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, 2001

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.
(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.

39,397,273 at March 31, 2001

ETHAN ALLEN INTERIORS INC.
AND SUBSIDIARY
INDEX

PAGE

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
Consolidated Balance Sheets
(Dollars in thousands)

	March 31, 2001 (unaudited)	June 30, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 37,557	$ 14,024
Accounts receivable, less allowances of $2,828 and $2,751 at March 31, 2001 and June 30, 2000, respectively	37,276	34,336
Inventories	169,640	159,006
Prepaid expenses and other current assets	20,983	17, 670
Deferred income taxes	12,049	10,751
Total current assets	277,505	235,787
Property, plant and equipment, net	271,138	247,738
Intangibles, net	53,211	54,770
Other assets	7,882	5,276
Total assets	$ 609,736	$ 543,571
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt and capital lease obligations	$ 232	$ 8,420
Accounts payable	76,210	65,879
Accrued expenses	12,723	11,003
Accrued compensation and benefits	25,037	22,966
Total current liabilities	114,202	108,268
Long-term debt	9,389	9,487
Other long-term liabilities	2,031	1,593
Deferred income taxes	33,542	33,714
Total liabilities	159,164	153,062
Shareholders' equity:		

Class A common stock, par value $.01, 150,000,000 shares authorized, 45,120,130 and 45,081,384 shares issued at March 31, 2001 and June 30, 2000, respectively	451	451
Preferred stock, par value $.01, 1,055,000 shares authorized, no shares issued and outstanding at March 31, 2001 and June 30, 2000	--	--
Additional paid-in capital	274,261	272,710
	274,712	273,161
Less: Treasury stock (at cost), 5,722,859 shares at March 31, 2001 and 5,674,278 shares at June 30, 2000	(129,118)	(128,493)
	145,594	144,668
Retained earnings	304,978	245,841
Total shareholders' equity	450,572	390,509
Total liabilities and shareholders' equity	$ 609,736	$ 543,571

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, 2001	Three Months Ended March 31, 2000	Nine Months Ended March 31, 2001	Nine Months Ended March 31, 2000
<S>	<C>	<C>	<C>	<C>
Net sales	$233,791	$220,300	$677,689	$627,378
Cost of sales	130,280	117,152	366,732	331,810
Gross profit	103,511	103,148	310,957	295,568
Operating expenses:				
Selling	42,026	37,197	121,618	107,246
General and administrative	30,292	27,586	87,973	78,732
Operating income	31,193	38,365	101, 366	109,590
Interest and other miscellaneous income, net	1,188	13	1, 829	328
Interest and other related financing costs	178	392	563	978
Income before income taxes	32,203	37,986	102,632	108,940
Income tax expense	12,173	14,815	38,795	42,203
Net income	$ 20,030	$ 23,171	$ 63,837	$ 66,737
Per share data:				
Basic earnings per common share:				
Net income per basic share	$ 0.51	$ 0.58	$ 1.62	$ 1.65
Basic weighted average common shares outstanding	39, 397	39, 998	39, 386	40,562
Diluted earnings per common share:				
Net income per diluted share	$ 0.50	$ 0.57	$ 1.59	$ 1.61
Diluted weighted average common shares outstanding	40,442	40,755	40,267	41,523

</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, 2001	Nine Months Ended March 31, 2000
Operating activities:		
Net income	$ 63,837	$ 66,737
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,710	12,616
Compensation expense related to restricted stock award	324	641
Provision for deferred income taxes	(1,470)	(1,537)
Other non-cash (income) expense	(1,621)	(553)
Change in assets and liabilities, net of the effects from acquired and divested businesses:		
Accounts receivable	(2,936)	370
Inventories	(11,814)	(10,401)
Prepaid and other current assets	(4,441)	(4,661)
Accounts payable	11,311	14,016
Accrued expenses	3,664	4,056
Other	(1,138)	(362)
Net cash provided by operating activities	70,426	80,922
Investing activities:		
Proceeds from the disposal of property, plant and equipment	6,965	1,096
Capital expenditures	(40,880)	(31,922)
Acquisition of retail businesses	(291)	(9,886)
Other	329	627
Net cash used in investing activities	(33,877)	(40,085)
Financing activities:		
Borrowings on revolving credit facilities	1,500	66,000
Payments on revolving credit facilities	(9,500)	(50,000)
Other payments on long-term debt and capital leases	(287)	(701)
Increase in deferred financing costs	--	(507)
Net proceeds from issuance of common stock	603	2,123
Dividends paid	(4,707)	(4,894)
Payments to acquire treasury stock	(625)	(45,736)
Net cash used in financing activities	(13,016)	(33,715)
Net increase in cash and cash equivalents	23,533	7,122
Cash and cash equivalents at beginning of period	14,024	8,968
Cash and cash equivalents at end of period	$ 37,557	$ 16,090

