonov as Director	None	Against	Management
3.1	Elect Olga Belyaeva as Member of Audit Commission	For	For	Management
3.2	Elect Maria Panasenko as Member of Audit Commission	For	For	Management
3.3	Elect Igor Ryaskov as Member of Audit Commission	For	For	Management
3.4	Elect Nikolai Shulikin as Member of Audit Commission	For	For	Management
4	Ratify Auditor	For	For	Management
5	Approve Remuneration of Directors	For	For	Management
6	Approve Remuneration of Members of Audit Commission	For	For	Management
7	Amend Charter	For	For	Management
8	Amend Regulations on General Meetings	For	For	Management
9	Amend Regulations on Board of Directors	For	For	Management
10	Approve Related-Party Transactions	For	Against	Management

OPAP (GREEK ORGANISATION OF FOOTBALL PROGNOSTICS SA)

Ticker: OPAP Security ID: X3232T104
Meeting Date: MAY 22, 2014 Meeting Type: Annual
Record Date: MAY 16, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Accept Restated Financial Statements for 2012	For	For	Management
2	Accept Statutory Reports for 2013	For	For	Management
3	Accept Financial Statements for 2013	For	For	Management
4	Approve Allocation of Income	For	For	Management
5	Approve Discharge of Board and Auditors	For	For	Management
6	Approve Remuneration of Directors	For	For	Management
7	Approve Remuneration and Compensation of Executives	For	For	Management
8	Pre-approve Director Remuneration for 2014	For	For	Management
9	Approve Auditors and Fix Their Remuneration	For	For	Management
10	Amend Company Articles	For	For	Management
11	Authorize Board to Participate in Companies with Similar Business Interests	For	For	Management

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ORANGE POLSKA S.A.

Ticker: OPL Security ID: X5984X100
Meeting Date: APR 10, 2014 Meeting Type: Annual
Record Date: MAR 25, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2	Elect Meeting Chairman	For	For	Management
3	Acknowledge Proper Convening of Meeting	None	None	Management
4	Approve Agenda of Meeting	For	For	Management
5	Elect Members of Vote Counting Commission	For	For	Management
6.1	Receive Management Board Report on Operations of Orange Polska S.A. in Fiscal 2013 and Financial Statements	None	None	Management
6.2	Receive Allocation of Orange Polska S. A. Income Proposal	None	None	Management
6.3	Receive Supervisory Board Report on Review of Management Board Report on Operations of Orange Polska S.A. in Fiscal 2013 , Financial Statements and Management Board Proposal on Allocation of 2013 Income	None	None	Management
6.4	Receive Management Board Report on Group Operations of Orange Polska S.A. in Fiscal 2013 and Consolidated Financial Statements	None	None	Management
6.5	Receive Supervisory Board Report on Review of Management Board Report on Group Operations of Orange Polska S.A. in Fiscal 2013 and Consolidated Financial Statements	None	None	Management
6.6	Receive Supervisory Board Report on Company's Standing in Fiscal 2013 and Board's Activities in Fiscal 2013	None	None	Management
7.1	Receive Management Board Report on Operations of Polska Telefonia Komorkowa - Centertel sp. z o.o. in Fiscal 2013 and Financial Statements	None	None	Management
7.2	Receive Allocation of Income Proposal of Polska Telefonia Komorkowa - Centertel sp. z o.o.	None	None	Management
7.3	Receive Supervisory Board Report on Review of Management Board Report on Operations of Polska Telefonia Komorkowa - Centertel sp. z o.o. in Fiscal 2013, Financial Statements and Management Board Proposal on Allocation of 2013 Income	None	None	Management

8.1	Recieve Management Board Report on Operations of Orange Polska sp. z o.o. in Fiscal 2013 and Financial Statements	None	None	Management
8.2	Recieve Treatment of Net Loss Proposal of Orange Polska sp. z o.o.	None	None	Management
8.3	Receive Supervisory Board Report on Review of Management Board Report on Operations of Orange Polska sp. z o.o. in Fiscal 2013 , Financial Statements and Management Board Proposal on Allocation of 2013 Income	None	None	Management
9.1	Approve Management Board Report on Operations of Orange Polska S.A. in Fiscal 2013	For	For	Management
9.2	Approve Financial Statements of Orange Polska S.A	For	For	Management
9.3	Approve Allocation of Income and Dividends of PLN 0.50 per Share	For	For	Management
9.4	Approve Management Board Report on Group Operations of Orange Polska S.A in Fiscal 2013	For	For	Management
9.5	Approve Consolidated Financial Statements	For	For	Management
9.6a	Approve Discharge of Supervisory Board Members	For	For	Management
9.6b	Approve Discharge of Management Board Members	For	For	Management
9.7	Approve Management Board Report on Operations of Polska Telefonia Komorkowa - Centertel sp. z o.o. in Fiscal 2013	For	For	Management
9.8	Approve Financial Statements of Polska Telefonia Komorkowa - Centertel sp. z o.o	For	For	Management
9.9	Approve Allocation of Income of Polska Telefonia Komorkowa - Centertel sp. z o.o.	For	For	Management
9.10	Approve Discharge of Management Board Members of Polska Telefonia Komorkowa - Centertel sp. z o.o.	For	For	Management
9.11	Approve Management Board Report on Operations of Orange Polska sp. z o.o. in Fiscal 2013	For	For	Management
9.12	Approve Financial Statements of Orange Polska sp. z o.o.	For	For	Management
9.13	Approve Treatment of Net Loss of Orange Polska sp. z o.o.	For	For	Management
9.14	Approve Discharge of Management Board Members of Orange Polska sp. z o.o.	For	For	Management
10	Approve Changes in Composition of	For	Against	Management

Supervisory Board
11 Close Meeting None None Management

PEKAO BANK SA (BANK POLSKA KASA OPIEKI SPOLKA AKCYJNA)

Ticker: PEO Security ID: X0641X106
Meeting Date: JUN 12, 2014 Meeting Type: Annual
Record Date: MAY 27, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2	Elect Meeting Chairman	For	For	Management
3	Acknowledge Proper Convening of Meeting	None	None	Management
4	Elect Members of Vote Counting Commission	For	For	Management
5	Approve Agenda of Meeting	For	For	Management
6	Receive Management Board Report on Company's Operations in Fiscal 2013	None	None	Management
7	Receive Financial Statements	None	None	Management
8	Receive Management Board Report on Group's Operations in Fiscal 2013	None	None	Management
9	Receive Consolidated Financial Statements	None	None	Management
10	Receive Management Board Report on Allocation of Income	None	None	Management
11	Receive Supervisory Board Reports	None	None	Management
12.1	Approve Management Board Report on Company's Operations in Fiscal 2013	For	For	Management
12.2	Approve Financial Statements	For	For	Management
12.3	Approve Management Board Report on Group's Operations in Fiscal 2013	For	For	Management
12.4	Approve Consolidated Financial Statements	For	For	Management
12.5	Approve Allocation of Income	For	For	Management
12.6	Approve Supervisory Board Report	For	For	Management
12.7a	Approve Discharge of Jerzy Woznicki (Supervisory Board Chairman)	For	For	Management
12.7b	Approve Discharge of Roberto Nicastro (Supervisory Board Member)	For	For	Management
12.7c	Approve Discharge of Leszek Pawlowicz (Supervisory Board Member)	For	For	Management
12.7d	Approve Discharge of Alessandro Decio (Supervisory Board Member)	For	For	Management
12.7e	Approve Discharge of Malgorzata Adamkiewicz (Supervisory Board Member)	For	For	Management
12.7f	Approve Discharge of Pawel Dangel (Supervisory Board Member)	For	For	Management
12.7g	Approve Discharge of Laura Penna	For	For	Management

	(Supervisory Board Member)			
12.7h	Approve Discharge of Wioletta Rosolowska (Supervisory Board Member)	For	For	Management
12.7i	Approve Discharge of Doris Tomanek (Supervisory Board Member)	For	For	Management
12.8a	Approve Discharge of Luigi Lovaglio (CEO)	For	For	Management
12.8b	Approve Discharge of Diego Biondo (Management Board Member)	For	For	Management
12.8c	Approve Discharge of Marco Iannaccone (Management Board Member)	For	For	Management
12.8d	Approve Discharge of Andrzej Kopyrski (Management Board Member)	For	For	Management
12.8e	Approve Discharge of Stefano Santini (Management Board Member)	For	For	Management
12.8f	Approve Discharge of Grzegorz Piwowar (Management Board Member)	For	For	Management
12.8g	Approve Discharge of Marian Wazynski (Management Board Member)	For	For	Management
13	Close Meeting	None	None	Management

PIK GROUP

Ticker: PIKK Security ID: X3078R105
Meeting Date: MAR 11, 2014 Meeting Type: Special
Record Date: DEC 25, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Early Termination of Powers of Board of Directors	For	Against	Management
2.1	Elect Pavel Poselenov as Director	None	Against	Management
2.2	Elect Marina Zinovina as Director	None	Against	Management
2.3	Elect Dmitry Kanushkin as Director	None	Against	Management
2.4	Elect Ilya Stepanischev as Director	None	Against	Management
2.5	Elect Marina Gryonberg as Director	None	Against	Management
2.6	Elect Aleksey Blanin as Director	None	Against	Management
2.7	Elect Zumrud Rustamova as Director	None	Against	Management
2.8	Elect Jean Pierre Saltiel as Director	None	For	Management
2.9	Elect Dmitry Pleskonos as Director	None	Against	Management

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PIK GROUP

Ticker: PIKK Security ID: 69338N206
Meeting Date: MAR 11, 2014 Meeting Type: Special
Record Date: DEC 24, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Early Termination of Powers of Board of Directors	For	Against	Management
2.1	Elect Pavel Poselenov as Director	None	Against	Management
2.2	Elect Marina Zinovina as Director	None	Against	Management
2.3	Elect Dmitry Kanushkin as Director	None	Against	Management
2.4	Elect Ilya Stepanischev as Director	None	Against	Management
2.5	Elect Marina Gryonberg as Director	None	Against	Management
2.6	Elect Aleksey Blanin as Director	None	Against	Management
2.7	Elect Zumrud Rustamova as Director	None	Against	Management
2.8	Elect Jean Pierre Saltiel as Director	None	For	Management
2.9	Elect Dmitry Pleskonos as Director	None	Against	Management

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PKP CARGO SA

Ticker: PKP Security ID: X65563110
Meeting Date: DEC 17, 2013 Meeting Type: Special
Record Date: DEC 01, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2	Prepare List of Shareholders	None	None	Management
3	Acknowledge Proper Convening of Meeting	None	None	Management
4	Approve Agenda of Meeting	For	For	Management
5	Elect Members of Vote Counting Commission	For	For	Management
6.1	Elect Supervisory Board Member	For	For	Management
6.2	Elect Supervisory Board Member	For	For	Management
7	Close Meeting	None	None	Management

PKP CARGO SA

Ticker: PKP Security ID: X65563110
Meeting Date: MAR 26, 2014 Meeting Type: Special
Record Date: MAR 10, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2	Prepare List of Shareholders	None	None	Management
3	Acknowledge Proper Convening of Meeting	None	None	Management
4	Approve Agenda of Meeting	For	For	Management
5	Elect Members of Vote Counting Commission	For	For	Management
6.1	Cancel July 2, 2012, EGM, Resolution	For	Against	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
	Re: Remuneration of Members of Management Board			
6.2	Approve Remuneration of Members of Management Board	For	Against	Management
7	Close Meeting	None	None	Management

PKP CARGO SA

Ticker: PKP Security ID: X65563110
Meeting Date: MAY 12, 2014 Meeting Type: Annual
Record Date: APR 26, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2	Prepare List of Shareholders	None	None	Management
3	Acknowledge Proper Convening of Meeting	None	None	Management
4	Approve Agenda of Meeting	For	For	Management
5.1	Receive Supervisory Board Report on Financial Statements and Management Board Report on Company's Operations in Fiscal 2013	None	None	Management
5.2	Receive Supervisory Board Report on Consolidated Financial Statements and Management Board Report on Group's Operations in Fiscal 2013	None	None	Management
5.3	Receive Supervisory Board Opinion on Management's Proposal of Net Income Allocation	None	None	Management
5.4	Receive Supervisory Board Opinion on Internal Controlling System and Risk Management	None	None	Management
6	Approve Financial Statements and Management Board Report on Company's Operations in Fiscal 2013	For	For	Management
7	Approve Consolidated Financial Statements Management Board Report on Group's Operations in Fiscal 2013	For	For	Management
8	Approve Allocation of Income	For	For	Management
9.1	Approve Discharge of Lukasz Boron (CEO)	For	For	Management
9.2	Approve Discharge of Adam Purwin (Management Board Member)	For	For	Management
9.3	Approve Discharge of Sylwester Sigiel (Management Board Member)	For	For	Management
9.4	Approve Discharge of Wojciech Balczun (Management Board Member)	For	For	Management
9.5	Approve Discharge of Marek Zalesny (Management Board Member)	For	For	Management
10.1	Approve Discharge of Jakub Karnowski	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
	(Chairperson)			
10.2	Approve Discharge of Michal Karczynki (Deputy Chairman)	For	For	Management
10.3	Approve Discharge of Krzysztof Czarnota (Supervisory Board Member)	For	For	Management
10.4	Approve Discharge of Piotr Fidos (Supervisory Board Member)	For	For	Management
10.5	Approve Discharge of Kazimierz Jamrozik (Supervisory Board Member)	For	For	Management
10.6	Approve Discharge of Artur Kawaler (Supervisory Board Member)	For	For	Management
10.7	Approve Discharge of Milena Pacia (Supervisory Board Member)	For	For	Management
10.8	Approve Discharge of Marek Podskalny (Supervisory Board Member)	For	For	Management
10.9	Approve Discharge of Danuta Tuszkiewicz (Supervisory Board Member)	For	For	Management
10.10	Approve Discharge of Konrad Anuszkiewicz (Supervisory Board Member)	For	For	Management
10.11	Approve Discharge of Stanislaw Knaflewski (Supervisory Board Member)	For	For	Management
10.12	Approve Discharge of Pawel Ruka (Supervisory Board Member)	For	For	Management
10.13	Approve Discharge of Jerzy Wronka (Supervisory Board Member)	For	For	Management
11	Close Meeting	None	None	Management

POLSKI KONCERN NAFTOWY ORLEN SA

Ticker: PKN Security ID: X6922W204
Meeting Date: MAY 15, 2014 Meeting Type: Annual
Record Date: APR 29, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2	Elect Meeting Chairman	For	For	Management
3	Acknowledge Proper Convening of Meeting	None	None	Management
4	Approve Agenda of Meeting	For	For	Management
5	Elect Members of Vote Counting Commission	For	For	Management
6	Receive Management Board Report on Company's Operations, Financial Statements, and Income Allocation Proposal	None	None	Management
7	Receive Management Board Report on Group's Operations and Consolidated Financial Statements	None	None	Management
8	Receive Supervisory Board Reports	None	None	Management

9	Approve Management Board Report on Company's Operations in Fiscal 2013	For	For	Management
10	Approve Financial Statements	For	For	Management
11	Approve Management Board Report on Group's Operations in Fiscal 2013	For	For	Management
12	Approve Consolidated Financial Statements	For	For	Management
13	Approve Allocation of Income	For	For	Management
14.1	Approve Discharge of Dariusz Jacek Krawiec (CEO)	For	For	Management
14.2	Approve Discharge of Slawomir Robert Jedrzejczyk (Management Board Member)	For	For	Management
14.3	Approve Discharge of Krystian Pater (Management Board Member)	For	For	Management
14.4	Approve Discharge of Piotr Chelminski (Management Board Member)	For	For	Management
14.5	Approve Discharge of Marek Sylwester Podstawa (Management Board Member)	For	For	Management
15.1	Approve Discharge of Maciej Damian Mataczynski (Supervisory Board Chairman)	For	For	Management
15.2	Approve Discharge of Angelina Anna Sarota (Supervisory Board Member)	For	For	Management
15.3	Approve Discharge of Leszek Jerzy Pawlowicz (Supervisory Board Member)	For	For	Management
15.4	Approve Discharge of Grzegorz Borowiec (Supervisory Board Member)	For	For	Management
15.5	Approve Discharge of Artur Gabor (Supervisory Board Member)	For	For	Management
15.6	Approve Discharge of Cezary Banasinski (Supervisory Board Member)	For	For	Management
15.7	Approve Discharge of Michal Golebiowski (Supervisory Board Member)	For	For	Management
15.8	Approve Discharge of Pawel Bialek (Supervisory Board Member)	For	For	Management
15.9	Approve Discharge of Cezary Mozenski (Supervisory Board Member)	For	For	Management
16	Approve Liquidation of Petrochemia Plock Privatisation Fund and Transfer of Its Funds to Supplementary Capital	For	For	Management
17	Fix Number of Supervisory Board Members	For	For	Management
18	Elect Supervisory Board Member	For	Against	Management
19	Close Meeting	None	None	Management

POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI S.A.

Ticker: PKO Security ID: X6919X108
Meeting Date: JUN 26, 2014 Meeting Type: Annual

Record Date: JUN 10, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2	Elect Meeting Chairman	For	For	Management
3	Acknowledge Proper Convening of Meeting	None	None	Management
4	Approve Agenda of Meeting	For	For	Management
5	Receive Management Board Report on Company's Operations; Financial Statements; Management Board Proposal on Allocation of Income and Treatment of net Loss from Previous Years	None	None	Management
6	Receive Management Board Report on Group's Operations and Consolidated Financial Statements	None	None	Management
7	Receive Supervisory Board Reports	None	None	Management
8.1	Approve Management Board Report on Company's Operations in Fiscal 2013	For	For	Management
8.2	Approve Financial Statements	For	For	Management
8.3	Approve Management Board Report on Group's Operations in Fiscal 2013	For	For	Management
8.4	Approve Consolidated Financial Statements	For	For	Management
8.5	Approve Supervisory Board Report	For	For	Management
8.6	Approve Allocation of Income and Treatment of Loss from Previous Years	For	For	Management
8.7	Approve Dividends	For	For	Management
8.8a	Approve Discharge of Zbigniew Jagiello (CEO)	For	For	Management
8.8b	Approve Discharge of Piotr Alicki (Management Board Member)	For	For	Management
8.8c	Approve Discharge of Bartosz Drabikowski (Management Board Member)	For	For	Management
8.8d	Approve Discharge of Piotr Mazur (Management Board Member)	For	For	Management
8.8e	Approve Discharge of Jaroslaw Myjak (Management Board Member)	For	For	Management
8.8f	Approve Discharge of Jacek Oblekowski (Management Board Member)	For	For	Management
8.8g	Approve Discharge of Jakub Papierski (Management Board Member)	For	For	Management
8.9a	Approve Discharge of Cezary Banasinski (Supervisory Board Member)	For	For	Management
8.9b	Approve Discharge of Tomasz Zganiacz (Supervisory Board Member)	For	For	Management
8.9c	Approve Discharge of Miroslaw Czekaj (Supervisory Board Member)	For	For	Management
8.9d	Approve Discharge of Jan Bossak (Supervisory Board Member)	For	For	Management
8.9e	Approve Discharge of Zofia Dzik (Supervisory Board Member)	For	For	Management

8.9f	Approve Discharge of Krzysztof Kilian (Supervisory Board Member)	For	For	Management
8.9g	Approve Discharge of Piotr Marczak (Supervisory Board Member)	For	For	Management
8.9h	Approve Discharge of Elzbieta Maczynska (Supervisory Board Member)	For	For	Management
8.9i	Approve Discharge of Marek Mroczkowski (Supervisory Board Member)	For	For	Management
8.9j	Approve Discharge of Ryszard Wierzba (Supervisory Board Member)	For	For	Management
9	Recall Supervisory Board Member	None	Against	Shareholder
10	Elect Supervisory Board Member	For	Against	Management
11	Amend June 25, 2010, AGM, Resolution Re: Approve Remuneration of Supervisory Board Members	For	Against	Management
12	Approve Merger with Nordea Bank Polska SA	For	For	Management
13	Amend Statute Re: Merger with Nordea Bank Polska SA	For	For	Management
14.1	Amend Statute Re: Supervisory Board Responsibilities	For	For	Management
14.2	Amend Statute Re: Corporate Purpose	For	For	Management
14.3	Amend Statute Re: Cooperation with Other Banks	For	For	Management
15	Receive Special Report	None	None	Management
16	Close Meeting	None	None	Management

POWSZECHNY ZAKLAD UBEZPIECZEN SA

Ticker: PZU Security ID: X6919T107
Meeting Date: JUN 17, 2014 Meeting Type: Annual
Record Date: JUN 01, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2	Elect Meeting Chairman	For	For	Management
3	Acknowledge Proper Convening of Meeting	None	None	Management
4	Approve Agenda of Meeting	For	For	Management
5	Receive Financial Statements	None	None	Management
6	Receive Management Board Report on Company's Operations in Fiscal 2013	None	None	Management
7	Receive Consolidated Financial Statements	None	None	Management
8	Receive Management Board Report on Group's Operations in Fiscal 2013	None	None	Management
9	Receive Supervisory Board Reports on Its Review of Financial Statements and Statutory Reports	None	None	Management

10	Receive Supervisory Board Report on Board's Operations	None	None	Management
11	Approve Financial Statements	For	For	Management
12	Approve Management Board Report on Company's Operations in Fiscal 2013	For	For	Management
13	Approve Consolidated Financial Statements	For	For	Management
14	Approve Management Board Report on Group's Operations in Fiscal 2013	For	For	Management
15	Approve Allocation of Income	For	For	Management
16.1	Approve Discharge of Przemyslaw Dabrowski (Management Board Member)	For	For	Management
16.2	Approve Discharge of Andrzej Klesyk (Management Board Member)	For	For	Management
16.3	Approve Discharge of Dariusz Krzewina (Management Board Member)	For	For	Management
16.4	Approve Discharge of Boguslaw Skuza (Management Board Member)	For	For	Management
16.5	Approve Discharge of Barbara Smalska (Management Board Member)	For	For	Management
16.6	Approve Discharge of Tomasz Tarkowski (Management Board Member)	For	For	Management
16.7	Approve Discharge of Ryszard Trepczynski (Management Board Member)	For	For	Management
17.1	Approve Discharge of Zbigniew Cwiakalski (Supervisory Board Member)	For	For	Management
17.2	Approve Discharge of Dariusz Daniluk (Supervisory Board Member)	For	For	Management
17.3	Approve Discharge of Zbigniew Derdziuk (Supervisory Board Member)	For	For	Management
17.4	Approve Discharge of Dariusz Filar (Supervisory Board Member)	For	For	Management
17.5	Approve Discharge of Wlodzimierz Kicinski (Supervisory Board Member)	For	For	Management
17.6	Approve Discharge of Waldemar Maj (Supervisory Board Member)	For	For	Management
17.7	Approve Discharge of Alojzy Nowak (Supervisory Board Member)	For	For	Management
17.8	Approve Discharge of Maciej Piotrowski (Supervisory Board Member)	For	For	Management
17.9	Approve Discharge of Tomasz Zganiacz (Supervisory Board Member)	For	For	Management
18	Approve Changes in Composition of Supervisory Board	None	Against	Shareholder
19	Close Meeting	None	None	Management

ROSTELECOM

Ticker: RTKM Security ID: X7367F102
Meeting Date: DEC 30, 2013 Meeting Type: Special
Record Date: NOV 20, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Reorganization via Spin-Off of ZAO RT-Mobile	For	Against	Management

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ROSTELECOM

Ticker: RTKM Security ID: X7367F110
Meeting Date: DEC 30, 2013 Meeting Type: Special
Record Date: NOV 20, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Reorganization via Spin-Off of ZAO RT-Mobile	For	Against	Management

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ROSTELECOM

Ticker: RTKM Security ID: X7367F102
Meeting Date: APR 02, 2014 Meeting Type: Special
Record Date: JAN 09, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Amend Charter	For	For	Management
2	Approve Early Termination of Powers of Board of Directors	For	For	Management
3.1	Elect Ruben Aganbegyan as Director	None	Against	Management
3.2	Elect David Benello as Director	None	For	Management
3.3	Elect Kirill Dmitriev as Director	None	Against	Management
3.4	Elect Anton Zlatopolsky as Director	None	Against	Management
3.5	Elect Sergey Kalugin as Director	None	Against	Management
3.6	Elect Igor Kozlov as Director	None	Against	Management
3.7	Elect Yury Kudimov as Director	None	Against	Management
3.8	Elect Mikhail Lesin as Director	None	Against	Management
3.9	Elect Anatoly Milyukov as Director	None	Against	Management
3.10	Elect Mikhail Poluboyarinov as Director	None	Against	Management
3.11	Elect Aleksandr Pchelintsev as Director	None	Against	Management
3.12	Elect Vadim Semenov as Director	None	Against	Management
3.13	Elect Vitaly Sergeichuk as Director	None	Against	Management

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ROSTELECOM

Ticker: RTKM Security ID: X7367F102
Meeting Date: JUN 30, 2014 Meeting Type: Annual
Record Date: MAY 30, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Annual Report	For	For	Management
2	Approve Financial Statements	For	For	Management
3	Approve Allocation of Income	For	For	Management
4	Approve Dividends	For	For	Management
5.1	Elect Ruben Aganbegyan as Director	None	Against	Management
5.2	Elect David Benello as Director	None	For	Management
5.3	Elect Kirill Dmitriev as Director	None	Against	Management
5.4	Elect Anton Zlatopolsky as Director	None	Against	Management
5.5	Elect Sergey Kalugin as Director	None	Against	Management
5.6	Elect Igor Kozlov as Director	None	Against	Management
5.7	Elect Yury Kudimov as Director	None	Against	Management
5.8	Elect Mikhail Lesin as Director	None	Against	Management
5.9	Elect Anatoly Milyukov as Director	None	Against	Management
5.10	Elect Mikhail Poluboyarinov as Director	None	Against	Management
5.11	Elect Aleksandr Pchelintsev as Director	None	Against	Management
5.12	Elect Vadim Semenov as Director	None	Against	Management
5.13	Elect Vitaly Sergeychuk as Director	None	Against	Management
6.1	Elect Valentina Veremyanina as Member of Audit Commission	For	For	Management
6.2	Elect Vasily Garshin as Member of Audit Commission	For	For	Management
6.3	Elect Denis Kant Mandal as Member of Audit Commission	For	For	Management
6.4	Elect Anna Lerner as Member of Audit Commission	For	For	Management
6.5	Elect Aleksandr Ponkin as Member of Audit Commission	For	For	Management
6.6	Elect Vyacheslav Ulupov as Member of Audit Commission	For	For	Management
6.7	Elect Aleksandr Shevchuk as Member of Audit Commission	For	For	Management
7	Ratify ZAO KPMG as Auditor	For	For	Management
8	Approve New Edition of Regulations on General Meetings	For	For	Management
9	Approve New Edition of Regulations on Board of Directors	For	For	Management
10	Approve Remuneration of Directors	For	For	Management
11	Approve Related-Party Transactions with OAO Bank VTB Re: Loan Agreements	For	For	Management
12	Approve Related-Party Transactions with OAO Russian Agricultural Bank Re: Loan Agreements	For	For	Management
13	Approve Related-Party Transaction Re: Liability Insurance for Directors,	For	For	Management

Officers and Companies with OAO SOGAZ

SBERBANK OF RUSSIA

Ticker: SBER Security ID: X76317100
Meeting Date: JUN 06, 2014 Meeting Type: Annual
Record Date: APR 17, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Annual Report	For	For	Management
2	Approve Financial Statements	For	For	Management
3	Approve Allocation of Income and Dividends	For	For	Management
4	Ratify Auditor	For	For	Management
5.1	Elect Martin Gilman as Director	None	For	Management
5.2	Elect Valery Goreglyad as Director	None	Against	Management
5.3	Elect German Gref as Director	None	Against	Management
5.4	Elect Yevsey Gurvich as Director	None	Against	Management
5.5	Elect Bella Zlatkis as Director	None	Against	Management
5.6	Elect Nadezhda Ivanova as Director	None	Against	Management
5.7	Elect Sergey Ignatyev as Director	None	Against	Management
5.8	Elect Peter Kralich as Director	None	For	Management
5.9	Elect Alexei Kudrin as Director	None	Against	Management
5.10	Elect Georgy Luntovsky as Director	None	Against	Management
5.11	Elect Vladimir Mau as Director	None	For	Management
5.12	Elect Gennady Melikyan as Director	None	Against	Management
5.13	Elect Leif Pagrotski as Director	None	For	Management
5.14	Elect Alessandro Profumo as Director	None	Against	Management
5.15	Elect Sergey Sinelnikov-Murylev as Director	None	For	Management
5.16	Elect Dmitriy Tulin as Member as Director	None	For	Management
5.17	Elect Nadia Wells as Member as Director	None	For	Management
5.18	Elect Sergey Shvetsov as Director	None	Against	Management
6.1	Elect Natalya Borodina as Member of Audit Commission	For	For	Management
6.2	Elect Vladimir Volkov as Member of Audit Commission	For	For	Management
6.3	Elect Tatiyana Domanskaya as Member of Audit Commission	For	For	Management
6.4	Elect Yuliya Isakhanova as Member of Audit Commission	For	For	Management
6.5	Elect Aleksey Minenko as Member of Audit Commission	For	For	Management
6.6	Elect Olga Polyakova as Member of Audit Commission	For	For	Management
6.7	Elect Natalia Revina as Member of Audit Commission	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
7	Approve New Edition of Charter	For	For	Management
8	Approve New Edition of Regulations on General Meetings	For	For	Management
9	Approve New Edition of Regulations on Board of Directors	For	For	Management
10	Approve New Edition of Regulations on Audit Commission	For	For	Management
11	Approve New Edition of Regulations on Management	For	For	Management
12	Approve Remuneration of Members of Audit Commission	For	For	Management

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SEVERSTAL OAO

Ticker: CHMF Security ID: X7803S106
Meeting Date: SEP 30, 2013 Meeting Type: Special
Record Date: AUG 12, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Early Termination of Powers of Board of Directors	For	For	Management
2.1	Elect Aleksey Mordashov as Director	None	Against	Management
2.2	Elect Mikhail Noskov as Director	None	Against	Management
2.3	Elect Vadim Larin as Director	None	Against	Management
2.4	Elect Aleksey Kulichenko as Director	None	Against	Management
2.5	Elect Vladimir Lukin as Director	None	Against	Management
2.6	Elect Christopher Clark as Director	None	Against	Management
2.7	Elect Rolf Stomberg as Director	None	For	Management
2.8	Elect Martin Angle as Director	None	For	Management
2.9	Elect Ronald Freeman as Director	None	For	Management
2.10	Elect Peter Kraljic as Director	None	For	Management
3	Approve Interim Dividends of RUB 2.03 per Share for First Six Months of Fiscal 2013	For	For	Management
4	Amend Remuneration of Directors	For	For	Management

SEVERSTAL OAO

Ticker: CHMF Security ID: X7803S106
Meeting Date: DEC 17, 2013 Meeting Type: Special
Record Date: OCT 31, 2013

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Interim Dividends for First Nine Months of Fiscal 2013	For	For	Management

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SEVERSTAL OAO

Ticker: CHMF Security ID: X7803S106
Meeting Date: JUN 11, 2014 Meeting Type: Annual
Record Date: APR 24, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1.1	Elect Aleksey Mordashov as Director	None	Against	Management
1.2	Elect Mikhail Noskov as Director	None	Against	Management
1.3	Elect Vadim Larin as Director	None	Against	Management
1.4	Elect Aleksey Kulichenko as Director	None	Against	Management
1.5	Elect Vladimir Lukin as Director	None	Against	Management
1.6	Elect Christopher Clark as Director	None	Against	Management
1.7	Elect Rolf Stomberg as Director	None	For	Management
1.8	Elect Martin Angle as Director	None	For	Management
1.9	Elect Philip Dayer as Director	None	Against	Management
1.10	Elect Alun Bowen as Director	None	Against	Management
2	Approve Annual Report	For	For	Management
3	Approve Allocation of Income and Dividends for Fiscal 2013	For	For	Management
4	Approve Interim Dividends of RUB 2.43 per Share for First Quarter of Fiscal 2014	For	For	Management
5.1	Elect Roman Antonov as Member of Audit Commission	For	For	Management
5.2	Elect Svetlana Guseva as Member of Audit Commission	For	For	Management
5.3	Elect Nikolay Lavrov as Member of Audit Commission	For	For	Management
6	Ratify ZAO KPMG as Auditor	For	For	Management
7	Approve New Edition of Charter	For	For	Management
8	Approve Remuneration of Directors	For	For	Management

SEVERSTAL OAO

Ticker: CHMF Security ID: 818150302
Meeting Date: JUN 11, 2014 Meeting Type: Annual
Record Date: APR 24, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1.1	Elect Aleksey Mordashov as Director	None	Against	Management
1.2	Elect Mikhail Noskov as Director	None	Against	Management
1.3	Elect Vadim Larin as Director	None	Against	Management
1.4	Elect Aleksey Kulichenko as Director	None	Against	Management

1.5	Elect Vladimir Lukin as Director	None	Against	Management
1.6	Elect Christopher Clark as Director	None	Against	Management
1.7	Elect Rolf Stomberg as Director	None	For	Management
1.8	Elect Martin Angle as Director	None	For	Management
1.9	Elect Philip Dayer as Director	None	Against	Management
1.10	Elect Alun Bowen as Director	None	Against	Management
2	Approve Annual Report	For	For	Management
3	Approve Allocation of Income and Dividends for Fiscal 2013	For	For	Management
4	Approve Interim Dividends of RUB 2.43 per Share for First Quarter of Fiscal 2014	For	For	Management
5.1	Elect Roman Antonov as Member of Audit Commission	For	For	Management
5.2	Elect Svetlana Guseva as Member of Audit Commission	For	For	Management
5.3	Elect Nikolay Lavrov as Member of Audit Commission	For	For	Management
6	Ratify ZAO KPMG as Auditor	For	For	Management
7	Approve New Edition of Charter	For	For	Management
8	Approve Remuneration of Directors	For	For	Management

SISTEMA JSFC

Ticker: AFKS Security ID: X0020N117
Meeting Date: JUN 28, 2014 Meeting Type: Annual
Record Date: MAY 16, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Meeting Procedures	For	For	Management
2	Approve Annual Report and Financial Statements	For	For	Management
3	Approve Allocation of Income and Dividends of RUB 2.06 per Share	For	For	Management
4.1	Elect Aleksey Guryev as Member of Audit Commission	For	For	Management
4.2	Elect Natalia Demeshkina as Member of Audit Commission	For	For	Management
4.3	Elect Ekaterina Kuznetsova as Member of Audit Commission	For	For	Management
5.1	Elect Sergey Boev as Director	None	Against	Management
5.2	Elect Aleksandr Goncharuk as Director	None	Against	Management
5.3	Elect Brian Dickie as Director	None	For	Management
5.4	Elect Vladimir Evtushenkov as Director	None	Against	Management
5.5	Elect Dmitry Zubov as Director	None	Against	Management
5.6	Elect Robert Kocharyan as Director	None	For	Management
5.7	Elect Jeannot Krecke as Director	None	For	Management
5.8	Elect Peter Mandelson as Director	None	For	Management

5.9	Elect Roger Munnings as Director	None	For	Management
5.10	Elect Marc Holtzman as Director	None	For	Management
5.11	Elect Serge Tchuruk as Director	None	For	Management
5.12	Elect Mikhail Shamolin as Director	None	Against	Management
5.13	Elect David Yakobashvili as Director	None	For	Management
6.1	Ratify ZAO Deloitte and Touche CIS as Auditor for Russian Accounting Standards	For	For	Management
6.2	Ratify ZAO Deloitte and Touche CIS as Auditor for US GAAP	For	For	Management

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TATNEFT OAO

Ticker: TATN Security ID: 670831205
Meeting Date: JUN 27, 2014 Meeting Type: Annual
Record Date: MAY 13, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Approve Annual Report	For	For	Management
2	Approve Financial Statements	For	For	Management
3	Approve Allocation of Income	For	For	Management
4	Approve Dividends	For	For	Management
5.1	Elect Nail Maganov as Director	None	Against	Management
5.2	Elect Radik Gaizatullin as Director	None	Against	Management
5.3	Elect Sushovan Ghosh as Director	None	Against	Management
5.4	Elect Nail Ibragimov as Director	None	Against	Management
5.5	Elect Rais Khisamov as Director	None	Against	Management
5.6	Elect Vladimir Lavushchenko as Director	None	Against	Management
5.7	Elect Renat Muslimov as Director	None	Against	Management
5.8	Elect Renat Sabirov as Director	None	Against	Management
5.9	Elect Valery Sorokin as Director	None	Against	Management
5.10	Elect Shafagat Takhautdinov as Director	None	Against	Management
5.11	Elect Mirgaziyan Taziev as Director	None	Against	Management
5.12	Elect Azat Khamaev as Director	None	Against	Management
5.13	Elect Mariya Voskresenskaya as Director	None	Against	Management
5.14	Elect Rene Steiner as Director	None	For	Management
6.1	Elect Ksenia Borzunova as Member of Audit Commission	For	For	Management
6.2	Elect Nazilya Farkhutdinova as Member of Audit Commission	For	For	Management
6.3	Elect Ranilya Gizatova as Member of Audit Commission	For	For	Management
6.4	Elect Venera Kuzmina as Member of Audit Commission	For	For	Management
6.5	Elect Nikolai Lapin as Member of Audit Commission	For	For	Management
6.6	Elect Oleg Matveev as Member of Audit Commission	For	For	Management

6.7	Elect Liliya Rakhimzyanova as Member of Audit Commission	For	For	Management
6.8	Elect Tatiana Tsyganova as Member of Audit Commission	For	For	Management
7	Ratify Auditor	For	For	Management
8	Amend Charter	For	For	Management

TAURON POLSKA ENERGIA SA

Ticker: TPE Security ID: X893AL104
Meeting Date: MAY 15, 2014 Meeting Type: Annual
Record Date: APR 29, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Open Meeting	None	None	Management
2	Elect Meeting Chairman	For	For	Management
3	Acknowledge Proper Convening of Meeting	None	None	Management
4	Approve Agenda of Meeting	For	For	Management
5	Waive Secrecy for Elections of Members of Vote Counting Commission	For	For	Management
6	Elect Members of Vote Counting Commission	For	For	Management
7	Receive Consolidated Financial Statements	None	None	Management
8	Receive Management Board Report on Group's Operations in Fiscal 2013	None	None	Management
9	Receive Financial Statements	None	None	Management
10	Receive Management Board Report on Company's Operations in Fiscal 2013	None	None	Management
11	Receive Management Board Allocation of Income Proposal	None	None	Management
12	Receive Supervisory Board Report on Its Activities, Company's Standing; Internal Control System; Risk Management and Board's Committees in Fiscal 2013	None	None	Management
13.1	Receive Supervisory Board Report on Board's Review of Consolidated Financial Statements and Management Board Report on Group's Operations in Fiscal 2013	None	None	Management
13.2	Receive Supervisory Board Report on Board's Review of Financial Statements, Management Board's Report on Company's Operations in 2013, and Proposal on Allocation of Income	None	None	Management
14.1	Approve Consolidated Financial Statements	For	For	Management

#	Proposal	Mgt Rec	Vote Cast	Sponsor
14.2	Approve Management Board Report on Group's Operations in Fiscal 2013	For	For	Management
14.3	Approve Financial Statements	For	For	Management
14.4	Approve Management Board Report on Company's Operations in Fiscal 2013	For	For	Management
14.5	Approve Allocation of Income	For	For	Management
15.1	Approve Discharge of Dariusz Lubera (CEO)	For	For	Management
15.2	Approve Discharge of Krzysztof Zawadzki (Management Board Member)	For	For	Management
15.3	Approve Discharge of Joanna Schmid (Management Board Member)	For	For	Management
15.4	Approve Discharge of Dariusz Stolarczyk (Management Board Member)	For	For	Management
16.1	Approve Discharge of Antoni Tajdus (Supervisory Board Member)	For	For	Management
16.2	Approve Discharge of Leszek Koziorowski (Supervisory Board Member)	For	For	Management
16.3	Approve Discharge of Jacek Kucinski (Supervisory Board Member)	For	For	Management
16.4	Approve Discharge of Marcin Majeranowski (Supervisory Board Member)	For	For	Management
16.5	Approve Discharge of Jacek Szyke (Supervisory Board Member)	For	For	Management
16.6	Approve Discharge of Marek Sciazko (Supervisory Board Member)	For	For	Management
16.7	Approve Discharge of Agnieszka Trzaskalska (Supervisory Board Member)	For	For	Management
16.8	Approve Discharge of Rafal Wardzinski (Supervisory Board Member)	For	For	Management
17	Fix Number of Supervisory Board Members	For	For	Management
18	Elect Supervisory Board Member	For	Against	Management
19	Close Meeting	None	None	Management

TITAN CEMENT COMPANY SA

Ticker: TITK Security ID: X90766126
Meeting Date: JUN 20, 2014 Meeting Type: Annual
Record Date: JUN 13, 2014

#	Proposal	Mgt Rec	Vote Cast	Sponsor
1	Accept Financial Statements and Statutory Reports	For	For	Management
2	Approve Distribution of Reserves to Shareholders	For	For	Management
3	Approve Discharge of Board and Auditors	For	For	Management
4	Approve Director Remuneration	For	For	Management
5	Approve Auditors and Fix Their	For	For	Management

	Remuneration			
6	Authorize Share Repurchase Program	For	For	Management
7	Authorize Board to Participate in Companies with Similar Business Interests	For	For	Management
8	Approve Stock Option Plan	For	Against	Management

TMK OAO

enter into arrangements with competitors that could impair our ability to sell our suppliers products, including by giving our competitors exclusive licensing arrangements or exclusive access to tea blends and other products or limiting our access to such arrangements or blends or other products.

