SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2000

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: 1-11692

Ethan Allen Interiors Inc.; Ethan Allen Inc.; Ethan Allen Marketing Corporation; Ethan Allen Manufacturing Corporation

(Exact name of registrant as specified in its charter)

Delaware	06-1275288
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer ID No.)

Ethan Allen Drive, Danbury, Connecticut 06811

(Address of principal executive offices)

(203) 743-8000

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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.

[X] Yes [ ] No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

[ ] Yes [ ] No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

39,549,387 at March 31, 2000

ETHAN ALLEN INTERIORS INC.

AND SUBSIDIARY

INDEX

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY

Consolidated Balance Sheets

(Dollars in thousands)

	March 31, 2000 (unaudited)	June 30, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$ 16,090	$ 8,968
Accounts receivable, less allowances of $2,836 and $2,460 at March 31, 2000 and June 30, 1999, respectively	33,292	34,302
Notes receivable, current portion, less allowances of $169 and $79 at March 31, 2000 and June 30, 1999, respectively	313	640
Inventories	157,276	144,045
Prepaid expenses and other current assets	18,776	14,088
Deferred income taxes	9,996	7,783
Total current assets	235,743	209,826
Property, plant and equipment, net of accumulated depreciation of $120,838 and $111,476 at March 31, 2000 and June 30, 1999, respectively	241,400	214,492
Intangibles, net of amortization of $18,083 and $16,757 at March 31, 2000 and June 30, 1999, respectively	53,270	51,598
Other assets	4,641	4,706

Total assets	$ 535,054	$ 480,622
	=========	========
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short term debt and current maturities of capital lease obligations	$ 16,308	$ 757
Accounts payable	73,141	59,378
Accrued expenses	9,287	9,174
Accrued compensation and benefits	20,835	16,937
	--------	--------
Total current liabilities	119,571	86,246
Long-term debt and capital lease obligations, less current maturities	9,668	9,919
Other long-term liabilities	979	1,370
Deferred income taxes	33,228	32,552
	--------	--------
Total liabilities	163,446	130,087
	--------	--------
Commitments and Contingencies	-	-
Shareholders' equity:		
Class A common stock, par value $.01, 150,000,000 shares authorized, 45,056,196 and 44,666,791 shares issued at March 31, 2000 and June 30, 1999, respectively	451	447
Additional paid-in capital	272,203	267,286
	--------	--------
	272,654	267,733
Less: Treasury stock (at cost), 5,506,809 shares at March 31, 2000 and 3,745,928 shares at June 30, 1999, respectively	(124,623)	(78,887)
	--------	--------
	148,031	188,846
Retained earnings	223,577	161,689
	--------	--------
Total shareholders' equity	371,608	350,535
	--------	--------
Total liabilities and shareholders' equity	$ 535,054	$ 480,622
	========	========

See accompanying notes to consolidated financial statements.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY

Consolidated Statements of Operations

(Unaudited)

(Amounts in thousands, except per share data)

<TABLE>
<CAPTION>

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2000	1999	2000	1999
	-------	--------	--------	--------
<S>	<C>	<C>	<C>	<C>
Net sales	$ 220,300	$ 194,571	$ 627,378	$ 554,471
Cost of sales	117,152	103,507	331,810	296,647
	-------	-------	-------	-------
Gross profit	103,148	91,064	295,568	257,824
Operating expenses:				
Selling	36,147	31,887	103,827	90,351
General and administrative	28,901	24,456	83,234	71,335
	------	------	-------	------

Operating income	38,100	34,721	108,507	96,138
Interest and other miscellaneous income, net	278	320	1,411	1,138
Interest and other related financing costs	392	555	978	1,560
Income before income taxes	37,986	34,486	108,940	95,716
Income tax expense	14,815	13,312	42,203	37,147
Net income	$ 23,171	$ 21,174	$ 66,737	$ 58,569
Per share data:				
Basic earnings per common share:				
Net income per basic share	$ 0.58	$ 0.52	$ 1.65	$ 1.41
Basic weighted average common shares outstanding	39,998	40,986	40,562	41,403
Diluted earnings per common share:				
Net income per diluted share	$ 0.57	$ 0.50	$ 1.61	$ 1.38
Diluted weighted average common shares outstanding	40,755	42,015	41,523	42,368

</TABLE>

See accompanying notes to consolidated financial statements.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in thousands)