See accompanying notes to consolidated financial statements.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
Consolidated Statements of Shareholders' Equity
Nine Months Ended March 31, 2001
(Unaudited)
(Dollars in thousands)

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total
Balance at June 30, 2000	$ 451	$272,710	$(128,493)	$245,841	$390,509
Issuance of common stock upon exercise of stock options and restricted stock award compensation	--	927	--	--	927
Purchase of treasury shares relating to employee benefit and compensation plans	--	--	(625)	--	(625)
Tax benefit associated with the exercise of employee options and warrants	--	624	--	--	624
Dividends declared on common stock	--	--	--	(4,700)	(4,700)
Net income	--	--	--	63,837	63,837
Balance at March 31, 2001	$ 451	$274,261	$(129,118)	$304,978	$450,572

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. 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, 2001, are not necessarily indicative of results for the fiscal year. It is suggested that the interim consolidated financial statements are 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, 2000.

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.

(3) NEW ACCOUNTING STANDARDS

In 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivatives and Hedging Activities" and in 2000, SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of No. 133." These statements require that all derivative instruments be recognized on the balance sheet at fair value effective July 1, 2000. Derivatives that are not hedges should be adjusted to fair value through earnings. For derivatives that are effective hedges, changes in fair value of the derivative should be recorded in either other comprehensive income or earnings. The ineffective portion of the derivative classified as a hedge will be immediately recognized in earnings. The Company adopted these standards as required beginning July 1, 2000. Upon review of the Company's current contracts, it was determined that the Company has no derivative instruments as defined under these standards.

(4) INVENTORIES

Inventories at March 31, 2001 and June 30, 2000 are summarized as follows: (dollars in thousands):

	March 31, 2001	June 30, 2000
Finished goods	$103,203	$103,787
Work in process	21,574	19,233
Raw materials	44,863	35,986
	$169,640	$159,006

(5) CONTINGENCIES

The Company has been named as a Potentially Responsible Party ("PRP") for the cleanup of two sites currently listed on the National Priorities List ("NPL") under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), which the Company may be subject to future costs and/or liabilities. With respect to both of these sites, the Company believes 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 sites; however, liability under CERCLA may be joint and several. For one of the sites, the SRSNE Superfund Site in Southington, Connecticut, the remedial investigation is ongoing. A volume-based allocation of responsibility among the parties has been prepared, which includes other parties identified as PRP's at this site. The Company is also a settling defendant and is responsible, in part, for funding remedial design and construction activities at the Parker Landfill Superfund Site in Lyndonville, Vermont. Over ninety-five percent of these activities have been successfully completed. The Company believes that the resolution of these matters will not, either individually or in the aggregate, have a material adverse effect on its financial condition, results of operations or cash flows.

(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,		Nine Months Ended March 31,	
	2001	2000	2001	2000
Weighted average common shares outstanding for basic calculation	39,397	39,998	39,386	40,562
Add: Effect of stock options and warrants	1,045	757	881	961
Weighted average common shares outstanding for diluted calculation	40,442	40,755	40,267	41,523

As of March 31, 2000, 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'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 segments: wholesale and retail home furnishings. The wholesale home furnishings segment is principally involved in the manufacture, sale and distribution of home furnishing products to a network of independently-owned and Ethan Allen-owned stores. Wholesale profitability includes the wholesale gross margin, which is earned on wholesale sales to all retail stores, including Ethan Allen-owned stores.

The retail home furnishings segment 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 segment.

(7) Segment Information (continued)

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

During the third quarter of 2001, the Company re-evaluated its operating segments and as a result changed its reporting format from five segments (Case Goods, Upholstery, Home Accessories, Retail and Other) to two segments (Wholesale and Retail). This change reflects how management currently manages its operations, resulting in part from the growth of the Company's retail business. The following table presents segment information for the three and nine months ended March 31, 2001 and 2000 (dollars in thousands):