During fiscal 2011, our two largest vendors represented approximately 24% and 16%, respectively, of our total inventory purchases. Any disruption to either of these relationships would have a material adverse effect on our business.

Events that adversely affect our vendors could impair our ability to obtain inventory in the quantities that we desire. Such events include difficulties or problems with our vendors businesses, finances, labor relations, ability to import raw materials, costs, production, insurance and reputation, as well as natural disasters or other catastrophic occurrences.

If we experience significant increased demand for our teas and tea-related merchandise, or need to replace an existing vendor, there can be no assurance that additional supplies or additional manufacturing capacity will be available when required on terms that are acceptable to us, or at all, or that any vendor would allocate sufficient capacity to us in order to meet our requirements, fill our orders in a timely manner or meet our strict quality requirements. Even if our existing vendors are able to expand their capacity to meet our needs or we are able to find new sources of supply, we may encounter delays in production, inconsistencies in quality and added costs as a result of the time it takes to train our suppliers and manufacturers in our methods, products and quality control standards. Any delays, interruption or increased costs in the supply of loose-leaf teas or the manufacture of our tea-related merchandise could have an adverse effect on our ability to meet customer demand for our products and result in lower net sales and profitability both in the short and long term.

We may face increased competition from other tea and beverage retailers, which could adversely affect us and our growth plans.

As we continue to drive growth in the loose-leaf tea category in the United States and Canada, our success, combined with relatively low barriers to entry, may encourage new competitors to enter the market. The financial, marketing and operating resources of some of these new market entrants may be greater than our own. We must spend significant resources to differentiate our customer experience, which is defined by a wide selection of premium loose-leaf teas, high quality tea-related merchandise and superior customer service from experienced and knowledgeable teaologists who are passionate about tea. Despite these efforts, our competitors may still be successful in attracting our customers.

We rely significantly on information technology systems and any failure, inadequacy, interruption or security failure of those systems could harm our ability to operate our business effectively.

We rely on our information technology systems to effectively manage our business data, communications, point-of-sale, supply chain, order entry and fulfillment, inventory and warehouse management and other business processes. The failure of our systems to perform as we anticipate could disrupt our business and result in transaction errors, processing inefficiencies and the loss of sales, causing our business to suffer. In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, systems failures, viruses and cyber security breaches, including breaches of our transaction processing or other systems that could result in the compromise of confidential customer data. Any such damage or interruption could have a material adverse effect on our business, cause us to face significant fines, customer notice obligations or costly litigation, harm our reputation with our customers, require us to expend significant time and expense developing, maintaining or upgrading our information technology systems or prevent us from paying our vendors or team members, receiving payments from our customers or performing other information technology, administrative or outsourcing services on a timely basis. Recently, data security breaches suffered by well-known companies and institutions have attracted a substantial amount of media attention, prompting new federal and state laws and legislative proposals addressing data privacy and security, as well as increased data protection obligations imposed on merchants by credit card issuers. As a result, we may become subject to more extensive requirements to protect the customer information that we process in connection with the purchase of our products.

In addition, we sell merchandise over the Internet through our website, www.teavana.com. Our website operations may be affected by our reliance on third-party hardware and software providers, technology changes, risks related to the failure of computer systems through which we conduct our website operations, telecommunications failures, electronic break-ins and similar disruptions. Furthermore, our ability to conduct our website operations may be affected by liability for on-line content and state and federal privacy laws.

Fluctuations in our results of operations for the fourth fiscal quarter would have a disproportionate effect on our overall financial condition and results of operations.

Our business is seasonal, and historically, we have realized a higher portion of our net sales, net income and operating cash flows in the fourth fiscal quarter, due to the impact of the holiday selling season and colder weather. Any factors that harm our fourth fiscal quarter operating results, including disruptions in our supply chain, adverse weather or unfavorable economic conditions, could have a disproportionate effect on our results of operations for the entire fiscal year.

In order to prepare for our peak shopping season, we must order and maintain higher quantities of inventory than we would carry at other times of the year. As a result, our working capital requirements also fluctuate during the year, increasing in the second and third fiscal quarters in anticipation of the fourth fiscal quarter. Any unanticipated decline in demand for our loose-leaf teas and tea-related merchandise during our peak shopping season could require us to sell excess inventory at a substantial markdown, which could diminish our brand and reduce our net sales and gross profit.

Our quarterly results of operations may also fluctuate significantly as a result of a variety of other factors, including the timing of new store openings and the sales contributed by new stores. As a result, historical period-to-period comparisons of our sales and operating results are not necessarily indicative of future period-to-period results. You should not rely on the results of a single fiscal quarter, particularly the fourth fiscal quarter holiday season, as an indication of our annual results or our future performance.

Third-party failure to deliver merchandise from our distribution center to our stores and e-commerce customers could result in lost sales or reduced demand for our teas and tea-related merchandise.

We currently rely upon a national third-party transportation provider for substantially all of our product shipments from our distribution center to our stores and e-commerce customers. Our utilization of its delivery services for shipments, or those of any other shipping companies we may elect to use, is subject to risks, including increases in fuel prices, which would increase our shipping costs, and employee strikes and inclement weather, which may impact the provider s ability to provide delivery services that adequately meet our shipping needs. If we change shipping companies, we could face logistical difficulties that could adversely affect deliveries, and we would incur costs and expend resources in connection with such change. Moreover, we may not be able to obtain terms as favorable as those we receive from the national third-party transportation provider that we currently use, which in turn would increase our costs and thereby adversely affect our operating results.

Our ability to source our teas and tea-related merchandise profitably or at all could be hurt if new trade restrictions are imposed or existing trade restrictions become more burdensome.

All of our loose-leaf teas are currently grown, and a substantial majority of our tea-related merchandise is currently manufactured, outside of the United States. The United States and the countries in which our products are produced or sold internationally have imposed and may impose additional quotas, duties, tariffs, or other restrictions or regulations, or may adversely adjust prevailing quota, duty or tariff levels. Countries impose, modify and remove tariffs and other trade restrictions in response to a diverse array of factors, including global and national economic and political conditions, which make it impossible for us to predict future developments regarding tariffs and other trade restrictions. Trade restrictions, including tariffs, quotas, embargoes, safeguards and customs restrictions, could increase the cost or reduce the supply of teas and tea-related merchandise available to us or may require us to modify our supply chain organization or other current business practices, any of which could harm our business, financial condition and results of operations.

Fluctuations in foreign currency exchange rates may affect our price negotiations with our third-party suppliers and manufacturers.

Substantially all of our suppliers and manufacturers are located outside of the United States, and changes in the exchange rates between the US dollar and the Euro, Japanese yen and Chinese Renminbi may have a significant, and potentially adverse, effect on our price negotiations with such parties. If the US dollar weakens against any such currencies, our suppliers and manufacturers may attempt to renegotiate the terms of their arrangements with us, which may have a negative effect on our operating results.

Our international expansion and operations in foreign markets expose us to risks associated with international sales and operations.

We intend to continue to expand internationally and operate in select foreign markets. Managing a global organization is difficult, time consuming and expensive. Our inexperience in operating our business globally increases the risk that any future international expansion efforts that we may undertake will not be successful. In addition, conducting international operations subjects us to risks such as the lack of familiarity with and unexpected changes in foreign regulatory requirements; difficulties in managing and staffing international operations; fluctuations in currency exchange rates; potentially adverse tax consequences, including foreign value added tax systems, and restrictions on repatriation of earnings; the burdens of complying with a wide variety of foreign laws and legal standards; increased financial accounting and reporting burdens and complexities; and political, social and economic instability abroad. Operating in international markets also requires significant management attention and financial resources. The investment and additional resources required to establish operations and manage growth in other countries may not produce desired levels of revenue or profitability.

We may not be able to protect our intellectual property adequately, which could harm the value of our brand and adversely affect our business.

We believe that our intellectual property has substantial value and has contributed significantly to the success of our business. In particular, our trademarks, including our registered Teavana and Teavana logo design trademarks and the names of most of the varieties of specially blended teas that we sell, are valuable assets that reinforce the distinctiveness of our brand and our customers favorable perception of our stores.

From time to time, third parties have used names similar to ours, have applied to register trademarks similar to ours and, we believe, have infringed or misappropriated our intellectual property rights. Third parties have also, from time to time, opposed our trademarks and challenged our intellectual property rights. We respond to these actions on a case-by-case basis, including where appropriate by commencing litigation.

We cannot assure you that the steps we have taken to protect our intellectual property rights are adequate, that our intellectual property rights can be successfully defended and asserted in the future or that third parties will not infringe upon or misappropriate any such rights. Our trademark rights and related registrations may continue to be challenged in the future and could be canceled or narrowed. Our failure to protect our trademarks could prevent us in the future from challenging third parties who use names and logos similar to our trademarks, which may in turn cause customer confusion, negatively affect customers perception of our brand, stores and products, and adversely affect our sales and profitability. Moreover, intellectual property proceedings and infringement claims could result in a significant distraction for management and have a negative impact on our business.

In addition, although we have also taken steps to protect our intellectual property rights internationally, the laws of certain foreign countries may not protect intellectual property to the same extent as do the laws of the United States. Other entities may have rights to trademarks that contain portions of our marks or may have registered similar or competing marks in foreign countries. There may also be other prior registrations in other foreign countries of which we are not aware. We may need to expend additional resources to defend our trademarks in these countries, and the inability to defend such trademarks could impair our brand or significantly adversely affect the growth of our business internationally.

We are subject to the risks associated with leasing substantial amounts of space and are required to make substantial lease payments under our operating leases. Any failure to make these lease payments when due would likely harm our business, profitability and results of operations.

We do not own any real estate. Instead, we lease all of our company-owned store locations, our store support center in Atlanta, Georgia and our distribution center in Stratford, Connecticut. Our store leases typically have ten-year terms and generally require us to pay relatively high total rent per square foot that is reflective of our small average store square footage and premium locations within the mall or center. Many of our lease agreements have defined escalating rent provisions over the initial term and any extensions. As our stores mature and as we expand our store base, our lease expense and our cash outlays for rent under our lease agreements will increase. Our substantial operating lease obligations could have significant negative consequences, including:

- requiring that an increased portion of our cash from operations and available cash be applied to pay our lease obligations, thus reducing liquidity available for other purposes;

- increasing our vulnerability to adverse general economic and industry conditions;
- limiting our flexibility to plan for or react to changes in our business or in the industry in which we compete; and
- limiting our ability to obtain additional financing.

We depend on cash flow from operations to pay our lease expenses, finance our growth capital requirements and fulfill our other cash needs. If our business does not generate sufficient cash flow from operating activities to fund these requirements, we may not be able to achieve our growth plans, fund our other liquidity and capital needs or ultimately service our lease expenses, which would harm our business.

If an existing or future store is not profitable, and we decide to close it, we may nonetheless remain committed to perform our obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term. Moreover, even if a lease has an early cancellation clause, we may not satisfy the contractual requirements for early cancellation under that lease. In addition, as our leases expire, we may fail to negotiate renewals on commercially acceptable terms or at all, which could cause us to close stores in desirable locations. Even if we are able to renew existing leases, the terms of such renewal may not be as attractive as the expiring lease, which would materially and adversely affect our results of operations. Of our 200 company-owned stores as of January 29, 2012, two leases expire in fiscal 2012. Our inability to enter into new leases or renew existing leases on terms acceptable to us or be released from our obligations under leases for stores that we close could materially adversely affect us.

Our franchisees may take actions that could harm our business or brand, and franchise regulations and contracts limit our ability to terminate or replace under-performing franchises.

As of January 29, 2012 we had two franchised stores in the United States and 16 franchised stores in Mexico. We also have an international development agreement with the Alshaya Group to open stores in the Middle East that we entered into on September 2, 2011. Franchisees are independent business operators and are not our employees or agents, and we do not exercise control over the day-to-day operations of their retail stores. We provide training and support to franchisees and set and monitor operational standards, but the quality of franchise store operations may fluctuate or decline due to various factors beyond our control. For example, franchisees may not operate stores in a manner consistent with our standards and requirements, or may not hire and train qualified employees, which could harm their sales and, as a result, harm our results of operations or our brand image.

Franchisees, as independent business operators, may from time to time disagree with us and our strategies regarding the business or our interpretation of our respective rights and obligations under applicable franchise agreements. This may lead to disputes with our franchisees from time to time, regarding the collection of royalty payments or other matters related to the franchisee s operation of the franchise store. Such disputes could divert the attention of our management from our operations, which could cause our business, financial condition, results of operations or cash flows to suffer.

In addition, as a franchisor, we are subject to US federal, US state and foreign laws regulating the offer and sale of franchises. These laws impose registration and extensive disclosure requirements on the offer and sale of franchises, frequently apply substantive standards to the relationship between franchisor and franchisee and limit the ability of a franchisor to terminate or refuse to renew a franchise. We may therefore be required to retain an underperforming franchise and may be unable to replace the franchisee, which could harm our results of operations or our brand image. We cannot predict the nature and effect of any future legislation or regulation or any changes to existing legislation or regulation on our franchise operations.

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The terms of our revolving credit facility may restrict our current and future operations, which could adversely affect our ability to respond to changes in our business and to manage our operations.

Our revolving credit facility contains, and any additional debt financing we may incur would likely contain, covenants requiring us to maintain or adhere to certain financial ratios or limits and covenants that restrict our operations, including limitations on our ability to grant liens, incur additional debt, pay dividends, redeem our common stock, make certain investments and engage in certain merger, consolidation or asset sale transactions. Complying with these covenants could adversely affect our ability to respond to changes in our business and manage our operations. A failure by us to comply with the financial ratios and restrictive covenants contained in our revolving credit facility and any future debt instruments could result in an event of default. Upon the occurrence of an event of default, the lenders could elect to declare all amounts outstanding to be due and payable and exercise other remedies as set forth in our revolving credit facility and any future debt instruments. If the indebtedness under our revolving credit facility and any future debt instruments were to be accelerated, our future financial condition could be materially adversely affected.

Risks Related to Ownership of Our Common Stock

Our stock price may continue to be volatile or may decline regardless of our operating performance or other factors.

Shares of our common stock were sold in our Offering commencing on July 28, 2011 at a price of $17.00 per share, and our common stock has subsequently traded as high as $29.35 and as low as $14.28 during the period from our initial public offering to January 29, 2012. There have also been significant intra-day price swings, and there can be no assurance that the market price of our common stock will not continue to be volatile. The market price of our common stock may fluctuate substantially in response to a number of factors, many of which we cannot control. These factors include:

- market conditions or trends in our industry or the economy as a whole and, in particular, in the specialty retail sales environment;
- the timing, performance and successful integration of any new stores that we open;
- seasonal fluctuations;
- changes in key personnel;
- our levels of comparable store sales;
- actions by competitors or other shopping mall tenants;
- the public s response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- any future guidance we may provide to the public, any changes in such guidance or any difference between our guidance and actual results; and
- future sales of our common stock by our officers, directors or significant stockholders.

In addition, the stock markets, including the NYSE, have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many retail companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were involved in securities litigation, we could incur substantial costs and our resources, and the attention of management could be diverted from our business.

Future sales of our common stock, or the perception in the public markets that these sales may occur, may depress our stock price.

The market price of our common stock could decline significantly as a result of sales of a large number of shares of our common stock in the market. The sales, or the perception that these sales might occur, could depress the market price. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

As of January 29, 2012, we had 38,281,836 shares of common stock outstanding, which are freely tradable without restriction under the Securities Act of 1933, as amended, except for any shares of common stock held or acquired by our directors, executive officers and other affiliates, the sale of which are restricted under the Securities Act. In addition, shares subject to outstanding options under our 2004 Management Incentive Plan and our 2011 Equity Incentive Plan and shares reserved for future issuance under our 2011 Equity Incentive Plan will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. If our existing stockholders sell substantial amounts of our common stock in the public market, or if the public perceives that such sales could occur, this could have an adverse impact on the market price of our common stock, even if there is no relationship between such sales and the performance of our business.

Also, in the future, we may issue shares of our common stock in connection with investments or acquisitions. The amount of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then outstanding shares of our common stock.

Approximately 56.2% of our voting power is controlled by one principal stockholder whose interests may conflict with those of our other stockholders.

As of January 29, 2012, Andrew Mack, our founder and Chief Executive Officer, holds approximately 56.2% of our voting power. So long as Mr. Mack continues to hold, directly or indirectly, shares of common stock representing more than 50% of the voting power of our common stock, he will be able to exercise control over all matters requiring stockholder approval, including the election of directors, amendment of our amended and restated certificate of incorporation and approval of significant corporate transactions and will have significant control over our management and policies. Mr. Mack s control may have the effect of delaying or preventing a change in control of our company or discouraging others from making tender offers for our shares, which could prevent stockholders from receiving a premium for their shares. These actions may be taken even if other stockholders oppose them. The interests of Mr. Mack may not be consistent with your interests as a stockholder.

In addition, a fund advised by Parallel holds approximately 18.1% of our voting power, and has significant influence over our management and policies by virtue of Parallel s managing partner s, Barron Fletcher s, position on our Board of Directors.

Failure to establish and maintain adequate internal controls in accordance with the Sarbanes-Oxley Act of 2002 and other regulations could have a material adverse effect on our business and stock price.

As a public company, we are required to establish and maintain an adequate internal control structure and procedures for financial reporting and to assess the effectiveness of our internal control procedures in order to satisfy the requirements of the Sarbanes-Oxley Act of 2002 (SOX). In addition, for the first time, in fiscal 2012, our independent registered public accounting firm will be required to issue a report that addresses the effectiveness of our internal controls over financial reporting. During the course of assessing our internal controls, we or our independent registered public accounting firm may identify deficiencies that we may not be able to remediate in time to meet our deadline for compliance with SOX. Establishing, maintaining and assessing the effectiveness of our internal controls can divert our management s attention from other matters that are important to the operation of our business. We also expect regulations to continue to increase our legal and financial compliance costs, to make it more difficult to attract and retain qualified officers and members of our Board of Directors, particularly to serve on our audit committee, and to make some activities more difficult, time consuming and costly. We may not be able to conclude on an ongoing basis that we have effective internal controls over financial reporting, or our independent registered public accounting firm may not be able or willing to issue an unqualified report on the effectiveness of our internal controls over financial reporting. If we or our independent registered public accounting firm conclude that our internal controls over financial reporting are not

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effective, we cannot be certain as to the timing of remediation actions or their effect on our operations because there is presently no precedent available by which to measure compliance adequacy.

If we are unable to conclude that we have effective internal controls over financial reporting, our independent auditors may be unable to provide us with an unqualified report on the effectiveness of our internal controls over financial reporting or we may be required to restate our financial statements or fail to meet our public reporting obligations. As a result, investors could lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

In addition, we are subject to compliance with the Payment Card Industry Data Security Standard (PCI DSS) as well as rules for publically traded companies set forth by the New York Stock Exchange. Failure to comply with these regulations could have a material adverse impact on our financial condition or the price of our common stock.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if our operating results do not meet the expectations of the investor community, or one or more of the analysts who cover our company downgrades our stock, our stock price could decline.

We do not expect to pay any cash dividends for the foreseeable future.

For the foreseeable future, we intend to retain any earnings to finance the development and expansion of our business, and we do not anticipate paying any cash dividends on our common stock. 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 under our revolving credit facility and other indebtedness we may incur, restrictions imposed by applicable law and other factors our Board of Directors deems relevant. Accordingly, if you purchase shares, realization of a gain on your investment will depend on the appreciation of the price of our common stock, which may never occur. Investors seeking cash dividends in the foreseeable future should not purchase our common stock.

Certain provisions of our corporate governing documents and Delaware law could discourage, delay or prevent a merger or acquisition at a premium price.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult without the approval of our Board of Directors. These include provisions that:

- authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock;

- classify our Board of Directors into three separate classes with staggered terms;

- prohibit stockholders from acting by written consent after Mr. Mack ceases to own more than 50% of the total voting power of our shares, which will then require all stockholder actions to be taken at a meeting of our stockholders after such time;

- provide that the Board of Directors is expressly authorized to make, alter, or repeal our amended and restated bylaws; and establish advance notice requirements for nominations for elections to our Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

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In addition, we are governed by Section 203 of the Delaware General Corporation Law, which, subject to some specified exceptions, prohibits business combinations between a Delaware corporation and an interested stockholder, which is generally defined as a stockholder who becomes a beneficial owner of 15% or more of a Delaware corporation s voting stock, for a three-year period following the date that the stockholder became an interested stockholder. Section 203 could have the effect of delaying, deferring or preventing a change in control that our stockholders might consider to be in their best interests.

These and other provisions of the Delaware General Corporation Law and our amended and restated certificate of incorporation and amended and restated bylaws could delay, defer or prevent us from experiencing a change of control or changes in our Board of Directors and management and may adversely affect our stockholders voting and other rights. Any delay or prevention of a change of control transaction or changes in our Board of Directors and management could deter potential acquirers or prevent the completion of a transaction in which our stockholders could receive a substantial premium over the then current market price for their shares of our common stock.

Item 1B. ***Unresolved Staff Comments.***

None.

Item 2. ***Properties.***

We do not own any real property. Our store support center is located in Atlanta, Georgia and is leased under a lease agreement expiring in 2024. The approximately 30,000 square foot space includes a simulated store that provides a forum for training and planning visual and marketing concepts prior to their execution in our stores.

Our approximately 123,000 square foot distribution center is located in Stratford, Connecticut. Our distribution center is leased under a lease agreement expiring in 2016 and 2020 (as to different portions of the facility).

As of January 29, 2012, we operated 200 stores in 39 states, including one store in Canada. All of our stores are leased from third parties, and the leases typically have ten-year terms. Some of our leases have early cancellation clauses, which permit the lease to be terminated by us or the landlord if certain sales levels are not met in specific periods or if a shopping center does not meet specified occupancy standards. In addition to future minimum lease payments, some of our store leases provide for additional rental payments based on a percentage of net sales if sales at the respective stores exceed specified levels, as well as the payment of common area maintenance charges, real property insurance and real estate taxes. Many of our lease agreements have defined escalating rent provisions over the initial term and any extensions.

Item 3. ***Legal Proceedings.***

From time to time in the normal course of business, we are involved in legal proceedings. We evaluate the need for loss accruals under the requirements of the Financial Accounting Standards Board s (FASB) Accounting Standards Codification (ASC) Topic No. 450- *Contingencies* (ASC 450). We record an estimated loss for any claim, lawsuit, investigation or proceeding when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. If the reasonable estimate of a probable loss is a range, and no amount within the range is a better estimate, then we record the minimum amount in the range as the loss accrual. If a loss is not probable or a probable loss cannot be reasonably estimated, no liability is recorded.

On December 28, 2011, a putative class action lawsuit styled *Chavez v. Teavana Corp.,* alleging wage and hour violations of the California Labor Code for General Managers in California, was filed in the Superior Court

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of California, County of Los Angeles. The plaintiff seeks on behalf of herself and other putative class members, compensatory damages, restitution, punitive and exemplary damages, penalties, interest and other relief. We dispute the material allegations in the complaint and intend to defend the action vigorously. Due to inherent uncertainties of litigation and because the lawsuit is in early procedural stages, we cannot at this time accurately predict the ultimate outcome, or any potential liability, of the matter.

We are also subject to other legal proceedings and claims that arise in the ordinary course of our business. These include claims resulting from slip and fall accidents, employment related claims and claims from guests or team members alleging illness or injury or other operational concerns. To date, no claims of these types of litigation, certain of which are covered by insurance policies, have had a material effect on our results of operation. While it is not possible to predict the outcome of these other suits, legal proceedings and claims with certainty, we do not believe that they would have a material adverse effect on our financial position and results of operations.

Item 4. ***Mine Safety Disclosures.***
Inapplicable.

Part II

Item 5. ***Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***
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 following table sets forth the high and low sales prices of our common stock per share, as shown in the New York Stock Exchange Composite Transactions listed in the Wall Street Journal.

Fiscal Year ended January 29, 2012:

	High	Low
2nd Quarter (commencing July 28, 2011)	$ 29.35	$ 17.00
3rd Quarter	$ 29.01	$ 18.52
4th Quarter	$ 24.07	$ 14.28

There were approximately 14 common stockholders of record on April 9, 2012.

Dividends

The continued operation and expansion of our business will require substantial funding. Accordingly, we 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.

Securities Authorized for Issuance Under Equity Compensation Plans

See Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters for information regarding securities authorized for issuance under our equity compensation plans.

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Stock Price Performance Graph

The following graph compares the cumulative stockholder return on our common stock from July 28, 2011 (our first date of trading in connection with our initial public offering) through January 29, 2012, with the return on (i) the S&P Retail Index and (ii) the Russell 3000 Index over the same period. This graph assumes an initial investment of $100 at the closing price on July 28, 2011, in our common stock, the S&P Retail Index and the Russell 3000 Index and assumes the reinvestment of dividends, if any. The graph also assumes that the initial price of our common stock on July 28, 2011, was the closing price of $29.35 per share and that the initial prices of the S&P Retail Index and the Russell 3000 Index on July 28, 2011, were the closing prices on the previous trading day.

The comparisons shown in the graph below are based on historical data. We caution that the stock price performance presented in the graph below is not necessarily indicative of, or is it intended to forecast, the potential future performance of our common stock. Information used in the graph was obtained from a third party website; as such we do not assume responsibility for any errors or omissions in such information.

* *$100 invested on July 28, 2011 in stock or index, including reinvestment of dividends. The 2011 fiscal year ended on January 29, 2012; however the last trading day within the fiscal year was January 27, 2012.*

	7/28/2011	8/31/2011	9/30/2011	10/31/2011	11/30/2010	12/30/2011	1/27/2012
Teavana Holdings, Inc.	$ 100.00	$ 93.35	$ 73.17	$ 82.23	$ 71.83	$ 67.55	$ 69.28
Russell 3000 Index	$ 100.00	$ 93.99	$ 90.23	$ 93.32	$ 85.15	$ 87.91	$ 99.17
S&P Retail Index	$ 100.00	$ 95.71	$ 91.55	$ 99.28	$ 97.97	$ 99.17	$ 103.65

Unregistered Sales of Equity Securities

Not applicable.

Issuer Repurchases of Equity Securities

Not applicable.

Item 6. ***Selected Consolidated Financial Data.***

The following selected financial data are derived from the consolidated financial statements of the company. We have also included certain non-financial operating data to enhance your understanding of our business. The data set forth below should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations in Item 7 and the company s consolidated financial statements and related notes herein. The historical results presented below are not necessarily indicative of results of operations to be expected for any future period.

	Fiscal Year Ended January 29, 2012	January 30, 2011	January 31, 2010	February 1, 2009	February 3, 2008
	(dollars in thousands, except per share and store data)				
Consolidated Statement of Operations Data:					
Net sales	$ 168,100	$ 124,701	$ 90,262	$ 63,861	$ 47,203
Cost of goods sold (exclusive of depreciation shown separately below)	60,903	46,275	36,435	27,193	19,972
Gross profit	107,197	78,426	53,827	36,668	27,231
Selling, general and administrative expense	69,681	50,571	38,142	29,242	22,232
Depreciation and amortization expense	5,927	4,361	3,489	2,666	2,022
Income from operations	31,589	23,494	12,196	4,760	2,977
Interest expense, net	1,673	2,585	2,435	2,061	1,592
Income before income taxes	29,916	20,909	9,761	2,699	1,385
Provision for income taxes	12,157	8,906	4,470	1,502	1,007
Net income	$ 17,759	$ 12,003	$ 5,291	$ 1,197	$ 378
Net income per share:					
Basic	$ 0.47	$ 0.33	$ 0.14	$ 0.03	$ 0.01
Diluted	$ 0.46	$ 0.32	$ 0.14	$ 0.03	$ 0.01
Weighted average shares outstanding:					
Basic	37,481,072	36,749,460	36,749,460	36,749,460	36,749,460
Diluted	38,419,308	37,725,067	37,322,198	37,095,308	36,750,645
Consolidated Balance Sheet Data (end of period):					
Cash and cash equivalents	$ 17,818	$ 7,901	$ 1,314	$ 1,168	$ 761
Total assets	95,618	64,126	41,767	35,353	25,535
Series A redeemable preferred stock (1)		12,992	10,848	9,058	7,564
Total debt		1,000	1,250	5,535	875

Class B redeemable common stock (2)				81,401		21,888		15,808		12,160
Total stockholders (deficit) equity	$	67,002	$	(55,059)	$	(7,706)	$	(7,086)	$	(4,842)

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	Fiscal Year Ended				
	January 29, 2012	January 30, 2011	January 31, 2010	February 1, 2009	February 3, 2008
	(dollars in thousands, except per share and store data)				
Consolidated Statement of Cash Flows Data:					
Net cash provided by (used in):					
Operating activities	$ 20,955	$ 19,397	$ 11,071	$ 4,951	$ 3,767
Investing activities	(17,566)	(12,560)	(6,640)	(8,798)	(3,529)
Financing activities	6,525	(250)	(4,285)	4,254	(547)
Effect of exchange rates on cash and cash equivalents:	3				
Increase (decrease) in cash and cash equivalents	$ 9,917	$ 6,587	$ 146	$ 407	$ (309)
Store Data (unaudited):					
Number of stores at end of period	200	146	108	87	59
Comparable store sales growth for period, including e-commerce (3)	8.6%	11.4%	10.7%	6.4%	11.2%
Comparable store sales growth for period, excluding e-commerce (4)	5.5%	8.7%	6.9%	3.0%	8.4%
Average net sales per comparable store (in thousands) (5)	$ 913	$ 862	$ 808	$ 783	$ 775
Gross square footage at end of period (in thousands)	184	130	95	77	54
Sales per gross square foot (6)	$ 980	$ 994	$ 935	$ 866	$ 860

(1) Our Series A redeemable preferred stock was issued on December 15, 2004 with a mandatory redemption date upon the earlier of a public offering or December 15, 2011. The Series A redeemable preferred stock had an original redemption value of $10,683 with annual accretion at a rate of 5% and also contained a liquidation preference of $1.00 per share. The liquidation preference, or Redemption Value, increased annually based on the accretion of the shares, however, the cumulative annual accretion of the Redemption Value was forgiven at the Redemption Date because we achieved certain financial targets, as specified in our amended and restated certificate of incorporation adopted on the date that the Series A redeemable preferred stock was issued. As such, upon consummation of the Offering, we redeemed all outstanding shares of the Series A redeemable preferred stock for an aggregate Redemption Value of $10,683. The excess accretion above the Redemption Value of the Series A redeemable preferred stock of $3,534 was also reclassified into additional paid-in capital. See Note 5, Common and Preferred Stock and Stockholders Equity, within our consolidated financial statements included in this Annual Report on Form 10-K.

(2) Because our Class B redeemable common stock was subject to redemption at the option of the holder, it had been historically classified as temporary equity and remeasured at fair value at each reporting period with changes in fair value recorded directly to equity based on the change in the underlying fair value of our common stock. Concurrent with the Offering as described in Note 5, Common and Preferred Stock and Stockholders Equity, in our consolidated financial statements and footnotes thereto included in this Annual Report on Form 10-K, all shares of our Class B redeemable common stock were converted into shares of Class A common stock, and subsequently common stock, resulting in the corresponding reclassification of the temporary equity balance into additional paid-in capital.

(3) Comparable store sales, including e-commerce, includes comparable store sales from all company-owned stores that have been open for at least 15 full fiscal months and sales from our website www.teavana.com.

(4) Comparable store sales, excluding e-commerce, include net sales from all company-owned stores that have been open for at least 15 full fiscal months. Comparability is typically achieved 12 months after the initial three-month period from the opening during which new stores typically experience higher-than-average sales volumes.

(5) Average net sales per comparable store is calculated by dividing total sales per period for stores open 15 full fiscal months or more as of the beginning of each respective period by the total number of such stores. This

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methodology excludes the effects of the initial three month period of higher-than-average sales volumes and also excludes e-commerce sales.

(6) Sales per gross square foot is calculated by dividing total net sales for all stores, comparable and non-comparable, by the average gross square footage for the period. Average gross square footage for the period is calculated by dividing the sum of the total gross square footage at the beginning and at the end of each period divided by two.

Item 7. *Management s Discussion and Analysis of Financial Condition and Results of Operations.*

You should read the following discussion together with Selected Consolidated Financial Data, and the historical financial statements and related notes included elsewhere in this Annual Report on Form 10-K. The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in Part I Item 1A Risk Factors . Our actual results may differ materially from those contained in or implied by any forward-looking statements.

We operate on a fiscal calendar widely used by the retail industry that results in a given fiscal year consisting of a 52- or 53-week period ending on the Sunday closest to January 31 of the following year. For example, references to fiscal 2011 refer to the fiscal year ended January 29, 2012. Fiscal 2011, 2010 and 2009 all contain 52 weeks.

Overview

Teavana is a specialty retailer offering more than 100 varieties of premium loose-leaf teas, authentic artisanal tea wares and other tea-related merchandise. We offer our products through 200 company-owned stores in 39 states and Canada and 18 franchised stores primarily in Mexico, as well as through our website, www.teavana.com.

We have experienced sales and profit growth during the last five years. We increased our sales from $47.2 million in fiscal 2007 to $168.1 million in fiscal 2011, representing a 37.4 % compound annual growth rate. Over that same period, we more than tripled our store base from 59 stores to 200 stores. In fiscal 2011, our sales grew 34.8 % over fiscal 2010, while our comparable store sales, including e-commerce, increased 8.6%. Comparable store sales, excluding e-commerce, increased by 5.5% during fiscal 2011 over comparable store sales for fiscal 2010. Our net income was $17.8 million in fiscal 2011, representing a 48.0% growth rate over fiscal 2010. In fiscal 2011, our stores averaged sales per gross square foot of $980 as compared to $994 in fiscal 2010.

We intend to continue our profitable growth in the future. We believe that there is significant opportunity to expand our store base in the United States and Canada from 200 locations to at least 500 company-owned stores by fiscal 2015, having already identified the malls, lifestyle centers and other high-sales-volume retail venues that are suitable locations in which to open Teavana stores. As of January 29, 2012, we have executed lease agreements for the opening of 30 stores in fiscal 2012 and one store in fiscal 2013, and we plan to open approximately 60 stores in fiscal 2012. We have not executed lease agreements for the remaining store locations we need to reach our expansion target of at least 500 stores by fiscal 2015. We expect to continue to drive our comparable store sales by increasing the size and frequency of purchases by our existing customers and attracting new customers. We intend to expand our online presence, which we believe is an extension of our brand and retail stores that allow us to reach new and existing customers and build brand awareness in locations where we currently do not have stores. Finally, given the worldwide popularity of tea, we will continue to selectively pursue international expansion, which we believe represents a compelling opportunity for additional growth over the long-term.

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We have a proven and highly profitable store model that has produced consistent financial results and returns. We seek to open stores in locations that reinforce the premium image of our brand by targeting high traffic locations within malls, lifestyle centers and other high-sales-volume retail venues. New stores have historically averaged a payback period of less than one and a half years. Our current store base is balanced across all four geographic regions of the country, with each region producing results approximately in line with the company average. As we continue to expand our store base, we will target an increasing number of shopping malls with lower average sales per square foot than the malls in which we currently are located. As a result, our new store model anticipates a target store size of 900 to 1,000 square feet that achieves annual sales of $600,000 to $700,000 in the first year of operation, which is below the historical average for our new stores. Our new store model also assumes an average new store investment of approximately $200,000 to $250,000. Our new store investment includes our store buildout (net of tenant allowances), inventory and cash pre-opening costs. We anticipate our new store investment under our new store model will be lower than our historical average for new stores given that our average build out cost per new store has decreased and our average tenant allowance per new store has increased in recent years. We target an average payback period of 18 months on our new store investment.

Given that we forecast the number of stores that we open each year to become a smaller percentage of our existing store base, first-year sales to be lower than we have historically experienced, and comparable store sales to grow at less than historical rates, we anticipate that our future growth in sales and operating margins will be at less than historical levels. Although we expect our leverage of corporate and other fixed costs to increase in the future, we anticipate that our operating margins will grow at less than our historical growth rate due to increased costs to operate as a public company, including payroll, legal, insurance and other regulatory costs, as well as, to a lesser extent, growth in other administrative costs as we selectively add to our store support functions to maintain our continued growth.

Our planned store expansion will place increased demands on our operational, managerial, administrative and other resources. Managing our growth effectively will require us to continue to enhance our store management systems, financial and management controls and information technology systems and to hire, train and retain store management and store support center personnel.

We have recently invested capital to continue building the infrastructure necessary to support our future growth, and we expect to incur additional capital expenditures related to the expansion of and improvements to our infrastructure in future periods. In fiscal 2011, we continued to expand our store support center and distribution center. We will continue to evaluate the need for further expansion of our distribution center and/or addition of a second distribution center in another region of the United States. The timing and amount of investments in our infrastructure could affect the comparability of our results of operations in future periods.

How We Assess the Performance of Our Business

In assessing the performance of our business and our progress against our growth strategy, we consider a variety of performance and financial measures. The key measures that we utilize to evaluate the performance of our business and the execution of our strategy are set forth below:

Net Sales

Net sales constitute gross sales net of any returns and discounts. Net sales consist of sales from comparable stores and non-comparable stores, and other sales.

The specialty retail industry is cyclical, and consequently our net sales are affected by general economic conditions. Purchases of premium loose-leaf tea and tea-related merchandise can be impacted by a number of factors that influence the levels of consumer spending, including economic conditions and the level of disposable consumer income, consumer debt, interest rates and consumer confidence.

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Our business is also seasonal, and as a result, our net sales fluctuate from quarter to quarter. Net sales are traditionally highest in the fourth fiscal quarter, which includes the holiday sales period from Thanksgiving through the end of December, and tend to be lowest in the second and third fiscal quarters.

Comparable store sales. Comparable store sales, excluding e-commerce, include net sales from all company-owned stores that have been open for at least 15 full fiscal months, as in our experience, our new stores generally open with higher than average sales volumes in the initial months following their opening. This trend usually extends for a period of at least three months, and comparability is typically achieved 12 months after the initial three-month period from the date of opening. Comparable store sales, including e-commerce, includes sales from all company-owned stores that have been open for at least 15 full fiscal months and sales from our website, www.teavana.com. There may be variations in the way in which other specialty retailers calculate comparable or same store sales. As a result, data in this Annual Report on Form 10-K regarding our comparable store sales may not be comparable to similarly titled data made available from other retailers.

Measuring the change in year-over-year comparable store sales allows us to evaluate how our stores, including e-commerce, are performing. Various factors affect comparable store sales, including:

- consumer preference, buying and economic trends;
- our ability to anticipate and respond effectively to consumer preference, buy and economic trends;
- our ability to provide a product offering that generates new and repeat visits to our stores;
- the customer experience we provide in our stores;
- the level of traffic near our locations in the shopping malls and centers in which we operate;
- the number of customer transactions and the average ticket in our stores;
- the pricing of our teas and tea related merchandise;
- the length of time of individual store operations;
- our ability to obtain and distribute products efficiently;
- our opening of new stores in the vicinity of our existing stores; and
- the opening or closing of competitor stores in the vicinity of our stores.

Non-comparable store sales. Non-comparable store sales include sales from stores not included in comparable store sales. As we pursue our growth strategy, we expect that a significant percentage of our net sales increase will continue to come from non-comparable store sales. Accordingly, non-comparable store sales are an additional key measure we use to assess the success of our growth strategy.

Adverse economic conditions in fiscal 2008 resulted in slightly lower comparable store sales growth than in prior periods due to decreased levels of consumer spending, disposable income and confidence. The reduced growth in comparable store sales in fiscal 2008 was offset by our growth in non-comparable store sales resulting in total sales growth in fiscal 2008 consistent with pre-economic downturn levels. Improved economic conditions in fiscal 2009-2010 helped drive an increase in our comparable store sales growth. We do not anticipate economic conditions in the immediate future to have a significant impact, positively or negatively, on our growth.