	Nine Months Ended March 31, 2000	1999
Operating activities:		
Net income	$ 66,737	$ 58,569
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,616	11,893
Compensation expense related to restricted stock award	641	1,037
Provision for deferred income taxes	(1,537)	(509)
Other non-cash charges	(553)	205
Change in assets and liabilities:		
Accounts receivable	370	1,300
Inventories	(10,401)	(23,099)
Prepaid and other current assets	(4,661)	(5,647)
Accounts payable	14,016	17,945
Accrued expenses	4,056	2,796
Other	(362)	(482)
Net cash provided by operating activities	80,922	64,008
Investing activities:		
Proceeds from the disposal of property, plant and equipment	1,096	135
Capital expenditures	(31,922)	(28,591)
Acquisition of businesses	(9,886)	(6,406)
Payments received on long-term notes receivable	762	639
Disbursements made for long-term notes receivable	(135)	(255)
Net cash used in investing activities	(40,085)	(34,478)

Financing activities:		
Borrowings on revolving credit facilities	66,000	70,500
Payments on revolving credit facilities	(50,000)	(56,000)
Other long-term borrowings	-	18
Other payments on long-term debt, including capital leases	(701)	(2,550)
Increase in deferred financing costs	(507)	-
Stock option exercises	2,123	467
Payment of dividends	(4,894)	(3,331)
Payments to acquire treasury stock	(45,736)	(44,778)
Net cash used in financing activities	(33,715)	(35,674)
Net increase (decrease) in cash and cash equivalents	7,122	(6,144)
Cash and cash equivalents at beginning of period	8,968	19,380
Cash and cash equivalents at end of period	$ 16,090	$ 13,236

See accompanying notes to consolidated financial statements.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
Consolidated Statements of Shareholders' Equity
Nine Months Ended March 31, 2000
(Unaudited)
(Dollars in thousands)

<TABLE>
<CAPTION>

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total
<S>	<C>	<C>	<C>	<C>	<C>
Balance at June 30, 1999	$ 447	$267,286	$(78,887)	$161,689	$350,535
Issuance of common stock upon exercise of stock options and restricted stock award compensation	4	2,760	-	-	2,764
Purchase of 1,760,881 shares of treasury stock	-	-	(45,736)	-	(45,736)
Tax benefit associated with the exercise of employee options and warrants	-	2,157	-	-	2,157
Dividends declared on common stock	-	-	-	(4,849)	(4,849)
Net income	-	-	-	66,737	66,737
Balance at March 31, 2000	$ 451	$272,203	$(124,623)	$223,577	$371,608

</TABLE>

See accompanying notes to consolidated financial statements.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements
(Unaudited)

(1) BASIS OF PRESENTATION

Ethan Allen Interiors Inc. (the "Company") is a Delaware corporation incorporated on May 25, 1989. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Ethan Allen Inc. ("Ethan Allen") and Ethan Allen's subsidiaries. All of Ethan Allen's capital stock is owned by the Company. The Company has no other assets or operating results other than those associated with its investment in Ethan Allen.

(2) INTERIM FINANCIAL PRESENTATION

All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Certain reclassifications have been made to prior year financial information in order to conform to the current year's presentation. These changes were made for disclosure purposes only and did not have an impact on previously reported results of operations or shareholders' equity.

In the opinion of the Company, all adjustments, consisting only of normal recurring accruals necessary for fair presentation, have been included in the financial statements. The results of operations for the three and nine months ended March 31, 2000, are not necessarily indicative of results for the fiscal year. It is suggested that the interim consolidated financial statements be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended June 30, 1999.

(3) INVENTORIES

Inventories at March 31, 2000 and June 30, 1999 are summarized as follows (dollars in thousands):

	March 31, 2000	June 30, 1999
Finished goods	$101,323	$ 92,304
Work in process	19,699	16,143
Raw materials	36,254	35,598
	$157,276	$144,045

(4) CONTINGENCIES

The Company has been named as a potentially responsible party ("PRP") for the cleanup of three sites currently listed or proposed for inclusion on the National Priorities List ("NPL") under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"). With respect to all of these sites, the Company believes that it is not a major contributor based on the very small volume of waste generated by the Company in relation to total volume at the site. The Company believes its share of waste contributed to these sites is minimal in relation to the total; however, liability under CERCLA may be joint and several. For two of the sites, the remedial investigation is ongoing. A volume-based allocation of responsibility among the parties has been prepared. Numerous other parties have been identified as PRP's at these sites. The Company is also a settling defendant for remedial design and construction activities at one of the sites. Approximately two thirds of the remedial work has been performed at this site and Ethan Allen's portion of the remedial action should be completed in calendar year 2000. The Company believes that the resolution of such matter will not have a material adverse effect on its financial condition, results of operations or cash flows.