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	Three Months Ended March 31,		Nine Months Ended March 31,	
	2001	2000	2001	2000
NET SALES:				
<S>	<C>	<C>	<C>	<C>
Wholesale	$ 188,887	$ 185,761	$ 530,220	$ 509,909
Retail	104,333		92,222311,592	270,174
Elimination of inter-company sales	(59,429)	(57,683)	(164,123)	(152,705)
Consolidated Total	$ 233,791	$ 220,300	$ 677,689	$ 627,378
OPERATING INCOME:				
Wholesale	$ 26,881	$ 36,813	$ 81,271	$ 98,546
Retail	5,419	4,947	18,057	14,564
Elimination (1)	(1,107)	(3,395)	2,038	(3,520)
Consolidated Total	$ 31,193	$ 38,365	$ 101,366	$ 109,590
CAPITAL EXPENDITURES:				
Wholesale (2)	$ 5,362	$ 5,106	$ 26,420	17,118
Retail	4,498	14,575	14,460	14,804
Acquisition of retail businesses	12	-	291	9,886
Consolidated Total	$ 9,872	$ 9,681	$ 41,171	$ 41,808
TOTAL ASSETS:				
Wholesale	$ 450,263	$ 392,313		
Retail	184,266	169,049		
Inventory profit elimination (3)	(24,793)	(26,308)		

Consolidated Total	$ 609,736	$ 535,054

</TABLE>

(1) The elimination in operating income includes the elimination for retail profit in ending inventory.

(2) Wholesale capital expenditures for the nine months ended March 31, 2001 include the purchase of a manufacturing facility in Dublin, Virginia in October of 2000.

(3) 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 shipped to the retail customer.

(7) SEGMENT INFORMATION (continued)

There are 29 independent retail stores located outside the United States. Approximately 2.4% and 2.8% of the Company's net sales for the nine month period ended March 31, 2001 and 2000, respectively 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, 2001 and June 30, 2000 are as follows (dollars in thousands):

	March 31, 2001	June 30, 2000
ASSETS		
Current assets	$277,462	$235,782
Non-current assets	477,371	448,059
Total assets	$754,833	$683,841
LIABILITIES		
Current liabilities	$112,521	$106,595
Non-current liabilities	44,962	44,794
Total liabilities	$157,483	$151,389

A summary of Ethan Allen's operating activity for the three and nine months ended March 31, 2001 and 2000, are as follows (dollars in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2001	2000	2001	2000
Net sales	$233,791	$220,300	$677,689	$627,378
Gross profit	103,511	103,148	310,957	295,568
Operating income	31,231	38,403	101,479	109,703
Interest expense and other related financing costs	178	392	563	978
Income before income tax expense	32,241	38,024	102,745	109,053
Net income	$ 20,068	$ 23,209	$ 63,950	$ 66,850

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, 2000. 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 geographical 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. See Note 7 to the Company's Consolidated Financial Statements for the three and nine months ended March 31, 2001 and 2000. The components of consolidated revenues and operating income are as follows (dollars in millions):

<TABLE>
<CAPTION>

	Three Months Ended March 31, 2001	Three Months Ended March 31, 2000	Nine Months Ended March 31, 2001	Nine Months Ended March 31, 2000
Revenue:				
<S>	<C>	<C>	<C>	<C>
Wholesale	$ 188.9	$ 185.7	$ 530.2	$ 509.9
Retail 104.3	92.2	311.6	270.2	
Elimination of inter-segment sales	(59.4)	(57.6)	(164.1)	(152.7)
Consolidated Revenue	$ 233.8	$ 220.3	$ 677.7	$ 627.4
Operating Income:				
Wholesale	$ 26.9	$ 36.8	$ 81.3	$ 98.6
Retail	5.4	5.0	18.1	14.6
Eliminations	(1.1)	(3.4)	2.0	(3.6)
Consolidated Operating Income	$ 31.2	$ 38.4	$ 101.4	$ 109.6

</TABLE>

THREE MONTHS ENDED MARCH 31, 2001 COMPARED TO THREE MONTHS ENDED MARCH 31, 2000

Consolidated revenue for the three months ended March 31, 2001 increased by $13.5 million or 6.1% to $233.8 million from $220.3 million for the three months ended March 31, 2000. The growth in sales resulted from new product introductions, a selective price increase effective February 2000, an increase in company-owned comparable store sales of 10.7% and the addition of six net new company-owned stores since March 2000.

Total wholesale revenue for the third quarter of fiscal year 2001 increased by $3.2 million or 1.7% to $188.9 million from $185.7 million in the third quarter of fiscal year 2000. This increase resulted from a selective price increase and new product introductions offered at more affordable price points, which attracted a larger and broader consumer base to our stores in the third quarter of fiscal year 2001. These increases were partially offset by a new program put into place during the second quarter of this fiscal year called 'Branding the Interior' of the stores. This program refers to the Company's plan to feature the best selling items in the most effective display settings. In preparation, a slowdown in home accessory orders has occurred while many stores reduced their overall home accessory inventory items on display and for sale in the retail stores.