Other sales. Other sales include sales through our website at www.teavana.com, sales related to our franchised operations, gift card breakage revenue and, through the end of fiscal 2010, wholesale and e-commerce sales of teas and merchandise under the brand name SpecialTeas (we ceased material selling under the SpecialTeas brand name on January 30, 2011). Sales related to our franchised operations consist of initial franchise fees received in connection with newly franchised stores that are recognized as revenue when the obligations under the related franchise agreement are met, continuing royalty fees, wholesale sales of our teas and tea-related merchandise to franchise stores and recognition of deferred revenue related to the initial development fee paid at inception by our business partner under our international development agreements.

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Gross Profit

Gross profit is equal to our net sales minus our cost of goods sold. Gross margin is gross profit as a percentage of our net sales. Cost of goods sold includes the direct costs of our products, freight and shipping costs, distribution center costs and occupancy costs for stores in operation. The components of cost of goods sold may not be comparable to those of other retailers.

Our cost of goods sold is substantially higher in higher-volume quarters because cost of goods sold generally increases as net sales increases. Changes in the product mix of sales, such as shifts in the proportion of tea to merchandise sales, may also impact our overall gross margin. As our stores mature, they have historically experienced a sales mix shift away from tea-related merchandise towards higher margin loose-leaf teas, increasing overall gross margins. In general, this trend is the result of the evolution in our customers buying patterns as they graduate from purchases with a greater focus on merchandise with which to prepare and enjoy tea towards transactions centered more on replenishing their favorite teas and experimenting with new blends.

Selling, General and Administrative Expense

Selling, general and administrative expense consists primarily of store operating expenses, store pre-opening expenses and other administrative expenses. Store operating expenses are generally the largest component of selling, general and administrative expense and consist of all store expenses other than occupancy-related costs (which are included in cost of goods sold). Store pre-opening costs are expensed as incurred and represent the costs of a store prior to its opening date including occupancy, payroll and other operating costs. Other administrative expenses include professional fees, travel costs, occupancy and payroll costs (both cash and stock-based) for our store support center and other administrative expenses.

Selling, general and administrative expense typically does not vary proportionally with net sales to the same degree as our cost of goods sold. Accordingly, this expense as a percentage of net sales is usually higher in lower-volume quarters and lower in higher-volume quarters. We expect that our selling, general and administrative expense will increase in future periods as we selectively add to our corporate and store support functions to support continuing growth and, to a lesser extent, to cover additional legal, accounting, insurance and other regulatory costs as a result of being a public company. The components of selling, general and administrative expense may not be comparable to those of other retailers.

Depreciation and Amortization Expense

Depreciation and amortization expense consists primarily of depreciation of our leasehold improvements and equipment and to a lesser extent, amortization of our finite-lived assets. We expect that depreciation expense will continue to increase as we open more stores.

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Results of Operations

The following tables summarize key components of our results of operations for the periods indicated:

	Fiscal Year Ended		
	January 29, 2012	January 30, 2011	January 31, 2010
	(dollars in thousands, except per share and store data)		
Consolidated Statement of Operations Data:			
Net sales	$ 168,100	$ 124,701	$ 90,262
Cost of goods sold (exclusive of depreciation shown separately below)	60,903	46,275	36,435
Gross profit	107,197	78,426	53,827
Selling, general and administrative expense	69,681	50,571	38,142
Depreciation and amortization expense	5,927	4,361	3,489
Income from operations	31,589	23,494	12,196
Interest expense, net	1,673	2,585	2,435
Income before income taxes	29,916	20,909	9,761
Provision for income taxes	12,157	8,906	4,470
Net income	$ 17,759	$ 12,003	$ 5,291
Net income per share:			
Basic	$ 0.47	$ 0.33	$ 0.14
Diluted	$ 0.46	$ 0.32	$ 0.14
Weighted average shares outstanding:			
Basic	37,481,072	36,749,460	36,749,460
Diluted	38,419,308	37,725,067	37,322,198
Percentage of Net Sales:			
Net sales	100.0%	100.0%	100.0%
Cost of goods sold (exclusive of depreciation shown separately below)	36.2%	37.1%	40.4%
Gross profit	63.8%	62.9%	59.6%
Selling, general and administrative expense	41.5%	40.6%	42.2%
Depreciation and amortization expense	3.5%	3.5%	3.9%
Income from operations	18.8%	18.8%	13.5%
Interest expense, net	1.0%	2.1%	2.7%
Income before income taxes	17.8%	16.8%	10.8%
Provision for income taxes	7.2%	7.1%	4.9%
Net income	10.6%	9.6%	5.9%

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	Fiscal Year Ended January 29, 2012	January 30, 2011	January 31, 2010
	(dollars in thousands, except per share and store data)		
Store Data (unaudited):			
Number of stores at end of period	200	146	108
Comparable store sales growth for period, including e-commerce (1)	8.6%	11.4%	10.7%
Comparable store sales growth for period, excluding e-commerce (2)	5.5%	8.7%	6.9%
Average net sales per comparable store (in thousands) (3)	$ 913	$ 862	$ 808
Gross square footage at end of period (in thousands)	184	130	95
Sales per gross square foot (4)	$ 980	$ 994	$ 935

(1) Includes comparable store sales from all company-owned stores that have been open for at least 15 full fiscal months and sales from our website www.teavana.com.

(2) Comparable store sales, excluding e-commerce, include net sales from all company-owned stores that have been open for at least 15 full fiscal months. Comparability is typically achieved 12 months after the initial three-month period from opening during which new stores typically experience higher-than-average sales volumes.

(3) Average net sales per comparable store is calculated by dividing total sales per period for stores open 15 full fiscal months or more as of the beginning of each respective fiscal period by the total number of such stores. This methodology excludes the effects of the initial three-month period of higher-than-average sales volumes and also excludes e-commerce sales.

(4) Sales per gross square foot is calculated by dividing total net sales for all stores, excluding e-commerce, by the average gross square footage for the period. Average gross square footage for the period is calculated by dividing the sum of the total gross square footage at the beginning and at the end of each period by two.

	Fiscal Year Ended January 29, 2012	January 30, 2011	January 31, 2010
Product Categories (unaudited):			
Tea	55%	56%	54%
Merchandise	41%	40%	42%
Beverage	4%	4%	4%
	100%	100%	100%

Fiscal 2011 Compared to Fiscal 2010

Net Sales

Net sales increased by 34.8%, or $43.4 million, to $168.1 million in fiscal 2011 from $124.7 million in fiscal 2010, resulting from a $36.4 million increase in non-comparable store sales, a $5.6 million increase in comparable store sales, excluding e-commerce, and a $1.4 million increase in other sales.

Non-comparable store sales increased by $36.4 million in fiscal 2011 due to sales from 54 new stores that were not open in fiscal 2010 and sales from 8 stores that had not yet become comparable stores in fiscal 2011. There were 62 non-comparable stores as of January 29, 2012 compared to 41 as of January 30, 2011.

Comparable store sales, including e-commerce, increased by 8.6% in fiscal 2011 due to a 6.4% increase in the average transaction size at our comparable stores and through our website, coupled with a 2.2% increase in the number of transactions due primarily to the growth of our e-commerce business.

Comparable store sales, excluding e-commerce, increased by 5.5%, or $5.6 million, in fiscal 2011 due to a 6.1% increase in the average transaction size at our comparable stores and a 0.6% decrease in the number of transactions. Transaction size at our comparable stores increased to $40 in fiscal 2011 from $38 in fiscal 2010. There were 138 comparable stores open as of January 29, 2012 compared to 105 as of January 30, 2011.

Other sales increased by $1.4 million due primarily to an increase of $4.0 million in e-commerce sales, partially offset by a decrease of $2.6 million in other sales driven primarily by the elimination of the SpecialTeas brand at the end of fiscal 2010.

Gross Profit

Gross profit increased by 36.7%, or $28.8 million, to $107.2 million in fiscal 2011 from $78.4 million in fiscal 2010. Gross margin increased to 63.8% in fiscal 2011 from 62.9% in fiscal 2010, due primarily to an increase in product margins primarily in our merchandise category attributable to our direct sourcing initiative. We do not expect the increase in product margins experienced during the previous two fiscal years to continue as the gains from the initiative driving these increases have been fully realized.

Selling, General and Administrative Expense

Selling, general and administrative expense increased by 37.8%, or $19.1 million, to $69.7 million in fiscal 2011 from $50.6 million in fiscal 2010. As a percentage of net sales, selling, general and administrative expense increased to 41.5% in fiscal 2011 from 40.6% in fiscal 2010. The components that contributed to this increase are described below.

Store operating expenses increased by 39.3%, or $13.4 million, in fiscal 2011 due primarily to the operation of 200 stores as of January 29, 2012 compared to the operation of 146 stores as of January 30, 2011. As a percentage of net sales, store operating expenses increased to 28.2% in fiscal 2011 from 27.3% in fiscal 2010 due partially to net sales from stores comprising a larger percentage of our total net sales driven by the elimination of the SpecialTeas brand at the end of fiscal 2010. Store operating expenses as a percentage of net sales from stores increased to 30.8% in fiscal 2011 from 30.4% in fiscal 2010 due primarily to higher training and related costs.

Store pre-opening expenses increased by 46.2%, or $0.8 million, in fiscal 2011 due primarily to the timing of store openings and the number of store openings. We opened 54 new stores in fiscal 2011 compared to 38 new stores in fiscal 2010. As a percentage of net sales, store pre-opening expenses increased to 1.4% in fiscal 2011 from 1.3% in fiscal 2010 due primarily to the timing of store openings.

Other administrative expenses increased by 33.4%, or $4.9 million, in fiscal 2011 due primarily to the increased cost to support 200 stores in fiscal 2011 compared to 146 stores in fiscal 2010, coupled with additional costs associated with being a public company. As a percentage of net sales, other administrative expenses remained relatively flat at 11.9% for fiscal 2011 as compared to 12.0% in fiscal 2010.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 35.9%, or $1.5 million, to $5.9 million in fiscal 2011 from $4.4 million in fiscal 2010. The increase in depreciation and amortization expense was due primarily to approximately $5.0 million in additional capital expenditures during fiscal 2011 as compared to fiscal 2010. As a percentage of net sales, depreciation and amortization expense remained flat at 3.5% for fiscal 2011 and 2010.

Interest Expense, Net

Interest expense, net decreased by 35.3%, or $0.9 million, to $1.7 million in fiscal 2011 from $2.6 million in fiscal 2010 due primarily to the elimination of approximately $0.9 million in accretion from our Series A redeemable preferred stock. The Series A redeemable preferred stock was redeemed at the consummation of our

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Offering on August 2, 2011, as more fully explained in Note 5 Common and Preferred Stock and Stockholders Equity in the notes to our consolidated financial statements included in this Annual Report on Form 10-K.

Provision for Income Taxes

Our provision for income taxes increased by 36.5%, or $3.3 million, to $12.2 million in fiscal 2011 from $8.9 million in fiscal 2010. The increase in our provision for income taxes was due primarily to the $9.0 million increase in our income before income taxes. Our effective tax rates were 40.6% and 42.6% for fiscal 2011 and fiscal 2010, respectively. There was a favorable impact to the effective tax rate for fiscal 2011 as compared to fiscal 2010 as a result of the non-deductible accretion related to our Series A redeemable preferred stock representing a lower percentage of our income before income taxes in fiscal 2011 than in fiscal 2010. This decrease was partially offset by an increase in the overall state income tax rate, which is primarily attributable to increased profitability in higher tax rate state jurisdictions in which income is earned. The Series A redeemable preferred stock was fully redeemed at the consummation of the Offering as more fully explained in Note 5 Common and Preferred Stock and Stockholders Equity included in this Annual Report on Form 10-K, and will not subsequently impact our effective tax rate.

Net Income

As a result of the foregoing, net income increased by 48.0%, or $5.8 million, to $17.8 million in fiscal 2011 from $12.0 million in fiscal 2010. Net income as a percentage of net sales increased to 10.6% in fiscal 2011 from 9.6% in fiscal 2010.

Fiscal 2010 Compared to Fiscal 2009

Net Sales

Net sales increased by 38.2%, or $34.4 million, to $124.7 million in fiscal 2010 from $90.3 million in fiscal 2009, resulting from a $24.8 million increase in non-comparable store sales, a $6.5 million increase in comparable store sales and a $3.1 million increase in other sales.

Non-comparable store sales increased by $24.8 million in fiscal 2010 due to sales from 38 new stores that were not open in fiscal 2009 and sales from three stores that had not yet become comparable stores in fiscal 2010. There were 41 non-comparable stores as of January 30, 2011 compared to 31 as of January 31, 2010.

Comparable store sales, including e-commerce, increased by 11.4% in fiscal 2010 due to a 7.2% increase in the average transaction size at our comparable stores and through our website, coupled with a 4.6% increase in the number of transactions due primarily to the growth in our e-commerce sales.

Comparable store sales, excluding e-commerce, increased by 8.7%, or $6.5 million, in fiscal 2010 due to an 8.1% increase in the average transaction size at our comparable stores and a 0.6% increase in the number of transactions. Transaction size at our comparable stores increased to $36 in fiscal 2010 from $33 in fiscal 2009. There were 105 comparable stores open as of January 30, 2011 compared to 77 as of January 31, 2010.

Other sales increased by $3.1 million due primarily to an increase of $2.6 million in e-commerce sales and to a lesser extent, increases in sales to and royalties from franchisees and revenue from gift-card breakage.

The increase in the tea category as a percentage of net sales and the corresponding decrease in the merchandise category in fiscal 2010 were due primarily to the sales mix shift towards tea that our stores generally experience as they mature.

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Gross Profit

Gross profit increased by 45.7%, or $24.6 million, to $78.4 million in fiscal 2010 from $53.8 million in fiscal 2009. Gross margin increased to 62.9% in fiscal 2010 from 59.6% in fiscal 2009, due primarily to the sales mix shift from merchandise towards higher-margin tea that our stores generally experience as they mature. The improvement in gross margin was also driven by an increase in product margins primarily in our merchandise category, as well as a reduction of our store occupancy costs as a percentage of net sales.

Selling, General and Administrative Expense

Selling, general and administrative expense increased by 32.6%, or $12.4 million, to $50.6 million in fiscal 2010 from $38.1 million in fiscal 2009. As a percentage of net sales, selling, general and administrative expense decreased to 40.6% in fiscal 2010 from 42.2% in fiscal 2009. The components that contributed to this increase are described below.

Store operating expenses increased by 32.9%, or $8.4 million, in fiscal 2010 due primarily to the operation of 146 stores as of January 30, 2011 compared to the operation of 108 stores as of January 31, 2010. As a percentage of net sales, store operating expenses decreased to 27.3% in fiscal 2010 from 28.3% in fiscal 2009.

Store pre-opening expenses increased by 96.0%, or $0.8 million, in fiscal 2010 due primarily to the timing of the opening of 38 new stores in fiscal 2010 compared to the timing of the opening of 21 new stores in fiscal 2009. As a percentage of net sales, store pre-opening expenses increased to 1.3% in fiscal 2010 from 0.9% in fiscal 2009.

Other administrative expenses increased by 27.3%, or $3.2 million, in fiscal 2010 due primarily to the increased cost to support 146 stores in fiscal 2010 compared to 108 stores in fiscal 2009, including an increase in occupancy expense attributable to the relocation and expansion of our store support center in fiscal 2010. As a percentage of net sales, other administrative expenses decreased to 12.0% in fiscal 2010 from 13.0% in fiscal 2009.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 25.0%, or $0.9 million, to $4.4 million in fiscal 2010 from $3.5 million in fiscal 2009. The increase in depreciation and amortization expense was due primarily to capital expenditures of $12.6 million incurred in fiscal 2010 to build new stores and, to a lesser extent, for leasehold improvements at our new store support center. As a percentage of net sales, depreciation and amortization expense decreased to 3.5% in fiscal 2010 from 3.9% in fiscal 2009.

Interest Expense, Net

Interest expense, net increased by 6.2%, or $0.2 million, to $2.6 million in fiscal 2010 from $2.4 million in fiscal 2009 due primarily to an increase of approximately $0.4 million in accretion from our Series A redeemable preferred stock, partially offset by a decrease in interest expense of approximately $0.2 million on our revolving credit facility due to a lower average balance of borrowings throughout fiscal 2010. The Series A redeemable preferred stock was redeemed at the consummation of our Offering as more fully explained in Note 5 Common and Preferred Stock and Stockholders Equity, in the notes to our consolidated financial statements included in this Annual Report on Form 10-K.

Provision for Income Taxes

Our provision for income taxes increased by 99.2%, or $4.4 million, to $8.9 million in fiscal 2010 from $4.5 million in fiscal 2009. The increase in our provision for income taxes was due primarily to the $11.1 million increase in our income before income taxes. Our effective tax rates were 42.6% and 45.8% for fiscal 2010 and fiscal 2009, respectively. Our effective tax rate decreased due primarily to non-deductible accretion related to our Series A redeemable preferred stock representing a lower percentage of our income before income taxes in fiscal 2010 than in fiscal 2009. The Series A redeemable preferred stock was redeemed at the consummation of our Offering, as more fully explained in Note 5 Common and Preferred Stock and Stockholders Equity, in the notes to our consolidated financial statements included in this Annual Report on Form 10-K and will not impact our effective tax rate in periods subsequent to the Offering.

Net Income

As a result of the foregoing, net income increased by 126.9%, or $6.7 million, to $12.0 million in fiscal 2010 from $5.3 million in fiscal 2009. Net income as a percentage of net sales increased to 9.6% in fiscal 2010 from 5.9% in fiscal 2009.

Liquidity and Capital Resources

Our primary sources of liquidity are cash flows from operations and borrowings under our revolving credit facility. Our primary cash needs are for capital expenditures and working capital needs.

Capital expenditures typically vary depending on the timing of new store openings and infrastructure-related investments. During fiscal 2012, we plan to spend approximately $20.0 million on capital expenditures. We expect to devote approximately 80% of this capital expenditure budget to construct and open approximately 60 new stores and renovate a small number of existing stores, with the remainder projected to be spent primarily on continued investment in our information technology systems and on the expansion and improvement of our distribution center.

Our primary working capital requirements are for the purchase of inventory and payment of payroll, rent and other store operating costs. Our working capital requirements fluctuate during the year, rising in the second and third fiscal quarters as we take title to increasing quantities of inventory in anticipation of our peak shopping season in the fourth fiscal quarter. Fluctuations in working capital are also driven by the timing of new store openings.

Historically, we have funded our capital expenditures and working capital requirements during the fiscal year with borrowings under our revolving credit facility, which we have typically paid down at the end of the fiscal year with cash generated during our peak selling season in the fourth quarter. Our utilization of our revolving credit facility, and therefore the amount of indebtedness outstanding under it, has tended to be highest in the beginning of the fourth quarter of each fiscal year.

We believe that our cash position and net cash provided by operating activities and availability under our revolving credit facility will be adequate to finance our planned capital expenditures and working capital requirements for the foreseeable future.

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Cash Flows

A summary of our cash flows provided by and used in operating, investing and financing activities is presented in the following table:

	Fiscal Year Ended		
	January 29, 2012	January 30, 2011	January 31, 2010
	(dollars in thousands)		
Cash flows provided by (used in):			
Operating activities	$ 20,955	$ 19,397	$ 11,071
Investing activities	(17,566)	(12,560)	(6,640)
Financing activities	6,525	(250)	(4,285)
Effect of exchange rates on cash and cash equivalents	3		
Increases in cash and cash equivalents	$ 9,917	$ 6,587	$ 146

Operating Activities

Cash flows from operating activities consist primarily of net income adjusted for non-cash items, including depreciation and amortization expense, non-cash interest expense, stock-based compensation expense, deferred taxes and the effect of working capital changes.

	Fiscal Year Ended		
	January 29, 2012	January 30, 2011	January 31, 2010
	(dollars in thousands)		
Cash flows from operating activities:			
Net income	$ 17,759	$ 12,003	$ 5,291
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	5,927	4,361	3,489
Non-cash interest expense	1,327	2,279	1,925
Stock-based compensation	790	157	169
Excess tax benefit from stock option exercises	(2,925)		
Deferred income taxes	1,940	(253)	532
Other	160	130	
Change in working capital	(4,023)	720	(335)
Net cash provided by operating activities	20,955	$ 19,397	$ 11,071

Net cash provided by operating activities increased by $1.6 million to $21.0 million in fiscal 2011 from $19.4 million in fiscal 2010. This increase was primarily due to a $5.8 million increase in net income, partially offset by an increase in cash used by working capital components less the net effect of the other adjustments detailed in the table above. The increase in cash used by net working capital components at the end of fiscal 2011 is primarily related to additional inventory and vendor purchases and other prepayments, partially offset by increases in our deferred rent, deferred tax liability and accounts payable balances all associated with the growth of our business.

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Net cash provided by operating activities increased by $8.3 million to $19.4 million in fiscal 2010 from $11.1 million in fiscal 2009, due primarily to a $6.7 million increase in net income and, to a lesser extent, a $2.4 million increase in depreciation and amortization expense, non-cash interest expense, change in working capital and other, partially offset by a decrease of approximately $0.8 million related to deferred income taxes and stock-based compensation.

Investing Activities

Cash flows from investing activities consist primarily of capital expenditures for new and, to a lesser extent, existing stores, as well as for investments in our store support center, information technology systems and our distribution center to support our planned growth.

Capital expenditures increased by $5.0 million, to $17.6 million in fiscal 2011 from $12.6 million in fiscal 2010. This increase was due primarily to the opening of 54 new stores, and to a lesser extent, the expansion of our store support center and expansion and improvement of our distribution center during fiscal 2011. We opened 54 new stores during fiscal 2011 as compared to 38 stores during fiscal 2010.

Capital expenditures increased by $6.0 million, to $12.6 million in fiscal 2010 from $6.6 million in fiscal 2009. This increase was due primarily to the opening of 38 new stores, and to a lesser extent, to the relocation and expansion of our store support center.

Financing Activities

Cash flows from financing activities consist primarily of borrowings and payments on our revolving credit facility and its related financing costs. In addition, we completed our Offering on August 2, 2011, which resulted in net proceeds to us of $15.1 million after deducting underwriting discounts and other legal and related costs of the transaction.

	Fiscal Year Ended (dollars in thousands)		
	January 29, 2012	January 30, 2011	January 31, 2010
Cash flows from financing activities:			
Proceeds from revolving credit facility	$ 181,414	$ 132,239	$ 93,980
Payments on revolving credit facility	(182,414)	(132,239)	(98,265)
Payments on note payable		(250)	
Proceeds from initial public offering, net	15,079		
Proceeds from stock options exercised	637		
Payment to redeem Series A redeemable preferred stock liability	(10,683)		
Cash paid for financing costs	(433)		
Excess tax benefit from stock option exercises	2,925		
Net cash provided by (used in) financing activities	$ 6,525	$ (250)	$ (4,285)

Net cash provided by financing activities increased by $6.8 million during fiscal 2011 as a result of $6.5 million in cash provided by financing activities compared to a $0.3 million use of cash from financing activities in fiscal 2010. This increase was primarily attributable to the net proceeds of approximately $15.1 million from our Offering, consummated on August 2, 2011, and proceeds of approximately $0.6 million from options exercised with or after our Offering. The net proceeds from our Offering were used by us primarily to redeem the Series A preferred stock liability of approximately $10.7 million and repay amounts outstanding on

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our revolving credit facility. The exercise of stock options also resulted in the recognition of a tax benefit of approximately $2.9 million.

Net cash used in financing activities decreased by $4.0 million to $0.3 million in fiscal 2010 from $4.3 million in fiscal 2009 due primarily to reductions in net payments on our revolving credit facility of $4.3 million. This decrease in net cash used in financing activities was partially offset by the payment of a $0.3 million note payable in fiscal 2010.

Revolving Credit Facility

On June 12, 2008, we entered into a loan and security agreement with Fifth Third Bank for a three-year revolving credit facility. On April 22, 2011, we entered into an amendment to the existing loan and security agreement, which extends the maturity of this facility until April 22, 2016. On October 6, 2011, we entered into a second amendment to the loan and security agreement that, among other things, permitted the creation of a subsidiary and certain inter-company transfers.

Under the amended revolving credit facility, our borrowing capacity is equal to the lesser of (i) the Maximum Revolving Facility (as defined), less the undrawn face amount of any letters of credit outstanding at the time a drawdown on the revolving credit facility is made, and (ii) the Borrowing Base (as defined). The Maximum Revolving Facility is equal to $40.0 million. The Borrowing Base is defined as the sum of (i) 200% of Consolidated EBITDA (as defined) for the most recent trailing twelve-month period for which financial statements are available, minus (ii) the aggregate undrawn face amount of any letters of credit outstanding at the time a drawdown on the revolving credit facility is made, minus (iii) such reserves as may be established by the lender in its Permitted Discretion (as defined) but not to exceed 35% of the Borrowing Base. The credit facility includes a $5.0 million sublimit for the issuance of letters of credit.

Indebtedness incurred under the revolving credit facility bears interest at a rate of LIBOR (subject to a minimum level of 1.5%) plus an applicable margin of 4.50% or at a rate of the lender s base commercial lending rate plus an applicable margin of 3.00%. The interest rate on outstanding borrowings under our revolving credit facility under the amended loan and security agreement was 6.25%, under the lender s base commercial lending rate, as of January 29, 2012. Our excess borrowing capacity was $39.9 million as of January 29, 2012, with no amounts drawn on our revolving credit facility as of this date and undrawn face amounts on letters of credit of $0.1 million as of this date. As inventory levels and capital expenditures increase during the third quarter, draws on our amended credit facility increase. During fiscal 2011, the maximum amount drawn on the credit facility was approximately $8.5 million, but remained below these levels for the majority of the fiscal year.

The amended loan and security agreement includes certain financial covenants. The financial covenants include the requirements to: (i) maintain a ratio of Consolidated Free Cash Flow to Consolidated Fixed Charges (as such terms are defined); (ii) maintain a ratio of Debt (as defined) to Consolidated EBITDA; (iii) limit our annual Consolidated Capital Expenditures (as defined); and (iv) limit our Consolidated Net Capital Expenditures (defined as Consolidated Capital Expenditures minus a specified amount of capital expenditures related to new-store openings determined on the basis of our Consolidated Leverage Ratio).

The amended loan and security agreement includes customary negative and affirmative covenants. The negative covenants include, among others, limitations on: indebtedness; the payment of dividends; liens; the disposition of assets; consolidations and mergers; loans and investments; transactions with affiliates; restricted payments; sale-leaseback transactions; incurrence of certain restrictions by subsidiaries; other negative pledges; and foreign assets. The affirmative covenants include, among others, the requirement to provide audited annual and unaudited monthly financial statements, quarterly and annual compliance certificates, and other financial and operating information. Indebtedness incurred under the amended loan and security agreement is collateralized by substantially all of our assets. As of January 29, 2012, we believe we were in compliance with the financial covenants and other covenants applicable to us under the amended loan and security agreement.

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Off-Balance Sheet Arrangements

As of and for the three fiscal years ended January 29, 2012, except for operating leases entered into in the normal course of business, we were not party to any material off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, net sales, expenses, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of January 29, 2012, and the effect such obligations are expected to have on our liquidity and cash flows in future periods.

	Total Obligations	Payments due by Period <1 Year	2-3 Years	4-5 Years	Thereafter
		(dollars in thousands)			
Operating lease obligations (1)	140,331	14,709	34,286	32,997	58,339
Construction-related obligations	3,684	3,684			
Purchase obligations (2)	6,753	6,753			
Total contractual obligations	$ 150,768	$ 25,146	$ 34,286	$ 32,997	$ 58,339

(1) Operating lease obligations reflect base rent and exclude insurance, taxes, maintenance and other related leasing costs. Other related leasing costs including insurance, taxes and maintenance comprise approximately 40% of the base rent obligation.

(2) Purchase obligations consist primarily of inventory purchase orders. Our inventory purchase orders are cancellable with limited or no recourse available to the vendor until the inventory is shipped to us.

Critical Accounting Policies and Estimates

Overview

We have identified the policies below as critical to our business operations and understanding of our results of operations. The impact and any associated risks related to these policies on our business operations are discussed throughout Management s Discussion and Analysis of Financial Condition and Results of Operations where such policies affect our reported and expected financial results. Our consolidated financial statements, which have been prepared in accordance with US generally accepted accounting principles (US GAAP), require us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses, cash flows and related disclosures. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. For a detailed discussion on the application of these and other accounting policies, See Note 1, Business and Summary of Significant Accounting Policies, in our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

We believe that our most critical accounting policies relate to the following:

Inventory

Income Taxes

Self-Funded Insurance

Fair Value Measurements

Stock-based Compensation

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Inventory

Our inventory consists of tea and tea-related merchandise and is stated at the lower of cost (weighted-average method for stores and FIFO for warehouse) or market (net realizable value). Market value is determined based on replacement cost. We directly import the majority of our inventory and include the related costs of freight to our distribution center and shipping costs from our distribution center to our stores in our capitalized cost of inventory. We review our inventory levels to identify slow-moving or obsolete tea and tea-related merchandise and use the reserve method to account for such inventory and inventory shrinkage. The reserve method requires judgment based on inventory balances and historical trends of product sales and product mix. We believe that our assumptions are reasonable based on our experience, although actual results may have a positive or negative material impact on the net realizable value of inventory. For example, if future demand or market conditions for our products are less favorable than forecasted or if unforeseen circumstances impact the demand of the inventory, we may be required to record additional reserves which would negatively impact the results of operations in the period the write-downs were recorded. Additionally, we do not believe that our tea and tea related merchandise inventories are subject to significant risk of obsolescence in the near term, and we have the ability to adjust purchasing practices based on anticipated sales trends and general economic conditions. However, changes in consumer purchasing patterns or deterioration in product quality could result in the need for additional reserves. Changes to the inventory reserve are recorded in cost of goods sold in the consolidated statements of operations.

Income Taxes

We use the asset and liability method of accounting for income taxes under which deferred tax assets and liabilities are provided on temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements at the enacted tax rate expected to be in effect when the taxes are actually paid. The value of our deferred tax assets assumes that we will be able to generate sufficient future taxable income in certain tax jurisdictions, based on estimates and assumptions. If these estimates and related assumptions change in the future, we may be required to record a valuation allowance against our deferred tax assets resulting in an increase to our provision for income taxes that would be charged to earnings in the period such determination is made. We recognize interest and penalties associated with unrecognized tax positions within our provision for income taxes.

In January 2007, we adopted new accounting guidance for income taxes with respect to unrecognized tax positions as set forth by the Financial Accounting Standards Board, or FASB, in ASC 740-*Accounting for Income Taxes* (ASC 740). As a result of the new guidance, a tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur under ASC 740. The amount recognized is the largest amount of tax benefit that has a greater than 50% cumulative likelihood of being realized on examination. For tax positions not meeting the more likely than not test, no tax benefit is recorded. The accounting for ASC 740-10, *Accounting for Uncertain Tax positions,* will continue to require significant judgment by management in accounting for uncertainty in income taxes recognized in the financial statements. Additionally, resolution of these uncertainties in a manner inconsistent with our expectations could have a material impact on our results of operations.

Additionally, the calculation of tax liabilities involves significant judgment in estimating the impact of certain uncertainties in the application of Generally Accepted Accounting Principles in the US and complex tax laws. Resolution of these uncertainties in a manner inconsistent with management s expectations could have a material impact on the company s financial condition and results of operations. See Note 1, Business and Summary of Significant Accounting Policies, in our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

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Self-Funded Medical Insurance

In fiscal 2010, we moved from a fully insured to a self-funded medical insurance plan. We contracted with an administrative service company, or a third party administrator, to supervise and administer the program and act as its fiduciary and representative. We have reduced our risk under this self-funded plan by purchasing both specific and aggregate stop-loss insurance coverage for individual claims and total annual claims in excess of prescribed limits. We record estimates for claim liabilities based on information provided by the third party administrator, historical claims experience, the life cycle of claims, expected costs of claims incurred but not paid and expected costs to settle unpaid claims. Although we believe that we have the ability to reasonably estimate losses related to claims, actual claims experience may differ from our initial estimates. This liability is subject to a total limitation that varies based on employee enrollment and factors that are established at each annual contract renewal. Costs related to the administration of the plan and related claims are expensed as incurred. As facts change, such as the regulatory environment, discount rates, projected exposure, including payroll, as well as the frequency, lag and severity of claims, it may become necessary to make adjustments to assumptions used in the calculation of the related liability that could be material to our results of operations and financial condition.

Fair Value Measurements

The guidance for fair value measurements establishes the authoritative definition of fair value, sets out a framework for measuring fair value and outlines the required disclosures regarding fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. We use a three-tier fair value hierarchy based upon observable and non-observable inputs as described further in Note 6 Fair Value Measurements in our consolidated financial statements included in this Annual Report on Form 10-K.

Our financial instruments have historically consisted primarily of our Class B redeemable common stock, classified as temporary equity and measured using Level 3 inputs. To determine the estimated fair value of our Class B redeemable common stock at January 30, 2011 and up to the commencement of public trading of our common stock on July 28, 2011; we performed contemporaneous valuations using the market approach under the assumption that we would complete an initial public offering within the first half of fiscal 2011 given we had selected investment banks to assist us in this process and had agreed upon a timeline with these investment banks to complete an initial public offering within this timeframe. These valuations utilized the forecasts we prepared for our selection process with investment banks and the resulting initial public offering valuation metrics and methodologies presented to us by these investment banks. In particular, we considered the public market valuations of other high-growth specialty retailers and the corresponding ratios of market value to variables such as current and projected net income and revenue for these comparable companies. We applied these multiples to both our current and projected financial performance to determine our estimated enterprise value. Management s estimate of fair value related to the Class B redeemable common stock did not differ significantly from the Offering Price once our stock became publically traded. As a result, the trading of our common stock, a similar instrument, provided a quoted price for our Class B redeemable common stock. On August 2, 2011, in conjunction with the Offering as more fully described in Note 5 Common and Preferred Stock and Stockholders Equity, in our consolidated financial statements included in this Annual Report on Form 10-K, all shares of our Class B redeemable common stock were converted into shares of Class A common stock and subsequently common stock, resulting in the reclassification of temporary equity into additional paid-in capital. Due to this reclassification into permanent equity upon redemption of the Class B redeemable common stock, fair value re-measurement is no longer required for periods subsequent to the Offering. As such, because the company s balances measured at fair value on a recurring basis consisted solely of the Class B redeemable common stock, there were no financial instruments of this nature as of January 29, 2012.

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Stock-based Compensation

Our stock-based awards are accounted for under the provisions of FASB ASC Topic No. 718 *Stock Compensation*. We measure and recognize stock-based compensation expense based on the fair value measurement for all stock-based payment awards made to our employees and directors, primarily stock options, over the service period for which the awards are expected to vest. We calculate the fair value of each stock option award on the date of grant using the Black-Scholes option pricing model. The determination of the fair value of stock option awards on the date of grant using an option-pricing model is affected by our stock price as well as a number of highly judgmental assumptions including expected term, expected volatility, risk-free interest rate and dividend yield. The expected term reflects the application of the simplified method defined as the average of the contractual term of the options and the weighted-average vesting period for all option tranches. The expected volatility incorporates the historical volatility of similar entities whose share prices are publically available. We plan to continue to use comparable volatilities of other companies until we believe we have sufficient historical data to derive an accurate measure of volatility from our own stock price. Volatility is one of the more sensitive inputs to calculate the grant date fair value of our option grants. While we are not aware of any news or disclosures by our peers that may impact their respective volatility, there is a risk that our peer group volatility may increase, thereby increasing any prospective future compensation expense that will result from future option grants. We use a risk-free interest rate based on US Treasury instruments whose maturities are commiserate to the expected term of the award being valued. The expected dividend yield is based on our expectation of not paying dividends on common stock for the foreseeable future. If any of these assumptions used in the Black-Scholes option pricing model change significantly, future stock-based compensation expense may differ materially in future periods as compared to amounts historically and currently recorded. Additionally, future stock-based compensation cost will increase when we grant additional equity awards to employees or directors and modifications or repurchases of awards may require us to incur additional cost.

In addition, we are required to estimate the expected forfeiture rate and therefore only recognize compensation expense associated with options expected to vest. We estimate the forfeiture rate based on historical experience and update annually for actual forfeitures. To the extent our actual forfeiture rate is different from our estimates, stock-based compensation expense may be adjusted.

Recent Accounting Pronouncements

In addition to the accounting pronouncements discussed above in conjunction with our critical accounting policies, we believe the following accounting pronouncements not yet adopted are important to an understanding of our consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

In May 2011, the FASB issued *Accounting Standards Update*, (*ASU*) Topic No. 2011-04 *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU 2011-04), which amends certain accounting and disclosure requirements related to fair value measurements. This guidance is effective for interim and annual reporting periods beginning after December 15, 2011, which corresponds to our first quarter of fiscal 2012. We expect adoption to have no material impact on our consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05 *Presentation of Comprehensive Income* (ASU 2011-05), which was issued to enhance comparability between entities that report under US GAAP and IFRS, and to provide a more consistent method of presenting non-owner transactions that affect an entity s equity. ASU 2011-05 eliminates the option to report other comprehensive income and its components in the statement of changes in stockholders equity as a single line item, but requires presentation of the total comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement or in two separate but consecutive statements. This pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, which corresponds to our first quarter of fiscal 2012. Early adoption of the new guidance is permitted and full retrospective application is required. We do not expect adoption to have a material impact on our consolidated financial statements.

Additionally, ASU 2011-12 *Comprehensive Income: Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items out of Accumulated Other Comprehensive Income in ASU 2011-05* (ASU 2011-12) was issued on December 23, 2011 and has deferred the specific requirement within ASU 2011-05 to present, on the face of the financial statements, items that are reclassified from accumulated other comprehensive income to net income separately with their respective components of net income and other comprehensive income. Entities should continue to report reclassifications out of accumulated comprehensive income consistent with the presentation requirements in effect prior to the issuance of ASU 2011-05. We do not expect this deferral to have a material impact on our consolidated financial statements.

In September 2011, the FASB issued ASU Topic No. 2011-08, *Intangibles Goodwill and Other* (ASU 2011-08). ASU 2011-08 is intended to simplify goodwill impairment testing by permitting an entity to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than the carrying value before performing the two-step goodwill impairment test that currently exists. The amendment includes a number of events and circumstances for an entity to consider in conducting the qualitative assessment. This pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, which corresponds to our first quarter of fiscal 2012. We will adopt the amendment in the first quarter of fiscal 2012 and do not expect its adoption to have a material impact on our consolidated financial statements.

There were various other accounting standards and interpretations issued during fiscal 2011 that we have not yet been required to adopt, none of which are expected to have a material impact on our consolidated financial statements.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk.***

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates and foreign currency exchange rates. We do not hold or issue financial instruments for trading purposes.

Interest Rate Risk

Our revolving credit facility carries floating interest rates that are tied to LIBOR or our lender s base commercial lending rate (prime), and therefore, our consolidated statements of operations and cash flows will be exposed to changes in interest rates. We do not use derivative financial instruments for speculative or trading purposes; however, this does not preclude our adoption of specific hedging strategies in the future. A 10% increase or decrease in market interest rates would not have a material impact on our financial condition, results of operations or cash flows.

Foreign Exchange Risk

Except for our Canadian stores, one of which was in operation on January 29, 2012, we do not currently generate any portion of our net sales in any currency other than the US dollar. We currently source a portion of our inventory of teas and tea-related merchandise in Europe and Japan and incur a limited portion of those related costs in Euro and in Japanese yen. Historically, we have not been impacted materially by fluctuations in the US Dollar/Euro and US Dollar/Japanese yen exchange rates and do not expect to be impacted materially for the foreseeable future. However, if our purchases of inventory in Euro and in Japanese yen increase, and to the extent that we commence generating significant net sales outside of the United States that are denominated in currencies other than the US dollar, our results of operations could be adversely impacted by changes in exchange rates. We do not currently hedge foreign currency fluctuations and do not intend to do so for the foreseeable future.

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Item 8. ***Financial Statements and Supplementary Data.***

Teavana Holdings, Inc.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

Teavana Holdings, Inc.