(5) SHAREHOLDERS' EQUITY

Since July 1, 1999, 389,405 shares of common stock of the Company have been issued to employees upon exercise of non-qualified stock options and warrants under the Company's stock option plan. The increase in additional paid-in capital from June 30, 1999 to March 31, 2000 represents (i) the difference between the exercise price of the stock options or warrants and the par value of the common stock issued to option holders of $2.1 million, (ii) $0.6 million recorded for restricted stock during the period and (iii) the income tax benefit of $2.2 million realized on the exercise of these stock options and warrants.

The Company has been authorized by its Board of Directors to repurchase its common stock from time to time, either directly or through agents, in the open market at prices and on terms satisfactory to the Company. The Company's common stock repurchases are recorded as treasury stock and result in a reduction of shareholders' equity. For the nine months ended March 31, 2000, the Company repurchased 1,760,881 shares of its common stock for $45.7 million.

(6) EARNINGS PER SHARE

Basic and diluted earnings per share are calculated using the following share data (amounts in thousands):

	Three Months Ended March 31, 2000	Three Months Ended March 31, 1999	Nine Months Ended March 31, 2000	Nine Months Ended March 31, 1999
Weighted average common shares outstanding for basic calculation	39,998	40,986	40,562	41,403
Add: Effect of stock options and warrants	757	1,029	961	965
Weighted average common shares outstanding for diluted calculation	40,755	42,015	41,523	42,368

Stock options to purchase 998,950 shares of common stock had an exercise price in excess of the average market price. These options have been excluded from the diluted earnings per share calculation since their effect is anti-dilutive.

(7) SEGMENT INFORMATION

The Company has adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" which changes the financial disclosure requirements for operating segments. Segment information presented for 1999 has been restated to reflect the requirements of the new pronouncement. The Company's reportable segments are strategic business areas that are managed separately and offer different products and services. The Company's operations are classified into two main businesses: wholesale and retail home furnishings. The wholesale home furnishings business is principally involved in the manufacture, sale and distribution of home furnishing products to a network of independently-owned and Ethan Allen-owned stores. The wholesale business consists of three operating segments; case goods, upholstery, and home accessories. Wholesale profitability includes the wholesale gross margin, which is earned on wholesale sales to all retail stores, including Ethan Allen-owned stores.

(7) SEGMENT INFORMATION (CONTINUED)

The retail home furnishings business sells home furnishing products through a network of Ethan Allen-owned stores. Retail profitability includes the retail gross margin, which is earned based on purchases from the wholesale business.

The operating segments follow the same accounting policies. The Company evaluates performance of the respective segments based upon revenues and operating income. Inter-segment eliminations primarily comprise the wholesale sales and profit on the transfer of inventory between segments. Inter-segment eliminations also include items not allocated to reportable segments.

The following table presents segment information for the three and nine months ended March 31, 2000 and 1999 (dollars in thousands):

<TABLE>
<CAPTION>

	Three Months Ended March 31, 2000	Three Months Ended March 31, 1999	Nine Months Ended March 31, 2000	Nine Months Ended March 31, 1999
<S>	<C>	<C>	<C>	<C>

NET SALES:				
Case Goods	$ 103,451	$ 91,437	$283,094	$258,309
Upholstery	51,101	45,747	142,453	127,187
Home Accessories	27,965	20,982	73,312	64,865
Other (1)	1,905	2,769	6,359	8,581
Wholesale Net Sales	184,422	160,935	505,218	458,942
Retail	91,520	75,957	269,472	213,401
Other (2)	1,339	1,355	4,691	4,857
Elimination of inter-segment sales	(56,981)	(43,676)	(152,003)	(122,729)
Consolidated Total	$220,300	$194,571	$627,378	$554,471
OPERATING INCOME:				
Case Goods	$ 36,245	$ 33,881	$ 98,910	$ 93,178
Upholstery	15,298	13,899	43,041	38,240
Home accessories	9,129	6,885	23,401	21,023
Unallocated corporate expenses (3)	(23,797)	(22,330)	(67,403)	(63,867)
Wholesale Operating Income	36,875	32,335	97,949	88,574
Retail	4,245	4,101	13,862	10,757
Other (2)	23	149	561	1,055
Eliminations	(3,043)	(1,864)	(3,865)	(4,248)
Consolidated Total	$ 38,100	$ 34,721	$108,507	$ 96,138
CAPITAL EXPENDITURES:				
Case Goods	$ 3,511	$ 3,948	$ 10,154	$ 12,572
Upholstery	957	801	2,538	2,138
Home accessories	251	251	353	382
Other (6)	4,129	1,588	20,651	11,186
Wholesale Capital Expenditures	8,848	6,588	33,696	26,278
Retail	710	836	2,995	2,138
Other (2)	123	76	1,242	175
Consolidated Total (7)	$ 9,681	$ 7,500	$ 37,933	$ 28,591
TOTAL ASSETS:				
Case Goods	$118,083	$105,217		
Upholstery	34,338	30,822		
Home accessories	6,749	6,279		
Corporate (4)	279,019	256,489		
Wholesale Total Assets	438,189	398,807		
Retail	116,400	97,558		
Other (2)	6,773	4,852		
Inventory Profit Elimination (5)	(26,308)	(22,224)		
Consolidated Total	$535,054	$478,993		

