UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2002

or

[ ] TRANSITION REPORT PURSUANT TO SECTIONS 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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

[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.

As of September 30, 2002, there were 37,760,257 shares of Common Stock, par value $.01 outstanding.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY

TABLE OF CONTENTS

ITEM		PAGE
	PART I - FINANCIAL INFORMATION	
1.	Consolidated Financial Statements as of September 30, 2002 (unaudited) and June 30, 2002 and for the three months ended September 30, 2002 and 2001 (unaudited)	
	Consolidated Balance Sheets	2
	Consolidated Statements of Operations	3
	Consolidated Statements of Cash Flows	4
	Consolidated Statements of Shareholders' Equity	5
	Notes to Consolidated Financial Statements	6
2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	11
3.	Quantitative and Qualitative Disclosures About Market Risk	17
4.	Controls and Procedures	17
	PART II - OTHER INFORMATION	
1.	Legal Proceedings	18
2.	Changes in Securities and Use of Proceeds	18
3.	Defaults Upon Senior Securities	18
4.	Submission of Matters to a Vote of Security Holders	18
5.	Other Information	18
6.	Exhibits and Reports on Form 8-K	18
	Signatures	19
	Certification of Principal Executive Officer and Principal Financial Officer as Required by Section 302 of the Sarbanes-Oxley Act of 2002	20

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

<TABLE>
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<S>	September 30, 2002 (unaudited) <C>	June 30, 2002 <C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 65,260	$ 75,688
Accounts receivable, less allowance for doubtful accounts of $1,567 at September 30, 2002 and $2,019 at June 30, 2002	28,972	32,845
Inventories, net (note 3)	177,907	174,147
Prepaid expenses and other current assets	22,073	18,731
Deferred income taxes	16,576	17,345
Total current assets	310,788	318,756
Property, plant and equipment, net	300,778	293,626
Intangible assets, net (note 5)	77,791	69,708
Other assets	4,752	6,665

Total assets	$ 694,109	$ 688,755
	========	========
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt and capital lease obligations	$ 206	$ 107
Customer deposits	53,553	42,966
Accounts payable	37,002	38,027
Accrued compensation and benefits	27,658	30,190
Accrued expenses (note 4)	17,838	17,838
	--------	--------
Total current liabilities	136,257	129,128
Long-term debt	10,205	9,214
Other long-term liabilities	2,535	2,066
Deferred income taxes	38,301	37,158
	--------	--------
Total liabilities	187,298	177,566
Shareholders' equity:		
Class A common stock, par value $.01, 150,000,000 shares authorized; 45,276,067 shares issued at September 30, 2002 and 45,252,880 shares issued at June 30, 2002	453	453
Class B common stock, par value $.01, 600,000 shares authorized; no shares issued and outstanding at September 30, 2002 and June 30, 2002	-	-
Preferred stock, par value $.01, 1,055,000 shares authorized; no shares issued and outstanding at September 30, 2002 and June 30, 2002	-	-
Additional paid-in capital	277,564	277,694
	--------	--------
	278,017	278,147
Less: Treasury stock (at cost), 7,515,810 shares at September 30, 2002 and 6,794,510 shares at June 30, 2002	(183,809)	(161,428)
Retained earnings	412,286	394,470
Accumulated other comprehensive income (note 8)	317	-
	--------	--------
Total shareholders' equity	506,811	511,189
	--------	--------
Total liabilities and shareholders' equity	$ 694,109	$ 688,755
	========	========

</TABLE>

See accompanying notes to consolidated financial statements.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(In thousands, except per share data)

	Three Months Ended September 30,	
	2002	2001
	--------	--------
Net sales	$216,529	$206,725
Cost of sales	109,814	112,756
	-------	-------
Gross profit	106,715	93,969
Operating expenses:		
Selling	42,890	38,838
General and administrative	31,982	28,596
	-------	-------
Total operating expenses	74,872	67,434
	-------	-------
Operating income	31,843	26,535
Interest and other miscellaneous income, net	616	512
Interest and other related financing costs	173	149
	-------	-------
Income before income taxes	32,286	26,898