We have audited the accompanying consolidated balance sheets of Teavana Holdings, Inc. and Subsidiaries (a Delaware corporation) (collectively, the Company) as of January 29, 2012 and January 30, 2011, and the related consolidated statements of operations, redeemable common stock and stockholder s equity (deficit), and cash flows for each of the three years in the period ended January 29, 2012. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Teavana Holdings, Inc. and Subsidiaries as of January 29, 2012 and January 30, 2011, and the results of their operations and their cash flows for each of the three years in the period ended January 29, 2012, in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Atlanta, Georgia

April 13, 2012

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TEAVANA HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share data)

	January 29, 2012	January 30, 2011
Assets		
Current assets		
Cash and cash equivalents	$ 17,818	$ 7,901
Prepaid expenses and other current assets	2,475	2,333
Prepaid rent	1,856	1,400
Inventory	25,676	16,928
Deferred tax asset, current	1,839	1,629
Total current assets	49,664	30,191
Property and equipment, net	42,785	31,028
Goodwill	2,394	2,394
Other non-current assets	775	513
Total assets	$ 95,618	$ 64,126
Liabilities, Redeemable Common Stock and Stockholders Equity (Deficit)		
Current liabilities		
Accounts payable	$ 3,898	$ 3,631
Income taxes payable	1,821	4,809
Deferred revenue	1,813	1,344
Series A redeemable preferred stock, $.0001 par value; no shares and 10,683,333 shares authorized, issued and outstanding as of January 29, 2012 and January 30, 2011, respectively		12,992
Other current liabilities	5,034	5,539
Total current liabilities	12,566	28,315
Long-term liabilities		
Deferred rent	12,905	7,524
Deferred tax liability, non-current	2,570	420
Long-term debt		1,000
Other long-term liabilities	575	525
Total long-term liabilities	16,050	9,469
Total liabilities	28,616	37,784
Commitments and contingencies (Note 13)		
Redeemable common stock		
Class B redeemable common stock, $.00003 par value; no shares and 50,000,000 shares authorized as of January 29, 2012 and January 30, 2011, respectively; no shares and 9,005,217 shares issued and outstanding as of January 29, 2012 and January 30, 2011, respectively		81,401
Stockholders equity (deficit)		

1

Class A common stock, $.00003 par value; no shares and 50,000,000 shares authorized as of January 29, 2012 and January 30, 2011, respectively; no shares and 27,744,243 shares issued and outstanding as of January 29, 2012 and January 30, 2011, respectively		
Common stock, $.00003 par value; 100,000,000 shares and no shares authorized as of January 29, 2012 and January 30, 2011, respectively; 38,281,836 shares and no shares issued and outstanding as of January 29, 2012 and January 30, 2011, respectively	1	
Additional paid-in capital	276,782	
Accumulated deficit	(209,792)	(55,060)
Accumulated other comprehensive income	11	
Total stockholders equity (deficit)	67,002	(55,059)
Total liabilities, redeemable common stock and stockholders equity (deficit)	$ 95,618	$ 64,126

The accompanying notes are an integral part of these consolidated financial statements

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TEAVANA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(dollars in thousands, except per share data)

	Fiscal Year Ended		
	January 29, 2012	**January 30, 2011**	**January 31, 2010**
Net sales	$ 168,100	$ 124,701	$ 90,262
Cost of goods sold (exclusive of depreciation shown separately below)	60,903	46,275	36,435
Gross profit	107,197	78,426	53,827
Selling, general and administrative expense	69,681	50,571	38,142
Depreciation and amortization expense	5,927	4,361	3,489
Income from operations	31,589	23,494	12,196
Interest expense, net	1,673	2,585	2,435
Income before income taxes	29,916	20,909	9,761
Provision for income taxes	12,157	8,906	4,470
Net income	$ 17,759	$ 12,003	$ 5,291
Net income per share:			
Basic	$ 0.47	$ 0.33	$ 0.14
Diluted	$ 0.46	$ 0.32	$ 0.14
Weighted average shares outstanding:			
Basic	37,481,072	36,749,460	36,749,460
Diluted	38,419,308	37,725,067	37,322,198

The accompanying notes are an integral part of these consolidated financial statements

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TEAVANA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE COMMON STOCK

AND STOCKHOLDERS EQUITY (DEFICIT)

(dollars in thousands, except share data)

	Class B Redeemable Common Stock		Total Redeemable Common Stock	Class A Common Stock		Common Stock		Additional Paid- In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders Equity (Deficit)
	Shares	Amount		Shares	Amount	Shares	Amount				
Balance, February 1, 2009	9,005,217	$ 15,808	$ 15,808	27,744,243	$ 1		$	$	$	$ (7,087)	$ (7,086)
Net income										5,291	5,291
Change in fair value of class B redeemable common stock		6,080	6,080					(169)		(5,911)	(6,080)
Stock-based compensation								169			169
Balance, January 31, 2010	9,005,217	$ 21,888	$ 21,888	27,744,243	$ 1		$	$	$	$ (7,707)	$ (7,706)
Net income										12,003	12,003
Change in fair value of class B redeemable common stock		59,513	59,513					(157)		(59,356)	(59,513)
Stock-based compensation								157			157
Balance, January 30, 2011	9,005,217	$ 81,401	$ 81,401	27,744,243	$ 1		$	$	$	$ (55,060)	$ (55,059)
Comprehensive income:											
Net income										17,759	17,759
Foreign currency translation adjustment									11		11
Total Comprehensive income											17,770
Change in fair value of Class B redeemable common stock		172,546	172,546					(55)		(172,491)	(172,546)
Stock-based compensation								790			790
Stock issued for stock option exercises						460,947		637			637
Excess tax benefit from stock option exercises								2,925			2,925
Issuance of common stock in initial public offering (net of issuance costs)						1,071,429		15,079			15,079
Reclassification of Class B redeemable common stock to Class A common stock	(9,005,217)	(253,947)	(253,947)	9,005,217				253,947			253,947

Reclassification of Class A common stock to common stock			(36,749,460)	(1)	36,749,460	1				
Excess accretion of Series A redeemable preferred stock above redemption value							3,534			3,534
Other							(75)			(75)
Balance, January 29, 2012	$	$		$	38,281,836	$ 1	$ 276,782	$ 11	$ (209,792)	$ 67,002

The accompanying notes are an integral part of these consolidated financial statements

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TEAVANA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)

	Fiscal Year Ended January 29, 2012	January 30, 2011	January 31, 2010
Cash flows from operating activities:			
Net income	$ 17,759	$ 12,003	$ 5,291
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	5,927	4,361	3,489
Non-cash interest expense	1,327	2,279	1,925
Stock-based compensation	790	157	169
Excess tax benefit from stock option exercises	(2,925)		
Deferred income taxes	1,940	(253)	532
Other	160	130	
Changes in operating assets and liabilities:			
Prepaid expenses and other assets	(117)	(1,114)	46
Prepaid rent	(456)	(338)	(276)
Inventory	(8,748)	(5,313)	(3,646)
Accounts payable	13	669	(1,558)
Income taxes payable	(63)	815	2,772
Deferred revenue	469	260	326
Deferred rent	5,381	3,673	1,124
Other liabilities	(502)	2,068	877
Net cash provided by operating activities	20,955	19,397	11,071
Cash flows from investing activities:			
Purchase of property and equipment	(17,566)	(12,560)	(6,640)
Net cash used in investing activities	(17,566)	(12,560)	(6,640)
Cash flows from financing activities:			
Proceeds from revolving credit facility	181,414	132,239	93,980
Payments on revolving credit facility	(182,414)	(132,239)	(98,265)
Payment on note payable		(250)	
Proceeds from initial public offering, net	15,079		
Proceeds from stock option exercises	637		
Payment to redeem Series A redeemable preferred stock	(10,683)		
Cash paid for financing costs	(433)		
Excess tax benefit from stock option exercises	2,925		
Net cash provided by (used in) financing activities	6,525	(250)	(4,285)
Effect of exchange rates on cash and cash equivalents:	3		
Net increase in cash and cash equivalents	9,917	6,587	146
Cash and cash equivalents, beginning of fiscal period	7,901	1,314	1,168
Cash and cash equivalents, end of fiscal period	$ 17,818	$ 7,901	$ 1,314
Supplemental disclosure of cash flows informaton:			
Cash paid for interest	$ 342	$ 331	$ 510

Cash paid for income taxes	10,280	8,344	1,166
Non-cash change in fair value of Class B redeemable common stock	$ 172,546	$ 59,513	$ 6,080

The accompanying notes are an integral part of these consolidated financial statements

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements

(dollars in thousands, except per share and store data)

1. Business and Summary of Significant Accounting Policies

Nature of Business

Teavana Holdings, Inc. (the Company or Teavana) is a specialty retailer of premium loose-leaf teas, authentic artisanal tea wares and other tea-related merchandise. The Company offers its products through 200 Company-owned stores in 39 states, including one store in Canada, and 18 franchised stores primarily in Mexico, as well as through its website, www.teavana.com.

Segment Reporting

The Financial Accounting Standards Board s (FASB) Accounting Standards Codification (ASC) Topic No. 280, *Segment Reporting* (ASC 280) establishes standards for reporting information about a company s operating segments. The Company determined its operating segments on the same basis that it uses to evaluate performance internally. The Company s reporting segments are the operation of its company-owned stores and its e-commerce website, which have been aggregated into one reportable financial segment. Management bases this aggregation on the following factors (i) the merchandise offered at stores and through the e-commerce business is largely the same, (ii) the majority of its e-commerce customers are also customers of retail locations, (iii) the product margins and sales mix of the stores and e-commerce business are similar and (iv) the distribution methods are the same for both revenue streams. During the year, the Company opened one store in Canada, however all significant identifiable assets are located in the United States. Net revenues and assets generated and held at the Canadian store are considered to be de minimis as of and for fiscal 2011.

Principles of Consolidation

The consolidated financial statements include all the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

The financial statements of any foreign subsidiaries have been translated into US dollars in accordance with the FASB s ASC Topic No. 830-30 *Translation of Financial Statements* (ASC 830-30). Under ASC 830-30, the financial position and results of operations of the Company s foreign subsidiaries are measured using the subsidiary s local currency as the functional currency. Revenues and expenses have been translated into US dollars at average exchange rates prevailing during the period, and assets and liabilities have been translated at the rates of exchange as of the balance sheet date. The resulting translation gain and loss adjustments are recorded directly as a separate component of stockholders equity.

Fiscal Year

The Company s fiscal year is 52 or 53 weeks ending on the Sunday nearest to January 31 of the following year. These consolidated financial statements include 52 weeks in each of the years ended January 29, 2012 (fiscal 2011 or 2011), January 30, 2011 (fiscal 2010 or 2010) ar January 31, 2010 (fiscal 2009 or 2009).

Seasonality

Teavana s business is seasonal and has historically realized a higher portion of the Company s sales, net income and operating cash flows in the fourth fiscal quarter due primarily to the holiday selling season. As a result, the Company s working capital requirements fluctuate during the year increasing in the second and third fiscal quarters in anticipation of this peak selling season.

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash on deposit with banks and financial instruments with original maturities of three months or less, and credit and debit card transactions in transit. Credit and debit card transactions are typically paid to the Company two to three business days subsequent to the sale transaction. Amounts due from credit and debit card transactions totaled $2,023 and $1,476 on January 29, 2012 and January 30, 2011, respectively.

Concentration of Credit Risk

The Company maintains cash balances at more than one financial institution. The Company places its cash with high credit quality financial institutions. The credit risk is the amount on deposit in excess of federally insured limits. The Company has not experienced any losses in such accounts. The Dodd-Frank Wall Street Reform and Consumer Protection Act provides temporary, unlimited deposit insurance coverage for non-interest bearing transaction accounts at all FDIC-insured depository institutions through December 31, 2012. The Company believes it is not exposed to any significant credit risks on cash since its deposits are maintained with FDIC-insured depository institutions in noninterest-bearing accounts.

Vendor Concentration

The percentage of inventory purchased from the Company s top two vendors each fiscal year is as follows:

Fiscal Year	% of Vendor Purchases
2011	24% and 16%
2010	25% and 15%
2009	16% and 14%

Accounts Receivable

Accounts receivable are generated primarily through sales to franchisees and retailers and are presented at estimated net realizable value based on a specific review of outstanding customer balances and historical customer write-off amounts. A provision for doubtful accounts is charged to operations at the time management determines these accounts may become uncollectible. No allowance was provided as of January 29, 2012 and January 30, 2011, respectively.

Inventory

The Company s inventories are stated at the lower of cost, weighted-average method for stores and first-in, first-out (FIFO) basis for its warehouse, or market, based on replacement cost. The Company records inventory purchases when title and risk of loss transfer to the Company, which generally is at the time they are delivered to the carrier for shipment to the Company.

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

The Company reviews its inventory to identify and record reserves for obsolete inventory and inventory shrinkage at each reporting date.

Property and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Expenditures for replacements are capitalized, and the replaced items are retired. Repairs that significantly extend the lives of equipment are capitalized, while routine repairs and maintenance are expensed when incurred. When property and equipment are retired, sold, or otherwise disposed of, the resulting gain or loss is recognized in selling, general and administrative expense in our consolidated statements of operations and the corresponding cost and accumulated depreciation is removed from our consolidated balance sheet. Depreciation is computed using the straight-line method over the estimated lives of the related assets generally ranging from three to ten years. Leasehold improvements are depreciated over the shorter of the estimated useful lives of the assets or the lease term.

	Life
Store equipment	3 to 8 years
Office equipment	3 to 8 years
Warehouse equipment	3 to 10 years
Leasehold improvements	Lesser of asset life or life of lease, generally 5 to 10 years

Goodwill

The Company accounts for goodwill in accordance with ASC Topic No. 350, *Intangibles Goodwill and Other* (ASC 350). The Company does not amortize goodwill. Management reviews goodwill for impairment annually on October 1 or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In testing for impairment, management calculates the fair value of the reporting units to which the goodwill relates based on the fair value of the Company as a whole. The fair value of the Company is the amount for which the Company could be sold in a current transaction between willing parties. If the reporting unit s carrying value exceeds its fair value, goodwill is written down to its implied fair value. The Company has concluded that there were no impairment losses during fiscal 2011, 2010 and 2009.

Impairment of Long-Lived Assets

The Company assesses its long-lived assets, principally property and equipment, for possible impairment whenever events or changes in circumstances, such as unplanned negative cash flows, indicate the carrying value of an asset or asset group may not be recoverable. If circumstances indicate impairment, the carrying amount of the asset is written down to fair value. The Company identified no such impairment losses during fiscal 2011, 2010 and 2009.

Self-Funded Medical Insurance

During fiscal 2010, the Company moved from a fully insured to a self-funded medical insurance plan. The Company contracted with an administrative service company or a third party administrator to supervise and administer the program and act as the Company s fiduciary and representative. The Company has reduced its risk under this self-funded plan by purchasing both specific and aggregate stop-loss insurance coverage for individual claims and total annual claims in excess of prescribed limits. The Company records estimates for claim liabilities based on information provided by the third-party administrators, historical claims experience, the life cycle of

Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

claims, expected costs of claims incurred but not paid, and expected costs to settle unpaid claims. The Company monitors its estimated insurance-related liabilities on a monthly basis. As facts change, it may become necessary to make adjustments to these estimates that could be material to the Company s results of operations and financial condition. This liability is subject to a total limitation that varies based on employee enrollment and factors that are established at each annual contract renewal. Actual claims experience may differ from the Company s estimates. Costs related to the administration of the plan and related claims are expensed as incurred. The total liability for self-funded medical insurance was $350 and $275 as of January 29, 2012 and January 30, 2011, respectively, and is included within other current liabilities in the consolidated balance sheets.

Revenue Recognition

Revenue from the sale of the Company s products is recognized upon customer receipt of the product when collection of the associated receivables is reasonably assured, persuasive evidence of an arrangement exists, the sales price is fixed and determinable and ownership and risk of loss have been transferred to the customer, in accordance with ASC 605-10-S25, *Revenue Recognition-Overall* (ASC 605), which is generally the point of sale. Sales are recognized in revenue upon the delivery of product to customers if in stores, or upon the shipment of products to customers through our ecommerce medium. Amounts related to shipping and handling that are billed to customers are reflected in net sales and the related direct costs of the sales process are reflected in cost of goods sold. The Company presents sales taxes on a net basis. Tea-of-the-month club subscription sales are carried as a liability, and classified as deferred revenue in the consolidated balance sheet, and recognized as revenue as products are shipped to customers over the subscription period. Our policy is not to allow the return of tea and food products and certain merchandise items once they have been purchased by or delivered to the customers. A number of other merchandise items can be returned within 30 days. To date, product returns have been immaterial.

Additionally, the Company sells gift cards with no expiration dates or administrative fees to customers. The Company recognizes income from gift cards when they are redeemed by the customer. In addition, the Company recognizes income from unredeemed gift cards (gift card breakage) when it can determine that the likelihood of the gift card being redeemed is remote. The Company recognizes revenue from gift card breakage based on historical redemption rates. The Company accumulated sufficient historical data to determine the gift card breakage rate during fiscal 2010. Revenue from gift card breakage is included in net sales in the consolidated statements of operations. During fiscal 2011 and 2010, the Company recognized $83 and $249, respectively in net sales related to the recognition of revenue from gift card breakage. The deferred revenue attributable to gift cards and Tea-of-the-month club subscriptions at January 29, 2012 and January 30, 2011 was $1,813 and $1,344, respectively.

Franchise and Royalty Fees

As of January 29, 2012, Teavana had 16 and 2 franchised stores in Mexico and the United States, respectively. On September 2, 2011, the Company signed a 10 year franchise development agreement with the Alshaya group for the development of Teavana stores within the countries of Bahrain, Kuwait, the Kingdom of Saudi Arabia, Qatar, United Arab Emirates, Egypt, Lebanon and Jordan with the first anticipated store opening in fiscal 2012. The Company s franchise agreements generally provide franchise rights for a period of 10 to 15 years. Initial franchise fees received in connection with newly franchised stores are recognized when obligations of the related franchise agreement are met. Continuing royalty fees are reported monthly when earned and are computed based on a certain percentage of the franchise store s net sales. Franchise royalty income of $284, $248 and $151 for fiscal 2011, 2010 and 2009, respectively, is included in net sales in the consolidated statements of operations.

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

Deferred revenue attributable to the initial development fee for the Company s franchised locations at January 29, 2012 and January 30, 2011 was $575 and $525, respectively. Deferred revenue from this initial development fee was recognized in the amounts of $75, $75 and $38 in fiscal 2011, 2010 and 2009, respectively, and is included within net sales in the consolidated statements of operations.

Cost of Goods Sold

Cost of goods sold includes the direct costs of our products, freight and shipping costs, distribution center costs and occupancy costs for stores in operation. Cost of goods sold excludes depreciation and amortization expenses.

Selling, General and Administrative Expense

Selling, general and administrative expense consists primarily of store operating expenses, store pre-opening expenses and other administrative expenses. Store pre-opening costs are expensed as incurred.

Stock-based Compensation

The Company grants stock options for a fixed number of shares to key employees and certain directors. The Company accounts for stock options in accordance with ASC 718, *Compensation Stock Compensation* (ASC 718). ASC 718 requires compensation costs related to stock-based payments, including stock options and other equity awards, to be measured based on the grant date fair value of the awards expected to vest, with the cost recognized over the requisite service period.

Accrued Compensated Absences

The Company provides its employees with paid leave that varies in duration based on years of service to the Company. After 90 days of service, the Company grants leave benefits to all full-time employees. The Company accrues the value of the annual leave ratably over the year in which the employees services are performed. The Company s policy provides for a carry-forward of unused balances of up to 40 hours as of October 31st each year. The Company had $417 and $351 accrued for paid leave as of January 29, 2012 and January 30, 2011, respectively, and is included within other current liabilities in the consolidated balance sheets.

Leases

The Company has operating lease agreements with various landlords. These agreements generally have scheduled rent increases. The Company recognizes lease expenses on a straight-line basis over the term of the occupancy of the lease, beginning when the Company is granted possession of the leased premises. Tenant allowances are recorded as deferred rent and are amortized as a reduction of rent expense over the term of the occupancy of the lease.

Advertising Costs

Advertising costs consist primarily of advertising expense associated with e-commerce operations, and to a lesser extent, the Company s store leases and are expensed as incurred. Total advertising expense was $2,792, $2,430 and $1,354 for fiscal 2011, 2010 and 2009, respectively, and is included in selling, general and administrative expense and cost of goods sold (in the case of advertising expense associated with store leases) in the consolidated statements of operations.

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

Capitalized Financing Costs

Costs associated with the establishment of the revolving credit facility (see Note 4 Long Term Debt) are capitalized and amortized to interest expense using the straight-line method through the end of its agreement date. Interest expense recognized for capitalized financing costs amounted to $101, $135 and $135 in fiscal 2011, 2010 and 2009, respectively. Capitalized financing costs are included in other non-current assets in the consolidated balance sheets.

Income Taxes

The Company s income tax policy is to record the estimated future tax effects of temporary differences between the tax bases of assets and liabilities and amounts reported in the accompanying consolidated balance sheets, as well as operating loss and tax credit carry-forwards. The value of the Company s deferred tax assets assumes that the Company will be able to generate sufficient future taxable income in applicable tax jurisdictions, based on the Company s estimates and assumptions. The Company has concluded that a valuation allowance is not necessary as of January 29, 2012 and January 30, 2011, respectively.

The calculation of income tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of complex tax laws. We also make a provision for uncertain income tax positions in accordance with the ASC topic No. 740 *Accounting for Income Taxes* (ASC 740). The impact of an uncertain income tax position on an income tax return must be recognized at the largest amount that has a greater than 50% cumulative probability to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. The new threshold and measurement attribute prescribed by the FASB will continue to require significant judgment by management. The Company records interest and penalties, if any, associated with unrecognized tax positions within the provision for income taxes in the consolidated statements of operations.

Net income per Share

Basic net income per share is calculated using the weighted average number of common shares outstanding for the period. Diluted net income per common share is calculated using the weighted average number of common shares outstanding plus the additional dilution for all potentially dilutive stock options using the treasury stock method.

Accounting Pronouncements Not Yet Adopted

In May 2011, the FASB issued *Accounting Standards Update, (ASU)* Topic No. 2011-04 *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRSs,* which amends certain accounting and disclosure requirements related to fair value measurements. This guidance is effective for interim and annual reporting periods beginning after December 15, 2011, which corresponds to the Company s first quarter of fiscal 2012. The Company will adopt the amendment in the first quarter of fiscal 2012 and expects no material impact on the Company s consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05 *Presentation of Comprehensive Income* (ASU 2011-05), which was issued to enhance comparability between entities that report under US GAAP and IFRS, and to provide a more consistent method of presenting non-owner transactions that affect an entity s equity. ASU 2011-05 eliminates the option to report other comprehensive income and its components in the statement of changes in

Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

stockholders equity as a single line item, but requires presentation of the total comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement or in two separate but consecutive statements. This pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, which corresponds to the Company s first quarter of fiscal 2012. However ASU 2011-12 *Comprehensive Income: Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05* (ASU 2011-12) has deferred the specific requirement within ASU 2011-05 to present on the face of the financial statements items that are reclassified from accumulated other comprehensive income to net income separately with their respective components of net income and other comprehensive income. Entities should continue to report reclassifications out of accumulated other comprehensive income consistent with the presentation requirements in effect before ASU 2011-05. The Company will adopt the disclosure requirements of this pronouncement in the first quarter of fiscal 2012, but expects no material impact on the Company s consolidated financial statements.

In September 2011, the FASB issued ASU No 2011-08, *Intangibles Goodwill and Other* (ASU 2011-08). ASU 2011-08 is intended to simplify goodwill impairment testing by permitting an entity to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than the carrying value before performing the two-step goodwill impairment test that currently exists. The amendment includes a number of events and circumstances for an entity to consider in conducting the qualitative assessment. This pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, which corresponds to the Company s first quarter of fiscal 2012. The Company will adopt the amendment in the first quarter of fiscal 2012 and expects no material impact on the Company s consolidated financial statements.

The FASB issues ASUs to amend the authoritative literature in the Accounting Standards Codification. There have been a number of ASUs to date that amend the original text of the ASC. Except for the ASUs listed above, those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, or (iii) are not applicable to the Company. Additionally, there were various other accounting standards and interpretations issued during fiscal 2011 that the Company has not yet been required to adopt, none of which is expected to have a material impact on the Company s consolidated financial statements and the notes thereto going forward.

2. Property and Equipment

Property and equipment consists of the following:

	January 29, 2012	January 30, 2011
Leasehold improvements	$ 52,872	$ 38,282
Equipment	9,292	6,395
	62,164	44,677
Less - Accumulated depreciation	(19,379)	(13,649)
Property and equipment, net	$ 42,785	$ 31,028

Depreciation expense was $5,911, $4,315, and $3,407 for fiscal 2011, 2010 and 2009, respectively.

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

3. Other Current Liabilities

Other current liabilities consist of the following:

	January 29, 2012	January 30, 2011
Accrued compensation and payroll taxes	$ 2,747	$ 2,235
Sales tax payable	707	472
Accrued inventory in-transit	163	1,441
Other current liabilities	1,417	1,391
	$ 5,034	$ 5,539

4. Long-term Debt

On June 12, 2008, the Company established a three-year revolving credit facility by entering into a loan and security agreement (the Amended Credit Agreement) with Fifth Third Bank. On April 22, 2011, the Company entered into an amendment to the Credit Agreement that, among other things, extended its term for five years through April 22, 2016, and on October 6, 2011, the Company entered into a second amendment to the Credit Agreement that, among other things, permitted the creation of a subsidiary and certain inter-company transfers. The Amended Credit Agreement provides for a revolving credit facility up to $40,000 through April 22, 2016. The borrowing capacity is equal to the lesser of (i) the maximum revolving facility, less the undrawn face amount of any letters of credit outstanding and (ii) the borrowing base. The borrowing base is defined as the sum of (i) 200% of Consolidated adjusted EBITDA (as defined) for the most recent twelve month trailing period for which financial statements are available, minus (ii) the aggregate undrawn face amount of any outstanding letters of credit at the time a drawdown on the revolving credit facility is made, minus (iii) such reserves as may be established by the lender in its discretion, but not to exceed 35% of the Borrowing Base. The revolving credit facility includes a $5,000 sublimit for the issuance of letters of credit. The Amended Credit Agreement is secured by substantially all of the assets of the Company. The revolving credit facility under the Amended Credit Agreement had no amounts outstanding, undrawn face amounts on letters of credit of $128 and availability of $39,872 on January 29, 2012.

The revolving credit facility in the Amended Credit Agreement bears interest at a rate of LIBOR, subject to a minimum level of 1.5% plus an applicable margin of 4.5% or at a rate of the lender s base commercial lending rate (prime), plus a margin of 3.0%. There were no amounts outstanding under the revolving credit facility as of January 29, 2012.

The Amended Credit Agreement specifies certain financial and non-financial covenants that the Company must comply with. The Company was in compliance with these covenants on all respective measurement dates. The Amended Credit Agreement does not permit the payment of any dividends, and thus 100% of the Company s net income is restricted for purposes of dividend payments. The restriction on the payment of dividends applies to the Company and all of its subsidiaries. The Amended Credit Agreement also restricts all of the subsidiaries of the Company from making loans or advances to the Company in excess of certain limits as defined by the amendment executed on October 6, 2011. The restricted net assets of the subsidiaries are the same as the consolidated net assets, as presented in the accompanying consolidated balance sheets. Teavana Holdings, Inc. has no operations or operating revenues and the expenses of Teavana Holdings, Inc. are de minimis by virtue of the fact that the management and directors of the Company are compensated by its subsidiary, Teavana

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

Corporation. Teavana Holdings, Inc. has no assets outside of its investments in subsidiaries, and no other material liabilities. Teavana Holdings, Inc. is a co-obligor under the Amended Credit Agreement with Fifth Third Bank.

Deferred financing costs totaling $433 were incurred in connection with the first amendment to the Credit Agreement and will be amortized to interest expense over the five-year term of the facility using the straight-line method. The unamortized loan costs from the original Credit Agreement will continue to be amortized over the remaining term of the amended facility. Interest expense relating to deferred financing costs and interest incurred on borrowings under the Amended Credit Agreement totaled $447, $466 and $645 during fiscal 2011, 2010 and 2009, respectively.

5. Common and Preferred Stock and Stockholders Equity

On August 2, 2011, the Company completed an initial public offering (the Offering) of 8,214,287 shares of common stock at a price of $17.00 per share. The common stock was listed on the New York Stock Exchange under the symbol TEA. Of the 8,214,287 shares sold in the Offering, the Company issued 1,071,429 primary shares, and 7,142,858 shares were sold by selling stockholders of the Company, including 1,071,429 shares sold pursuant to the exercise in full of the underwriters over-allotment option. The Company received proceeds of approximately $15,079, net of approximately $3,135 in underwriting discounts and legal, accounting and other fees incurred in connection with the Offering. The proceeds of the Offering were used principally for the redemption of all outstanding shares of the Series A redeemable preferred stock, to pay Offering-related expenses, and to repay all outstanding indebtedness under the Amended Credit Agreement that existed as of the date of the Offering. The Company did not receive any proceeds from the shares sold by the selling stockholders. Concurrent with the Offering, all shares of Class B redeemable common stock were automatically converted into an equivalent number of Shares of Class A common stock, which resulted in the concurrent corresponding reclassification of the aggregate fair value of the Class B redeemable common stock from temporary equity into additional paid-in capital within stockholders equity and the immediate subsequent reclassification of all outstanding shares of Class A common stock into common stock. Also upon consummation of the Offering, the Company redeemed all outstanding shares of the Series A redeemable preferred stock for an aggregate Redemption Value (as defined below) of $10,683. The excess accretion above the Redemption Value of the Series A redeemable preferred stock of $3,534 was also reclassified into additional paid-in capital.

In connection with the consummation of the Offering, the Company filed an amended and restated certificate of incorporation (the Amended Certificate) with the Secretary of State of the State of Delaware. The Amended Certificate provided the Board of Directors with the authority to issue 100,000,000 shares of common stock and 5,000,000 shares of preferred stock. Each share of common stock entitles the holder to one vote. Holders of common stock are entitled to receive, on a pro rata basis, any dividends declared by the Board of Directors. In the event of a liquidation, dissolution or winding up of the Company, holders of common stock are entitled to share ratably in the assets remaining after payment of liabilities. In regards to preferred stock, the Board of Directors are authorized to fix the preferences, powers and relative participating, option or other special rights and qualifications, limitations or restrictions thereof, including the dividend rate, conversion rights, voting rights, redemption rights and liquidation preferences. As such, any preferred stock issued may rank senior to the common stock with respect to the payment of dividends or amounts upon liquidation, dissolution, winding up or voting. As a result of the aforementioned Offering and certain subsequent stock option exercises, the Company had 38,281,836 shares of common stock and no shares of preferred stock outstanding as of January 29, 2012.

Immediately prior to the Offering, the Company had 27,758,129 shares of Class A common stock, 9,005,217 shares of Class B redeemable common stock and 10,683,333 shares of Series A redeemable preferred stock

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

outstanding. The shares of Class B redeemable common stock were to be converted into an equivalent number of shares of Class A common stock at any time at the option of the holder and would automatically convert upon (i) the sale, transfer, assignment or conveyance to a competitor or (ii) the consummation of a liquidity event (as defined) or a public offering (as defined). Due to this contingent redemption feature, prior to the completion of the Offering, the Class B redeemable common stock was historically classified in the consolidated balance sheets as temporary equity rather than stockholders equity, with adjustments to the fair value of the Class B redeemable common stock made at each reporting date.

The Series A redeemable preferred stock was issued on December 15, 2004 with a mandatory redemption date upon the earlier of a liquidity event (as defined) or December 15, 2011 (Redemption Date). The Series A redeemable preferred stock contained a liquidation preference of $1.00 per share, with annual accretion at a rate of 5% and accretion of a debt discount from December 15, 2004 through the Redemption Date that is included in interest expense in the consolidated statements of operations. The liquidation preference, or Redemption Value, increased annually based on the accretion of the shares; however, the annual accretion of the Redemption Value was forgiven at the Redemption Date because the Company achieved certain financial targets, as specified in the Company s Amended Certificate. Prior to the Offering, in accordance with ASC 480, *Distinguishing Liabilities from Equity*, the Company classified the Series A redeemable preferred stock as a liability on its consolidated balance sheet. The Redemption Value as of January 31, 2011 was $13,722.

Additionally, on July 13, 2011, the Board of Directors and stockholders of the Company approved a 3.70294176910785-for-1 stock split for each outstanding share of Class A and Class B common stock, subsequently converted to common stock, with effect from filing of a Certificate of Amendment with the Secretary of State for the State of Delaware. The stock split became effective on July 26, 2011. As of this date, all issued and outstanding shares of common stock and stock options exercisable were retroactively adjusted to reflect this stock split for all periods presented.

6. Fair Value Measurements

The guidance for fair value measurements establishes the authoritative definition of fair value, sets out a framework for measuring fair value and outlines the required disclosures regarding fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The Company uses a three-tier fair value hierarchy based upon observable and non-observable inputs as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are either directly or indirectly observable.

Level 3: Unobservable inputs developed using the Company s estimates and assumptions which reflect those that market participants would use.

The Company s financial instruments have historically consisted solely of its Class B redeemable common stock, classified as temporary equity. Concurrent with the Offering as described in Note 5 Common and Preferred Stock and Stockholders Equity, all shares of the Class B redeemable common stock were converted into shares of Class A common stock, and subsequently common stock, resulting in the corresponding reclassification of temporary equity into additional paid-in capital. As such, because historically the Company s balances measured at fair value on a recurring basis consisted solely of the Class B redeemable common stock, there were no

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

financial instruments requiring fair value measurement on a recurring basis as of January 29, 2012. The following table summarizes the Company s balances measured at fair value as of January 29, 2012 and January 30, 2011:

	Fair Value Hierarchy Category		
	Level 1	Level 2	Level 3
January 29, 2012	$	$	$
January 30, 2011			81,401

The following table presents the change in the estimated fair value of the Class B redeemable common stock measured using significant unobservable inputs (Level 3):

	January 29, 2012	January 30, 2011	January 31, 2010
Fair value measurement at beginning of period	$ 81,401	$ 21,888	$ 15,808
Change in fair value recorded in accumulated deficit	172,546	59,513	6,080
Fair value measurement at end of period	$ 253,947[1]	$ 81,401	$ 21,888

(1) The Class B redeemable common stock was redeemed on August 2, 2011, the date of the consummation of the Offering. As such, this represents the fair value as of that date immediately prior to redemption.

Historically, the Class B redeemable common stock has been measured at fair value at each reporting period with changes in fair value recorded directly to equity based on the change in the underlying fair value of the Company s common stock during each fiscal period presented. The Class B redeemable common stock was classified to permanent equity, no longer requiring fair value measurement on a recurring basis, concurrent with the Offering.

7. Net income per share

The following table sets forth the computation of basic and diluted net income per share in accordance with ASC 260, *Earnings per Share* (ASC 260). Basic net income per share is calculated by dividing net income by the weighted average common shares outstanding during the period. Diluted net income per share is calculated by dividing net income by the weighted average number of common shares plus potentially dilutive common shares, primarily consisting of the Company s non-qualified stock options, outstanding during the period. The treasury

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

stock method was used to determine the dilutive effect of the stock options. The following table details the calculation of basic and diluted net income per share:

	Fiscal Year Ended		
	January 29, 2012	**January 30, 2011**	**January 31, 2010**
Numerator:	$ 17,759	$ 12,003	$ 5,291
Denominator:			
For basic net income per share weighted average shares basis	37,481,072	36,749,460	36,749,460
Effect of dilutive stock options	938,236	975,607	572,738
For diluted net income per share adjusted weighted average shares basis	$ 38,419,308	$ 37,725,067	$ 37,322,198
Net income per share:			
Basic	$ 0.47	$ 0.33	$ 0.14
Diluted	$ 0.46	$ 0.32	$ 0.14

As of January 29, 2012, the Company had 38,281,836 shares of common stock outstanding. As of January 30, 2011, the Company had 27,744,243 and 9,005,217 shares of Class A common stock and Class B redeemable common stock, respectively, outstanding. The Class A common stock and Class B redeemable common stock shared equally in rights to dividends, undistributed earnings and voting rights. As a result, the two class method has historically not been required for computation of net income per share.

Anti-dilutive common stock options totaling 285,361 were excluded from the weighted average shares outstanding for the diluted per share calculation as of January 29, 2012.

8. Leases

The Company has entered into operating leases for its stores, distribution center and store support center. Initial lease terms for stores are generally ten years with rent escalations and no renewal options. Rent expense for leases with rent escalations is recognized on a straight-line basis over the term of the occupancy of the lease. The leases are net leases under which the Company pays the taxes, insurance and common area maintenance costs. The leases may also provide for both minimum rent payments and contingent rentals based on a percentage of sales in excess of specified amounts. In certain leases, the landlord also charges the Company a portion of its marketing expense.

Total minimum and contingent rent expense for fiscal 2011, 2010 and 2009 were as follows:

	Fiscal Year Ended		
	January 29, 2012	**January 30, 2011**	**January 31, 2010**
Minimum rentals	$ 14,013	$ 11,000	$ 8,464

Contingent rentals	303	127	51
Total	$ 14,316	$ 11,127	$ 8,515

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

Future minimum lease payments for non-cancelable operating leases with an initial term of one year or more are as follows as of January 29, 2012:

Fiscal year	Amount
2012	$ 14,709
2013	16,946
2014	17,340
2015	17,135
2016	15,862
Thereafter	58,339
	$ 140,331

9. Stock-based Compensation

Under the Company s 2004 Management Incentive Plan (the 2004 Plan), adopted on December 15, 2004, up to 1,851,471 stock options may be granted to certain employees and outside directors or advisors to purchase a fixed number of shares of the Company s common stock at prices not less than 100% of the estimated fair market value at the date of grant. All stock-based awards issued under the plan are non-qualified stock options. On July 18, 2011, the Board of Directors and stockholders authorized the establishment of the Teavana 2011 Equity Incentive Plan (the 2011 Plan), effective immediately after the SEC s declaration of effectiveness of the Registration Statement and immediately prior to the pricing of the Offering, both of which took place on July 27, 2011. Under the 2011 Plan, up to 750,000 equity awards, including stock options, stock appreciation rights, restricted or unrestricted stock awards, restricted stock units, performance awards or other stock-based awards, may be granted to certain employees and outside directors to purchase a fixed number of shares of the Company s common stock at prices not less than 100% of the estimated fair market value at the date of the grant. All shares of stock issued upon exercise of stock options under the 2004 and 2011 Plans will be newly issued shares. Share options forfeited or canceled are eligible for reissuance under the 2011 Plan. Also, concurrent with the pricing of the Offering on July 27, 2011, the Board of Directors authorized a grant to certain members of the Company s management, certain other employees and outside directors of 580,500 non-qualified stock options to purchase an equal number of shares of common stock. Other immaterial grants were authorized and made subsequent to the Offering during fiscal 2011.

The Company accounts for stock-based awards in accordance with ASC 718. ASC 718 requires measurement of compensation cost for all stock-based awards at fair value on the grant date (or measurement date, if different) and recognition of compensation expense, net of forfeitures, over the requisite service period for awards expected to vest. Stock-based compensation expense was $790, $157, and $169 in fiscal 2011, 2010 and 2009, respectively and is recognized on a pre-tax basis. Upon consummation of the Offering, the Company recognized $173 in compensation expense resulting from the accelerated vesting of all unvested stock options to purchase shares of common stock granted under the 2004 Plan. As such, vesting of approximately 162,466 options was accelerated and the options became exercisable, subject to certain provisions at the closing of the Offering.

The fair value of stock options granted under the 2004 and 2011 Plans was estimated at the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options. Stock option pricing models require the input of highly subjective assumptions, including the expected volatility of the stock price. The Company s stock has only been publically traded since July 28, 2011; therefore, changes in these subjective input assumptions may affect the grant date fair

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

value estimates. These assumptions were based on management s best estimate and available information at the time of grant. The Company estimated the fair value of options granted under the 2011 Plan with the following assumptions:

	January 29, 2012	January 30, 2011	January 31, 2010
Expected life (years) (1)	6.25 Years	N/A	6.25 Years
Risk-free interest rate (2)	1.4%-1.6%	N/A	2.3%
Volatility (3)	54.0%	N/A	53.0%
Dividend yield (4)	0%	N/A	0%

1) Represents the period of time stock options are expected to remain outstanding. As the Company has only awarded plain vanilla options as described in ASC 718-10-S99, *Compensation Stock Compensation: Overall: SEC Materials,* the Company used the simplified method for determining the expected life of the options granted. The simplified method calculates the expected term as the sum of the vesting term and the original contract term divided by two. The Company will continue to use the simplified method until such time that it has sufficient historical data for options to accurately estimate the expected term of stock-based awards.
2) Based on the US Treasury yield curve in effect at the time of grant with a term consistent with the expected life of stock options.
3) Expected stock price volatility incorporated historical and implied volatility of similar entities whose share prices are publicly available. The Company plans to use peer company volatility for the foreseeable future until sufficient historical data is available.
4) The Company has not paid regular dividends on its common stock and does not expect to pay dividends on its common stock in the foreseeable future.

The following table represents stock options granted, exercised, repurchased or forfeited under the 2004 and 2011 Plans during fiscal 2011, 2010 and 2009. There were no options that expired during these fiscal periods.