</TABLE>

(7) SEGMENT INFORMATION (CONTINUED)

(1) The Other category included in the wholesale business consists of the operating activity for indoor/outdoor furniture and the corporate office.

(2) The Other category includes miscellaneous operating activities.

(3) Unallocated corporate expenses primarily consist of corporate

advertising costs, unreimbursed training costs, system development costs, and other corporate administrative charges.

(4) Corporate assets primarily include receivables from third party retailers, finished goods inventory, property, plant and equipment, intangible assets, deferred tax assets, and the Company's distribution operations.

(5) Inventory profit elimination reflects the embedded wholesale profit in the Company-owned store inventory that has not been realized. These profits will be recorded when shipments are made to the retail customer.

(6) The Other category includes unallocated capital expenditures made by the corporate office.

(7) Consolidated capital expenditures include $6.0 million of fixed assets related to retail acquisitions.

There are over 30 independent retail stores located outside the United States. Approximately 3% of the Company's net sales are derived from sales to these retail stores.

(8) Wholly-Owned Subsidiary

The Company owns all of the outstanding stock of Ethan Allen, has no material assets other than its ownership of Ethan Allen stock, and conducts all significant operating transactions through Ethan Allen. The Company has guaranteed Ethan Allen's obligations under its Credit Agreement.

The condensed balance sheets of Ethan Allen as of March 31, 2000 and June 30, 1999 are as follows (dollars in thousands):

	March 31, 2000	June 30, 1999
Assets		
Current assets	$ 235,735	$ 209,768
Non-current assets	434,317	357,237
Total assets	$ 670,052	$ 567,005
Liabilities		
Current liabilities	$ 117,868	$ 84,500
Non-current liabilities	43,277	43,841
Total liabilities	$ 161,145	$ 128,341

(8) WHOLLY-OWNED SUBSIDIARY (CONTINUED)

A summary of Ethan Allen's operating activity for the three and nine months ended March 31, 2000 and 1999, are as follows (dollars in thousands):

<TABLE>
<CAPTION>

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Net sales	$220,300	$194,571	$627,378	$554,471
Gross profit	103,148	91,064	295,568	257,824
Operating income	38,138	34,765	108,620	96,253
Interest expense	358	484	752	1,374
Amortization of deferred financing costs	34	71	226	186

Income before income tax expense	38,024	34,530	109,053	95,831
Net income	$ 23,209	$ 21,218	$ 66,850	$ 58,684
	========	========	========	========

</TABLE>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussions set forth in this form 10-Q should be read in conjunction with the financial information included herein and the Company's Annual Report on Form 10-K for the year ended June 30, 1999. Management's discussion and analysis of financial condition and results of operations and other sections of this report contain forward-looking statements relating to future results of the Company. Such forward-looking statements are identified by use of forward-looking words such as "anticipates", "believes", "plans", "estimates", "expects", and "intends" or words or phrases of similar expression. These forward-looking statements are subject to various assumptions, risk and uncertainties, including but not limited to, changes in political and economic conditions, demand for the Company's products, acceptance of new products, conditions in the various real estate markets where the Company does business, developments affecting the Company's products and to those discussed in the Company's filings with the Securities and Exchange Commission. Accordingly, actual results could differ materially from those contemplated by the forward-looking statements.

Results of Operations:

Ethan Allen's revenues are comprised of wholesale sales to dealer-owned and company-owned retail stores and retail sales of company-owned stores. The Company's wholesale sales are mainly derived from its three reportable operating segments; case goods, upholstery, and home accessories. The Company's retail sales are derived from sales from company-owned retail stores. See Note 7 to the Company's Consolidated Financial Statements for the three and nine months ended March 31, 2000. The components of consolidated revenues and operating income are as follows (dollars in millions):