Income tax expense	12,204	10,167
Net income	$ 20,082	$ 16,731

PER SHARE DATA (NOTE 7):

Basic earnings per common share:		
Net income per basic share	$ 0.53	$ 0.43
Basic weighted average common shares	37,986	39,214
Diluted earnings per common share:		
Net income per diluted share	$ 0.52	$ 0.42
Diluted weighted average common shares	38,915	40,271

See accompanying notes to consolidated financial statements.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	Three Months Ended September 30, 2002	2001
Operating activities:		
Net income	$ 20,082	$ 16,731
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,033	4,679
Compensation expense related to restricted stock award	(430)	(404)
Provision for deferred income taxes	1,912	1,859
Other non-cash expense (income)	(426)	34
Change in assets and liabilities, net of the effects of acquired and divested businesses:		
Accounts receivable	3,354	580
Inventories	5,125	7,731
Prepaid and other current assets	(2,383)	(1,505)
Other assets	668	633
Customer deposits	6,746	4,425
Accounts payable	(5,251)	(6,329)
Income taxes payable	9,426	6,442
Accrued expenses	(2,489)	(3,896)
Other liabilities	(57)	(438)
Net cash provided by operating activities	41,310	30,542
Investing activities:		
Proceeds from the disposal of property, plant and equipment	2,367	3
Capital expenditures	(9,309)	(8,131)
Acquisitions	(9,930)	(10,366)
Other	147	62
Net cash used in investing activities	(16,725)	(18,432)
Financing activities:		
Borrowings on revolving credit facility	-	-
Payments on revolving credit facility	-	-
Other payments on long-term debt and capital		

leases	(3,345)	(32)
Net proceeds from issuance of common stock	219	232
Dividends paid	(2,309)	(1,571)
Payments to acquire treasury stock	(29,578)	(20,557)
Net cash used in financing activities	(35,013)	(21,928)
Net decrease in cash and cash equivalents	(10,428)	(9,818)
Cash and cash equivalents - beginning of period	75,688	48,112
Cash and cash equivalents - end of period	$ 65,260	$ 38,294

See accompanying notes to consolidated financial statements.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
THREE MONTHS ENDED SEPTEMBER 30, 2002
(Unaudited)
(In thousands, except share data)

<TABLE>
<CAPTION>

	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income	Retained Earnings	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at June 30, 2002	$ 453	$277,694	$(161,428)	$ -	$394,470	$511,189
Issuance of 23,187 shares of common stock upon the exercise of stock options	-	(211)	-	-	-	(211)
Purchase of 721,300 shares of treasury stock	-	-	(22,381)	-	-	(22,381)
Tax benefit associated with exercise of employee stock options	-	81	-	-	-	81
Dividends declared on common stock	-	-	-	-	(2,266)	(2,266)
Other comprehensive income (note 8)	-	-	-	317	-	317
Net income	-	-	-	-	20,082	20,082
Total comprehensive income						20,399
Balance at September 30, 2002	$ 453	$277,564	$(183,809)	$ 317	$412,286	$506,811

</TABLE>

See accompanying notes to consolidated financial statements.

(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 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 months ended September 30, 2002 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 accompanying notes included in the Company's Annual Report on Form 10-K for the year ended June 30, 2002.

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) INVENTORIES

Inventories at September 30, 2002 and June 30, 2002 are summarized as follows (in thousands):

	September 30, 2002	June 30, 2002
Finished goods	$128,625	$123,906
Work in process	14,646	15,418
Raw materials	34,636	34,823
	$177,907	$174,147

(4) RESTRUCTURING AND IMPAIRMENT CHARGE

During each of the last two fiscal years, the Company developed and executed plans to consolidate its manufacturing operations as part of an overall strategy to maximize production efficiencies and maintain its competitive advantage. In the fourth quarter of fiscal 2002, the Company initiated a plan which involved the closure of one of its manufacturing facilities as well as the rough mill operation of a separate facility. Closure of these facilities resulted in the elimination of approximately 220 employees; 150 employees effective June 29, 2002, and 70 employees terminated during the first quarter of fiscal 2003. A pre-tax restructuring and impairment charge of $5.1 million was recorded for costs associated with these plant closings, of which $2.0 million principally relates to employee severance and benefits costs and plant exit costs, and $3.1 million relates to a fixed asset impairment charge, primarily for properties and machinery and equipment of the closed facilities.