	Stock Options	Weighted Average Exercise Price
Outstanding at February 1, 2009	1,670,027	$ 1.24
Granted	181,444	2.43
Exercised		
Repurchased or forfeited		
Outstanding at January January 31, 2010	1,851,471	$ 1.36
Granted		
Exercised		
Repurchased or forfeited		
Outstanding at January 30, 2011	1,851,471	$ 1.36
Granted	585,500	16.98
Exercised	(460,947)	1.38
Repurchased or forfeited	(68,719)	11.76
Outstanding at January 29, 2012	1,907,305	$ 5.77

Under the 2004 and 2011 Plans, options generally become exercisable over a four-year period and expire ten years from the date of grant. Additionally, stock option grants generally vest 25% on each anniversary of the grant date, commencing with the first anniversary of the grant date (in the case of the 580,500 options granted

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

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under the 2011 Plan concurrent with the pricing of the Offering commencing with the first anniversary of the closing of that transaction on August 2, 2012). The following is a summary of the changes in the Company s non-vested stock options during the fiscal 2011, 2010 and 2009:

	Number of Stock Options	Weighted-Average Grant-Date Fair Value
Non-vested stock options outstanding at February 1, 2009	806,778	$ 0.57
Granted	181,444	1.29
Vested	(396,676)	0.53
Forfeited		
Non-vested stock options outstanding at January 31, 2010	591,546	$ 0.81
Granted		
Vested	(222,177)	0.73
Forfeited		
Non-vested stock options outstanding at January 30, 2011	369,369	$ 0.86
Granted	585,500	8.91
Vested	(355,483)	0.87
Forfeited	(59,386)	7.01
Non-vested stock options outstanding at January 29, 2012	540,000	$ 8.91

The total fair value of stock options that vested during the year ended January 29, 2012 was $309. As of January 29, 2012, there was $3,962 of unrecognized compensation cost related to non-vested stock option awards. The compensation cost is expected to be recognized through fiscal 2015 based on existing vesting terms with the weighted average remaining expense recognition period being approximately 2.01 years with a total intrinsic value related to these options of $1,155 as of January 29, 2012.

The options outstanding at January 29, 2012, by exercise price, are summarized below:

Number of Stock Options Outstanding	Stock Options Exercisable	Exercise Price	Average Remaining Contractual Life (in Years)
911,854	911,854	$ 1.12	3.90
100,450	100,450	1.35	5.75
210,647	210,647	1.62	6.17
14,812	14,812	1.76	6.58
129,542	129,542	2.43	7.75
535,000		17.00	9.50
5,000		15.11	9.88

1,907,305	1,367,305	6.12

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

There were 1,367,305 options exercisable as of January 29, 2012 with a weighted average exercise price of $1.34 per share and intrinsic value of $24,497. Additionally, 460,947 options were exercised during fiscal 2011 with an intrinsic value of $7,707. The exercise of these stock options gave rise to a tax benefit of $2,925.

The Company has calculated its additional paid-in capital pool (APIC pool) based on the actual income tax benefits received from exercises of stock options granted under ASC 718 using the long method. The APIC pool is available to absorb future tax.

10. Related Party Transactions

In December 2007, the Company made a loan in the principal amount of $50 at an annual interest rate of 10% to an officer of the Company. On March 21, 2011, the Company forgave the entire principal amount of the loan, plus accrued and unpaid interest thereon, in consideration of the Company s repurchase of unexercised options to purchase 9,332 shares of the Company s Class A Common Stock granted in June 2005.

The Company has employment contracts with two executive officers who are also holders of common stock. The contracts provide for severance compensation if the executives are terminated.

In December 2004, the Company entered into a contract with SKM Growth Investors, L.P., to provide financial advisory and management services, the predecessor entity to Parallel Investment Partners, LLC. Parallel manages certain investments on behalf of SKM Equity Fund III, L.P., a private-equity investment fund that holds substantially all of the ownership interest in one of the Company s stockholders. The fee was $115 for fiscal 2011 and $250 for fiscal years 2010 and 2009. This contract was terminated in connection with The Company s Offering in August 2011.

11. Income Taxes

The components of income before income taxes for fiscal 2011, 2010 and 2009, respectively, are as follows:

	Fiscal Year Ended		
	January 29, 2012	**January 30, 2011**	**January 31, 2010**
	(dollars in thousand)		
Domestic	$ 30,074	$ 20,909	$ 9,761
Foreign	(158)		
Total income before income taxes	$ 29,916	$ 20,909	$ 9,761

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

The significant components of the provision for income taxes are as follows:

	Fiscal Year Ended		
	January 29, 2012	January 30, 2011	January 31, 2010
Current:			
Federal	$ 7,855	$ 7,183	$ 3,106
State	2,362	1,976	832
Total current	10,217	9,159	3,938
Deferred:			
Federal	2,089	188	486
Foreign	(42)		
State	(107)	(441)	46
Total deferred	1,940	(253)	532
Total	$ 12,157	$ 8,906	$ 4,470

The provision for income taxes recorded differs from the federal statutory rate primarily due to state income tax expense and nondeductible expense, which primarily consists of the accretion of the Series A redeemable preferred stock. The reconciliation to the federal statutory rate is as follows:

	Fiscal Year Ended		
	January 29, 2012	**January 30, 2011**	**January 31, 2010**
Provision at federal statutory rate	35.0%	35.0%	34.0%
State income taxes, net	4.7%	4.5%	4.7%
Series A preferred stock accretion	1.4%	3.6%	6.2%
Other, net	-0.5%	-0.5%	0.9%
Effective tax rate	40.6%	42.6%	45.8%

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

The deferred income tax assets and liabilities as presented in the accompanying balance sheets consisted of the following amounts:

	January 29, 2012	January 30, 2011
Deferred income tax assets:		
Deferred rent liability	$ 5,047	$ 2,931
Inventory reserve	1,816	1,274
Deferred revenue	447	633
Stock compensation expense	629	318
Accrued vacation	99	87
Foreign net operating losses	44	
Other liabilities	234	263
Total deferred income tax assets	8,316	5,506
Deferred income tax liabilities:		
Depreciation	(8,471)	(3,873)
Prepaid expenses	(576)	(424)
Total deferred income tax liability	(9,047)	(4,297)
Net deferred tax (liabilities)/assets	$ (731)	$ 1,209
Deferred income tax asset, current	$ 1,839	$ 1,629
Deferred income tax liability, non-current	(2,570)	(420)
Net deferred tax (liabilities)/assets	$ (731)	$ 1,209

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company has determined that no such valuation allowance is necessary as of January 29, 2012 and January 30, 2011

The Company adopted ASC 740-10, *Accounting for Income Taxes*, related to unrecognized tax benefits on January 29, 2007 with no cumulative effect adjustment recorded at adoption. In accordance with ASC 740-10, the Company adjusts for such liabilities when its judgment changes as of the result of the evaluation of new information. As of January 29, 2012, and for all periods presented, the Company has no liability with respect to unrecognized tax benefits.

The Company s income taxes payable have been reduced by the tax benefits from the Company s Management Incentive Plans through which employees and certain directors are granted stock-based awards. For all awards granted, primarily the Company s non-qualified stock options, the Company receives an income tax benefit calculated as the difference between the fair market value of the stock issued at the time of the exercise and the option price, tax effected. The Company generated net excess tax benefits from stock options exercised of $2,925 during fiscal 2011, which were reflected as increases to additional paid-in capital. There were no stock option exercises during fiscal 2010.

The Company and its subsidiaries are subject to US federal income tax regulations, as well as, income tax regulations of multiple state and foreign jurisdictions with varying statutes of limitation. The Company s tax

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

years for fiscal 2009 through 2011 generally remain subject to examination by federal and most state taxing authorities. The audit of the Company s US income tax return for fiscal 2007 was completed in fiscal 2009. The Company has foreign net operating loss carry forwards of $44 that expire in 2022.

12. Employee Benefit Plan

The Company established the Teavana Corporation Retirement Savings Plan (the Teavana 401(k) Plan) on July 1, 2006. Under this plan, employees of the Company who are 21 years of age or older and that have completed six months of service are eligible to participate. The Company matches 100% of participant contributions up to 1% of participant compensation and 50% of participant contributions from 1% to 6% of a participant s compensation.

Company contributions to the Teavana 401(k) Plan were $510, $416 and $334 during fiscal 2011, 2010 and 2009, respectively.

13. Commitments and Contingencies

From time to time in the normal course of business, the Company is involved in legal proceedings. The Company evaluates the need for loss accruals under the requirements of FASB ASC 450 *Contingencies.* The Company records an estimated loss for any claim, lawsuit, investigation or proceeding when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. If the reasonable estimate of a probable loss is a range, and no amount within the range is a better estimate, then the Company records the minimum amount in the range as the loss accrual. If a loss is not probable or a probable loss cannot be reasonably estimated, no liability is recorded.

On December 28, 2011, a putative class action lawsuit styled *Chavez v. Teavana Corp.* alleging wage and hour violations of the California Labor Code for General Managers in California was filed in the Superior Court of California, County of Los Angeles. The plaintiff seeks on behalf of herself and other putative class members, compensatory damages, restitution, putative and exemplary damages, penalties, interest and other relief. The Company disputes the material allegations in the complaint and intends to defend the action vigorously. Due to inherent uncertainties of litigation and because the lawsuit is in early procedural stages, the Company cannot at this time accurately predict the ultimate outcome, or any potential liability, of the matter.

The Company is also subject to other legal proceedings and claims that arise in the ordinary course of its business. These include claims resulting from slip and fall accidents, employment related claims and claims from guests or team members alleging illness or injury or other operational concerns. To date, no claims of these types of litigation, certain of which are covered by insurance policies, have had a material effect on the Company. While it is not possible to predict the outcome of these other suits, legal proceedings and claims with certainty, management does not believe that they would have a material adverse effect on the Company s financial position and results of operations.

14. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through the date the consolidated financial statements were available to be issued and concluded that no additional material subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

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Teavana Holdings, Inc.

Notes to Consolidated Financial Statements (continued)

(dollars in thousands, except per share and store data)

15. Selected Quarterly Financial Data (unaudited)

The following table sets forth certain unaudited consolidated quarterly financial information (in thousands, except store data) for each of the four quarters in fiscal 2011 and 2010, respectively. In our opinion, the following selected unaudited consolidated quarterly statements of operations data have been prepared on the same basis as the audited consolidated financial statements included in this Form 10-K and reflect all necessary adjustments, consisting of only normal recurring adjustments, necessary for fair presentation of these data. Operating results for any fiscal quarter are not necessarily indicative of results for the full year. Historical results are not necessarily indicative of results to be expected for future periods.

	Fiscal 2011				Fiscal 2010			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$ 34,939	$ 31,313	$ 33,426	$ 68,422	$ 25,773	$ 22,982	$ 24,746	$ 51,200
Gross profit	22,488	19,127	20,677	44,905	15,752	13,526	14,509	34,639
Income from operations	6,456	2,332	1,612	21,189	3,979	1,657	1,278	16,580
Net income	$ 3,323	$ 1,031	$ 936	$ 12,469	$ 1,927	$ 579	$ 340	$ 9,157
Percentage of net sales:								
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Gross profit	64.4%	61.1%	61.9%	65.6%	61.1%	58.9%	58.6%	67.7%
Income from operations	18.5%	7.4%	4.9%	31.0%	15.4%	7.2%	5.2%	32.4%
Net income	9.5%	3.3%	2.8%	18.2%	7.5%	2.5%	1.4%	17.9%
Net income per share:								
Basic	$ 0.09	$ 0.03	$ 0.02	$ 0.33	$ 0.05	$ 0.02	$ 0.01	$ 0.25
Diluted	$ 0.09	$ 0.03	$ 0.02	$ 0.32	$ 0.05	$ 0.02	$ 0.01	$ 0.24
Selected store data:								
Number of stores at end of period	161	179	196	200	118	128	141	146
Comparable store sales growth for period, including e-commerce (1)	9.1%	8.7%	8.5%	8.6%	18.6%	9.1%	7.7%	10.6%
Comparable store sales growth for period, excluding e-commerce (2)	6.0%	6.9%	6.0%	4.4%	15.7%	6.9%	5.9%	7.5%

(1) Comparable store sales, including e-commerce, includes comparable store sales from all company-owned stores that have been open for at least 15 full fiscal months and sales from our website www.teavana.com.

(2) Comparable store sales, excluding e-commerce, include sales from company-owned stores that have been open for at least 15 full fiscal months. Comparability is typically achieved 12 months after the initial three-month period from opening during which new stores generally experience higher-than-average sales volumes.

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Item 9. ***Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.***
None.

Item 9A. ***Controls and Procedures*.**
Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as defined in Rule 13(a)-15(e), as of the end of the period covered by this Annual Report on Form 10-K pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K are effective in providing reasonable assurance that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent or detect all error and all fraud. While our disclosure controls and procedures are designed to provide reasonable assurance of their effectiveness, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. There were no changes in our internal control over financial reporting during the quarter ended January 29, 2012 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

This Annual Report on Form 10-K does not include a report of management s assessment regarding internal control over financial reporting or an attestation report of the Company s registered public accounting firm, due to a transition period established by the rules of the SEC for newly public companies.

Item 9B. ***Other Information.***
None.

Part III

Item 10. ***Directors, Executive Officers and Corporate Governance.***
The information required by this item is included in the Our Board of Directors , Information Concerning Executive Officers , Section 16(a) Beneficial Ownership Reporting Compliance , Board Committees and Meetings , and Director Compensation sections of the Company s Proxy Statement to be filed with the SEC within 120 days of the end of the fiscal year ended January 29, 2012 in connection with the Company s 2012 Annual Meeting of Stockholders to be held in June 2012, and is incorporated by reference herein.

We have adopted a Code of Business Conduct and Ethics, which applies to all employees including our principal executive officer and principal financial officer and persons performing similar functions. The Code is available on our website, www.teavana.com, under Investor Relations, Corporate Governance and in print to any person who requests it. Any amendments to, or waivers from, a provision of our Code that applies to our principal executive officer, principal financial officer or persons performing similar functions and that relates to any element of the Code enumerated in paragraph (b) of Item 406 of Regulation S-K will be disclosed by posting such information on our website.

Item 11. ***Executive Compensation.***
The information required by this item is included in the Executive Compensation Discussion and Analysis, , Summary Compensation Table and Grants of Plan-Based Awards sections of the Company s

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Proxy Statement to be filed with the SEC within 120 days of the end of the fiscal year ended January 29, 2012 in connection with the Company s 2012 Annual Meeting of Stockholders to be held in June 2012, and is incorporated by reference herein.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

The information required by this item is included in the Security Ownership of Officers, Directors and Principal Stockholders, and Equity Compensation Plan Information sections of the Company s Proxy Statement to be filed with the SEC within 120 days of the end of the fiscal year ended January 29, 2012 in connection with the Company s 2012 Annual Meeting of Stockholders to be held in June 2012, and is incorporated by reference herein.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence.***

The information required by this item is included in the Director Independence and Compensation Committee Interlocks and Insider Participation sections of the Company s Proxy Statement to be filed with the SEC within 120 days of the end of the fiscal year ended January 29, 2012 in connection with the Company s 2012 Annual Meeting of Stockholders to be held in June 2012, and is incorporated by reference herein.

Item 14. ***Principal Accountant Fees and Services.***

The information required by this item is included in the Fee Information portion of Proposal 4 Ratification of Independent Registered Public Accounting Firm to be included in the Company s Proxy Statement to be filed with the SEC within 120 days of the end of the fiscal year ended January 29, 2012 in connection with the Company s 2012 Annual Meeting of Stockholders to be held in June 2012, and is incorporated by reference herein.

Part IV

Item 15. ***Exhibits, Financial Statement Schedules.***

(a) The following documents are filed as part of this Form 10-K:

1. Financial Statements: See Index to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for a list of the Financial Statements required to be filed herewith.

2. Financial Statement Schedule: All Schedules are omitted because they are not required or because the information is immaterial or provided elsewhere in the consolidated financial statements or notes thereto.

3. Exhibits: See Exhibit Index following the signature page of this Annual Report on Form 10-K.

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SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TEAVANA HOLDINGS, INC.

By: /s/ Daniel P. Glennon

Daniel P. Glennon
Executive Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

Date: April 13, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Andrew T. Mack Andrew T. Mack	Chairman and Chief Executive Officer (principal executive officer)	April 13, 2012
/s/ Daniel P. Glennon Daniel P. Glennon	Chief Financial Officer (principal financial officer and principal accounting officer)	April 13, 2012
/s/ Robert J. Dennis Robert J. Dennis	Director	April 13, 2012
/s/ F. Barron Fletcher III F. Barron Fletcher III	Director	April 13, 2012
/s/ John E. Kyees John E. Kyees	Director	April 13, 2012
/s/ Michael J. Nevins Michael J. Nevins	Director	April 13, 2012
/s/ Thomas A. Saunders III Thomas A. Saunders III	Director	April 13, 2012

Exhibit Index

3.1	Registrant s Amended and Restated Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to the Registrant s Form S-1/A (SEC File No. 333-173775) filed on July 26, 2011.
3.2	Registrant s Amended and Restated By-laws, incorporated by reference to Exhibit 3.2 to the Registrant s Form S-1/A (SEC File No. 333-173775) filed on July 26, 2011.
4.1	Specimen Common Stock Certificate, incorporated by reference to Exhibit 4.1 to the Registrant s Form S-1/A (SEC File No. 333-173775) filed on July 12, 2011.
4.2	Registration Rights Agreement, dated December 17, 2004, among Teavana Holdings, Inc. and the parties listed therein, incorporated by reference to Exhibit 4.2 to the Registrant s Form S-1 (SEC File No. 333-173775) filed on April 28, 2011.
10.1	2004 Management Incentive Plan, incorporated by reference to Exhibit 10.1 to the Registrant s Form S-1 (SEC File No. 333-173775) filed on April 28, 2011.
10.2	Form of 2004 Management Incentive Plan Option Award Agreement (Employees), incorporated by reference to Exhibit 10.2 to the Registrant s Form S-1 (SEC File No. 333-173775) filed on April 28, 2011.
10.3	Form of 2004 Management Incentive Plan Option Award Agreement (Directors), incorporated by reference to Exhibit 10.3 to the Registrant s Form S-1 (SEC File No. 333-173775) filed on April 28, 2011.
10.4	Teavana Holdings, Inc. 2011 Equity Incentive Plan, incorporated by reference to Exhibit 10.4 to the Registrant s Form S-1/A (SEC File No. 333-173775) filed on July 18, 2011.
10.5	Form of Nonstatutory Stock Option Agreement under 2011 Equity Incentive Plan, incorporated by reference to Exhibit 10.5 to the Registrant s Form S-1/A (SEC File No. 333-173775) filed on July 18, 2011.
10.6	Form of Directors and Officers Indemnity Agreement, incorporated by reference to Exhibit 10.6 to the Registrant s Form S-1/A (SEC File No. 333-173775) filed on July 12, 2011.
10.7	Amended and Restated Employment Agreement, dated as of April 22, 2011, between Teavana Holdings, Inc. and Andrew T. Mack, incorporated by reference to Exhibit 10.7 to the Registrant s Form S-1 (SEC File No. 333-173775) filed on April 28, 2011.
10.8	Amended and Restated Employment Agreement, dated as of April 22, 2011, between Teavana Holdings, Inc. and Juergen T. Link, incorporated by reference to Exhibit 10.8 to the Registrant s Form S-1 (SEC File No. 333-173775) filed on April 28, 2011.
10.9	Employment Agreement, dated as of April 22, 2011, between Teavana Holdings, Inc. and Daniel P. Glennon, incorporated by reference to Exhibit 10.9 to the Registrant s Form S-1 (SEC File No. 333-173775) filed on April 28, 2011.
10.10	Employment Agreement, dated as of April 22, 2011, between Teavana Holdings, Inc. and Peter M. Luckhurst, incorporated by reference to Exhibit 10.10 to the Registrant s Form S-1 (SEC File No. 333-173775) filed on April 28, 2011.
10.11	Agreement of Lease, dated February 2, 2006, between 500 Long Beach LLC and ST Acquisition Company, incorporated by reference to Exhibit 10.11 to the Registrant s Form S-1 (SEC File No. 333-173775) filed on April 28, 2011.
10.12	Lease Modification Agreement, dated April 1, 2008, between 500 Long Beach LLC and ST Acquisition Company, incorporated by reference to Exhibit 10.11 to the Registrant s Form S-1 (SEC File No. 333-173775) filed on April 28, 2011.

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10.13	Agreement of Lease, dated August 12, 2009, between 600 Long Beach LLC and ST Acquisition Company, incorporated by reference to Exhibit 10.13 to the Registrant s Form S-1/A (SEC File No. 333-173775) filed on June 9, 2011.
10.14	Lease Modification and Extension Agreement, dated April 5, 2010, between 600 Long Beach LLC and ST Acquisition Company, incorporated by reference to Exhibit 10.14 to the Registrant s Form S-1 (SEC File No. 333-173775) filed on April 28, 2011.
10.15	Lease Modification Agreement, dated September 13, 2011, between 600 Long Beach LLC and ST Acquisition Company, and incorporated by reference to Exhibit 10.1 to the Registrant s Form 8-K (SEC File No. 001-35248) filed on September 14, 2011.
10.16	Lease Agreement, dated August 5, 2010, between 3630 Peachtree Road Holdings Limited Partnership and Teavana Corporation, incorporated by reference to Exhibit 10.15 to the Registrant s Form S-1 (SEC File No. 333-173775) filed on April 28, 2011.
10.17	Loan and Security Agreement, dated as of June 12, 2008, among Teavana Holdings, Inc., Teavana Corporation, ST Acquisition Company, Teavana Franchising Corporation and Teavana International, Inc., as obligors, and Fifth Third Bank as lender, incorporated by reference to Exhibit 10.16 to the Registrant s Form S-1/A (SEC File No. 333-173775) filed on June 9, 2011.
10.18	Amendment No. 1 to Loan and Security Agreement, dated as of April 22, 2011, among Teavana Holdings, Inc., Teavana Corporation, ST Acquisition Company, Teavana International, Inc. Teavana Gift Company, as obligors, and Fifth Third Bank as lender, incorporated by reference to Exhibit 10.17 to the Registrant s Form S-1 (SEC File No. 333-173775) filed on April 28, 2011.
10.19	Amendment No. 2 to Loan and Security Agreement, dated as of October 6, 2011, among Teavana Corporation, ST Acquisition Company, Teavana Holdings, Inc., Teavana Franchising Company, Teavana International, Inc. and Teavana Gift Company, as obligors, and Fifth Third Bank as lender, Exhibit 10.1 to the Registrant s Form 8-K (SEC File No. 001-35248) filed on October 6, 2011.
21.1	Subsidiaries of the Registrant.*
23.1	Consent of Grant Thornton LLP.*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101	Interactive Data File**

* Filed herewith.

** Pursuant to Rule 406T of SEC Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under these Sections.

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ANNEX F

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 29, 2012

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from [ ] to [ ]

Commission File Number: 001-35248

TEAVANA HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-1946316**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer identification number)**

3630 Peachtree Rd. NE, Suite 1480

Atlanta, GA 30326

(Address of principal executive offices)

(404) 995-8200

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The number of shares of the registrant s common stock, $0.00003 par value, outstanding as of June 4, 2012 was 38,513,325 shares.

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Teavana Holdings, Inc.

Form 10-Q

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TEAVANA HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share data)

	April 29, 2012 (unaudited)	January 29, 2012
Assets		
Current assets		
Cash and cash equivalents	$ 20,040	$ 17,818
Prepaid expenses	4,305	3,995
Income tax receivable	659	
Inventory	23,035	25,676
Other current assets	2,171	2,175
Total current assets	50,210	49,664
Property and equipment, net	47,630	42,785
Goodwill	2,394	2,394
Other non-current assets	634	775
Total assets	$ 100,868	$ 95,618
Liabilities and Stockholders Equity		
Current liabilities		
Accounts payable	$ 5,136	$ 3,898
Income taxes payable		1,821
Other current liabilities	5,950	6,847
Total current liabilities	11,086	12,566
Long-term liabilities		
Deferred rent	14,192	12,905
Deferred tax liability, non-current	2,602	2,570
Other long-term liabilities	616	575
Total long-term liabilities	17,410	16,050
Total liabilities	28,496	28,616
Commitments and contingencies (Note 9)		
Stockholders equity		
Common stock, $.00003 par value; 100,000,000 shares authorized as of April 29, 2012 and January 29, 2012; 38,468,325 shares and 38,281,836 shares issued and outstanding as of April 29, 2012 and January 29, 2012, respectively	1	1
Additional paid-in capital	278,625	276,782
Accumulated deficit	(206,291)	(209,792)
Accumulated other comprehensive income	37	11
Total stockholders equity	72,372	67,002
Total liabilities and stockholders equity	$ 100,868	$ 95,618

The accompanying notes are an integral part of these condensed consolidated financial statements

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TEAVANA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

AND COMPREHENSIVE INCOME

(unaudited)

(dollars in thousands, except per share data)

	Thirteen Weeks Ended	
	April 29, 2012	May 1, 2011
Net sales	$ 44,319	$ 34,939
Cost of goods sold (exclusive of depreciation shown separately below)	15,895	12,451
Gross profit	28,424	22,488
Selling, general and administrative expense	20,786	14,758
Depreciation and amortization expense	1,779	1,274
Income from operations	5,859	6,456
Interest expense, net	72	689
Income before income taxes	5,787	5,767
Provision for income taxes	2,286	2,444
Net income	$ 3,501	$ 3,323
Other comprehensive income		
Net gain on foreign currency translation	26	
Comprehensive income	$ 3,527	$ 3,323
Net income per share:		
Basic	$ 0.09	$ 0.09
Diluted	$ 0.09	$ 0.09
Weighted average shares outstanding:		
Basic	38,305,620	36,749,460
Diluted	39,086,378	37,728,622

The accompanying notes are an integral part of these condensed consolidated financial statements

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TEAVANA HOLDINGS, INC.

CONSOLIDATED STATEMENT OF CHANGES IN

STOCKHOLDERS EQUITY

(unaudited, unless specified audited)

(dollars in thousands, except per share data)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders Equity
	Shares	Amount				
Balance January 29, 2012 (audited)	38,281,836	$ 1	$ 276,782	$ (209,792)	$ 11	$ 67,002
Net income				3,501		3,501
Foreign currency translation adjustment					26	26
Stock-based compensation expense			263			263
Stock issued for stock option exercises	186,489		242			242
Excess tax benefit from stock option exercises			1,338			1,338
Balance April 29, 2012	38,468,325	$ 1	$ 278,625	$ (206,291)	$ 37	$ 72,372

The accompanying notes are an integral part of these condensed consolidated financial statements

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TEAVANA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(dollars in thousands)

	Thirteen Weeks Ended April 29, 2012	Thirteen Weeks Ended May 1, 2011
Cash flows from operating activities:		
Net income	$ 3,501	$ 3,323
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	1,779	1,274
Non-cash interest expense	22	633
Stock-based compensation expense	263	37
Excess tax benefit from stock option exercises	(1,338)	
Other	(107)	140
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(664)	(81)
Inventory	2,641	(1,359)
Accounts payable	873	
Income taxes payable	(483)	(2,696)
Deferred rent	1,287	1,419
Other liabilities	(884)	(1,548)
Net cash provided by operating activities	6,890	1,142
Cash flows from investing activities:		
Purchase of property and equipment	(6,232)	(5,056)
Net cash used in investing activities	(6,232)	(5,056)
Cash flows from financing activities:		
Proceeds from revolving credit facility	46,384	35,510
Payments on revolving credit facility	(46,384)	(35,510)
Proceeds from stock option exercises	242	
Excess tax benefit from stock option exercises	1,338	
Other	(15)	(247)
Net cash provided by (used in) financing activities	1,565	(247)
Effect of exchange rates on cash and cash equivalents:	(1)	
Net increase (decrease) in cash and cash equivalents	2,222	(4,161)
Cash and cash equivalents, beginning of fiscal period	17,818	7,901
Cash and cash equivalents, end of fiscal period	$ 20,040	$ 3,740
Supplemental disclosure of cash flow informaton:		
Cash paid for interest	$ 50	$ 56
Cash paid for income taxes	3,528	5,134
Non-cash change in fair value of Class B redeemable common stock	$	$ 5,852

The accompanying notes are an integral part of these condensed consolidated financial statements

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Notes to Condensed Consolidated Financial Statements

(unaudited)

(dollars in thousands, except per share and store data)

1. Business and Summary of Significant Accounting Policies

Nature of Business

Teavana Holdings, Inc. (the Company or Teavana) is a specialty retailer offering more than 100 varieties of premium loose-leaf teas, authentic artisanal teawares and other tea-related merchandise. Teavana offers products through 223 company-owned stores in 39 states and Canada, 18 franchised stores primarily in Mexico, as well as through its website, www.teavana.com.

Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information and the Securities and Exchange Commission s (SEC) guidance for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of the unaudited condensed consolidated financial statements have been recorded in the interim periods presented. These unaudited condensed consolidated financial statements should be read in conjunction with the Company s audited consolidated financial statements and related notes thereto for the fiscal year ended January 29, 2012 included in the Company s Annual Report on Form 10-K (File No. 001-35248). The accompanying unaudited condensed consolidated financial statements present the results of operations for the thirteen weeks ended April 29, 2012 and May 1, 2011. These results are not necessarily indicative of the results that may be achieved for the Fiscal year ending February 3, 2013 or for any other period.

Principles of Consolidation

The condensed consolidated financial statements include all the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

The financial statements of any foreign subsidiaries have been translated into U.S. dollars in accordance with the Financial Accounting Standards Board s (FASB) Accounting Standards Codification (ASC) Topic No. 830-30 *Translation of Financial Statements* (ASC 830-30 Under ASC 830-30, the financial position and results of operations of the Company s foreign subsidiaries are measured using the subsidiary s local currency as the functional currency. Revenues and expenses have been translated into U.S. dollars at average exchange rates prevailing during the period, and assets and liabilities have been translated at the exchange rates as of the balance sheet date. The resulting translation gain and loss adjustments are recorded as an element of other comprehensive income in accordance with ASC Topic No. 220 *Comprehensive Income*.

Fiscal Year

The Company s fiscal year is 52 or 53 weeks ending on the Sunday nearest to January 31 of the following year. These condensed consolidated financial statements include thirteen weeks in each of the periods ending April 29, 2012 and May 1, 2011.

Seasonality

The Company s business is seasonal and has historically realized a higher portion of net sales, net income and operating cash flows in the fourth fiscal quarter due primarily to the holiday selling season. As a result, the Company s working capital requirements fluctuate during the year, increasing in the second and third fiscal quarters in anticipation of this peak selling season.

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Notes to Condensed Consolidated Financial Statements

(unaudited)

(dollars in thousands, except per share and store data)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

In May 2011, the FASB issued ASU No. 2011-04-*Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards* (IFRS) (ASU 2011-04), which amends ASC Topic No. 820-*Fair Value Measurements*. This update was issued to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and IFRS. This standard update also changes certain fair value measurement principles and enhances disclosure requirements particularly for Level 3 fair value measurements. The Company adopted ASU 2011-04 on January 30, 2012, and such adoption did not have a significant impact on the Company s results of operations, financial condition or disclosures.

In June 2011, the FASB issued ASU No. 2011-05-*Presentation of Comprehensive Income* (ASU 2011-05). ASU 2011-05 eliminates the option to report other comprehensive income and its components only within the statement of changes in equity. Under ASU 2011-05, an entity can elect to present items of net income and other comprehensive income in one continuous statement or in two separate, but consecutive, statements. In addition, in December 2011, the FASB issued ASU No. 2011-12-*Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05* (ASU 2011-12). ASU 2011-12 defers the requirement to present components of reclassifications of other comprehensive income by income statement line item on the statement of comprehensive income, with all other requirements of ASU 2011-05 unaffected. The Company adopted ASU 2011-05 and ASU 2011-12 beginning January 30, 2012 and has elected to present items of net income and other comprehensive income in one continuous statement at this time.

In September 2011, the FASB issued ASU No. 2011-08-*Intangibles: Goodwill and Other* (ASU 2011-08). ASU 2011-08 provides companies the option to perform a qualitative assessment to first evaluate whether the fair value of a reporting unit is less than its carrying value for purposes of the annual goodwill impairment test. If an entity determines it is more likely than not that the fair value of a reporting unit is less than the carrying value, then performing the two-step impairment test is necessary. The Company adopted ASU 2011-08 on January 30, 2012, and such adoption did not have a significant impact on the Company s results of operations, financial condition or disclosures.

Accounting pronouncements not yet adopted by the Company

The FASB issues ASUs to amend the authoritative literature in the related ASC. There have been a number of ASUs to date that amend the original text of the ASC. Except for the ASUs listed above, those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, or (iii) are not applicable to the Company. Additionally, there were various other accounting standards and interpretations issued during the thirteen weeks ended April 29, 2012 that the Company has not yet been required to adopt, none of which is expected to have a material impact on the Company s consolidated financial statements and the notes thereto going forward.

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2. Property and Equipment

Property and equipment consists of the following:

	April 29, 2012	January 29, 2012
Leasehold improvements	$ 58,064	$ 52,872
Equipment	10,722	9,292
	68,786	62,164
Less Accumulated depreciation	(21,156)	(19,379)
Property and equipment, net	$ 47,630	$ 42,785

Depreciation expense was $1,777 and $1,269 for the thirteen weeks ended April 29, 2012 and May 1, 2011, respectively.

3. Long-term Debt

On June 12, 2008, the Company established a three-year revolving credit facility by entering into a loan and security agreement (the Credit Agreement) with Fifth Third Bank. On April 22, 2011, the Company entered into an amendment to the Credit Agreement that, among other things, extended its term for five years through April 22, 2016. On October 6, 2011, the Company entered into a second amendment to the Credit Agreement that, among other things, permitted the creation of a foreign subsidiary and certain intercompany transfers. Additionally, on April 15, 2012, the Company entered into the third amendment (the Amendment) to the Credit Agreement (as amended, the Amended Credit Agreement). Among other things, the Amendment provides Fifth Third s consent to the pending transaction contemplated by the Asset Purchase Agreement, dated April 15, 2012, relating to the acquisition of substantially all of the assets of Teaopia Limited (the Teaopia Acquisition). Upon the closing of the Teaopia Acquisition, the Amendment also lowers the applicable margin for advances, permits new store capital expenditures for the stores acquired in the Teaopia Acquisition and increases the Maximum Revolving Facility (as defined). The Amended Credit Agreement provides for a revolving credit facility up to $50,000 from the date of the closing of the Teaopia Acquisition through December 31, 2012 and $40,000 on and after January 1, 2013. The revised terms of the Amendment are effective upon the closing of the Teaopia Acquisition, which occurred on June 11, 2012. All other material terms of the Credit Agreement remain the same.

Under the revolving credit facility, the borrowing capacity is equal to (i) the lesser of the maximum revolving facility, less the undrawn face amount of any letters of credit outstanding and (ii) the Borrowing Base (as defined). The maximum revolving facility was $40,000 as of April 29, 2012. The Borrowing Base is defined as the sum of (i) 200% of Consolidated EBITDA (as defined) for the most recent twelve month trailing period for which financial statements are available, minus (ii) the aggregate undrawn face amount of any outstanding letters of credit at the time a drawdown on the revolving credit facility is made, minus (iii) such reserves as may be established by the lender in its Permitted Discretion (as defined), but not to exceed 35% of the Borrowing Base. The revolving credit facility includes a $5,000 sublimit for the issuance of letters of credit. The Amended Credit Agreement is secured by substantially all of the U.S. assets of the Company. The revolving credit facility under the Amended Credit Agreement had no amounts outstanding, undrawn face amounts on letters of credit of $497 and availability of $39,503 on April 29, 2012.

The Credit Agreement bears interest at a rate of LIBOR, subject to a minimum level of 1.5% plus an applicable margin of 4.5% or at the lender s base commercial lending rate, plus an applicable margin of 3.0%. There were

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no amounts outstanding under the revolving credit facility on April 29, 2012. Any outstanding debt would have borne interest at a rate of 6.25% under the lender s base commercial lending rate.

The Amended Credit Agreement specifies certain financial and non-financial covenants that the Company must meet. It is management s belief that the Company was in compliance with these covenants on all respective measurement dates. The Amended Credit Agreement does not permit the payment of any dividends, and thus 100% of the Company s net income is restricted for purposes of dividend payments. The restriction on the payment of dividends applies to the Company and all of its subsidiaries. The Amended Credit Agreement also restricts all of the subsidiaries of the Company from making loans or advances to the Company in excess of certain specified limits and also limits annual net capital expenditures incurred by the Company. The restricted net assets of the subsidiaries are the same as the consolidated net assets, as presented in the accompanying condensed consolidated balance sheets. Teavana Holdings, Inc. has no operations or operating revenues, and the expenses of Teavana Holdings, Inc. are immaterial by virtue of the fact that the management and directors of the Company are compensated by its subsidiary, Teavana Corporation. Teavana Holdings, Inc. has no assets outside of its investments in subsidiaries, and no other material liabilities other than as a co-obligor under the Amended Credit Agreement.

Deferred financing costs totaling $15 were incurred in connection with the Amendment during the thirteen weeks ended April 29, 2012, and will be amortized to interest expense over the remaining term of the revolving credit facility using the straight-line method. The unamortized loan costs from the original Credit Agreement will also continue to be amortized over the remaining term of the revolving credit facility. Interest expense relating to deferred financing costs and interest incurred on borrowings under the revolving credit facility totaled $72 and $90 for the thirteen weeks ended April 29, 2012 and May 1, 2011, respectively.

4. Net income per share

The following table sets forth the computation of basic and diluted net income per share in accordance with ASC 260-*Earnings per Share*. Basic net income per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per share is calculated by dividing net income by the weighted average number of common shares outstanding plus potentially dilutive common shares, primarily consisting of the Company s non-qualified stock options, outstanding during the period. The treasury stock method was used to determine the dilutive effect of the stock options. The following table details the calculation of basic and diluted net income per share:

	Thirteen Weeks Ended April 29, 2012	Thirteen Weeks Ended May 1, 2011
Numerator:		
Net income	$ 3,501	$ 3,323
Denominator:		
For basic net income per share weighted average shares basis	38,305,620	36,749,460
Effect of dilutive stock options	780,758	979,162
For diluted net income per share adjusted weighted average shares basis	39,086,378	37,728,622
Net income per share:		

Basic	$	0.09	$	0.09
Diluted	$	0.09	$	0.09

As of April 29, 2012, the Company had 38,468,325 shares of common stock outstanding. As of May 1, 2011, the Company had 27,744,243 and 9,005,217 shares of Class A common stock and Class B redeemable common

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(dollars in thousands, except per share and store data)

stock, respectively, outstanding. The Class A common stock and Class B redeemable common stock shared equally in rights to dividends, undistributed earnings and voting rights. As a result, the two-class method has historically not been required for the computation of net income per share.

Anti-dilutive common stock options totaling 399,766 were excluded from the weighted average shares outstanding basis for the diluted net income per share calculation as of April 29, 2012. There were no anti-dilutive securities as of May 1, 2011.

5. Leases

The Company has entered into operating leases for its stores, distribution center and store support center. Initial lease terms for stores are generally ten years with rent escalations and no renewal options. Rent expense for leases with rent escalations is recognized on a straight-line basis over the term of occupancy of the lease. The leases are net leases under which the Company pays the taxes, insurance and common area maintenance costs. The leases may also provide for both minimum rent payments and contingent rental based on a percentage of sales in excess of specified amounts. In certain leases, the landlord also charges the Company a portion of its marketing expense.

Total minimum and contingent rent expense for the thirteen weeks ended April 29, 2012 and May 1, 2011, respectively, were as follows:

	Thirteen Weeks Ended	
	April 29, 2012	**May 1, 2011**
Minimum rentals	$ 4,105	$ 3,016
Contingent rentals	113	67
Total	$ 4,218	$ 3,083

Future minimum lease payments for non-cancelable operating leases with an initial term of one year or more are as follows as of April 29, 2012:

Fiscal Year	Amount
2012 (remainder of fiscal year)	$ 11,359
2013	17,936
2014	18,358
2015	18,182
2016	16,947
Thereafter	65,042
Total	$ 147,824

6. Stock-Based Compensation

Under the Company s 2004 Management Incentive Plan (the 2004 Plan), adopted on December 15, 2004, up to 1,851,471 stock options may be granted to certain employees and outside directors or advisors to purchase an equal number of shares of common stock at prices not less than

100% of the estimated fair market value at the date of grant. All stock-based awards issued under the plan are non-qualified stock options. On July 18, 2011, the Board of Directors and stockholders authorized the establishment of the Teavana 2011 Equity Incentive Plan

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(the 2011 Plan), effective immediately after the SEC s declaration of effectiveness of the Registration Statement on Form S-1 (File No. 333-173775), as amended (the Registration Statement) and immediately prior to the pricing of the initial public offering (the Offering), both of which took place on July 27, 2011. Under the 2011 Plan, up to 750,000 shares of the Company s common stock have been reserved for issuance pursuant to the grant to certain employees and outside directors of equity awards, including stock options, stock appreciation rights, restricted or unrestricted stock awards, restricted stock units, performance awards or other stock-based awards at prices not less than 100% of the estimated fair market value of the common stock at the date of grant. Share options forfeited or cancelled under both plans are eligible for reissuance under the 2011 Plan.