<TABLE>
<CAPTION>

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
REVENUE:				
Wholesale Revenue:				
Case goods	$ 103.4	$ 91.4	$283.1	$258.3
Upholstery	51.1	45.7	142.4	127.2
Home Accessories	28.0	21.0	73.3	64.9
Other	1.9	2.8	6.4	8.5
Total Wholesale Revenue	184.4	160.9	505.2	458.9
Total Retail Revenue	91.5	76.0	269.5	213.4
Other	1.3	1.4	4.7	4.9
Elimination of inter-segment sales	(56.9)	(43.7)	(152.0)	(122.7)
Consolidated Revenue	$220.3	$194.6	$627.4	$554.5
	=====	=====	=====	=====
Operating Income:				
Wholesale Operating Income:				
Case goods	$ 36.3	$ 33.9	$ 98.9	$ 93.2
Upholstery	15.3	13.9	43.0	38.2
Home Accessories	9.1	6.9	23.4	21.0
Unallocated Corporate Expenses	(23.8)	(22.4)	(67.4)	(63.8)
Total Wholesale Operating Income	36.9	32.3	97.9	88.6
Total Retail Operating Income	4.2	4.1	13.9	10.7
Other	0.0	0.1	0.6	1.0
Eliminations	(3.0)	(1.8)	(3.9)	(4.2)
Consolidated Operating Income	$ 38.1	$ 34.7	$108.5	$ 96.1
	=====	=====	=====	=====

</TABLE>

THREE MONTHS ENDED MARCH 31, 2000 COMPARED TO THREE MONTHS ENDED MARCH 31, 1999

Consolidated revenue for the three months ended March 31, 2000 increased by $25.7 million or 13.2% to $220.3 million from $194.6 million for the three months ended March 31, 1999. Overall sales growth resulted from new product offerings, new and relocated stores, and growth in the retail segment.

Total wholesale revenue for the third quarter of fiscal year 2000 increased by $23.5 million or 14.6% to $184.4 million from $160.9 million in the third quarter of fiscal year 1999.

Case goods revenue increased $12.0 million or 13.1% to $103.4 million for the three months ended March 31, 2000 as compared to $91.4 million in the corresponding prior year period mainly due to new product offerings.

Upholstery revenue increased $5.4 million or 11.8% to $51.1 million in the third quarter of fiscal year 2000 as compared to $45.7 million in the third quarter of fiscal year 1999. The increase in revenue of $5.4 million was primarily attributable to new fabric introductions, a focused marketing effort, and more attractive price points on new product offerings.

Home accessories revenue increased $7.0 million or 33.3% to $28.0 million in the third quarter of fiscal year 2000 as compared to $21.0 million in the third quarter of fiscal year 1999. The increase is attributable to the timing of new product introductions in the third quarter of fiscal year 2000 as compared to the second quarter of fiscal year 1999.

Total retail revenue from Ethan Allen-owned stores for the three months ended March 31, 2000 increased by $15.5 million or 20.4% to $91.5 million from $76.0 million for the three months ended March 31, 1999. The increase in retail sales by Ethan Allen-owned stores is attributable to an 8.5% or $6.0 million increase in comparable store sales, and an increase in sales generated by newly opened or acquired stores of $11.8 million, partially offset by closed stores, which generated $2.3 million less sales in fiscal year 2000 as compared to fiscal year 1999. The number of Ethan Allen-owned stores increased to 78 as of March 31, 2000 as compared to 72 as of March 31, 1999. As a percentage of total net sales, retail sales represent 41.5% of total net sales in the third quarter of fiscal year 2000 as compared to 39.0% in the third quarter of the prior year.

Comparable stores are those which have been operating for at least 15 months. Minimal net sales, derived from the delivery of customer ordered product, are generated during the first three months of operations of newly opened stores. Stores acquired from dealers by Ethan Allen are included in comparable store sales in their 13th full month of Ethan Allen-owned operations.

Gross profit increased by $12.1 million or 13.2% to $103.1 million in the third quarter of fiscal year 2000 from $91.0 million in the third quarter of the prior year. The gross margin remained constant at 46.8% in the third quarter of fiscal year 2000 and in the third quarter of fiscal year 1999. Gross margins have been favorably impacted by higher sales volumes and a higher percentage of retail sales to total sales, partially offset by higher manufacturing costs.

Operating expenses increased $8.7 million or 15.5% to $65.0 million or 29.5% of net sales in the current quarter as compared to $56.3 million or 29.0% of net sales for the third quarter of fiscal year 1999. This increase is mainly attributable to the expansion of the retail segment resulting in the addition of net six new Ethan Allen-owned stores since March 31, 1999.

Consolidated operating income for the three months ended March 31, 2000 was $38.1 million or 17.3% of net sales compared to $34.7 million or 17.8% of net sales for the three months ended March 31, 1999. This represents an increase of $3.4 million or 9.7%, which is primarily attributable to higher sales volume, partially offset by a lower wholesale and retail gross margin and higher operating expenses resulting from the growth in the retail segment.