Total retail revenue from Ethan Allen-owned stores for the three months ended March 31, 2001 increased by $12.1 million or 13.1% to $104.3 million from $92.2 million for the three months ended March 31, 2000. The increase in retail sales by Ethan Allen owned stores is attributable to an increase in comparable store sales of $8.2 million, or 10.7%, and an increase in sales generated by newly opened or acquired stores of $8.4 million, partially offset by closed stores, which generated $3.8 million less sales in fiscal year 2001 as compared to fiscal year 2000 and a prior quarter gain of $0.7 million on the sale of a retail store to an independent dealer. The number of Ethan Allen-owned stores increased to 84 as of March 31, 2001 as compared to 78 as of March 31, 2000.

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.

Booked orders for the quarter were lower than the prior year quarter by 6.0%, however, last year's increase was 19.2%. Total orders include wholesale orders and written business of company-owned retail stores. Wholesale orders were down 7.2% and orders for company-owned stores were down 1.7% reflecting an overall slowdown in the economy during the quarter.

Gross profit increased slightly during the quarter to $103.5 million from $103.1 million in the third quarter of the prior year. The $0.4 million increase in gross profit was mainly due to greater sales volume, a selective price increase effective February 2000 and a higher percentage of retail sales to total sales, offset by a decline in the wholesale gross margin. Gross margin decreased to 44.3% in the third quarter of fiscal year 2001 from 46.8% in the prior year third quarter principally from the sale of more affordably priced products manufactured at lower margins, impacting the wholesale gross margin. Higher costs were also incurred from plant expansions, including the start-up of the new case goods manufacturing facility in Dublin, Virginia and other initiatives necessary to increase production capacity.

Operating expenses increased $7.5 million or 11.6% to $72.3 million or 30.9% of net sales in the current quarter as compared to $64.8 million or 29.4% of net sales for the third quarter of fiscal year 2000. This increase was mainly due to the expansion of the retail segment resulting in the addition of six net new Ethan Allen-owned stores since March 2000 and from increased business for comparable Ethan Allen-owned stores. Additionally, this quarter, the Company also experienced increases in utilities, fuel and freight, and employee benefit costs.

Operating income for the three months ended March 31, 2001 was $31.2 million or 13.3% of net sales compared to $38.4 million or 17.4% of net sales for the three months ended March 31, 2000. Operating income decreased $7.2 million or 18.8% primarily due to a lower wholesale gross margin as noted above, greater operating expenses resulting from the growth of the retail segment and an overall increase in energy costs and employee benefits this quarter, partially offset by higher sales volume, a selective price increase effective February 2000, and a higher percentage of retail sales to total sales.

Total wholesale operating income for the third quarter of fiscal year 2001 was $26.9 million or 14.2% of net sales compared to $36.8 million or 19.8% of net sales in the third quarter of fiscal year 2000. Wholesale operating income decreased $9.9 million or 26.9% this quarter due to greater production of lower margin items designed to broaden our consumer base, higher distribution costs due to increases in utilities, fuel and freight, and employee benefit costs. In addition, wholesale operating income was impacted by the costs relating to the start up of the Dublin, Virginia manufacturing facility and other plant expansion projects necessary to increase production capacity.

Operating income for the retail segment increased by $0.4 million for the three months ended March 31, 2001 to $5.4 million or 5.2% of net sales from $5.0 million or 5.4% of net sales for the three months ended March 31, 2000. The increase in retail operating income is primarily attributable to higher sales volume and a selective price increase effective February 2000. These increases were offset by higher operating expenses related to the addition of six net new stores since March 2000 and higher compensation costs necessary to strengthen the staffing of the retail division.

Interest and other miscellaneous income of $1.2 million increased over the prior year third quarter principally from the gain on the sale of real property related to a retail store relocation.

Interest expense for the three months ended March 31, 2001 decreased $0.2 to $0.2 from $0.4 in the prior year period due to lower debt balances outstanding.

Income tax expense of $12.2 million was recorded in the third quarter as compared to $14.8 million in the prior year third quarter. The Company's effective tax rate was 37.8% for the third quarter of fiscal year 2001 and 39.0% for the third quarter of fiscal year 2000. The decline in the effective income tax rate in the current quarter as compared to the prior year quarter resulted from the utilization of various state income tax credits and from the realization of tax planning strategies.