In the fourth quarter of fiscal 2001, the Company announced the closure of three of its manufacturing facilities and the elimination of approximately 350 employees effective August 6, 2001. A pre-tax restructuring and impairment charge of $6.9 million was recorded for costs associated with the plant closings, of which $3.3 million principally relates to employee severance and benefits costs and plant exit costs, and $3.6 million relates to a fixed asset impairment charge, primarily for properties and machinery and equipment of the closed facilities.

As of September 30, 2002, remaining restructuring reserves totaling $0.3 million were included in the Consolidated Balance Sheet as an accrued expense in current liabilities. In addition, total impairment charges of $6.7 million ($3.1 million and $3.6 million in 2002 and 2001, respectively) were recorded to reduce certain property, plant and equipment to net realizable value.

Activity in the Company's restructuring reserves is summarized as follows (in thousands):

<TABLE>
<CAPTION>

FISCAL 2002 RESTRUCTURING

	Original Charges	Cash Payments	Non-cash Utilized	Total
<S>	<C>	<C>	<C>	<C>
Employee severance and other related payroll and benefit costs	$ 1,847	$(1,750)	$ -	$ 97
Plant exit costs and other	171	(24)	-	147
Write-down of long-lived assets	3,105	-	(3,105)	-
Balance as of September 30, 2002	$ 5,123	$(1,774)	$(3,105)	$ 244

FISCAL 2001 RESTRUCTURING

	Original Charges	Cash Payments	Non-cash Utilized	Total
Employee severance and other related payroll and benefit costs	$ 2,974	$(2,916)	$ (58)	$ -
Plant exit costs and other	332	(258)	(34)	40
Write-down of long-lived assets	3,600	-	(3,600)	-
Balance as of September 30, 2002	$ 6,906	$(3,174)	$(3,692)	$ 40

</TABLE>

(5) BUSINESS ACQUISITIONS

During the quarter, the Company acquired thirteen Ethan Allen retail stores for total consideration of approximately $10.5 million. As a result of these acquisitions, the Company (i) recorded additional inventory of $8.9 million and other assets of $5.5 million, and (ii) assumed customer deposits of $3.9 million, third-party debt of $4.4 million and other liabilities of $3.6 million. As of September 30, 2002, $3.3 million of the third-party debt had been fully repaid by the Company. Goodwill associated with these acquisitions totaled $8.0 million and represents the premium paid to the sellers related to the acquired book of business, including outstanding order backlog of approximately $9.0 million, and other fair value adjustments to the assets acquired and liabilities assumed.

As of September 30, 2002, the Company had goodwill, including product technology, (net of accumulated amortization) of $58.0 million and other identifiable intangible assets (net of accumulated amortization) of $19.7 million. Comparable balances as of June 30, 2002 were $50.0 million and $19.7 million, respectively.

Goodwill in the wholesale and retail segments was $27.5 million and $30.5 million, respectively, at September 30, 2002 and $27.5 million and $22.5 million, respectively, at June 30, 2002. The wholesale segment, at both dates, includes additional intangible assets of $19.7 million. These assets consist of Ethan Allen trade names which, prior to the Company's adoption of SFAS No. 142, GOODWILL AND OTHER INTANGIBLE ASSETS, on July 1, 2001, were being amortized over 40 years. In connection with the adoption of Statement 142, the Company reassessed the useful lives of goodwill and other intangible assets and both were determined to have indefinite useful lives. As such, amortization ceased on that date. No impairment losses were recorded on these intangible assets due to the adoption of Statement 142.