Total wholesale operating income for the third quarter of fiscal year 2000 was $36.9 million or 20.0% of net sales compared to $32.3 million or 20.1% of net sales in the third quarter of fiscal year 1999. Wholesale operating income increased $4.6 million or 14.2%.

Case goods operating income increased $2.4 million or 7.1% to $36.2 million for the third quarter of fiscal year 2000 over the corresponding prior year period mainly due to higher sales volume, partially offset by certain manufacturing labor inefficiencies.

Upholstery operating income increased $1.4 million or 10.1% to $15.3 million in the third quarter of fiscal year 2000 as compared to $13.9 million in the third quarter of fiscal year 1999. The increase resulted from higher sales volume and lower manufacturing costs associated with higher production levels.

Home accessories operating income increased $2.2 million or 31.9% to $9.1 million in the third quarter of fiscal year 2000 as compared to $6.9 million in the third quarter of fiscal year 1999. Operating income for home accessories increased primarily due to higher sales volume.

Operating income for the retail segment increased by $0.1 million in the three months ended March 31, 2000 to $4.2 million or 4.6% of net sales from $4.1 million or 5.4% of net sales from the three months ended March 31, 1999. The increase in retail operating income by Ethan Allen-owned stores is primarily attributable to increased sales volume, offset by higher operating expenses related to the opening of three new retail stores and the acquisition of six stores from independent dealers since March 31, 1999.

Interest expense, including the amortization of deferred financing costs, for the three months ended March 31, 2000 decreased $0.2 million to $0.4 million from $0.6 million for the three months ended March 31, 1999. The decrease in interest expense is due to lower debt balances outstanding.

Income tax expense of $14.8 million was recorded in the third quarter as compared to $13.3 million in the prior year third quarter. The Company's effective tax rate was 39.0% for the third quarter of fiscal year 2000 and 38.6% for the third quarter of fiscal year 1999.

For the three months ended March 31, 2000, the Company recorded net income of $23.2 million, an increase of 9.4%, compared to $21.2 million for the three months ended March 31, 1999. Earnings per diluted share of $0.57 increased 14.0% in the quarter from $0.50 per diluted share in the prior year quarter.

NINE MONTHS ENDED MARCH 31, 2000 COMPARED TO NINE MONTHS ENDED MARCH 31, 1999

Consolidated revenue for the nine months ended March 31, 2000 increased by $72.9 million or 13.1% to $627.4 million from $554.5 million for the nine months ended March 31, 1999. Overall sales growth resulted from new product offerings, new and relocated stores, and the growth of the retail segment.

Total wholesale revenue for the nine month period in fiscal year 2000 increased by $46.3 million or 10.1% to $505.2 million as compared to $458.9 million for the nine month period in fiscal year 1999.

Case goods revenue increased $24.8 million or 9.6% to $283.1 million for the nine months ended March 31, 2000 as compared to $258.3 million in the corresponding period in the prior year mainly due to new product offerings and the benefit of a selected case good price increase effective December 1, 1998.

Upholstery revenue increased $15.2 million or 11.9% to $142.4 million in the first nine months of fiscal year 2000 as compared to $127.2 million in the first nine months of fiscal year 1999. The increase in revenue of $15.2 million is primarily attributable to new fabric introductions, a focused marketing effort, and more attractive price points on new product offerings.

Home accessories revenue increased $8.4 million or 12.9% to $73.3 million for the nine months ended March 31, 2000 as compared to $64.9 million for the nine months ended March 31, 1999 due to new merchandising strategies and expanded product lines.

Total retail revenue from Ethan Allen-owned stores for the nine months ended March 31, 2000 increased by $56.1 million or 26.3% to $269.5 million from $213.4 million for the nine months ended March 31, 1999. The increase in retail sales by Ethan Allen-owned stores is attributable to a 15.4% or $31.3 million increase in comparable store sales and an increase in sales generated by newly opened or acquired stores of $32.1 million,

partially offset by closed stores, which generated $7.3 million less sales in fiscal year 2000 as compared to fiscal year 1999. As a percentage of total net sales, retail sales represent 43.0% of total net sales for the first nine months of fiscal year 2000 compared to 38.5% in the corresponding prior year period.

Gross profit increased by $37.7 million or 14.6% to $295.6 million for the first nine months of fiscal year 2000 from $257.8 million as compared to the first nine months of fiscal year 1999. This increase is attributable to higher sales volume, combined with an increase in gross margin from 46.5% in the first nine months of fiscal year 1999 to 47.1% in the first nine months of fiscal year 2000. Gross margins have been favorably impacted by increases in production, a selected case good price increase effective December 1, 1998, and a higher percentage of retail sales to total sales.