The Company accounts for stock-based awards in accordance with ASC Topic No. 718-*Compensation: Stock Compensation* (ASC 718). ASC 718 requires measurement of compensation cost for all stock-based awards at fair value on the grant date (or measurement date, if different) and recognition of compensation expense, net of forfeitures, over the requisite service period for awards expected to vest. Stock-based compensation expense was $263 and $37 for the thirteen weeks ended April 29, 2012 and May 1, 2011, respectively.

The fair values of stock options granted under the 2004 and 2011 Plans are estimated at the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options. Stock option pricing models require the input of highly subjective assumptions, including the expected volatility of the stock price. The Company s stock has been publicly traded since July 28, 2011; therefore, changes in these subjective input assumptions may affect the grant date fair value estimates. The assumptions used are based on management s best estimate and available information at the time of grant. There were no options granted or that expired during the thirteen weeks ended April 29, 2012. The following table represents stock options granted, exercised or forfeited under the 2004 Plan and the 2011 Plan during the thirteen weeks ended April 29, 2012:

	Stock Options	Weighted Average Exercise Price
Outstanding at January 29, 2012	1,907,305	$ 5.77
Granted		
Exercised	(186,489)	1.30
Forfeited	(12,500)	17.00
Outstanding at April 29, 2012	1,708,316	$ 6.18

Under the 2004 Plan and the 2011 Plan, options generally become exercisable over a four-year period and expire ten years from the date of grant. Additionally, stock option grants generally vest 25% on each anniversary of the grant date, commencing with the first anniversary of the grant date (in the case of the 580,500 options granted under the 2011 Plan concurrent with the pricing of the Offering, commencing with the first anniversary of the closing of the transaction on August 2, 2011). As of April 29, 2012, there was $3,594 of total unrecognized compensation cost related to non-vested stock option awards expected to vest. This compensation cost is expected to be recognized through fiscal 2015 based on existing vesting terms, with the weighted average remaining expense recognition period being approximately 1.73 years.

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The options outstanding as of April 29, 2012, by exercise price, are summarized below:

Number of Stock Options Outstanding	Stock Options Exercisable	Exercise Price	Average Remaining Contractual Life (in Years)
812,853	812,853	$ 1.12	4.26
25,219	25,219	1.35	5.50
210,647	210,647	1.62	5.92
14,812	14,812	1.76	6.34
117,285	117,285	2.43	7.50
522,500		17.00	9.25
5,000		$ 15.11	9.63
1,708,316	1,180,816		6.00

There were 1,180,816 options exercisable as of April 29, 2012 with a weighted average exercise price of $1.35 per share and intrinsic value of $22,552. Additionally, 186,489 options were exercised during the thirteen weeks ended April 29, 2012 with an intrinsic value of $3,521. The exercise of these stock options gave rise to a tax benefit of $1,338.

The Company has calculated its additional paid-in capital pool (APIC Pool), the cumulative amount of excess tax benefits from all awards accounted for under ASC 718, based on the actual income tax benefits received from exercises of stock options granted under ASC 718 using the long method. The APIC Pool is available to absorb future tax deficiencies.

7. Income Taxes

For interim financial reporting, the Company estimates the annual effective tax rate based on projected taxable income for the full year and adjusts as necessary for discrete events occurring in a particular period. The quarterly income tax provision is recorded in accordance with the estimated annual effective rate. The Company refines the estimates of taxable income throughout the year as new information, including year-to-date financial results, becomes available, and adjusts the annual effective tax rate, if necessary, during the quarter in which the change in estimate occurs. Significant judgment is required in determining the Company s effective tax rate and in evaluating its tax positions.

The effective tax rate for the thirteen weeks ended April 29, 2012 was 39.5% as compared to 42.4% for the thirteen weeks ended May 1, 2011. The Company s estimated annual effective tax rate for the thirteen weeks ended April 29, 2012 decreased primarily as a result of the elimination of the non-deductible accretion of the Series A redeemable preferred stock in conjunction with the closing of the Offering in August 2011.

The effective tax rate differs from the federal statutory rate primarily due to state income tax expense and to a lesser extent, certain nondeductible expenses and foreign tax expense.

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company considers projections of future taxable income, tax planning strategies and the reversal of temporary differences in making this assessment. The Company has determined that no such valuation allowance was necessary as of April 29, 2012 and May 1, 2011.

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The Company recognizes income tax liabilities related to unrecognized tax benefits in accordance with ASC Topic No. 740-10-*Accounting for Income Taxes,* and adjusts for such liabilities when its judgment changes as the result of the evaluation of new information. As of April 29, 2012, there were no uncertain tax positions, and the Company does not anticipate any tax positions generating a significant change in this balance for unrecognized tax benefits within 12 months of this reporting date.

The Company and its subsidiaries are subject to U.S. federal income tax regulations, as well as income tax regulations of multiple state and foreign jurisdictions with varying statutes of limitations. The Company s tax years for fiscal 2009 through 2011 generally remain subject to examination by federal and most state taxing authorities.

8. Segments

ASC Topic No. 280-*Segment Reporting* (ASC 280) establishes standards for reporting information about a company s operating segments. The Company determines its operating segments on the same basis used to evaluate performance internally. The Company s reportable segments include the operation of company-owned stores and its e-commerce website, which have been aggregated into one reportable financial segment. Management bases this aggregation on the following factors: (i) the merchandise offered at company-owned stores and through the e-commerce business is largely the same, (ii) the majority of e-commerce customers are also customers of retail locations, (iii) the product margins and sales mix of the stores and the e-commerce business are similar and (iv) the distribution methods are the same for both revenue streams. As of April 29, 2012, all of the Company s significant identifiable assets were located in the United States and Canada.

The following tables present summarized geographical information:

	Thirteen Weeks Ended			
	April 29, 2012		**May 1, 2011**	
Net Sales:				
United States	$ 44,072	*99%*	$ 34,939	*100%*
Canada	247	*1%*		
Total	$ 44,319		$ 34,939	

	As of			
	April 29, 2012		January 29, 2012	
Long-lived assets, net:				
United States	$ 46,405	*97%*	$ 42,317	*99%*
Canada	1,225	*3%*	468	*1%*
Total	$ 47,630		$ 42,785	

9. Commitments and Contingencies

From time to time, in the normal course of business, the Company is involved in legal proceedings. The Company evaluates the need for loss accruals under the requirements of ASC Topic No. 450 *Contingencies.* The Company records an estimated loss for any claim, lawsuit, investigation or proceeding when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. If the reasonable estimate of a probable loss is a range, and no amount within the range is a better estimate, then the Company records the

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minimum amount in the range as the loss accrual. If a loss is not probable or a probable loss cannot be reasonably estimated, no liability is recorded.

On December 28, 2011, a putative class action lawsuit styled *Chavez v. Teavana Corp.* alleging wage and hour violations of the California Labor Code for General Managers in California was filed in the Superior Court of California, County of Los Angeles. The plaintiff seeks on behalf of herself and other putative class members, compensatory damages, restitution, putative and exemplary damages, penalties, interest and other relief. The Company disputes the material allegations in the complaint and intends to defend the action vigorously. Due to inherent uncertainties of litigation and because the lawsuit is in early procedural stages, the Company cannot at this time accurately predict the ultimate outcome, or any potential liability, of the matter.

The Company is also subject to other legal proceedings and claims that arise in the ordinary course of its business. These include claims resulting from slip and fall accidents, employment related claims and claims from guests or team members alleging illness or injury or other operational concerns. To date, no claims of these types of litigation, certain of which are covered by insurance policies, have had a material effect on the Company. While it is not possible to predict the outcome of these other suits, legal proceedings and claims with certainty, management does not believe that they would have a material adverse effect on the Company s financial position and results of operations.

10. Subsequent Events

On June 11, 2012, the Company through its wholly owned subsidiary, Teavana Canada, Inc., completed the Teaopia Acquisition for a purchase price of approximately USD $26,888, subject to certain adjustments, as defined more fully in the Asset Purchase Agreement. Through the Acquisition, the Company acquired substantially all of the assets of Teaopia Limited, which currently operates 46 retail store locations in Canada that sell tea and tea-related merchandise. Additionally, the provisions of the Amended Credit Agreement became effective upon the closing of the Teaopia Acquisition on June 11, 2012. The Amended Credit Agreement was amended to accommodate the Teaopia Acquisition. In addition, the Amendment adjusts the applicable margin for advances, permits increased new store capital expenditures in connection with the Teaopia Acquisition and includes an increase to the Maximum Revolving Facility (as defined) to $50,000 and consents to the Transaction. Advances under the amended credit agreement will bear interest at the lender s base commercial lending rate plus an applicable margin of 1.00% or at a rate of LIBOR plus an applicable margin of 4.00% through February 3, 2013. As of February 3, 2013, the applicable margin for LIBOR rate advances will equal a percentage based on certain financial metrics set forth within the Amendment, not to exceed 4.50%.

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Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in conjunction with the condensed consolidated financial statements as of and for the thirteen weeks ended April 29, 2012 and May 1, 2011 included in Part I, Item 1 of this Quarterly Report on Form 10-Q. The statements in this discussion regarding expectations of our future performance, liquidity and capital resources and other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in Risk Factors and Forward-Looking Statements in our Annual Report on Form 10-K as filed with the SEC on April 13, 2012. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

We operate on a fiscal calendar widely used in the retail industry that results in a given fiscal year consisting of a 52- or 53-week period ending on the Sunday closest to January 31 of the following year. For example, references to fiscal 2012 refer to the fiscal year ending February 3, 2013. The quarters ended April 29, 2012 and May 1, 2011 each contain 13 weeks.

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report contains forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than those that are purely historical are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as anticipate, estimate, expect, project, plan, intend, believe, may, will, should, can have, likely and other v meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. For example, all statements we make relating to our estimated and projected earnings, revenues, costs, expenditures, cash flows, growth rates and financial results, our plans and objectives for future operations, growth or initiatives, strategies, or the expected outcome or impact of pending or threatened litigation are forward-looking statements. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected, including, but not limited to the following:

- our failure to successfully execute our growth strategy;
- economic conditions, and their effect on the financial and capital markets, our vendors and business partners, employment levels, consumer demand, spending patterns, inflation and the cost of goods;
- unseasonable weather conditions;
- our loss of key personnel or our inability to hire additional personnel;
- disruptions in our supply chain and our single distribution center;
- our failure to identify and respond to new and changing customer tastes, buying and economic trends;
- the impact of governmental laws and regulations and the outcomes of legal proceedings;
- risks and challenges in connection with sourcing merchandise from third party suppliers, including the risk that current or prospective suppliers may be unable or unwilling to supply us with adequate quantities of their teas or merchandise in a timely manner or at acceptable quality or prices, including risks related to natural or manmade causes outside of our control;

the risk of a cyber security incident or other technological disruption;

risks relating to our acquisition of Teaopia Limited, including that we may not be able to integrate Teaopia s operations as planned or that such stores may not perform as planned; and

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other factors discussed in other reports or filings filed by us with the Securities and Exchange Commission (the SEC), including our Annual Report on Form 10-K under the Securities Act of 1934 filed with the SEC on April 13, 2012.

Any forward-looking statement made by us in this Quarterly Report on Form 10-Q 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. We undertake 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. You are advised, however, to consult any further disclosures we may make in our future reports to the SEC, on our website or otherwise.

Overview

Teavana is a specialty retailer offering more than 100 varieties of premium loose-leaf teas, authentic artisanal teawares and other tea-related merchandise. We offer our products through 223 company-owned stores in 39 states and Canada and 18 franchised stores primarily in Mexico, as well as through our website, www.teavana.com.

On April 15, 2012, we entered into an Asset Purchase Agreement (the Asset Purchase Agreement) to acquire substantially all of the assets of Teaopia Limited (Teaopia), for approximately $26.9 million in cash, subject to certain adjustments (the Teaopia Acquisition) as defined in the Asset Purchase Agreement. The Teaopia Acquisition closed on June 11, 2012. Teaopia currently operates 46 retail store locations in Canada that sell tea and tea-related merchandise, and will provide a further foothold for us in the Canadian market. We expect to incur certain transaction and transition costs in connection with the Teaopia Acquisition, including necessary costs associated with integrating the operations of Teaopia into our own operations.

How We Assess the Performance of Our Business

In assessing the performance of our business and our progress against our growth strategy, we consider a variety of performance and financial measures. The key measures that we utilize to evaluate the performance of our business and the execution of our strategy are set forth below:

Net Sales

Net sales constitute gross sales net of any returns and discounts. Net sales consist of comparable sales which include e-commerce, non-comparable store sales, and other sales.

The specialty retail industry is cyclical, and consequently our net sales are affected by general macroeconomic conditions. Sales of premium loose-leaf tea and tea-related merchandise can be impacted by a number of factors that influence the levels of consumer spending, including economic conditions and the level of disposable consumer income, consumer debt, interest rates and consumer confidence.

Our business is also seasonal, and as a result, our net sales fluctuate from quarter to quarter. Net sales are traditionally highest in the fourth fiscal quarter, which includes the holiday sales period from Thanksgiving through the end of December, and tends to be lowest in the second and third fiscal quarters.

Comparable sales. Comparable sales includes sales from all company-owned stores that have been open for at least 15 full fiscal months, as in our experience our new stores generally open with higher than average sales volumes in the initial months following their opening, and e-commerce sales from our website, www.teavana.com. The trend of higher than average sales volumes for stores at opening usually extends for a period of at least three months, and comparability is typically achieved 12 months after the initial three-month period from the date of opening. In previous periods, sales from our website were included in other sales .

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There may be variations in the way in which certain other retailers calculate comparable sales. As a result, data in this Quarterly Report on Form 10-Q regarding our comparable sales may not be comparable to similarly titled data made available from other retailers.

Measuring the change in year-over-year comparable sales allows us to evaluate how our stores and website are performing. Various factors affect comparable sales, including:

- consumer preference, buying and economic trends;
- our ability to anticipate and respond effectively to consumer preference, buying and economic trends;
- national or regional macroeconomic trends or climate patterns;
- our ability to provide a product offering that generates new and repeat visits to our stores;
- the customer experience we provide in our stores;
- the level of traffic near our locations in the shopping malls and centers in which we operate;
- the number of customer transactions and the average ticket in our stores;
- the pricing of our teas and tea-related merchandise;
- the length of time of individual store operations;
- our ability to obtain and distribute products efficiently;
- our opening of new stores in the vicinity of our existing stores; and
- the opening or closing of competitor stores in the vicinity of our stores.

Non-comparable store sales. Non-comparable store sales include sales from stores not included in comparable sales. As we pursue our growth strategy, we expect that a significant percentage of our net sales increase will continue to come from non-comparable store sales. Accordingly, non-comparable store sales are an additional key measure we use to assess the success of our growth strategy.

Other sales. Other sales include sales related to our franchised operations and gift card breakage revenue. Sales related to our franchised operations consist of initial franchise fees received in connection with newly franchised stores that are recognized as revenue when the obligations under the related franchise agreement are met, continuing royalty fees and wholesale sales of our teas and tea-related merchandise by our business partner under our international development agreement for Mexico.

Gross Profit

Gross profit is equal to our net sales minus our cost of goods sold. Gross margin is gross profit as a percentage of our net sales. Cost of goods sold includes the direct costs of our products, freight and shipping costs, distribution center costs and occupancy costs for stores in operation and excludes depreciation and amortization expense. The components of cost of goods sold may not be comparable to those of other retailers.

Our cost of goods sold is substantially higher in higher-volume quarters because cost of goods sold generally increases as net sales increases. Changes in the product mix of sales, such as shifts in the proportion of tea to merchandise sales, may also impact our overall gross margin. As our stores mature, they have historically experienced a sales mix shift away from tea-related merchandise towards higher margin loose-leaf teas, increasing overall gross margins. In general, this trend is the result of the evolution in our customers buying patterns as they graduate from purchases with a greater focus on merchandise with which to prepare and enjoy tea towards transactions centered more on replenishing their favorite teas and experimenting with new blends.

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Selling, General and Administrative Expense

Selling, general and administrative expense consists primarily of store operating expenses, store pre-opening expenses and other administrative expenses. Store operating expenses are generally the largest component of selling, general and administrative expense and consist of all store expenses other than occupancy-related costs (which are included in cost of goods sold). Store pre-opening costs are expensed as incurred and represent the costs at a store prior to its opening date including occupancy, payroll and other operating costs. Other administrative expenses include professional fees, travel costs, occupancy and payroll costs (both cash and stock-based) for our store support center and other administrative expenses.

Selling, general and administrative expense typically does not vary proportionally with net sales to the same degree as our cost of goods sold. Accordingly, this expense as a percentage of sales is usually higher in lower-volume quarters and lower in higher-volume quarters. We expect that our selling, general and administrative expense will be higher in periods in which we are engaged in acquisition activity. The components of selling, general and administrative expense may not be comparable to those of other retailers.

Depreciation and Amortization Expense

Depreciation and amortization expense consists primarily of depreciation of our leasehold improvements and equipment and, to a lesser extent, amortization of our finite-lived assets. We expect that depreciation expense will continue to increase as we open more stores.

Results of Operations

The following tables summarize key components of our results of operations for the periods indicated:

	Thirteen Weeks Ended April 29, 2012	May 1, 2011
	(unaudited) (dollars in thousands, except per share and store data)	
Consolidated Statement of Operations Data:		
Net sales	$ 44,319	$ 34,939
Cost of goods sold (exclusive of depreciation shown separately below)	15,895	12,451
Gross profit	28,424	22,488
Selling, general and administrative expense	20,786	14,758
Depreciation and amortization expense	1,779	1,274
Income from operations	5,859	6,456
Interest expense, net	72	689
Income before income taxes	5,787	5,767
Provision for income taxes	2,286	2,444
Net income	$ 3,501	$ 3,323
Net income per share:		
Basic	$ 0.09	$ 0.09
Diluted	$ 0.09	$ 0.09
Weighted average shares outstanding:		
Basic	38,305,620	36,749,460
Diluted	39,086,378	37,728,622

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	Thirteen Weeks Ended April 29, 2012	Thirteen Weeks Ended May 1, 2011
	(unaudited)	
	(dollars in thousands, except per share and store data)	
Percentage of Net Sales:		
Net sales	100.0%	100.0%
Cost of goods sold (exclusive of depreciation shown separately below)	35.9%	35.6%
Gross profit	64.1%	64.4%
Selling, general and administrative expense	46.9%	42.2%
Depreciation and amortization expense	4.0%	3.7%
Income from operations	13.2%	18.5%
Interest expense, net	0.2%	2.0%
Income before income taxes	13.0%	16.5%
Provision for income taxes	5.1%	7.0%
Net income	7.9%	9.5%
Store Data (unaudited):		
Number of stores at end of period	223	161
Comparable sales growth for period (1)	1.7%	9.1%
Comparable store sales growth for period, excluding e-commerce (2)	-0.1%	6.0%
Average net sales per comparable store (in thousands) (3)	$ 209	$ 213
Gross square footage at end of period (in thousands)	205	145
Sales per gross square foot (4)	$ 209	$ 231

(1) Includes comparable store sales from all company-owned stores that have been open for at least 15 full fiscal months and sales from our website www.teavana.com. Comparability for stores is typically achieved 12 months after the initial three-month period from opening during which new stores typically experience higher-than-average sales volumes.

(2) Comparable store sales, excluding e-commerce, represent sales from all company-owned stores that have been open for at least 15 full fiscal months. Comparability is typically achieved 12 months after the initial three-month period from opening during which new stores typically experience higher-than-average sales volumes.

(3) Average net sales per comparable store is calculated by dividing total sales per period for stores open 15 full fiscal months or more as of the beginning of each respective fiscal period by the total number of such stores. This methodology excludes the effects of the initial three-month period of higher-than-average sales volumes and also excludes e-commerce sales.

(4) Sales per gross square foot is calculated by dividing total net sales for all stores, excluding e-commerce, by the average gross square footage for the period. Average gross square footage for the period is calculated by dividing the sum of the total gross square footage at the beginning and at the end of each period by two.

The approximate percentages of net sales derived from our product categories were as follows:

	Thirteen Weeks Ended April 29, 2012	Thirteen Weeks Ended May 1, 2011
	(unaudited)	
Product Categories:		
Tea	59%	60%
Merchandise	37%	36%
Beverage	4%	4%

	100%	100%

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Thirteen Weeks Ended April 29, 2012 Compared to Thirteen Weeks Ended May 1, 2011

Net Sales

Net sales increased by 26.8%, or $9.4 million, to $44.3 million in the thirteen weeks ended April 29, 2012 from $34.9 million in the thirteen weeks ended May 1, 2011, resulting from a $9.0 million increase in non-comparable store sales, a $0.6 million increase in comparable sales, and a $0.2 million decrease in other sales.

Non-comparable store sales increased by $9.0 million in the thirteen weeks ended April 29, 2012, driven primarily by the increase in the number of non-comparable stores period over period. There were 78 non-comparable stores as of April 29, 2012 as compared to 53 non-comparable stores as of May 1, 2011.

Comparable sales increased by 1.7%, or $0.6 million, at our comparable stores and through our website in the thirteen weeks ended April 29, 2012 due to a 0.2% increase in the average transaction size coupled with a 1.5% increase in the number of transactions in these channels. Average transaction size remained relatively flat at approximately $40 in the thirteen weeks ended April 29, 2012 and May 1, 2011. The number of transactions increased by 1.5% due to increased transactions in our e-commerce business as our store openings in new and existing markets increased awareness of our brand and drove greater traffic to our website. There were 145 comparable stores as of April 29, 2012 compared to 108 as of May 1, 2011. Comparable store sales, excluding e-commerce, decreased by 0.1% in the thirteen weeks ended April 29, 2012 due to a 0.2% increase in the average transaction size more than offset by a 0.3% decrease in the number of transactions. Excluding beverage only transactions, which represent only 4% of our comparable store sales but 25% of their transactions, our comparable store sales, excluding e-commerce, decreased by 0.3% due to a 2.7% increase in the average transaction size more than offset by a 3.0% decrease in the number of transactions. Our comparable store sales experienced regional variations during this period, with our West region generating an increase in comparable store sales of 5.6% while our East and Central regions generated a decrease in comparable store sales of 3.4% and 2.1%, respectively. We believe the regional variances in our comparable store sales in the thirteen weeks ended April 29, 2012 were driven primarily by unseasonably warm temperatures in the East and Central regions compared to average temperatures in the West region.

Other sales decreased by $0.2 million in the thirteen weeks ended April 29, 2012 due to fewer franchise store openings in the thirteen weeks ended April 29, 2012 as compared to the thirteen weeks ended May 1, 2011. There were no franchise store openings in the thirteen weeks ended April 29, 2012 as compared to four franchise store openings in the thirteen weeks ended May 1, 2011.

Gross Profit

Gross profit increased by 26.4%, or $5.9 million, to $28.4 million in the thirteen weeks ended April 29, 2012 from $22.5 million in the thirteen weeks ended May 1, 2011, due primarily to our growth in sales from the opening of additional company-owned stores. Gross margin decreased slightly to 64.1% in the thirteen weeks ended April 29, 2012 as compared to 64.4% in the thirteen weeks ended May 1, 2011. The decrease in gross margin is primarily attributable to slightly less tea in the product mix, and to a lesser extent less leverage of store occupancy costs compared to the year-ago period.

Selling, General and Administrative Expense

Selling, general and administrative expense increased by 40.8%, or $6.0 million, to $20.8 million in the thirteen weeks ended April 29, 2012 from $14.8 million in the thirteen weeks ended May 1, 2011. As a percentage of net sales, selling, general and administrative expense increased to 46.9% in the thirteen weeks ended April 29, 2012 from 42.2% in the thirteen weeks ended May 1, 2011.

Store operating expenses increased by 34.9%, or $3.5 million, in the thirteen weeks ended April 29, 2012 due primarily to the operation of 223 stores as of this date as compared to the operation of 161 stores as of May 1, 2011. As a percentage of net sales, store operating expenses increased to 30.6% in the thirteen weeks ended April 29, 2012 from 28.8% in the thirteen weeks ended May 1, 2011. Store operating expenses as a percentage of net sales from stores increased to 33.3% for the thirteen weeks ended April 29, 2012 from 31.7% for the thirteen weeks ended May 1, 2011 due primarily to increased training and related costs resulting from opening 23 stores in the thirteen weeks ended April 29, 2012 compared to opening 15 stores in the thirteen weeks ended May 1, 2011.

Store pre-opening expenses increased by 83.1%, or $0.6 million, in the thirteen weeks ended April 29, 2012 due primarily to the timing of the opening of 23 new stores in the thirteen weeks ended April 29, 2012 compared to the timing of opening 15 new stores in the thirteen weeks ended May 1, 2011. As a percentage of net sales, store pre-opening expenses increased to 2.8% in the thirteen weeks ended April 29, 2012 as compared to 2.0% in the thirteen weeks ended May 1, 2011.

Other administrative expenses increased by 48.4%, or $1.9 million, in the thirteen weeks ended April 29, 2012 due primarily to the increased cost to support 223 stores in operation as of April 29, 2012 compared to 161 stores as of May 1, 2011. In addition, we experienced an increase in other administrative expenses including stock compensation expense and other costs associated with being a public company such as increased board fees, insurance, compliance and finance, legal and compliance payroll costs for the thirteen weeks ended April 29, 2012 as compared to the thirteen weeks ended May 1, 2011. Additionally, we incurred transaction and integration planning expenses of approximately $0.3 million related to the Teaopia Acquisition during the thirteen weeks ended April 29, 2012. As a percentage of net sales, other administrative expenses increased to 13.5% in the thirteen weeks ended April 29, 2012 as compared to 11.4% for the thirteen weeks ended May 1, 2011.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 39.6%, or $0.5 million, to $1.8 million in the thirteen weeks ended April 29, 2012 from $1.3 million in the thirteen weeks ended May 1, 2011 due primarily to capital expenditures of approximately $18.7 million incurred during the trailing four quarters to build new stores and, to a lesser extent, for leasehold improvements at our new store support center and distribution center. As a percentage of net sales, depreciation and amortization expense increased to 4.0% for the thirteen weeks ended April 29, 2012 as compared to 3.7% for the thirteen weeks ended May 1, 2011.

Interest Expense, Net

Interest expense, net decreased by 89.6%, or $0.6 million, to $0.1 million in the thirteen weeks ended April 29, 2012 from $0.7 million in the thirteen weeks ended May 1, 2011 due primarily to the elimination of approximately $0.6 million in accretion from our Series A redeemable preferred stock. The Series A redeemable preferred stock was redeemed at the consummation of our Offering on August 2, 2011.

Provision for Income Taxes

Our provision for income taxes decreased by 6.5%, or $0.1 million, to $2.3 million in the thirteen weeks ended April 29, 2012 from $2.4 million in the thirteen weeks ended May 1, 2011. Our effective tax rates were 39.5% and 42.4% for the thirteen weeks ended April 29, 2012 and May 1, 2011, respectively. The favorable impact to the effective tax rate was primarily the result of the elimination of the non-deductible accretion related to our Series A redeemable preferred stock. The Series A redeemable preferred stock was fully redeemed at the consummation of our Offering on August 2, 2011. This decrease was partially offset by an increase in the overall state income tax rate, which is primarily attributable to increased profitability in higher tax rate jurisdictions in which income is earned.

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Net Income

As a result of the factors above, net income increased by 5.4%, or $0.2 million, to $3.5 million in the thirteen weeks ended April 29, 2012 from $3.3 million in the thirteen weeks ended May 1, 2011. Net income as a percentage of net sales decreased to 7.9% in the thirteen weeks ended May 1, 2011 from 9.5% in the thirteen weeks ended May 1, 2011.

Liquidity and Capital Resources

Our primary sources of liquidity are cash flows from operations and borrowings under our revolving credit facility.

Our primary cash needs are for capital expenditures and working capital needs and, selectively, for acquisitions such as our acquisition of Teaopia. Capital expenditures typically vary depending on the timing of new store openings and infrastructure-related investments. During fiscal 2012, we plan to spend approximately $20.0 million on capital expenditures, exclusive of the Teaopia Acquisition. We expect to devote approximately 80% of this capital expenditure budget to construct and open new stores and renovate a small number of existing stores, with the remainder projected to be spent on expansion of our distribution center and on continued investment in our information technology systems. Additionally, we expect to spend approximately $2.0 million in construction and conversion costs related to stores acquired in the Teaopia Acquisition.

Our on-going primary working capital requirements are for the purchase of store inventory and payment of payroll, rent and other store operating costs. Our working capital requirements fluctuate during the year, rising in the second and third fiscal quarters as we take title to increasing quantities of inventory in anticipation of our peak selling season in the fourth fiscal quarter. Fluctuations in working capital are also driven by the timing of new store openings.

Historically, we have funded our capital expenditures and working capital requirements during the fiscal year with borrowings under our revolving credit facility, which we have typically paid down at the end of the fiscal year with cash generated during our peak selling season in the fourth quarter. The amount of indebtedness outstanding under our revolving credit facility has tended to be highest in the beginning of the fourth quarter of each fiscal year.

We believe that our cash position, net cash provided by operating activities and availability under our revolving credit facility will be adequate to finance our planned capital expenditures, our acquisition of Teaopia and working capital requirements for the foreseeable future.

Cash Flows

A summary of our cash flows from operating, investing and financing activities is presented in the following table:

	Thirteen Weeks Ended April 29, 2012	Thirteen Weeks Ended May 1, 2011
	(unaudited) (dollars in thousands)	
Cash flows provided by (used in):		
Operating activities	$ 6,890	$ 1,142
Investing activities	(6,232)	(5,056)
Financing activities	1,565	(247)
Effect of exchange rates on cash and cash equivalents	(1)	
Increase (decrease) in cash and cash equivalents	$ 2,222	$ (4,161)

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Operating Activities

Cash flows generated by operating activities consist primarily of net income adjusted for non-cash items, including depreciation and amortization expense, non-cash interest expense, stock-based compensation expense, deferred taxes and the effect of working capital changes.

	Thirteen Weeks Ended	
	April 29, 2012	May 1, 2011
	(unaudited) (dollars in thousands)	
Cash flows from operating activities:		
Net income	$ 3,501	$ 3,323
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	1,779	1,274
Non-cash interest expense	22	633
Stock-based compensation expense	263	37
Excess tax benefit from stock option exercises	(1,338)	
Other	(107)	140
Change in operating assets and liabilities	2,770	(4,265)
Net cash provided by operating activities	$ 6,890	$ 1,142

Net cash provided by operating activities increased by $5.8 million to $6.9 million during the thirteen weeks ended April 29, 2012 from $1.1 million during the thirteen weeks ended May 1, 2011. This increase was primarily due to a decrease in cash used by net working capital components of approximately $7.0 million coupled with an increase of net income of approximately $0.2 million, less the net effect of $1.4 million in other adjustments as detailed in the table above. The decrease in cash used by net working capital components at the end of the thirteen weeks ended April 29, 2012 is primarily related to the timing of vendor payments and increases in our deferred rent, deferred tax liability and accounts payable balances as compared to May 1, 2011, all of which were attributable to the growth of our business.

Investing Activities

Cash flows used by investing activities consist primarily of capital expenditures for new stores and, to a lesser extent, for existing stores, as well as for investments in our information technology systems, distribution center and our store support center, to support our planned growth.

Capital expenditures increased by $1.1 million to $6.2 million in the thirteen weeks ended April 29, 2012 from $5.1 million in the thirteen weeks ended May 1, 2011. This increase was due primarily to the timing and number of new store build-outs. We opened 23 new stores in the thirteen weeks ended April 29, 2012 compared to 15 new stores in the thirteen weeks ended May 1, 2011.

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Financing Activities

Cash flows from financing activities consist primarily of borrowings and payments on our revolving credit facility and related financing costs.

	Thirteen Weeks Ended	
	April 29, 2012	May 1, 2011
	(unaudited) (dollars in thousands)	
Cash flows from financing activities:		
Proceeds from revolving credit facility	$ 46,384	$ 35,510
Payments on revolving credit facility	(46,384)	(35,510)
Proceeds from stock option exercises	242	
Excess tax benefit from stock option exercises	1,338	
Other	(15)	(247)
Net cash provided by (used in) financing activities	$ 1,565	$ (247)

Net cash provided by financing activities increased by $1.8 million to $1.6 million in the thirteen weeks ended April 29, 2012 as compared to $0.2 million in cash used by financing activities in the thirteen weeks ended May 1, 2011. This increase was primarily attributable to the exercise of stock options during the thirteen weeks ended April 29, 2012 that resulted in the recognition of a tax benefit of approximately $1.3 million and proceeds of approximately $0.2 million.

Revolving Credit Facility

On June 12, 2008, we entered into a loan and security agreement with Fifth Third Bank for a three-year revolving credit facility (the Credit Agreement). On April 22, 2011, we entered into an amendment to the existing loan and security agreement, which extends the maturity of this facility until April 22, 2016. On October 6, 2011, we entered into a second amendment that, among other things, permitted the creation of a foreign subsidiary and certain inter-company transfers. On April 15, 2012, we entered into a third amendment (the Amendment) that provides Fifth-Third s consent to the Teaopia Acquisition, lowers the applicable margin for advances, permits new store capital expenditures for locations acquired in the Teaopia Acquisition and increases the Maximum Revolving Facility (the Credit Agreement, as amended by the Amendment, the Amended Credit Agreement) to $50.0 million through December 31, 2012 and $40.0 million on and after January 1, 2013. The revised terms under the Amendment are effective upon the closing of the Teaopia Acquisition, which occurred on June 11, 2012. All other material terms of the Credit Agreement remain the same.

Under the revolving credit facility, our borrowing capacity is equal to the lesser of (i) the Maximum Revolving Facility (as defined), less the undrawn face amount of any letters of credit outstanding at the time a drawdown on the revolving credit facility is made, and (ii) the Borrowing Base (as defined). The Maximum Revolving Facility is equal to $40.0 million. The Borrowing Base is defined as the sum of (i) 200% of Consolidated EBITDA (as defined) for the most recent trailing twelve-month period for which financial statements are available, minus (ii) the aggregate undrawn face amount of any letters of credit outstanding at the time a drawdown on the revolving credit facility is made, minus (iii) such reserves as may be established by the lender in its Permitted Discretion (as defined) but not to exceed 35% of the Borrowing Base. The credit facility includes a $5.0 million sublimit for the issuance of letters of credit. Our excess borrowing capacity was $39.5 million as of April 29, 2012, with no amounts outstanding under our revolving credit facility and undrawn face amounts on letters of credit of $0.5 million as of that date.

Indebtedness incurred under the revolving credit facility bears interest at a rate of LIBOR, subject to a minimum level of 1.5% plus an applicable margin of 4.5% or the lender s base commercial lending rate, plus an applicable margin of 3.0%. Any outstanding debt would have borne interest at a rate of 6.25% under the lender s base commercial lending rate as of April 29, 2012.

The Amended Credit Agreement includes certain financial covenants. The financial covenants include the requirements to: (i) maintain a ratio of Consolidated Free Cash Flow to Consolidated Fixed Charges (as such terms are defined); (ii) maintain a ratio of Debt (as defined) to Consolidated EBITDA; (iii) limit our annual Consolidated Capital Expenditures (as defined); and (iv) limit our Consolidated Net Capital Expenditures (defined as Consolidated Capital Expenditures minus a specified amount of capital expenditures related to new-store openings determined on the basis of our Consolidated Leverage Ratio). The Amended Credit Agreement also includes customary negative and affirmative covenants. The negative covenants include, among others, limitations on: indebtedness; the payment of dividends; liens; the disposition of assets; consolidations and mergers; loans and investments; transactions with affiliates; restricted payments; sale-leaseback transactions; incurrence of certain restrictions by subsidiaries; other negative pledges; and foreign assets. The affirmative covenants include, among others, the requirement to provide audited annual and unaudited monthly financial statements, quarterly and annual compliance certificates, and other financial and operating information. As of April 29, 2012, we were in compliance with the financial covenants and other covenants applicable to us under the Amended Credit Agreement.

Indebtedness incurred under both the Credit Agreement and the Amended Credit Agreement is collateralized by substantially all of our U.S. assets.

Off-Balance Sheet Arrangements

As of and for the thirteen weeks ended April 29, 2012, except for operating leases entered into in the normal course of business, we were not party to any material off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, net sales, expenses, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations and Commitments (unaudited)

The following table summarizes our contractual obligations as of April 29, 2012, and the effect such obligations are expected to have on our liquidity and cash flows in future periods.

	Total Obligations	Payments due by Period <1 Year (1)	2-3 Years	4-5 Years	Thereafter
		(dollars in thousands)			
Operating lease obligations (2)	$ 147,824	$ 11,359	$ 36,294	$ 35,129	$ 65,042
Construction-related obligations	2,616	2,616			
Purchase obligations (3)	13,708	13,708			
Total contractual obligations	$ 164,148	$ 27,683	$ 36,294	$ 35,129	$ 65,042

(1) The obligations in this column represent known cash requirements from April 29, 2012 through February 3, 2013.

(2) Operating lease obligations reflect base rent and exclude insurance, taxes, maintenance and other related leasing costs. Other related leasing costs including insurance, taxes and maintenance comprise approximately 40% of the base rent obligation.

(3) Purchase obligations consist primarily of inventory purchase orders. Our inventory purchase orders are cancellable with limited or no recourse available to the vendor until the inventory is shipped to us.

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Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. Predicting future events is inherently an imprecise activity and, as such, requires the use of judgment. Actual results may vary from estimates in amounts that may be material to the financial statements. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact our consolidated financial statements. Our critical accounting policies and estimates are discussed in our Annual Report on Form 10-K filed with the SEC on April 13, 2012. We believe that there have been no significant changes to our critical accounting policies during the thirteen weeks ended April 29, 2012 apart from those previously disclosed in our Annual Report.

Item 3 Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates and foreign currency exchange rates. We do not hold or issue financial instruments for trading purposes.

Interest Rate Risk

Our revolving credit facility carries floating interest rates that are tied to LIBOR or our lender s base commercial rate, and therefore, our consolidated statements of operations and cash flows will be exposed to changes in interest rates. We do not use derivative financial instruments for speculative or trading purposes; however, this does not preclude our adoption of specific hedging strategies in the future. A 10% increase or decrease in market interest rates would not have a material impact on our financial condition, results of operations or cash flows.

Foreign Exchange Risk

We do not currently generate any portion of our net sales in any currency other than the U.S. dollar, except during the period ending April 29, 2012; we generated less than 1% of our net sales in Canadian dollars. We currently source a portion of our inventory of teas and tea-related merchandise in Europe and Japan and incur a limited portion of those related costs in Euro and in Japanese yen. Historically, we have not been impacted materially by fluctuations in the U.S. dollar/Canadian dollar, U.S. dollar/Euro and US dollar/Japanese yen exchange rates and do not expect to be impacted materially for the foreseeable future. Our net sales generated in Canadian dollars and our foreign denominated payables would not have been materially affected by a 10% adverse change in foreign currency exchange rates for the thirteen weeks ended April 29, 2012 and the thirteen weeks ended May 1, 2011. However, if our purchases of inventory in Euro and in Japanese yen increase, and to the extent that we commence generating more net sales outside of the United States that are denominated in currencies other than the U.S. dollar (which we expect to occur as a result of the Teaopia Acquisition and our further expansion to Canada), our results of operations could be adversely impacted by changes in exchange rates. We do not currently hedge foreign currency fluctuations and do not currently intend to do so for the immediate future.

Item 4 Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as defined in Rule 13(a)-15(e), as of the end of the period covered by this Quarterly Report on Form 10-Q pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on that

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evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q are effective in providing reasonable assurance that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent or detect all error and all fraud. While our disclosure controls and procedures are designed to provide reasonable assurance of their effectiveness, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the thirteen weeks ended April 29, 2012, which were identified in connection with management s evaluation required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II Other Information

Item 1 Legal Proceedings

On December 28, 2011, a putative class action lawsuit styled *Chavez v. Teavana Corp.* alleging wage and hour violations of the California Labor Code for General Managers in California was filed in the Superior Court of California, County of Los Angeles. The plaintiff seeks on behalf of herself and other putative class members, compensatory damages, restitution, putative and exemplary damages, penalties, interest and other relief. We dispute the material allegations in the complaint and intend to defend the action vigorously. Due to inherent uncertainties of litigation and because the lawsuit is in early procedural stages, we cannot at this time accurately predict the ultimate outcome, or any potential liability, of the matter.

We are also subject to other legal proceedings and claims that arise in the ordinary course of business. These include claims resulting from slip and fall accidents, employment related claims and claims from guests or team members alleging illness or injury or other operational concerns. To date, no claims of these types of litigation, certain of which are covered by insurance policies, have had a material effect on us. While it is not possible to predict the outcome of these other suits, legal proceedings and claims with certainty, management does not believe that they would have a material adverse effect on our financial position and results of operations.