For the three months ended March 31, 2001, the Company recorded net income of $20.0 million, a decrease of 13.8%, compared to $23.2 million for the three months ended March 31, 2000. Earnings per diluted share of $0.50 decreased 12.3% or $0.07 per diluted share in the quarter from $0.57 per diluted share in the prior year quarter.

NINE MONTHS ENDED MARCH 31, 2001 COMPARED TO NINE MONTHS ENDED MARCH 31, 2000

Consolidated revenue for the nine months ended March 31, 2001 increased by $50.3 million or 8.0% to $677.7 million from $627.4 million for the nine months ended March 31, 2000. The growth in sales resulted from new product offerings, a selective price increase effective February 2000, an increase in company-owned comparable store sales of 12.2% and from the addition of six net new company-owned stores since March 2000.

Total wholesale revenue for the nine month period in fiscal year 2001 increased by $20.3 million or 4.0% to $530.2 million from $509.9 million in the nine month period of fiscal year 2000. The increase in wholesale revenue was due to a selective price increase and new product introductions offered at more affordable price points, offset by fewer production days in the current nine month period as compared to the comparable prior year period and from a new program put into place during the three months ended December 31, 2000 called 'Branding the Interior' of the stores. This program refers to the Company's plan to feature the best selling items in the most effective display settings. In preparation, a slowdown in home accessory orders occurred while many stores reduced their overall home accessory inventory items on display and for sale in the retail stores.

Total retail revenue from Ethan Allen-owned stores for the nine months ended March 31, 2001 increased by $41.4 million or 15.3% to $311.6 million from $270.2 million for the same period in the prior year. Comparable store sales increased 12.2%. The increase in retail sales by Ethan Allen-owned stores is attributable to a $30.4 million increase in comparable store sales, an increase in sales generated by newly opened or acquired stores of $21.6 million, and the gain on the sale of retail stores to independent dealers for $0.2 million, partially offset by closed stores, which generated $10.8 million less sales in fiscal year 2001 as compared to fiscal year 2000.

Booked orders for the nine month period ended March 31, 2001 were slightly lower than the same period in the prior year by 0.5%. The prior year's increase in booked orders was 18.4%. Total orders include wholesale orders and written business of company-owned retail stores. Wholesale orders were down 1.8% and orders for company-owned stores were higher by 4.8% reflecting slower economic growth in the second and third quarter of this fiscal year.

Gross profit increased by $15.4 million or 5.2% to $311.0 million in the nine months ended March 31, 2001 from $295.6 million in the nine months ending March 31, 2000. The $15.4 million increase in gross profit was mainly due to greater sales volume, a selective price increase effective February 2000 and a higher percentage of retail sales to total sales, offset by a decline in the wholesale gross margin. Gross margin decreased to 45.9% for the nine months ending March 31, 2001 from 47.1% in the comparable period of the prior year. Gross margin was negatively impacted by changes in production scheduling mainly due to new product introductions and from the sale of more affordably priced products manufactured at lower margins. Margins were also negatively impacted by higher costs incurred from plant expansions, including the start-up of the new case goods manufacturing facility in Dublin, Virginia and from other plant expansions initiated to increase production capacity.

Operating expenses increased $23.6 million or 12.7% to $209.6 million or 30.9% of net sales in the nine months ended March 31, 2001 compared to $186.0 million or 29.6% of net sales for the nine months ended March 31, 2000. This increase is mainly attributable to the expansion of the retail segment resulting in the addition of six net new Ethan Allen-owned stores since March 2000, and from increased business for comparable Ethan Allen-owned stores. Advertising expenses, utilities, fuel and freight, and employee benefit costs have also increased over the last nine months.

Operating income for the nine months ended March 31, 2001 was $101.4 million or 15.0% of net sales compared to $109.6 million or 17.5% of net sales for the nine months ended March 31, 2000. This represents a decrease in operating income of $8.2 million or 7.5%, which is primarily attributable to a lower wholesale gross margin as noted above, greater operating expenses resulting from the growth of the retail segment and an increase in advertising, energy costs and employee benefits, partially offset by higher sales volume, a selective price increase effective February 2000, and a higher percentage of retail sales to total sales.