Operating expenses increased $25.4 million or 15.7% to $187.1 million or 29.8% of net sales in the nine months ended March 31, 2000 as compared to $161.7 million or 29.2% of net sales for the nine months ended March 31, 1999. This increase is mainly attributable to the expansion of the retail segment resulting in the addition of net six new Ethan Allen-owned stores since March 31, 1999.

Consolidated operating income for the nine months ended March 31, 2000 was $108.5 million or 17.3% of net sales compared to $96.1 million or 17.3% of net sales for the nine months ended March 31, 1999. This represents an increase of $12.4 million or 12.9%, which is primarily attributable to higher sales volume, offset by a lower wholesale and retail gross margin and higher operating expenses resulting from the growth in the retail segment.

Total wholesale operating income for the first nine months of fiscal year 2000 was $97.9 million or 19.4% of net sales compared to $88.6 million or 19.3% of net sales in the first nine months of fiscal year 1999. Wholesale operating income increased $9.3 million or 10.5%.

Case goods operating income increased $5.7 million or 6.1% to $98.9 million for the first nine months of fiscal year 2000 over the corresponding prior year period mainly due to higher sales volume and a selected price increase effective December 1, 1998, offset by certain manufacturing labor inefficiencies.

Upholstery operating income increased $4.8 million or 12.6% to $43.0 million for the nine months ended March 31, 2000 as compared to $38.2 million for the nine months ended March 31, 1999. The increase resulted from higher sales volume and manufacturing efficiencies gained through increased production.

Home accessories operating income increased by $2.4 million or 11.4% to $23.4 million for the first nine months of fiscal year 2000 from $21.0 million in the first nine months of fiscal year 1999. The increase in operating income is attributable to higher sales volume.

Operating income from the retail segment increased by $3.2 million for the nine month period ended March 31, 2000 to $13.9 million or 5.1% of net sales from $10.7 million or 5.0% of net sales for the nine month period ended March 31, 1999. The increase in retail operating income by Ethan Allen-owned stores is primarily attributable to increased sales volume, offset by a reduction in gross margin and higher operating expense associated with the addition of new stores.

Interest expense, including the amortization of deferred financing costs, for the nine months ended March 31, 2000 decreased $0.6 million to $1.0 million from $1.6 million for the nine months ended March 31, 1999. The decrease in interest expense is due to lower debt balances outstanding.

Income tax expense of $42.2 million was recorded in the first nine months as compared to $37.1 million in the prior year. The Company's effective tax rate was 38.7% as of March 31, 2000 compared to 38.8% in the corresponding prior year period.

For the nine months ended March 31, 2000, the Company recorded net income of $66.7 million, an increase of 13.8%, compared to $58.6 million for the nine months ended March 31, 1999. Earnings per diluted share increased 16.7% to $1.61 from $1.38 in the corresponding prior year period.

FINANCIAL CONDITION AND LIQUIDITY

Principal sources of liquidity are cash flow from operations and additional borrowing capacity under the revolving credit facility. Through March 31, 2000, the Company used cash provided by operating activities of $80.9 million, borrowings of $16.0 million from its revolving credit facility, $7.1 million in cash balances, $2.1 million received from stock option exercises, $1.1 million received from asset sales and $0.8 million received in payment of long-term notes receivable to fund capital expenditures of $31.9 million, repurchases of treasury stock of $45.8 million, retail store acquisitions of $9.9 million, dividend payments of $4.9 million, payments of $0.7 million on long-term debt and capital leases, an increase in deferred financing costs of $0.5 million, and new long-term notes receivable of $0.1 million.

During the nine months ended March 31, 2000, capital spending totaled $31.9 million as compared to $28.6 million in the nine months ended March 31, 1999. Capital expenditures for fiscal year 2000 are expected to be approximately $45.0 million. The Company anticipates that cash from operations will be sufficient to fund this level of capital expenditures. Capital expenditures made during the nine months ended March 31, 2000 primarily relate to manufacturing efficiency improvements and new store openings.

Total debt outstanding at March 31, 2000 was $26.0 million. There were $16.0 million of revolving loans outstanding under the Credit Agreement and $16.2 million of trade and standby letters of credit outstanding as of March 31, 2000.

As of March 31, 2000, aggregate scheduled maturities of long-term debt for each of the next five fiscal years are $0.1 million, $0.1 million, $0.1 million, $0.1 million and $4.7 million, respectively. Management believes that its cash flow from operations, together with its other available sources of liquidity, will be adequate to make all required payments of principal and interest on its debt, to permit anticipated capital expenditures and to fund working capital and other cash requirements over the next twelve months. As of March 31, 2000, the Company had working capital of $116.2 million and a current ratio of 1.97 to 1.