Item 1A Risk Factors

In addition to the Risk Factors discussed in Item 1A of Part I of our Annual Report on Form 10-K for the fiscal year ended January 29, 2012, we note the following:

We may be unable to successfully integrate completed acquisitions, and such acquisitions may fail to achieve the financial results we expect.

On April 15, 2012, we, through our wholly owned subsidiary, Teavana Canada, Inc., entered into an Asset Purchase Agreement to acquire substantially all of the assets of Teaopia Limited (Teaopia), which operates 46 retail store locations in Canada that sell tea and tea related merchandise. The Teaopia Acquisition closed on June 11, 2012. The Teaopia Acquisition will involve the integration of a separate company, which previously

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operated independently and had different systems, processes, products and cultures, into our existing operations. While we expect to provide training and other approaches to integrate Teaopia into our business and store model, we may be unable to successfully integrate these locations into our business and may fail to achieve the financial results we expected. Integrating completed acquisitions into our existing operations involves numerous risks, including the loss of customers, diversion of management s attention, failure to retain key personnel and failure of the acquired business to be financially successful. Our inability to successfully integrate the stores we acquire, or if such stores do not achieve the financial results that we expect, may increase our costs and have a material adverse impact on our financial condition and results of operations.

Item 5 Other Information

None.

Item 6 Exhibits

Exhibit 31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 101	Interactive Data File*

* Pursuant to Rule 406T of SEC Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under these Sections.

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SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TEAVANA HOLDINGS, INC.

By: /S/ Daniel P. Glennon

Daniel P. Glennon
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: June 12, 2012

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ANNEX G

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 29, 2012

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-35248

TEAVANA HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-1946316**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer identification number)**

3630 Peachtree Rd. NE, Suite 1480

Atlanta, GA 30326

(Address of principal executive offices)

(404) 995-8200

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The number of shares of the registrant s common stock, $0.00003 par value, outstanding as of September 3, 2012 was 38,593,125 shares.

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Teavana Holdings, Inc.

Form 10-Q

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PART I-FINANCIAL INFORMATION

PART II-OTHER INFORMATION

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TEAVANA HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share data)

	July 29, 2012 (unaudited)	January 29, 2012
Assets		
Current assets		
Cash and cash equivalents	$ 716	$ 17,818
Prepaid expenses	5,634	3,995
Income tax receivable	1,441	
Inventory	24,863	25,676
Other current assets	3,163	2,175
Total current assets	35,817	49,664
Property and equipment, net	59,532	42,785
Intangible assets, net	1,217	
Goodwill	20,584	2,394
Other non-current assets	729	775
Total assets	$ 117,879	$ 95,618
Liabilities and Stockholders Equity		
Current liabilities		
Accounts payable	$ 7,358	$ 3,898
Income taxes payable		1,821
Other current liabilities	8,423	6,847
Total current liabilities	15,781	12,566
Long-term liabilities		
Deferred rent	15,400	12,905
Deferred tax liability, non-current	2,675	2,570
Long-term debt	9,531	
Other long-term liabilities	748	575
Total long-term liabilities	28,354	16,050
Total liabilities	44,135	28,616
Commitments and contingencies (Note 9)		
Stockholders equity		
Common stock, $.00003 par value; 100,000,000 shares authorized as of July 29, 2012 and January 29, 2012; 38,586,125 shares and 38,281,836 shares issued and outstanding as of July 29, 2012 and January 29, 2012, respectively	1	1
Additional paid-in capital	279,696	276,782
Accumulated deficit	(206,437)	(209,792)
Accumulated other comprehensive income	484	11
Total stockholders equity	73,744	67,002

Total liabilities and stockholders equity	$ 117,879	$ 95,618

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

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TEAVANA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

AND COMPREHENSIVE INCOME

(unaudited)

(dollars in thousands, except per share data)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 29, 2012	**July 31, 2011**	**July 29, 2012**	**July 31, 2011**
Net sales	$ 43,080	$ 31,313	$ 87,399	$ 66,253
Cost of goods sold (exclusive of depreciation shown separately below)	17,874	12,186	33,769	24,637
Gross profit	25,206	19,127	53,630	41,616
Selling, general and administrative expense	23,022	15,367	43,809	30,125
Depreciation and amortization expense	2,166	1,428	3,945	2,703
Income from operations	18	2,332	5,876	8,788
Interest expense, net	132	742	203	1,431
Income/(loss) before income taxes	(114)	1,590	5,673	7,357
Provision for income taxes	32	559	2,318	3,003
Net income/(loss)	$ (146)	$ 1,031	$ 3,355	$ 4,354
Other comprehensive income				
Net gain on foreign currency translation	$ 447		$ 473	
Comprehensive income	$ 301	$ 1,031	$ 3,828	$ 4,354
Net income per share:				
Basic	$	$ 0.03	$ 0.09	$ 0.12
Diluted	$	$ 0.03	$ 0.09	$ 0.12
Weighted average shares outstanding:				
Basic	38,543,881	36,761,649	38,425,786	36,755,555
Diluted	38,543,881	37,801,538	39,124,034	37,779,231

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

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TEAVANA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN

STOCKHOLDERS EQUITY

(unaudited, unless specified audited)

(dollars in thousands, except per share data)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders Equity
Balance January 29, 2012 (audited)	38,281,836	$ 1	$ 276,782	$ (209,792)	$ 11	$ 67,002
Net income				3,355		3,355
Foreign currency translation adjustment					473	473
Stock-based compensation expense			521			521
Stock issued for stock option exercises	304,289		395			395
Excess tax benefit from stock option exercises			1,998			1,998
Balance July 29, 2012	38,586,125	$ 1	$ 279,696	$ (206,437)	$ 484	$ 73,744

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

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TEAVANA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(dollars in thousands)

	Twenty-Six Weeks Ended	
	July 29, 2012	**July 31, 2011**
Cash flows from operating activities:		
Net income	$ 3,355	$ 4,354
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization expense	3,945	2,703
Non-cash interest expense	46	1,282
Stock-based compensation expense	521	63
Excess tax benefit from stock option exercises	(1,998)	
Other	61	99
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(1,304)	(4,008)
Inventory	2,403	(5,792)
Accounts payable	2,647	1,164
Income taxes payable	(1,264)	(4,809)
Deferred rent	2,495	3,615
Other liabilities	361	1,018
Net cash provided by/(used in) operating activities	11,268	(311)
Cash flows from investing activities:		
Cash paid for Teaopia Acquisition, net of cash acquired	(26,974)	
Purchase of property and equipment	(13,175)	(8,848)
Net cash used in investing activities	(40,149)	(8,848)
Cash flows from financing activities:		
Proceeds from revolving credit facility	98,203	74,338
Payments on revolving credit facility	(88,672)	(69,979)
Payment of initial public offering costs		(1,110)
Cash paid for financing costs	(15)	(433)
Proceeds from stock option exercises	395	
Excess tax benefit from stock option exercises	1,998	
Other		65
Net cash provided by financing activities	11,909	2,881
Effect of exchange rates on cash and cash equivalents	(130)	
Net decrease in cash and cash equivalents	(17,102)	(6,278)
Cash and cash equivalents, beginning of fiscal period	17,818	7,901
Cash and cash equivalents, end of fiscal period	$ 716	$ 1,623

Supplemental disclosure of cash flow information:

Cash paid for interest	$	121	$	126
Cash paid for income taxes		4,313		9,506
Non-cash change in fair value of Class B redeemable common stock	$		$	172,546

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

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Notes to the Condensed Consolidated Financial Statements

(unaudited)

(dollars in thousands, except per share and store data)

1. Business and Summary of Significant Accounting Policies

Nature of Business

Teavana Holdings, Inc. (the Company or Teavana) is a specialty retailer offering more than 100 varieties of premium loose-leaf teas, authentic artisanal teawares and other tea-related merchandise. Teavana offers products through 284 company-owned stores, including those acquired in the Teaopia Acquisition (as defined below), in 40 states and Canada, 18 franchised stores primarily in Mexico, as well as through its website, www.teavana.com.

On June 11, 2012, the Company through its wholly owned subsidiary, Teavana Canada, Inc., completed the acquisition of Teaopia Limited (Teaopia) for a purchase price of approximately $26,974, net of cash acquired (the Teaopia Acquisition). Through the acquisition, the Company acquired substantially all of the assets of Teaopia, which operated 46 retail store locations in Canada that sold tea and tea-related merchandise.

Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information and the Securities and Exchange Commission s (SEC) guidance for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of the unaudited condensed consolidated financial statements have been recorded in the interim periods presented. These unaudited condensed consolidated financial statements should be read in conjunction with the Company s audited consolidated financial statements and related notes thereto for the fiscal year ended January 29, 2012 included in the Company s Annual Report on Form 10-K (File No. 001-35248). The accompanying unaudited condensed consolidated financial statements present the results of operations for the thirteen weeks and twenty-six weeks ended July 29, 2012 and July 31, 2011. These results are not necessarily indicative of the results that may be achieved for the fiscal year ending February 3, 2013 or for any other period.

Principles of Consolidation

The condensed consolidated financial statements include all the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

The financial statements of any foreign subsidiaries have been translated into U.S. dollars in accordance with the Financial Accounting Standards Board s (FASB) Accounting Standards Codification (ASC) Topic No. 830-30-*Translation of Financial Statements* (ASC 830-30) Under ASC 830-30, the financial position and results of operations of the Company s foreign subsidiaries are measured using the subsidiary s local currency as the functional currency. Revenues and expenses have been translated into U.S. dollars at average exchange rates prevailing during the period, and assets and liabilities have been translated at the exchange rates as of the balance sheet date. The resulting translation gain and loss adjustments are recorded as an element of other comprehensive income in accordance with ASC Topic No. 220-*Comprehensive Income*.

Fiscal Year

The Company s fiscal year is 52 or 53 weeks ending on the Sunday nearest to January 31 of the following year. These condensed consolidated financial statements include thirteen and twenty-six weeks in each of the periods ended July 29, 2012 and July 31, 2011.

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Seasonality

The Company s business is seasonal and has historically realized a higher portion of net sales, net income and operating cash flows in the fourth fiscal quarter due primarily to the holiday selling season. As a result, the Company s working capital requirements fluctuate during the year, increasing in the second and third fiscal quarters in anticipation of this peak selling season.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Goodwill

Goodwill is an asset representing future economic benefits from assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is reviewed for impairment at least annually in accordance with the provisions of ASC Topic No. 350-*Intangible: Goodwill and Other* (ASC 350). The Company does not amortize goodwill. Management reviews goodwill for impairment annually on October 1 or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In testing for impairment, management calculates the fair value of the reporting units to which the goodwill relates based on the fair value of the Company as a whole. The fair value of the Company is the amount for which the Company could be sold in a current transaction between willing parties. If the reporting unit s carrying value exceeds its fair value, goodwill is written down to its implied fair value. The Company has concluded that there was no impairment losses during the twenty-six weeks ended July 29, 2012.

Recently Adopted Accounting Pronouncements

In May 2011, the FASB issued ASU No. 2011-04-*Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards* (IFRS) (ASU 2011-04), which amends ASC Topic No. 820-*Fair Value Measurements* (ASC 820). This update was issued to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and IFRS. This standard update also changes certain fair value measurement principles and enhances disclosure requirements particularly for Level 3 fair value measurements. The Company adopted ASU 2011-04 on January 30, 2012, and such adoption did not have a significant impact on the Company s results of operations, financial condition or disclosures.

In June 2011, the FASB issued ASU No. 2011-05-*Presentation of Comprehensive Income* (ASU 2011-05). ASU 2011-05 eliminates the option to report other comprehensive income and its components only within the statement of changes in equity. Under ASU 2011-05, an entity can elect to present items of net income and other comprehensive income in one continuous statement or in two separate, but consecutive, statements. In addition, in December 2011, the FASB issued ASU No. 2011-12-*Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05* (ASU 2011-12). ASU 2011-12 defers the requirement to present components of reclassifications of other comprehensive income by income statement line item on the statement of comprehensive income, with all other requirements of ASU 2011-05 unaffected. The Company adopted ASU 2011-05 and ASU 2011-12 beginning January 30, 2012 and has elected to present items of net income and other comprehensive income in one continuous statement at this time.

In September 2011, the FASB issued ASU No. 2011-08-*Intangibles: Goodwill and Other* (ASU 2011-08). ASU 2011-08 provides companies the option to perform a qualitative assessment to first evaluate whether the fair value of a reporting unit is less than its carrying value for purposes of the annual goodwill impairment test. If an entity determines it is more likely than not that the fair value of a reporting unit is less than the carrying value, then performing the two-step impairment test is necessary. The Company adopted ASU 2011-08 on January 30, 2012, and such adoption did not have a significant impact on the Company s results of operations, financial condition or disclosures.

Accounting pronouncements not yet adopted by the Company

In July 2012, the FASB issued ASU No. 2012-02-*Testing Indefinite-Lived Intangible Assets for Impairment* (ASU 2012-02). ASU 2012-02 amends existing guidance by giving an entity the option to first assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If this is the case, a more detailed fair value calculation will need to be performed to identify potential impairments and to subsequently measure the amount of impairment loss, if any. To perform a qualitative assessment, an entity must identify and evaluate changes in economic, industry and entity-specific events and circumstances that could affect the significant inputs used to determine the fair value of an indefinite-lived intangible asset. ASU 2012-02 is effective for annual and interim impairment tests performed by the Company for fiscal years beginning after September 15, 2012, with early adoption permitted. The Company will adopt the provisions of ASU 2012-02 effective February 3, 2013 and has elected to not adopt this ASU early. The Company did not perform any impairment tests related to indefinite-lived intangible assets during the thirteen or twenty-six week periods ended July 29, 2012, and does not expect that the adoption of ASU 2012-02 will have a material impact on the Company s future impairment tests or the results of operations, financial condition or disclosure.

The FASB issues ASUs to amend the authoritative literature in the related ASC. There have been a number of ASUs to date that amend the original text of related ASCs. Except for the ASUs listed above, those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, or (iii) are not applicable to the Company. Additionally, there were various other accounting standards and interpretations issued during the thirteen weeks ended July 29, 2012 that the Company has not yet been required to adopt, none of which is expected to have a material impact on the Company s consolidated financial statements and the notes thereto going forward.

2. Property and Equipment

Property and equipment consists of the following:

	July 29, 2012	January 29, 2012
Leasehold improvements	$ 69,371	$ 52,872
Equipment	12,951	9,292
	82,322	62,164
Less Accumulated depreciation	(22,790)	(19,379)
Property and equipment, net	$ 59,532	$ 42,785

Depreciation expense was $2,165 and $1,423 for the thirteen weeks ended July 29, 2012 and July 31, 2011, respectively, and $3,942 and $2,692 for the twenty-six weeks ended July 29, 2012 and July 31, 2011, respectively.

3. Long-term Debt

On June 12, 2008, the Company established a three-year revolving credit facility by entering into a loan and security agreement (the Credit Agreement) with Fifth Third Bank. On April 22, 2011, the Company entered into an amendment to the Credit Agreement that, among other things, extended its term for five years through

April 22, 2016. On October 6, 2011, the Company entered into a second amendment to the Credit Agreement that, among other things, permitted the creation of a foreign subsidiary and certain intercompany transfers. Additionally, on April 15, 2012, the Company entered into the third amendment (the Amendment) to the Credit Agreement (as amended, the Amended Credit Agreement). Among other things, the Amendment provided Fifth Third s consent to the transaction contemplated by the Asset Purchase Agreement, dated April 15, 2012, relating to the Teaopia Acquisition. At the closing of the Teaopia Acquisition, which occurred on June 11, 2012, the Amendment also lowered the applicable margin for advances, permitted new store capital expenditures for the stores acquired in the Teaopia Acquisition and increased the Maximum Revolving Facility (as defined). The Amended Credit Agreement provides for a revolving credit facility up to $50,000 from the date of the closing of the Teaopia Acquisition through December 31, 2012 and $40,000 on and after January 1, 2013. All other material terms of the Credit Agreement remain the same.

Under the revolving credit facility, the borrowing capacity is equal to (i) the lesser of the maximum revolving facility, less the undrawn face amount of any letters of credit outstanding and (ii) the Borrowing Base (as defined). The maximum revolving facility was $50,000 as of July 29, 2012. The Borrowing Base is defined as the sum of (i) 200% of Consolidated EBITDA (as defined) for the most recent twelve month trailing period for which financial statements are available, minus (ii) the aggregate undrawn face amount of any outstanding letters of credit at the time a drawdown on the revolving credit facility is made, minus (iii) such reserves as may be established by the lender in its Permitted Discretion (as defined), but not to exceed 35% of the Borrowing Base. The revolving credit facility includes a $5,000 sublimit for the issuance of letters of credit. The Amended Credit Agreement is secured by substantially all of the U.S. assets of the Company. The revolving credit facility under the Amended Credit Agreement had $9,531 outstanding, undrawn face amounts on letters of credit of $468 and availability of $40,001 on July 29, 2012.

Borrowings under the Amended Credit Agreement bear interest at either (i) LIBOR plus the applicable margin of 4.00% through February 3, 2013, and rates that range from 3.00% to 4.50% thereafter based on the Company s Consolidated Leverage Ratio (as defined) or (ii) the lender s base commercial lending rate, plus the applicable margin of 1.0%. The balance outstanding under the revolving credit facility on July 29, 2012 was $9,531, bearing interest under the lender s base commercial lending rate of 4.25%.

The Amended Credit Agreement specifies certain financial and non-financial covenants that the Company must meet. It is management s belief that the Company was in compliance with these covenants on all respective measurement dates. The Amended Credit Agreement does not permit the payment of any dividends, and thus 100% of the Company s net income is restricted for purposes of dividend payments. The restriction on the payment of dividends applies to the Company and all of its subsidiaries. The Amended Credit Agreement also restricts all of the subsidiaries of the Company from making loans or advances to the Company in excess of certain specified limits and also limits annual net capital expenditures incurred by the Company. The restricted net assets of the subsidiaries are substantially the same as the consolidated net assets, as presented in the accompanying condensed consolidated balance sheets. Teavana Holdings, Inc. has no operations or operating revenues, and the expenses of Teavana Holdings, Inc. are immaterial by virtue of the fact that the management and directors of the Company are compensated by its subsidiary, Teavana Corporation. Teavana Holdings, Inc. has no assets outside of its investments in subsidiaries, and no other material liabilities other than as a co-obligor under the Amended Credit Agreement.

Deferred financing costs totaling $15 and $433 were incurred in connection with the Amendments to the Credit Agreement during the twenty-six weeks ended July 29, 2012 and July 31, 2011, respectively. These costs will be amortized to interest expense over the remaining term of the revolving credit facility using the straight-line method. The unamortized loan costs from the original Credit Agreement will also continue to be amortized over the remaining term of the revolving credit facility. Interest expense relating to deferred financing costs and interest incurred on borrowings under the revolving credit facility totaled $132 and $115 for the thirteen weeks ended July 29, 2012 and July 31, 2011, respectively, and $203 and $205 for the twenty-six weeks ended July 29, 2012 and July 31, 2011, respectively.

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4. Net income per share

The following table sets forth the computation of basic and diluted net income per share in accordance with ASC 260-*Earnings per Share*. Basic net income per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per share is calculated by dividing net income by the weighted average number of common shares outstanding plus potentially dilutive common shares, primarily consisting of the Company s non-qualified stock options, outstanding during the period. The treasury stock method was used to determine the dilutive effect of the stock options. The following table details the calculation of basic and diluted net income per share:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 29, 2012	July 31, 2011	July 29, 2012	July 31, 2011
Numerator:				
Net income/(loss)	$ (146)	$ 1,031	$ 3,355	$ 4,354
Denominator:				
For basic net income per share weighted average shares basis	38,543,881	36,761,649	38,425,786	36,755,555
Effect of dilutive stock options		1,039,889	698,248	1,023,676
For diluted net income per share adjusted weighted average shares basis	38,543,881	37,801,538	39,124,034	37,779,231
Net income per share:				
Basic	$ 0.00	$ 0.03	$ 0.09	$ 0.12
Diluted	$ 0.00	$ 0.03	$ 0.09	$ 0.12

As of July 29, 2012, the Company had 38,586,125 shares of common stock outstanding. As of July 31, 2011, the Company had 27,758,129 and 9,005,217 shares of Class A common stock and Class B redeemable common stock, respectively, outstanding. The Class A common stock and Class B redeemable common stock shared equally in rights to dividends, undistributed earnings and voting rights. As a result, the two-class method has historically not been required for the computation of net income per share.

Anti-dilutive common stock options totaling 529,607 were excluded from the weighted average shares outstanding basis for the diluted net income per share calculation as of July 29, 2012. There were no anti-dilutive securities as of July 31, 2011.

5. Leases

The Company has entered into operating leases for its stores, distribution center and store support center. Initial lease terms for stores are generally ten years with rent escalations and no renewal options. Rent expense for leases with rent escalations is recognized on a straight-line basis over the term of occupancy of the lease. The leases are net leases under which the Company pays the taxes, insurance and common area maintenance costs. The leases may also provide for both minimum rent payments and contingent rental based on a percentage of sales in excess of specified amounts. In certain leases, the landlord also charges the Company a portion of its marketing expense.

Total minimum and contingent rent expense for the thirteen and twenty-six weeks ended July 29, 2012 and July 31, 2011, respectively, were as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 29, 2012	July 31, 2011	July 29, 2012	July 31, 2011
Minimum rentals	$ 4,891	$ 3,407	$ 8,996	$ 6,619
Contingent rentals	116	73	228	140
Total	$ 5,007	$ 3,480	$ 9,224	$ 6,759

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Future minimum lease payments for non-cancelable operating leases with an initial term of one year or more are as follows as of July 29, 2012:

Fiscal Year	Amount
2012 (remainder of fiscal year)	$ 8,670
2013	21,985
2014	22,462
2015	22,316
2016	21,011
Thereafter	81,517
Total	$ 177,961

6. Stock-Based Compensation

Under the Company s 2004 Management Incentive Plan (the 2004 Plan), adopted on December 15, 2004, up to 1,851,471 stock options may be granted to certain employees and outside directors or advisors to purchase an equal number of shares of common stock at prices not less than 100% of the estimated fair market value at the date of grant. All stock-based awards issued under the plan are non-qualified stock options. On July 18, 2011, the Board of Directors and stockholders authorized the establishment of the Teavana 2011 Equity Incentive Plan (the 2011 Plan), effective immediately after the SEC s declaration of effectiveness of the Registration Statement on Form S-1 (File No. 333-173775) and immediately prior to the pricing of the initial public offering (the Offering), both of which took place on July 27, 2011. Under the 2011 Plan, up to 750,000 shares of the Company s common stock have been reserved for issuance pursuant to the grant to certain employees and outside directors of equity awards, including stock options, stock appreciation rights, restricted or unrestricted stock awards, restricted stock units, performance awards or other stock-based awards at prices not less than 100% of the estimated fair market value of the common stock at the date of grant. Share options forfeited or cancelled under both plans are eligible for reissuance under the 2011 Plan.

The Company accounts for stock-based awards in accordance with ASC Topic No. 718-*Compensation: Stock Compensation* (ASC 718). ASC 718 requires measurement of compensation cost for all stock-based awards at fair value on the grant date (or measurement date, if different) and recognition of compensation expense, net of forfeitures, over the requisite service period for awards expected to vest. Stock-based compensation expense was $258 and $27 for the thirteen weeks ended July 29, 2012 and July 31, 2011, respectively and $521 and $63 for the twenty-six weeks ended July 29, 2012 and July 31, 2011, respectively.

The fair values of stock options granted under the 2004 and 2011 Plans are estimated at the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options. Stock option pricing models require the input of highly subjective assumptions, including the expected volatility of the stock price. The Company s stock has been publicly traded since July 28, 2011; therefore, changes in these subjective input assumptions may affect the grant date fair value estimates. The assumptions used are based on management s best estimate and available information at the time of grant. The Company estimated the fair value of options granted during the twenty-six weeks ended July 29, 2012 under the 2011 Plan using the following assumptions:

	July 29, 2012
Expected life (years) (1)	6.25 Years
Risk-free interest rate (2)	0.93% - 1.01%
Volatility (3)	54.0%
Dividend yield (4)	0%

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1) Represents the period of time stock options are expected to remain outstanding. As the Company has only awarded plain vanilla options as described in ASC 718-10-S99, *Compensation-Stock Compensation: Overall: SEC Materials*, the Company used the simplified method for determining the expected life of the options granted. The simplified method calculates the expected term as the sum of the vesting term and the original contract term divided by two. The Company will continue to use the simplified method until such time that it has sufficient historical data for options to accurately estimate the expected term of stock-based awards.
2) Based on the U.S. Treasury yield curve in effect at the time of grant with a term consistent with the expected life of stock options.
3) Expected stock price volatility incorporated historical and implied volatility of similar entities whose share prices are publicly available. The Company plans to use peer company volatility for the foreseeable future until sufficient historical data is available.
4) The Company has not paid regular dividends on its common stock and does not expect to pay dividends on its common stock in the foreseeable future.

The following table represents stock options granted, exercised or forfeited under the 2004 Plan and the 2011 Plan during the twenty-six weeks ended July 29, 2012:

	Stock Options	Weighted Average Exercise Price
Outstanding at January 29, 2012	1,907,303	$ 5.77
Granted	18,000	13.16
Exercised	(304,289)	1.29
Forfeited	(22,500)	17.00
Outstanding at July 29, 2012	1,598,514	$ 6.55

Under the 2004 Plan and the 2011 Plan, options generally become exercisable over a four-year period and expire ten years from the date of grant. Additionally, stock option grants generally vest 25% on each anniversary of the grant date, commencing with the first anniversary of the grant date (in the case of the 580,500 options granted under the 2011 Plan concurrent with the pricing of the Offering, commencing with the first anniversary of the closing of the transaction on August 2, 2011). As of July 29, 2012, there was $3,342 of total unrecognized compensation cost related to non-vested stock option awards expected to vest. This compensation cost is expected to be recognized through fiscal 2016 based on existing vesting terms, with the weighted average remaining expense recognition period being approximately 1.51 years.

The options outstanding as of July 29, 2012, by exercise price, are summarized below:

Number of Stock Options Outstanding	Stock Options Exercisable	Exercise Price	Average Remaining Contractual Life (in Years)
731,353	731,353	$ 1.12	3.19
23,919	23,919	1.35	4.60
175,647	175,647	1.62	4.25
14,812	14,812	1.76	4.57
117,283	117,283	2.43	2.97
8,000		13.04	9.84
10,000		13.26	9.94
5,000		15.11	9.38
512,500		$ 17.00	8.73
1,598,514	1,063,014		7.12

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There were 1,063,014 options exercisable as of July 29, 2012 with a weighted average exercise price of $1.36 per share and intrinsic value of $10,917. Additionally, 304,289 options were exercised during the twenty-six weeks ended July 29, 2012 with an intrinsic value of approximately $5,268. The exercise of these stock options gave rise to a tax benefit of $1,998.

The Company has calculated its additional paid-in capital pool (APIC Pool), the cumulative amount of excess tax benefits from all awards accounted for under ASC 718, based on the actual income tax benefits received from exercises of stock options granted under ASC 718 using the long method. The APIC Pool is available to absorb future tax deficiencies.

7. Income Taxes

For interim financial reporting, the Company estimates the annual effective tax rate based on projected taxable income for the full year and adjusts as necessary for discrete events occurring in a particular period. The quarterly income tax provision is recorded in accordance with the estimated annual effective rate. The Company refines the estimates of taxable income throughout the year as new information, including year-to-date financial results, becomes available, and adjusts the annual effective tax rate, if necessary, during the quarter in which the change in estimate occurs. Significant judgment is required in determining the Company's effective tax rate and in evaluating its tax positions.

The effective tax rate differs from the federal statutory rate primarily due to updating the annual estimated effective tax rate to reflect the impact of the Teaopia Acquisition, the state income tax expense, and to a lesser extent, foreign tax expense and certain nondeductible expenses.

In assessing whether to realize deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company considers projections of future taxable income, tax planning strategies and the reversal of temporary differences in making this assessment. The Company has determined that no such valuation allowance was necessary as of July 29, 2012 and July 31, 2011.

The Company recognizes income tax liabilities related to unrecognized tax benefits in accordance with ASC Topic No. 740-10-*Accounting for Income Taxes,* and adjusts for such liabilities when its judgment changes as the result of the evaluation of new information. As of July 29, 2012, there were no uncertain tax positions, and the Company does not anticipate any tax positions generating a significant change in this balance for unrecognized tax benefits within 12 months of this reporting date.

The Company and its subsidiaries are subject to U.S. federal income tax regulations, as well as income tax regulations of multiple state and foreign jurisdictions with varying statutes of limitations. The Company's tax years for fiscal 2009 through 2011 generally remain subject to examination by federal and most state taxing authorities.

8. Segments

ASC Topic No. 280-*Segment Reporting* (ASC 280) establishes standards for reporting information about a company s operating segments. The Company determines its operating segments on the same basis used to evaluate performance internally. The Company s reportable segments include the operation of company-owned stores and its e-commerce website, which have been aggregated into one reportable financial segment. Management bases this aggregation on the following factors: (i) the merchandise offered at company-owned stores and through the e-commerce business is largely the same, (ii) the majority of e-commerce customers are also customers of retail locations, (iii) the product margins and sales mix of the stores and the e-commerce

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business are similar and (iv) the distribution methods are the same for both revenue streams. As of July 29, 2012, all of the Company s significant identifiable assets were located in the United States and Canada.

The following tables present summarized geographical information:

	Thirteen Weeks Ended				**Twenty-Six Weeks Ended**			
	July 29, 2012		July 31, 2011		July 29, 2012		July 31, 2011	
Net Sales:								
United States	$ 40,323	*94%*	$ 31,313	*100%*	$ 84,396	*97%*	$ 66,253	*100%*
Canada	2,757	*6%*			3,003	*3%*		
Total	$ 43,080		$ 31,313		$ 87,399		$ 66,253	

	As of			
	July 29, 2012		January 29, 2012	
Long-lived assets, net:				
United States	$ 51,129	86%	$ 42,317	*99%*
Canada	8,403	14%	468	1%
Total	$ 59,532		$ 42,785	

9. Commitments and Contingencies

From time to time, in the normal course of business, the Company is involved in legal proceedings. The Company evaluates the need for loss accruals under the requirements of ASC Topic No. 450-*Contingencies.* The Company records an estimated loss for any claim, lawsuit, investigation or proceeding when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. If the reasonable estimate of a probable loss is a range, and no amount within the range is a better estimate, then the Company records the minimum amount in the range as the loss accrual. If a loss is not probable or a probable loss cannot be reasonably estimated, no liability is recorded.

On December 28, 2011, a putative class action lawsuit styled *Chavez v. Teavana Corp.* alleging wage and hour violations of the California Labor Code for General Managers in California was filed in the Superior Court of California, County of Los Angeles. The plaintiff seeks on behalf of herself and other putative class members, compensatory damages, restitution, putative and exemplary damages, penalties, interest and other relief. The Company disputes the material allegations in the complaint and intends to defend the action vigorously. Due to inherent uncertainties of litigation and because the lawsuit is in early procedural stages, the Company cannot at this time accurately predict the ultimate outcome, or any potential liability, of the matter.

The Company is also subject to other legal proceedings and claims that arise in the ordinary course of its business. These include claims resulting from slip and fall accidents, employment related claims and claims from guests or team members alleging illness or injury or other operational concerns. To date, no claims of these types of litigation, certain of which are covered by insurance policies, have had a material effect on the Company. While it is not possible to predict the outcome of these other suits, legal proceedings and claims with certainty, management does not believe that they would have a material adverse effect on the Company s financial position and results of operations.

10. Business Combination

On June 11, 2012, the Company completed the Teaopia Acquisition for an adjusted purchase price of approximately $26,974, net of cash acquired. The Teaopia Acquisition was completed to accelerate the Company s expansion into Canada. Through the acquisition, the Company acquired substantially all of the net assets of Teaopia, which at the time of acquisition operated 46 retail store locations throughout Canada and sold loose-leaf tea and tea-related merchandise. The combined operational results for Teavana and Teaopia are included in the Company s consolidated results of operations beginning June 11, 2012. The transaction was financed with $19,102 in cash on hand and $7,872 from the Company s revolving credit facility. The Company incurred transaction costs of $1,042 associated with the transaction, of which $776 and $1,042 were incurred in the thirteen and twenty-six weeks ended July 29, 2012, respectively, and are reported in selling, general and administrative expense in the Company s accompanying Condensed Consolidated Statements of Operations and Comprehensive Income. There were no transaction costs related to this transaction incurred in fiscal 2011. From June 11, 2012, the date of the Teaopia Acquisition, through July 29, 2012, the combined operational results for Teavana and Teaopia include Teaopia-related revenue of $2,043 and a Teaopia-related net loss of $485.

The Teaopia Acquisition was accounted for as a purchase business combination in accordance with ASC 805-*Business Combinations* (ASC 805), whereby the purchase price paid to complete the Teaopia Acquisition was allocated to the recognized acquired assets and liabilities at fair value. The Company recorded, based on a preliminary purchase price allocation, acquired assets, liabilities assumed, and intangible assets, including goodwill, determined as the excess of purchase price over the estimated fair value of assets acquired and liabilities assumed. Goodwill arising from the acquisition is not subject to amortization and up to 75% of the acquired goodwill is expected to be deductible for tax purposes. The Company believes that information gathered to date provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed, but the Company is waiting for additional information necessary to finalize those fair values. Thus, the provisional measurements of fair value set forth below are subject to change, although such changes are not anticipated to be significant. The Company expects to complete the purchase price allocation as soon as practical, but no later than one year from the acquisition date.

The following table summarizes the allocation of the purchase price at the date of acquisition:

Inventory	$ 1,550
Property and Equipment	6,851
Intangible assets Favorable leases	1,204
Goodwill	17,786
Other assets acquired and liabilities assumed, net	(417)
Totals	$ 26,974

As part of the purchase price allocation, the Company determined that Teaopia s only separately identifiable intangible asset was its favorable store leases. The Company estimated the fair value of the favorable lease terms by discounting the amount by which the stated lease payments differ from current estimated market rates at the acquisition date over the remaining lease term. Additionally, other long-term liabilities consist of certain store leases that have been identified as unfavorable. The intangible arising from the favorable leases and liability arising from the unfavorable leases will be amortized to rent expense over a weighted average useful life of 6.9 years. The fair value of the favorable and unfavorable leases acquired, as well as the fair value of the property and equipment acquired, were measured using significant inputs not observable in the open market. As such, the Company categorizes these as Level 3 inputs under ASC 820.

The financial information in the table below summarizes the consolidated results of operations of the Company on a pro forma basis, as though the Teaopia Acquisition had occurred on January 31, 2011. The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the earliest period presented. Such pro forma information is based on the historical financial statements of the Company combined with other estimates and assumptions to show the effect of the transaction as if it had taken place on January 31, 2011. As such, the pro forma results include adjustments to reflect additional interest expense associated with funding of the acquisition assuming that the acquisition related debt was incurred on January 31, 2011 in addition

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to incremental depreciation due to the increase in the fair value of property and equipment and incremental rent expense related to the amortization of unfavorable and favorable leases acquired. Finally, certain adjustments of $819 and $1,063 were made to certain selling, general and administrative expenses principally related to adjustments to transaction costs incurred directly related to the acquisition for the thirteen weeks and twenty-six weeks ended July 29, 2012, respectively.

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 29, 2012	July 31, 2011	July 29, 2012	July 31, 2011
	(unaudited)		(unaudited)	
Net sales	$ 44,543	$ 34,238	$ 93,251	$ 72,488
Net income	696	401	3,917	3,664
Net income per share:				
Basic	$ 0.02	$ 0.01	$ 0.10	$ 0.10
Diluted	$ 0.02	$ 0.01	$ 0.10	$ 0.10

11. Subsequent Events

On July 31, 2012, the Company and certain of its subsidiaries entered into Amendment No. 4 (the Fourth Amendment) to the Amended Credit Agreement. The Fourth Amendment provides for the creation of a subsidiary (Teavana LuxCo, a Luxembourg Sarl), establishes the cap on investments that may be made into Teavana Canada, Inc., releases a pledge of 65% of the shares of Teavana Canada, Inc., grants a pledge of 65% of the shares of Teavana LuxCo and consents to certain transactions in connection with the formation of Teavana LuxCo.

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Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in conjunction with the condensed consolidated financial statements as of and for the thirteen and twenty-six weeks ended July 29, 2012 and July 31, 2011 included in Part I, Item 1 of this Quarterly Report on Form 10-Q. The statements in this discussion regarding expectations of our future performance, liquidity and capital resources and other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in Risk Factors and Forward-Looking Statements in our Annual Report on Form 10-K as filed with the SEC on April 13, 2012. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

We operate on a fiscal calendar widely used in the retail industry that results in a given fiscal year consisting of a 52- or 53-week period ending on the Sunday closest to January 31 of the following year. For example, references to fiscal 2012 refer to the fiscal year ending February 3, 2013.

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than those that are purely historical are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as anticipate, estimate, expect, project, plan, intend, believe, may, will, should, can have, lik terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. For example, all statements we make relating to our estimated and projected earnings, revenues, costs, expenditures, cash flows, growth rates and financial results, our plans and objectives for future operations, growth or initiatives, strategies, or the expected outcome or impact of pending or threatened litigation are forward-looking statements. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected, including, but not limited to the following:

- our failure to successfully execute our growth strategy;
- economic conditions, and their effect on the financial and capital markets, our vendors and business partners, employment levels, consumer demand, spending patterns, inflation and the cost of goods;
- unseasonable weather conditions;
- our loss of key personnel or our inability to hire additional personnel;
- disruptions in our supply chain and our single distribution center;
- our failure to identify and respond to new and changing customer tastes, buying and economic trends;
- the impact of governmental laws and regulations and the outcomes of legal proceedings;
- risks and challenges in connection with sourcing merchandise from third party suppliers, including the risk that current or prospective suppliers may be unable or unwilling to supply us with adequate quantities of their teas or merchandise in a timely manner or at an acceptable quality or price;

interruptions in the flow of our imported products, including shipping disruptions related to natural or manmade causes;

the risk of a cyber security incident or other technological disruptions;

risks relating to our acquisition of Teaopia Limited, including that we may not be able to integrate Teaopia s operations as planned or that such stores may not perform as planned; and

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other factors discussed in other reports or filings filed by us with the Securities and Exchange Commission (the SEC), including our Annual Report on Form 10-K under the Securities Act of 1934 filed with the SEC on April 13, 2012.

Any forward-looking statement made by us in this Quarterly Report on Form 10-Q 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. We undertake 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. You are advised, however, to consult any further disclosures we may make in our future reports to the SEC, on our website or otherwise.

Overview

Teavana is a specialty retailer offering more than 100 varieties of premium loose-leaf teas, authentic artisanal teawares and other tea-related merchandise. We offer our products through 284 company-owned stores in 40 states and Canada and 18 franchised stores primarily in Mexico, as well as through our website, www.teavana.com.

On April 15, 2012, we entered into an Asset Purchase Agreement (the Asset Purchase Agreement) to acquire substantially all of the assets of Teaopia Limited (Teaopia), for approximately $27.0 million in cash (the Teaopia Acquisition), subject to certain adjustments as defined in the Asset Purchase Agreement. The Teaopia Acquisition closed on June 11, 2012. Teaopia operated 46 retail store locations in Canada at the time of acquisition that sold loose-leaf tea and tea-related merchandise. We incurred certain transaction and transition costs in connection with the Teaopia Acquisition, including necessary costs associated with integrating the operations of Teaopia into our own operations.

How We Assess the Performance of Our Business

In assessing the performance of our business and our progress against our growth strategy, we consider a variety of performance and financial measures. The key measures that we utilize to evaluate the performance of our business and the execution of our strategy are set forth below:

Net Sales

Net sales constitute gross sales net of any returns and discounts. Net sales consist of comparable sales, which include e-commerce, non-comparable store sales, and other sales.

The specialty retail industry is cyclical, and consequently our net sales are affected by general macroeconomic conditions. Sales of premium loose-leaf tea and tea-related merchandise can be impacted by a number of factors that influence the levels of consumer spending, including economic conditions and the level of disposable consumer income, consumer debt, interest rates and consumer confidence.

Our business is also seasonal, and as a result, our net sales fluctuate from quarter to quarter. Net sales are traditionally highest in the fourth fiscal quarter, which includes the holiday sales period from Thanksgiving through the end of December, and tends to be lowest in the second and third fiscal quarters.