(6) CONTINGENCIES

The Company has been named as a potentially responsible party ("PRP") for the cleanup of three active 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"). The Company has resolved its liability at one of the sites by completing remedial action activities. With regard to the other two sites, the Company does not anticipate incurring significant cost as it 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 sites. However, liability under CERCLA may be joint and several. Additionally, the Company has recently been notified by the State of New York that it may be a PRP in a separate, unrelated matter. As a result, the extent of any adverse effect on the Company's financial condition, results of operations, or cash flows with respect to this matter cannot be reasonably estimated at this time.

(7) EARNINGS PER SHARE

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

	Three Months Ended September 30, 2002	2001
Weighted average common shares outstanding for basic calculation	37,986	39,214
Add: Dilutive effect of stock options and warrants	929	1,057
Weighted average common shares outstanding, adjusted for diluted calculation	38,915	40,271

As of September 30, 2002 and 2001, stock options to purchase 88,825 shares and 19,000 shares of common stock, respectively, had exercise prices which exceeded the average market price for the corresponding period. These options have been excluded from the respective diluted earnings per share calculation as their impact is anti-dilutive.

(8) COMPREHENSIVE INCOME

Total comprehensive income represents the sum of net income and items of "other comprehensive income or loss" that are reported directly in equity. Such items may include foreign currency translation adjustments, minimum pension liability adjustments, fair value adjustments on certain derivative instruments, and unrealized gains and losses on certain investments in debt and equity securities. The Company has reported its total comprehensive income in the Consolidated Statement of Shareholders' Equity.

The Company's other comprehensive income, which is attributable solely to foreign currency translation adjustments, was $317 for the three-month period ended September 30, 2002. This amount, as well as the Company's accumulated other comprehensive income included in equity, are the result of changes in foreign currency exchange rates related to the operations of 7 Ethan Allen-owned retail stores located in Canada. Foreign currency translation adjustments exclude income tax expense (benefit) given that the earnings of non-U.S. subsidiaries are deemed to be reinvested for an indefinite period of time.

(9) RELATED PARTY TRANSACTION

On August 31, 2001, the Company acquired certain assets associated with the retail operations of 6 Ethan Allen stores from two entities owned and controlled by Mr. Edward Teplitz. The total purchase price for the assets was $10.1 million, net of the assumption of certain liabilities and subject to post-closing adjustments. Approximately $3.5 million of the purchase price was allocated to two real estate properties acquired in the transaction with the remaining $6.6 million allocated to other assets. The purchase price was determined by mutual negotiation, based upon the fair value of net assets acquired and supported, as appropriate, by independent third-party appraisals. Subsequent to the closing, Mr. Teplitz joined the Company as Vice President of Finance. In August 2002, Mr. Teplitz was named Chief Financial Officer of the Company.

(10) 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.

The wholesale 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 segment sells home furnishing products through a network of Ethan Allen-owned stores. Retail profitability includes the retail gross margin, which represents the difference between retail sales price and the cost of goods purchased from the wholesale segment.

The Company evaluates performance of the respective segments based upon revenues and operating income. Inter-segment eliminations primarily consist of 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 months ended September 30, 2002 and 2001 (in thousands):

	Three Months Ended September 30, 2002	Three Months Ended September 30, 2001
NET SALES:		
Wholesale segment	$157,846	$154,884
Retail segment	120,479	98,840
Elimination of inter-company sales	(61,796)	(46,999)
Consolidated Total	$216,529	$206,725
OPERATING INCOME:		
Wholesale segment	$ 28,877	$ 23,264
Retail segment	3,047	3,002
Elimination (1)	(81)	269
Consolidated Total	$ 31,843	$ 26,535
CAPITAL EXPENDITURES:		
Wholesale segment	$ 3,963	$ 4,254
Retail segment	5,346	3,877
Acquisitions (2)	9,930	10,366
Consolidated Total	$ 19,239	$ 18,497

	September 30, 2002	June 30, 2002
TOTAL ASSETS:		
Wholesale segment	$438,161	$459,311
Retail segment	287,131	259,770
Inventory profit elimination (3)	(31,183)	(30,326)

Consolidated Total	$694,109	$688,755
	=======	=======

(1) The adjustment reflects the change in the elimination entry for profit in ending inventory.