The Company may from time to time, either directly or through agents, repurchase its common stock in the open market through negotiated purchases or otherwise, at prices and on terms satisfactory to the Company. Depending on market prices and other conditions relevant to the Company, such purchases may be discontinued at any time. During the three months ended March 31, 2000, the Company purchased 1,341,300 shares of its stock on the open market at an average price of $25.01 per share. The Company financed these purchases through its revolving credit facility.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company is exposed to interest rate risk primarily through its borrowing activities. The Company's policy has been to utilize United States dollar denominated borrowings to fund its working capital and investment needs. Short term debt, if required, is used to meet working capital requirements and long term debt is generally used to finance long term investments. There is inherent roll-over risk for borrowings as they mature and are renewed at current market rates. The extent of this risk is not quantifiable or predictable because of the variability of future interest rates and the Company's future financing requirements. At March 31, 2000, the Company had $16.3 million of short term debt outstanding and $9.7 million of total long term debt outstanding including capital lease obligations.

The Company has one long term debt instrument outstanding with a variable interest rate. This debt instrument has a principal balance of $4.6 million, which matures in 2004. Based on the principal balance outstanding, a one percentage point increase in the variable interest rate would not have had a significant impact on the Company's interest expense.

Currently, the Company does not enter into financial instruments transactions for trading or other speculative purposes or to manage interest rate exposure.

PART II. OTHER INFORMATION

ITEM 1. - LEGAL PROCEEDINGS

There has been no change to matters discussed in Business-Legal Proceedings in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission on September 22, 1999.

ITEM 2. - CHANGES IN SECURITIES

There has been no change to matters discussed in Description and Ownership of Capital Stock in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission on September 22, 1999.

ITEM 3. - DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. - OTHER INFORMATION

None.

ITEM 6. - EXHIBITS AND REPORTS ON FORM 8-K

27 EDGAR Financial Data Schedule

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ETHAN ALLEN INTERIORS INC.
(Registrant)

DATE: 5/11/00

BY: /s/ M. Farooq Kathwari

M. Farooq Kathwari
Chairman of the Board
President and Chief
Executive Officer
(Principal Executive Officer)

DATE: 5/11/00

BY: /s/ William C. Beisswanger

William C. Beisswanger
Vice President and
Chief Financial Officer
(Principal Financial Officer)

DATE: 5/11/00

BY: /s/ Michele Bateson

Michele Bateson
Corporate Controller
(Principal Accounting Officer)

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This schedule contains summary financial information extracted from the consolidated financial statements of Ethan Allen Interiors, Inc. for the quarter ended March 31, 2000 and is qualified in its entirety by reference to such financial statements.
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Not applicable. All figures for Ethan Allen Interiors, Inc. are in U.S. dollars.
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Figure for receivables is net of allowances for doubtful accounts of $2,836.

<F3>
Includes prepaid expenses of $17,360.

<F4>
Includes goodwill of $13,664 (net of amortization).

<F5>
Includes current portion of long-term debt of $16,308 as of March 31, 2000.
<F6>
Includes long-term debt of $9,519 (net of the current portion of long-term debt) and capitalized leases of $149 (net of the current portion of capitalized leases). As of March 31, 2000 outstanding long-term debt of Ethan Allen on a consolidated basis consisted of (i) industrial revenue bonds of $8,455, and (ii) other of $1,064 (net of current portion). For a description of the terms of Ethan Allen's long-term debt, see the Company's Consolidated Financial Statements and Notes to the Annual Report on Form 10-K for fiscal year ended June 30, 1999.
<F7>
Not applicable.

<F8>
As of March 31, 2000, Ethan Allen had 45,056,196 shares of common stock, $.01 par value per share, issued. For a description of Ethan Allen's common stock, see the Company's Consolidated Statement of Shareholders' Equity and Consolidated Financial Statements in the Annual Report on Form 10-K for fiscal year 1999.
<F9>
Consists of $272,203 of additional paid in capital, $223,577 of retained earnings and ($124,623) of treasury stock.
<F10>
For the quarter ended March 31, 2000, Ethan Allen's revenues were derived from sales generated by its wholesale and retail operations.
<F11>
Consists of $752 of interest expense and $226 of deferred amortization costs.
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Basic earnings per share for the quarter ended March 31, 2000 was $0.58.
<F13>
Diluted earnings per share for the quarter ended March 31, 2000 was $0.57.
</FN>

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