Comparable sales. Comparable sales includes sales from all company-owned stores that have been open and owned for at least 15 full fiscal months, as in our experience our new stores generally open with higher than average sales volumes in the initial months following their opening, and e-commerce sales from our website, www.teavana.com. The trend of higher than average sales volumes for stores at opening usually extends for a period of at least three months, and comparability is typically achieved 12 months after the initial three-month period from the date of opening. In fiscal 2011 and prior fiscal years, sales from our website were included in

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other sales . There may be variations in the way in which certain other retailers calculate comparable sales. As a result, data in this Quarterly Report on Form 10-Q regarding our comparable sales may not be comparable to similarly titled data made available from other retailers. Additionally, sales from stores acquired in the Teaopia Acquisition were excluded from comparable sales.

Measuring the change in year-over-year comparable sales allows us to evaluate how our stores and website are performing. Various factors affect comparable sales, including:

- consumer preference, buying and economic trends;
- our ability to anticipate and respond effectively to consumer preference, buying and economic trends;
- national or regional macroeconomic trends or climate patterns;
- our ability to provide a product offering that generates new and repeat visits to our stores;
- the customer experience we provide in our stores;
- the level of traffic near our locations in the shopping malls and centers in which we operate;
- the number of customer transactions and the average ticket in our stores;
- the pricing of our teas and tea-related merchandise;
- the length of time of individual store operations;
- our ability to obtain and distribute products efficiently;
- our opening of new stores in the vicinity of our existing stores; and
- the opening or closing of competitor stores in the vicinity of our stores.

Non-comparable store sales. Non-comparable store sales include sales from stores not included in comparable sales, including from the stores acquired in the Teaopia Acquisition. As we pursue our growth strategy, we expect that a significant percentage of our net sales increase will continue to come from non-comparable store sales. Accordingly, non-comparable store sales are an additional key measure we use to assess the success of our growth strategy.

Other sales. Other sales include sales related to our franchised operations and gift card breakage revenue. Sales related to our franchised operations consist of initial franchise fees received in connection with newly franchised stores that are recognized as revenue when the obligations under the related franchise agreement are met, continuing royalty fees and wholesale sales of our teas and tea-related merchandise to our business partners primarily in the Middle East and Mexico.

Gross Profit

Gross profit is equal to our net sales minus our cost of goods sold. Gross margin is gross profit as a percentage of our net sales. Cost of goods sold includes the direct costs of our products, freight and shipping costs, distribution center costs and occupancy costs for stores in operation and excludes depreciation and amortization expense. The components of cost of goods sold may not be comparable to those of other retailers.

Our cost of goods sold is substantially higher in higher-volume quarters because cost of goods sold generally increases as net sales increases. Changes in the product mix of sales, such as shifts in the proportion of tea to merchandise sales, may also impact our overall gross margin. As our stores mature, they have historically experienced a sales mix shift away from tea-related merchandise towards higher margin loose-leaf teas, increasing overall gross margins. In general, this trend is the result of the evolution in our customers buying patterns as they graduate from purchases with a greater focus on merchandise with which to prepare and enjoy tea towards transactions centered more on replenishing their favorite teas and experimenting with new blends.

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Selling, General and Administrative Expense

Selling, general and administrative expense consists primarily of store operating expenses, store pre-opening expenses and other administrative expenses. Store operating expenses are generally the largest component of selling, general and administrative expense and consist of all store expenses other than occupancy-related costs, which are included in cost of goods sold. Store pre-opening costs are expensed as incurred and represent the costs at a store prior to its opening date including occupancy, payroll and other operating costs. Other administrative expenses include transaction and integration expenses associated with the Teaopia Acquisition, professional fees, travel costs, occupancy and payroll costs (both cash and stock-based) for our store support center and other administrative expenses.

Selling, general and administrative expense typically does not vary proportionally with net sales to the same degree as our cost of goods sold. Accordingly, this expense as a percentage of sales is usually higher in lower-volume quarters and lower in higher-volume quarters. We expect that our selling, general and administrative expense will be higher in periods in which we are engaged in acquisition activity. The components of selling, general and administrative expense may not be comparable to those of other retailers.

Depreciation and Amortization Expense

Depreciation and amortization expense consists primarily of depreciation of our leasehold improvements and equipment and, to a lesser extent, amortization of our finite-lived assets. We expect that depreciation expense will continue to increase as we open more stores.

Results of Operations

The following tables summarize key components of our results of operations for the periods indicated:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 29, 2012	July 31, 2011	July 29, 2012	July 31, 2011
	(unaudited)		(unaudited)	
	(dollars in thousands, except per share and store data)			
Consolidated Statement of Operations Data:				
Net sales	$ 43,080	$ 31,313	$ 87,399	$ 66,253
Cost of goods sold (exclusive of depreciation shown separately below)	17,874	12,186	33,769	24,637
Gross profit	25,206	19,127	53,630	41,616
Selling, general and administrative expense	23,022	15,367	43,809	30,125
Depreciation and amortization expense	2,166	1,428	3,945	2,703
Income from operations	18	2,332	5,876	8,788
Interest expense, net	132	742	203	1,431
Income/(loss) before income taxes	(114)	1,590	5,673	7,357
Provision for income taxes	32	559	2,318	3,003
Net income/(loss)	$ (146)	$ 1,031	$ 3,355	$ 4,354
Net income per share:				
Basic	$	$ 0.03	$ 0.09	$ 0.12
Diluted	$	$ 0.03	$ 0.09	$ 0.12
Weighted average shares outstanding:				
Basic	38,543,881	36,761,649	38,425,786	36,755,555
Diluted	38,543,881	37,801,538	39,124,034	37,779,231

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	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 29, 2012	July 31, 2011	July 29, 2012	July 31, 2011
	(unaudited)		(unaudited)	
	(dollars in thousands, except per share and store data)			
Percentage of Net Sales:				
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold (exclusive of depreciation shown separately below)	41.5%	38.9%	38.7%	37.2%
Gross profit	58.5%	61.1%	61.3%	62.8%
Selling, general and administrative expense	53.4%	49.1%	50.1%	45.4%
Depreciation and amortization expense	5.0%	4.6%	4.5%	4.1%
Income from operations	0.1%	7.4%	6.7%	13.3%
Interest expense, net	0.3%	2.4%	0.2%	2.2%
Income/(loss) before income taxes	-0.2%	5.0%	6.5%	11.1%
Provision for income taxes	0.1%	1.7%	2.7%	4.5%
Net income/(loss)	-0.3%	3.3%	3.8%	6.6%
Store Data (unaudited):				
Number of stores at end of period	284	179	284	179
Comparable sales growth for period (1)	3.5%	8.7%	2.5%	9.0%
Comparable store sales growth for period, excluding e-commerce (2)	0.6%	6.9%	0.2%	6.4%
Average net sales per comparable store (in thousands) (3)	$ 175	$ 179	$ 384	$ 392
Gross square footage at end of period (in thousands)	263	163	263	163
Sales per gross square foot (4)	$ 169	$ 189	$ 359	$ 415

(1) Includes comparable store sales from all company-owned stores that have been open and owned for at least 15 full fiscal months and sales from our website www.teavana.com. Comparability for stores is typically achieved 12 months after the initial three-month period from opening during which new stores typically experience higher-than-average sales volumes. Comparable sales exclude sales from stores obtained through the Teaopia Acquisition.

(2) Comparable store sales, excluding e-commerce, represent sales from all company-owned stores that have been open and owned for at least 15 full fiscal months. Comparability is typically achieved 12 months after the initial three-month period from opening during which new stores typically experience higher-than-average sales volumes. Comparable sales, excluding e-commerce, exclude sales from stores obtained through the Teaopia Acquisition.

(3) Average net sales per comparable store is calculated by dividing total sales per period for stores open and owned for at least 15 full fiscal months or more as of the beginning of each respective fiscal period by the total number of such stores. This methodology excludes the effects of the initial three-month period of higher-than-average sales volumes and also excludes e-commerce sales. Average net sales per comparable store also exclude sales from stores obtained through the Teaopia Acquisition.

(4) Sales per gross square foot is calculated by dividing total net sales for all stores, excluding e-commerce and including the stores acquired in the Teaopia Acquisition, by the average gross square footage for the period. Average gross square footage for the period is calculated by dividing the sum of the total gross square footage at the beginning and at the end of each period by two. Sales per gross square foot, excluding the stores acquired in the Teaopia Acquisition, were $176 and $386 in the thirteen weeks and twenty-six weeks ended July 29, 2012, respectively.

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The approximate percentages of net sales derived from our product categories were as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 29, 2012	July 31, 2011	July 29, 2012	July 31, 2011
	(unaudited)			
Product Categories:				
Tea	58%	58%	59%	59%
Merchandise	37%	38%	37%	37%
Beverage	5%	4%	4%	4%
	100%	100%	100%	100%

Thirteen Weeks Ended July 29, 2012 Compared to Thirteen Weeks Ended July 31, 2011

Net Sales

Net sales increased by 37.6%, or $11.8 million, to $43.1 million in the thirteen weeks ended July 29, 2012 from $31.3 million in the thirteen weeks ended July 31, 2011, resulting from a $10.3 million increase in non-comparable store sales, a $0.9 million increase in comparable sales, and a $0.6 million increase in other sales.

Non-comparable store sales increased by $10.3 million in the thirteen weeks ended July 29, 2012, driven primarily by the increase in the number of non-comparable stores period over period. There were 129 non-comparable stores as of July 29, 2012, including the 46 stores acquired in the Teaopia Acquisition on June 11, 2012, as compared to 66 non-comparable stores as of July 31, 2011. The sales attributable to the stores acquired in the Teaopia Acquisition were $2.0 million in the thirteen weeks ended July 29, 2012.

Comparable sales increased by 3.5%, or $0.9 million, at our comparable stores and through our website in the thirteen weeks ended July 29, 2012 due to a 8.1% increase in the number of transactions partially offset by a 4.6% decrease in the average transaction size in these channels. The number of transactions increased by 8.1% due principally to increased store transactions resulting primarily from increased beverage transactions, as well as due to increased transactions in our e-commerce business as our store openings in new and existing markets increased awareness of our brand and drove greater traffic to our website. Average transaction size decreased slightly to $38 in the thirteen weeks ended July 29, 2012 as compared to $39 for the thirteen weeks ended July 31, 2011, due primarily to increased beverage transactions in our stores, which have a lower average ticket than tea and merchandise transactions. There were 155 comparable stores as of July 29, 2012 compared to 113 as of July 31, 2011. Comparable store sales, excluding e-commerce, increased by 0.6% in the thirteen weeks ended July 29, 2012 due to a 6.1% increase in the number of transactions partially offset by a 5.5% decrease in the average transaction size. Excluding beverage only transactions, which represented only 5% of our comparable store sales but 29% of our transactions, our comparable store sales, excluding e-commerce, declined 0.1% due to a 0.7% increase in the number of transactions, offset by a 0.8% decrease in the average transaction size.

Other sales increased by $0.6 million in the thirteen weeks ended July 29, 2012 due primarily to increased product sales to the Alshaya group for the initial stores scheduled to open later in fiscal 2012 and early in fiscal 2013 under our franchise development agreement signed in September 2011.

Gross Profit

Gross profit increased by 31.8%, or $6.1 million, to $25.2 million in the thirteen weeks ended July 29, 2012 from $19.1 million in the thirteen weeks ended July 31, 2011, due primarily to our growth in non-comparable store sales. Gross margin decreased to 58.5% in the thirteen weeks ended July 29, 2012 as compared to 61.1% in the thirteen weeks ended July 31, 2011. The decrease in gross margin is due primarily to lower gross margin on sales from stores acquired in the Teaopia Acquisition due to promotions to eliminate existing Teaopia inventory

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in advance of converting these stores to a Teavana format, lower leverage of Teaopia store occupancy costs compared to Teavana stores and significantly lower gross margin on other sales due to the increased product sales to the Alshaya group at near cost without any corresponding royalty revenue since no stores are open yet under the related franchise development agreement.

Selling, General and Administrative Expense

Selling, general and administrative expense increased by 49.8%, or $7.7 million, to $23.0 million in the thirteen weeks ended July 29, 2012 from $15.4 million in the thirteen weeks ended July 31, 2011. As a percentage of net sales, selling, general and administrative expense increased to 53.4% in the thirteen weeks ended July 29, 2012 from 49.1% in the thirteen weeks ended July 31, 2011.

Store operating expenses increased by 43.6%, or $4.6 million, in the thirteen weeks ended July 29, 2012, due primarily to the operation of 284 stores as of this date as compared to the operation of 179 stores as of July 31, 2011. As a percentage of net sales, store operating expenses increased to 34.7% in the thirteen weeks ended July 29, 2012 from 33.3% in the thirteen weeks ended July 31, 2011. Store operating expenses as a percentage of net sales from stores increased to 37.8% for the thirteen weeks ended July 29, 2012 from 35.8% for the thirteen weeks ended July 31, 2011 due primarily to the stores acquired in the Teaopia Acquisition, which generate higher store operating expenses as a percentage of net sales than Teavana stores due to their generally lower net sales. This increase was also driven by approximately $0.4 million of increased training and travel costs associated with bringing the managers of the stores acquired in the Teaopia Acquisition to our store support center for a two-week training session and other integration-related expenses.

Store pre-opening expenses increased by 26.5%, or $0.2 million, in the thirteen weeks ended July 29, 2012 due primarily to the timing of the construction and opening of new stores in the thirteen weeks ended July 29, 2012 compared to the timing of construction and of opening new stores in the thirteen weeks ended July 31, 2011. As a percentage of net sales, store pre-opening expenses decreased to 2.1% in the thirteen weeks ended July 29, 2012 as compared to 2.2% in the thirteen weeks ended July 31, 2011.

Other administrative expenses increased by 68.8%, or $2.9 million, in the thirteen weeks ended July 29, 2012 due primarily to the increased cost to support 284 stores in operation as of July 29, 2012 compared to 179 stores as of July 31, 2011, including additional support staff and infrastructure to integrate and operate the 46 stores acquired in the Teaopia Acquisition. The increase was also driven by transaction and integration expenses of $0.8 million related to the Teaopia Acquisition during the thirteen weeks ended July 29, 2012. In addition, we experienced an increase in other administrative expenses of approximately $0.5 million relating to stock compensation expense and other costs associated with being a public company such as increased board fees, insurance premiums, professional service fees and payroll costs for additional finance, legal and compliance personnel for the thirteen weeks ended July 29, 2012 as compared to the thirteen weeks ended July 31, 2011. As a percentage of net sales, other administrative expenses increased to 16.6% in the thirteen weeks ended July 29, 2012 as compared to 13.6% for the thirteen weeks ended July 31, 2011.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 51.7%, or $0.8 million, to $2.2 million in the thirteen weeks ended July 29, 2012 from $1.4 million in the thirteen weeks ended July 31, 2011 due primarily to capital expenditures of approximately $28.6 million incurred during the trailing four quarters to acquire Teaopia-related fixed assets in the Teaopia Acquisition and build new stores and, to a lesser extent, for continued leasehold improvements at our store support center and distribution center. As a percentage of net sales, depreciation and amortization expense increased to 5.0% for the thirteen weeks ended July 29, 2012 as compared to 4.6% for the thirteen weeks ended July 31, 2011.

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Interest Expense, Net

Interest expense, net decreased by 85.3%, or $0.6 million, to $0.1 million in the thirteen weeks ended July 29, 2012 from $0.7 million in the thirteen weeks ended July 31, 2011 due primarily to the elimination of approximately $0.6 million in accretion from our Series A redeemable preferred stock. The Series A redeemable preferred stock was redeemed at the consummation of our Offering on August 2, 2011.

Provision for Income Taxes

Our provision for income taxes decreased by 94.3%, or $0.5 million, to $0.1 million in the thirteen weeks ended July 29, 2012 from $0.6 million in the thirteen weeks ended July 31, 2011, due primarily to a decrease in our income before income taxes. Our effective tax rates were -28.1% and 35.2% for the thirteen weeks ended July 29, 2012 and July 31, 2011, respectively. Our quarterly tax rate decreased as a result of the adjustment to reflect our estimated annual tax rate primarily to reflect the effect of the Teaopia Acquisition.

Net Income

As a result of the factors above, net income decreased by $1.2 million to a net loss of $0.2 million in the thirteen weeks ended July 29, 2012 as compared to net income of $1.0 million in the thirteen weeks ended July 31, 2011. Net income as a percentage of net sales decreased to -0.3% in the thirteen weeks ended July 29, 2012 from 3.3% in the thirteen weeks ended July 31, 2011.

Twenty-Six Weeks Ended July 29, 2012 Compared to Twenty-Six Weeks Ended July 31, 2011

Net Sales

Net sales increased by 31.9%, or $21.2 million, to $87.4 million in the twenty-six weeks ended July 29, 2012 from $66.3 million in the twenty-six weeks ended July 31, 2011, resulting from a $19.2 million increase in non-comparable store sales, a $1.6 million increase in comparable sales, and a $0.3 million increase in other sales.

Non-comparable store sales increased by $19.2 million in the twenty-six weeks ended July 29, 2012, driven primarily by the increase in the number of non-comparable stores period over period. There were 129 non-comparable stores as of July 29, 2012, including the 46 stores acquired in the Teaopia Acquisition on June 11, 2012, as compared to 66 non-comparable stores as of July 31, 2011.

Comparable sales increased by 2.5%, or $1.6 million, at our comparable stores and through our website in the twenty-six weeks ended July 29, 2012 due to a 4.5% increase in the number of transactions partially offset by a 2.0% decrease in the average transaction size in these channels. The number of transactions increased by 4.5% due principally to increased transactions in our stores resulting primarily from increased beverage transactions, as well as due to increased transactions in our e-commerce business as our store openings in new and existing markets increased awareness of our brand and drove greater traffic to our website. Average transaction size decreased slightly to approximately $39 in the twenty-six weeks ended July 29, 2012 as compared to approximately $40 in the twenty-six weeks ended July 31, 2011, due primarily to increased beverage transactions in our stores, which have a lower average ticket than tea and merchandise transactions. There were 155 comparable stores as of July 29, 2012 compared to 113 as of July 31, 2011. Comparable store sales, excluding e-commerce, increased by 0.2% in the twenty-six weeks ended July 29, 2012 due to a 2.7% increase in the number of transactions partially offset by a 2.5% decrease in the average transaction size. Excluding beverage only transactions, which represented only 4% of our comparable store sales but 27% of our transactions in the twenty-six weeks ended July 29, 2012, our comparable store sales, excluding e-commerce, decreased by 0.3% due to a 1.3% decrease in the number of transactions partially offset by a 1.0% increase in the average transaction size.

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Other sales increased by $1.0 million in the twenty-six weeks ended July 29, 2012 due primarily to increased product sales to the Alshaya group for the initial stores scheduled to open later in fiscal 2012 and early in fiscal 2013 under our franchise development agreement signed in August 2011.

Gross Profit

Gross profit increased by 28.9%, or $12.0 million, to $53.6 million in the twenty-six weeks ended July 29, 2012 from $41.6 million in the twenty-six weeks ended July 31, 2011, due primarily to our growth in non-comparable store sales. Gross margin decreased to 61.4% in the twenty-six weeks ended July 29, 2012 as compared to 62.8% in the twenty-six weeks ended July 31, 2011. The decrease in gross margin is due primarily to lower gross margin on sales from stores acquired in the Teaopia Acquisition due to promotions to eliminate existing Teaopia inventory in advance of converting these stores to a Teavana format, and significantly lower gross margin on other sales due to increased product sales to the Alshaya group at near cost without any corresponding royalty revenue since no stores are open yet under the related franchise development agreement.

Selling, General and Administrative Expense

Selling, general and administrative expense increased by 45.4%, or $13.7 million, to $43.8 million in the twenty-six weeks ended July 29, 2012 from $30.1 million in the twenty-six weeks ended July 31, 2011. As a percentage of net sales, selling, general and administrative expense increased to 50.1% in the twenty-six weeks ended July 29, 2012 from 45.5% in the twenty-six weeks ended July 31, 2011.

Store operating expenses increased by 59.3%, or $8.1 million, in the twenty-six weeks ended July 29, 2012, due primarily to the operation of 284 stores as of this date as compared to the operation of 179 stores as of July 31, 2011. As a percentage of net sales, store operating expenses increased to 32.6% in the twenty-six weeks ended July 29, 2012 from 30.9% in the twenty-six weeks ended July 31, 2011. Store operating expenses as a percentage of net sales from stores increased to 35.6% for the twenty-six weeks ended July 29, 2012 from 33.7% for the twenty-six weeks ended July 31, 2011 due primarily to the stores acquired in the Teaopia Acquisition, which generate higher store operating expenses as a percentage of net sales than Teavana stores due to their generally lower net sales. This increase was also driven by approximately $0.4 million of increased training and travel costs associated with bringing the managers of the stores acquired in the Teaopia Acquisition to our store support center for a two-week training session and other integration-related expenses.

Store pre-opening expenses increased by 52.3%, or $0.7 million, in the twenty-six weeks ended July 29, 2012 due primarily to the timing of the construction and opening of new stores in the twenty-six weeks ended July 29, 2012 compared to the timing of the construction and opening of new stores in the twenty-six weeks ended July 31, 2011. As a percentage of net sales, store pre-opening expenses increased to 2.5% in the twenty-six weeks ended July 29, 2012 as compared to 2.2% in the twenty-six weeks ended July 31, 2011.

Other administrative expenses increased by 39.4%, or $4.9 million, in the twenty-six weeks ended July 29, 2012 due primarily to the increased cost to support 284 stores in operation as of July 29, 2012 compared to 179 stores as of July 31, 2011, including additional support staff to integrate and operate the 46 stores acquired in the Teaopia Acquisition. The increase was also driven by transaction and integration expenses of $1.1 million related to the Teaopia Acquisition during the twenty-six weeks ended July 29, 2012. In addition, we experienced an increase in other administrative expenses of approximately $1.3 million relating to stock compensation expense and other costs associated with being a public company such as increased board fees, insurance premiums, professional service fees and payroll costs for additional finance, legal and compliance personnel for the twenty-six weeks ended July 29, 2012 as compared to the twenty-six weeks ended July 31, 2011. As a percentage of net sales, other administrative expenses increased to 15.0% in the twenty-six weeks ended July 29, 2012 as compared to 12.4% for the twenty-six weeks ended July 31, 2011.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 46.0%, or $1.2 million, to $3.9 million in the twenty-six weeks ended July 29, 2012 from $2.7 million in the twenty-six weeks ended July 31, 2011 due primarily to capital expenditures of approximately $28.6 million incurred during the trailing four quarters to acquire fixed assets for the Teaopia Acquisition and build new stores and, to a lesser extent, for leasehold improvements at our new store support center and distribution center. As a percentage of net sales, depreciation and amortization expense increased to 4.5% for the twenty-six weeks ended July 29, 2012 as compared to 4.1% for the twenty-six weeks ended July 31, 2011.

Interest Expense, Net

Interest expense, net decreased by 85.9%, or $1.2 million, to $0.2 million in the twenty-six weeks ended July 29, 2012 from $1.4 million in the twenty-six weeks ended July 31, 2011 due primarily to the elimination of approximately $1.2 million in accretion from our Series A redeemable preferred stock. The Series A redeemable preferred stock was redeemed at the consummation of our Offering on August 2, 2011.

Provision for Income Taxes

Our provision for income taxes decreased by 22.8%, or $0.7 million, to $2.3 million in the twenty-six weeks ended July 29, 2012 from $3.0 million in the twenty-six weeks ended July 31, 2011. Our effective tax rates were 40.9% and 40.8% for the twenty-six weeks ended July 29, 2012 and July 31, 2011, respectively.

Net Income

As a result of the factors above, net income decreased by 23.0%, or $1.0 million, to $3.4 million in the twenty-six weeks ended July 29, 2012 from $4.4 million in the twenty-six weeks ended July 31, 2011. Net income as a percentage of net sales decreased to 3.8% in the twenty-six weeks ended July 29, 2012 from 6.6% in the twenty-six weeks ended July 31, 2011.

Liquidity and Capital Resources

Our primary sources of liquidity are cash flows from operations and borrowings under our revolving credit facility.

Our primary cash needs are for capital expenditures and working capital needs and, selectively, for acquisitions such as the Teaopia Acquisition. Capital expenditures typically vary depending on the timing of new store openings and infrastructure-related investments. During fiscal 2012, we plan to spend approximately $20.0 million on capital expenditures, exclusive of the Teaopia Acquisition. We expect to devote approximately 80% of this capital expenditure budget to construct and open new stores and renovate a small number of existing stores, with the remainder projected to be spent on expansion of our distribution center and on continued investment in our information technology systems. Additionally, we expect to spend approximately $2.0 million in construction and conversion costs related to stores acquired in the Teaopia Acquisition.

Our on-going primary working capital requirements are for the purchase of store inventory and payment of payroll, rent and other store operating costs. Our working capital requirements fluctuate during the year, rising in the second and third fiscal quarters as we take title to increasing quantities of inventory in anticipation of our peak selling season in the fourth fiscal quarter. Fluctuations in working capital are also driven by the timing of new store openings.

Historically, we have funded our capital expenditures and working capital requirements during the fiscal year with borrowings under our revolving credit facility, which we have typically paid down at the end of the fiscal year with cash generated during our peak selling season in the fourth fiscal quarter. The amount of indebtedness outstanding under our revolving credit facility has tended to be highest in the beginning of the fourth quarter of each fiscal year.

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We believe that our cash position, net cash provided by operating activities and availability under our revolving credit facility will be adequate to finance our planned capital expenditures, our integration of Teaopia and working capital requirements for the foreseeable future.

Cash Flows

A summary of our cash flows from operating, investing and financing activities for the twenty-six weeks ended July 29, 2012 and July 31, 2011, respectively, is presented in the following table:

	Twenty-Six Weeks Ended	
	July 29, 2012	**July 31, 2011**
	(unaudited)	
	(dollars in thousand)	
Cash flows provided by (used in):		
Operating activities	$ 11,268	$ (311)
Investing activities	(40,149)	(8,848)
Financing activities	11,909	2,881
Effect of exchange rates on cash and cash equivalents	(130)	
Decrease in cash and cash equivalents	$ (17,102)	$ (6,278)

Operating Activities

Cash flows generated by operating activities consist primarily of net income adjusted for non-cash items, including depreciation and amortization expense, non-cash interest expense, stock-based compensation expense, deferred taxes and the effect of working capital changes.

	Twenty-Six Weeks Ended	
	July 29, 2012	**July 31, 2011**
	(unaudited)	
	(dollars in thousand)	
Cash flows from operating activities:		
Net income	$ 3,355	$ 4,354
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	3,945	2,703
Non-cash interest expense	46	1,282
Stock-based compensation expense	521	63
Excess tax benefit from stock option exercises	(1,998)	
Other	61	99
Change in operating assets and liabilities	5,338	(8,812)
Net cash provided by/(used in) operating activities	$ 11,268	$ (311)

Net cash provided by operating activities increased by $11.6 million to $11.3 million during the twenty-six weeks ended July 29, 2012 from $0.3 million in cash used in operating activities during the twenty-six weeks ended July 31, 2011. This increase was primarily due to a decrease in cash used by net working capital components of approximately $14.2 million partially offset by a decrease of net income of approximately $1.0 million, less the net effect of $1.9 million in other adjustments as detailed in the table above. The decrease

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in cash used by net working capital components at the end of the twenty-six weeks ended July 29, 2012 is due primarily to more efficient inventory management in the twenty-six weeks ended July 29, 2012 as compared to the prior year period.

Investing Activities

Cash flows used in investing activities consist primarily of cash used to pay the Teaopia Acquisition adjusted purchase price of $27.0 million. This cash outlay was coupled with capital expenditures of approximately $13.2 million for new stores and, to a lesser extent, for existing stores, as well as for investments in our information technology systems, our distribution center and our store support center, to support our planned growth.

Capital expenditures increased by $4.4 million to $13.2 million in the twenty-six weeks ended July 29, 2012 from $8.8 million in the twenty-six weeks ended July 31, 2011. This increase was due primarily to the timing and number of new store build-outs. We opened 38 new stores in the twenty-six weeks ended July 29, 2012 compared to 33 new stores in the twenty-six weeks ended July 1, 2011.

Financing Activities

Cash flows from financing activities consist primarily of borrowings and payments on our revolving credit facility.

	Twenty-Six Weeks Ended July 29, 2012	July 31, 2011
	(unaudited) (dollars in thousand)	
Cash flows from financing activities:		
Proceeds from revolving credit facility	$ 98,203	$ 74,338
Payments on revolving credit facility	(88,672)	(69,979)
Payment of initial public offering costs		(1,110)
Cash paid for financing costs	(15)	(433)
Proceeds from stock option exercises	395	
Excess tax benefit from stock option exercises	1,998	
Other		65
Net cash provided by financing activities	$ 11,909	$ 2,881

Net cash provided by financing activities increased by $9.0 million to $11.9 million in the twenty-six weeks ended July 29, 2012 as compared to $2.9 million in net cash provided by financing activities in the twenty-six weeks ended July 31, 2011. This increase was primarily attributable to an increase in net borrowings during the period.

Revolving Credit Facility

On June 12, 2008, we entered into a loan and security agreement with Fifth Third Bank for a three-year revolving credit facility (the Credit Agreement). On April 22, 2011, we entered into an amendment to the Credit Agreement, which extends the maturity of this facility until April 22, 2016. On October 6, 2011, we entered into a second amendment that, among other things, permitted the creation of a foreign subsidiary and certain inter-company transfers. On April 15, 2012, we entered into a third amendment, which became effective upon the completion of the Teaopia Acquisition (the Credit Agreement, as amended, is referred to as the Amended Credit Agreement). The third amendment provides Fifth Third s consent to the Teaopia Acquisition, lowers the applicable margin for advances, permits new store capital expenditures for locations acquired in the Teaopia Acquisition and increases the Maximum Revolving Facility to $50.0 million through December 31, 2012 and $40.0 million on and after January 1, 2013.

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Under the revolving credit facility, our borrowing capacity is equal to the lesser of (i) the Maximum Revolving Facility (as defined), less the undrawn face amount of any letters of credit outstanding at the time a drawdown on the revolving credit facility is made, and (ii) the Borrowing Base (as defined). The Maximum Revolving Facility is equal to $50.0 million. The Borrowing Base is defined as the sum of (i) 200% of Consolidated EBITDA (as defined) for the most recent trailing twelve-month period for which financial statements are available, minus (ii) the aggregate undrawn face amount of any letters of credit outstanding at the time a drawdown on the revolving credit facility is made, minus (iii) such reserves as may be established by the lender in its Permitted Discretion (as defined) but not to exceed 35% of the Borrowing Base. The credit facility includes a $5.0 million sublimit for the issuance of letters of credit. Our excess borrowing capacity was $40.0 million as of July 29, 2012, with $9.5 million outstanding under our revolving credit facility and undrawn face amounts on letters of credit of $0.5 million as of that date.

Indebtedness incurred under the revolving credit facility bears interest at a rate of LIBOR, subject to a minimum level of 1.5% plus an applicable margin of 4.5% or the lender s base commercial lending rate, plus an applicable margin of 3.0%. Any outstanding debt would have borne interest at a rate of 4.25% under the lender s base commercial lending rate as of July 29, 2012.

The Amended Credit Agreement includes certain financial covenants. The financial covenants include the requirements to: (i) maintain a ratio of Consolidated Free Cash Flow to Consolidated Fixed Charges (as such terms are defined); (ii) maintain a ratio of Debt (as defined) to Consolidated EBITDA; (iii) limit our annual Consolidated Capital Expenditures (as defined); and (iv) limit our Consolidated Net Capital Expenditures (defined as Consolidated Capital Expenditures minus a specified amount of capital expenditures related to new-store openings determined on the basis of our Consolidated Leverage Ratio). The Amended Credit Agreement also includes customary negative and affirmative covenants. The negative covenants include, among others, limitations on: indebtedness; the payment of dividends; liens; the disposition of assets; consolidations and mergers; loans and investments; transactions with affiliates; restricted payments; sale-leaseback transactions; incurrence of certain restrictions by subsidiaries; other negative pledges; and foreign assets. The affirmative covenants include, among others, the requirement to provide audited annual and unaudited monthly financial statements, quarterly and annual compliance certificates, and other financial and operating information. As of July 29, 2012, management s belief was that we were in compliance with the financial covenants and other covenants applicable to us under the Amended Credit Agreement.

Indebtedness incurred under the Amended Credit Agreement was collateralized by substantially all of our U.S. assets and 65% of the common stock of Teavana Canada as of July 29, 2012.

Off-Balance Sheet Arrangements

As of and for the twenty-six weeks ended July 29, 2012, except for operating leases entered into in the normal course of business, we were not party to any material off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, net sales, expenses, results of operations, liquidity, capital expenditures or capital resources.

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Contractual Obligations and Commitments (unaudited)

The following table summarizes our contractual obligations as of July 29, 2012, and the effect such obligations are expected to have on our liquidity and cash flows in future periods.

	Total Obligations	Payments Due by Period <1 Year (1)	2-3 Years	4-5 Years	Thereafter
		(dollars in thousands)			
Operating lease obligations (2)	$ 177,961	$ 8,670	$ 44,447	$ 43,327	$ 81,517
Construction-related obligations	3,970	3,970			
Purchase obligations (3)	20,184	20,184			
Total contractual obligations	$ 202,115	$ 32,824	$ 44,447	$ 43,327	$ 81,517

(1) The obligations in this column represent known cash requirements from July 30, 2012 through the end of fiscal 2012 on February 3, 2013.

(2) Operating lease obligations reflect base rent and exclude insurance, taxes, maintenance and other related leasing costs. Other related leasing costs including insurance, taxes and maintenance comprise approximately 40% of the base rent obligation.

(3) Purchase obligations consist primarily of inventory purchase orders. Our inventory purchase orders are generally cancellable with limited or no recourse available to the vendor until the inventory is shipped to us. Additionally, this amount includes approximately $0.2 million in purchase commitments assumed in the Teaopia Acquisition.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. Predicting future events is inherently an imprecise activity and, as such, requires the use of judgment. Actual results may vary from estimates in amounts that may be material to the financial statements. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact our consolidated financial statements. Our critical accounting policies and estimates are discussed in our Annual Report on Form 10-K filed with the SEC on April 13, 2012. We believe that there have been no significant changes to our critical accounting policies during the twenty-six weeks ended July 29, 2012 apart from those previously disclosed in our Annual Report, except for the following:

Goodwill

The Company accounts for goodwill in accordance with ASC Topic No. 350, *Intangibles Goodwill and Other* (ASC 350). The Company does not amortize goodwill. Management reviews goodwill for impairment annually on October 1 or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In testing for impairment, management calculates the fair value of the reporting units to which the goodwill relates based on the fair value of the Company as a whole. The fair value of the Company is the amount for which the Company could be sold in a current transaction between willing parties. If the reporting unit s carrying value exceeds its fair value, goodwill is written down to its implied fair value.

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Item 3 Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates and foreign currency exchange rates. We do not hold or issue financial instruments for trading purposes.

Interest Rate Risk

Our revolving credit facility carries floating interest rates that are tied to LIBOR or our lender s base commercial rate, and therefore, our consolidated statements of operations and cash flows will be exposed to changes in interest rates. We do not use derivative financial instruments for speculative or trading purposes; however, this does not preclude our adoption of specific hedging strategies in the future. A 10% increase or decrease in market interest rates would not have a material impact on our financial condition, results of operations or cash flows.

Foreign Exchange Risk

We have historically not generated a significant portion of our net sales in any currency other than the U.S. dollar. With the Teaopia Acquisition, which was completed on June 11, 2012, during the thirteen weeks ended July 29, 2012, approximately 6% of our net sales were generated in Canadian dollars. We also currently source a portion of our inventory of teas and tea-related merchandise in Europe and Japan and incur a limited portion of those related costs in Euro and in Japanese yen. Historically, we have not been impacted materially by fluctuations in the U.S. dollar/Canadian dollar, U.S. dollar/Euro and U.S. dollar/Japanese yen exchange rates and do not expect to be impacted materially for the foreseeable future. Our net sales generated in Canadian dollars and our foreign denominated payables would not have been materially affected by a 10% adverse change in foreign currency exchange rates for the twenty-six weeks ended July 29, 2012 and the twenty-six weeks ended July 31, 2011. However, if our purchases of inventory in Euro and in Japanese yen increase, and to the extent that we commence generating more net sales outside of the United States that are denominated in currencies other than the U.S. dollar (which we expect to occur as a result of the Teaopia Acquisition and our further expansion into Canada), our results of operations could be adversely impacted by changes in exchange rates. We do not currently hedge foreign currency fluctuations and do not currently intend to do so for the immediate future.

Item 4 Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as defined in Rule 13(a)-15(e), as of the end of the period covered by this Quarterly Report on Form 10-Q pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q are effective in providing reasonable assurance that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent or detect all error and all fraud. While our disclosure controls and procedures are designed to provide reasonable assurance of their effectiveness, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

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Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the thirteen weeks ended July 29, 2012, which were identified in connection with management s evaluation required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II Other Information

Item 1 Legal Proceedings

On December 28, 2011, a putative class action lawsuit styled *Chavez v. Teavana Corp.* alleging wage and hour violations of the California Labor Code for General Managers in California was filed in the Superior Court of California, County of Los Angeles. The plaintiff seeks on behalf of herself and other putative class members, compensatory damages, restitution, putative and exemplary damages, penalties, interest and other relief. We dispute the material allegations in the complaint and intend to defend the action vigorously. Due to inherent uncertainties of litigation and because the lawsuit is in early procedural stages, we cannot at this time accurately predict the ultimate outcome, or any potential liability, of the matter.

We are also subject to other legal proceedings and claims that arise in the ordinary course of business. These include claims resulting from slip and fall accidents, employment related claims and claims from guests or team members alleging illness or injury or other operational concerns. To date, no claims of these types of litigation, certain of which are covered by insurance policies, have had a material effect on us. While it is not possible to predict the outcome of these other suits, legal proceedings and claims with certainty, management does not believe that they would have a material adverse effect on our financial position and results of operations.

Item 1A Risk Factors

In addition to the Risk Factors discussed in Item 1A of Part I of our Annual Report on Form 10-K for the fiscal year ended January 29, 2012, we note the following:

We may be unable to successfully integrate completed acquisitions, and such acquisitions may fail to achieve the financial results we expect.

On April 15, 2012, we, through our wholly owned subsidiary, Teavana Canada, Inc., entered into an Asset Purchase Agreement to acquire substantially all of the assets of Teaopia Limited (Teaopia), which operated 46 retail store locations in Canada that sold loose-leaf tea and tea related merchandise. The Teaopia Acquisition closed on June 11, 2012. The Teaopia Acquisition involves the integration of a separate business, which previously operated independently and had different systems, processes, products and cultures, into our existing operations. While we expect to provide training and other approaches to integrate Teaopia into our business and store model, we may be unable to integrate successfully these locations into our business and may fail to achieve the financial results we expected. Integrating completed acquisitions into our existing operations involves numerous risks, including the loss of customers, diversion of management s attention, failure to retain key personnel and failure of the acquired business to be financially successful. Our inability to integrate successfully the stores we acquire, or if such stores do not achieve the financial results that we expect, may increase our costs and have a material adverse impact on our financial condition and results of operations.

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An increase in the cost or a disruption in the flow of our imported products may significantly decrease our sales and profits.

Merchandise originally manufactured and imported from overseas makes up a large proportion of our total inventory. A disruption in the shipping of our imported merchandise or an increase in the cost of those products may significantly decrease our sales and profits. We may be unable to meet our customers demands or pass on price increases to our customers. In addition, if imported merchandise becomes more expensive or unavailable, the transition to alternative sources may not occur in time to meet demand. Risks associated with our reliance on imported products include increases in the cost of purchasing or shipping foreign merchandise and disruptions in the shipping and importation of imported products because of factors such as raw material shortages, work stoppages, strikes and political unrest, problems with oceanic shipping, including shipping container shortage, increased customs inspections of import shipments or other factors causing delays in shipments and economic crises, natural disasters, international disputes and wars.

Item 5 Other Information

On September 7, 2012, we entered into an employment agreement with our Vice President & General Counsel, David V. Christopherson, pursuant to which Mr. Christopherson will continue to serve in such capacity until April 22, 2014 (or such earlier date upon which Mr. Christopherson s employment may be terminated in accordance with its terms). The agreement is on substantially the same terms and conditions as the form of employment agreement that has been entered into by our other named executive officers. A copy of the agreement is filed as Exhibit 10.1 to this report and incorporated herein by reference.

Item 6 Exhibits

Exhibit 10.1	Employment Agreement, dated as of September 7, 2012, between Teavana Holdings, Inc. and David V. Christopherson.
Exhibit 10.2	Teavana Holdings, Inc. Teaopia Budget 2012 Incentive Plan.
Exhibit 31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 101	Interactive Data File*

* Pursuant to Rule 406T of SEC Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under these Sections.

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SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TEAVANA HOLDINGS, INC.

By: /s/ Daniel P. Glennon
Daniel P. Glennon
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: September 10, 2012

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