Total wholesale operating income for the first nine months of fiscal year 2001 was $81.3 million or 15.3% of net sales compared to $98.6 million or 19.3% of net sales in the first nine months of fiscal year 2000. Wholesale operating income decreased $17.3 million or 17.6%. This decrease was attributable to a lower wholesale gross margin as noted above, higher labor and material costs resulting in part from changes in production scheduling between manufacturing facilities primarily caused by the introduction of new products, fewer production days in the nine month period ending March 31, 2001 as compared to the comparable prior year period, the start up of the Dublin, Virginia case good facility and the implementation of plant expansion projects, and the introduction of new products at lower margins.

Operating income for the retail segment increased by $3.5 million in the nine months ended March 31, 2001 to $18.1 million or 5.8% of net sales from $14.6 million or 5.4% of net sales from the nine months ended March 31, 2000. The increase in retail operating income by Ethan Allen-owned stores is primarily attributable to increased sales volume, a selective price increase effective February 2000, the gain recorded on the sale of retail stores, and a higher percentage of retail sales to total sales, offset by higher operating expenses related to the addition of six net new stores since March 2000 and higher compensation costs necessary to strengthen the staffing of the retail division.

Interest and other miscellaneous income of $1.8 million increased $1.5 million from $0.3 million in the nine month period ended March 31, 2000 mainly due to the gain recorded on the sale of real property related to a retail store relocation and from an increase in investment income due to lower debt balances outstanding.

Interest expense for the nine months ended March 31, 2001 decreased $0.4 million to $0.6 million from $1.0 million for the nine months ended March 31, 2000. The decrease in interest expense is due to lower debt balances outstanding and lower amortization of deferred financing costs.

Income tax expense of $38.8 million was recorded in the first nine months as compared to $42.2 million in the prior year. The Company's effective tax rate was 37.8% for the first nine months of fiscal year 2001 and 38.7% for the first nine months of fiscal year 2000. The decline in the effective income tax rate in the current nine months compared to the prior year nine months resulted from the utilization of various state income tax credits and from the realization of tax planning strategies.

For the nine months ended March 31, 2001, the Company recorded net income of $63.8 million, a decrease of 4.3%, compared to $66.7 million for the nine months ended March 31, 2000. Earnings per diluted share of $1.59 decreased 1.2% or $0.02 per diluted share in the current nine months from $1.61 per diluted share in the prior year.

FINANCIAL CONDITION AND LIQUIDITY

The Company's principal sources of liquidity are cash flows from operations and borrowing capacity under a revolving credit facility. Net cash provided by operating activities totaled $70.4 million for the nine months ended March 31, 2001 as compared to $80.9 million for the nine months ended March 31, 2000. The decrease of $10.5 million in net cash provided by operating activities resulted from lower earnings and from changes in working capital requirements for the nine months ended March 31, 2001 compared to the nine months ended March 31,

2000. Total debt outstanding at March 31, 2001 was $9.6 million. There were no revolving loans outstanding under the Credit Agreement. As of March 31, 2001, there were $16.7 million of trade and standby letters of credit outstanding.

During the nine months ended March 31, 2001, capital spending, exclusive of retail acquisitions, totaled $40.9 million as compared to $31.9 million in the nine months ended March 31, 2000. Capital expenditures made during the nine months ended March 31, 2001 primarily relate to (i) the purchase of a manufacturing facility in Dublin, Virginia, (ii) manufacturing plant expansions in Boonville, New York and Andover, Maine, (iii) manufacturing equipment purchases and upgrades, (iv) the expansion of a distribution facility in Kentland, Indiana, and (v) new store construction and interior redesigns. Capital expenditures, exclusive of acquisitions, for fiscal year 2001 are expected to be approximately $55.0 million. The Company anticipates that cash from operations will be sufficient to fund this level of capital expenditures.

As of March 31, 2001, 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, $4.7 million and $0.1 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, 2001, the Company had working capital of $163.3 million and a current ratio of 2.43 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 nine months ended March 31, 2001, the Company did not purchase any of its common shares through the open market.

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. Although the Company did not have any revolving loans outstanding under the Credit Agreement as of March 31, 2001, the Company had $0.2 million of short term debt outstanding and $9.4 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 Form 10-K as filed with the Securities and Exchange Commission on September 13, 2000.

ITEM 2. - CHANGES IN SECURITIES

There has been no change to matters discussed in Description and Ownership of Capital Stock in the Company's Form 10-K as filed with the Securities and Exchange Commission on September 13, 2000.

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

None.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY

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: 05/10/01 BY: /s/ M. Faroog Kathwari

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

DATE: 05/10/01 BY: /s/ Michele Bateson

Michele Bateson
Corporate Controller
(Principal Accounting Officer)