(2) Acquisitions include the purchase of (i) 13 retail stores during the three months ended September 30, 2002 and (ii) 10 retail stores during the three months ended September 30, 2001.

(3) Inventory profit elimination reflects the embedded wholesale profit in the Ethan Allen-owned store inventory that has not been realized. These profits will be recorded when shipped to the retail customer.

At September 30, 2002, there are 29 Ethan Allen retail stores located outside the United States, of which 22 are independently-owned. Approximately 2% of the Company's net sales for the three months ended September 30, 2002 and 2001 were derived from sales to non-domestic, independently-owned retail stores.

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, 2002. Management's discussion and analysis of financial condition and results of operations and other sections of this quarterly 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, technology developments affecting the Company's products and to those matters 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.

CRITICAL ACCOUNTING POLICIES

The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America which require that certain estimates and assumptions be made that affect the amounts and disclosures reported in the those financial statements and the related accompanying notes. Actual results could differ from these estimates and assumptions. Management uses its best judgment in valuing these estimates and may, as warranted, solicit external advice. Estimates are based on current facts and circumstances, prior experience and other assumptions believed to be reasonable. The following critical accounting policies, some of which are impacted significantly by judgments, assumptions and estimates, affect the Company's consolidated financial statements.

RETAIL STORE ACQUISITIONS - The Company accounts for the acquisition of retail stores and related assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 141, BUSINESS COMBINATIONS, which requires application of the purchase method for all business combinations initiated after June 30, 2001. Accounting for these transactions as purchase business combinations requires the allocation of purchase price paid to the assets acquired and liabilities assumed based on their fair values as of the date of the acquisition. The amount paid in excess of the fair value of net assets acquired is accounted for as goodwill.

IMPAIRMENT OF LONG-LIVED ASSETS AND GOODWILL - The Company periodically evaluates whether events or circumstances have occurred that indicate that long-lived assets may not be recoverable or that the remaining useful life may warrant revision. When such events or circumstances are present, the Company assesses the recoverability of long-lived assets by determining whether the carrying value will be recovered through the expected undiscounted future cash flows resulting from the use of the asset. In the event the sum of the expected undiscounted future cash flows is less than the carrying value of the asset, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. The long-term nature of these assets requires the estimation of its cash inflows and outflows several years into the future and only takes into consideration technological advances known at the time of the impairment test.

In accordance with SFAS No. 142, GOODWILL AND OTHER INTANGIBLE ASSETS, which was adopted by the Company on July 1, 2001, goodwill and other intangible assets are to be evaluated for impairment at the reporting unit level on an annual basis and between annual tests whenever events or circumstances indicate that the carrying value of a reporting unit may exceed its fair value. A discounted cash flow model is used to estimate the fair value of a reporting unit. This model requires the use of long-term planning forecasts and assumptions regarding industry-specific economic conditions that are outside the control of the Company.

ALLOWANCE FOR DOUBTFUL ACCOUNTS - The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The allowance for doubtful accounts is based on a review of specifically identified accounts in addition to an overall aging analysis. Judgments are made with respect to the collectibility of accounts receivable based on historical experience and current economic trends. Actual losses could differ from those estimates.

INVENTORIES - Inventories (finished goods, work in process and raw materials) are stated at the lower of cost, determined on a first-in, first-out basis, or market. The Company estimates an inventory reserve for excess quantities and obsolete items based on specific identification and historical write-offs, taking into account future demand and market conditions. If actual demand or market conditions in the future are less favorable than those estimated, additional inventory write-downs may be required.

REVENUE RECOGNITION - Revenue is recognized when the risks and rewards of ownership and title to the product have transferred to the buyer. This generally occurs upon the shipment of goods to independent dealers or, in the case of Ethan Allen-owned retail stores, upon delivery to the customer. Recorded sales provide for estimated returns and allowances. The Company permits retail customers to return defective products and incorrect shipments for credit against other purchases. Terms offered by the Company are standard for the industry.

BUSINESS INSURANCE RESERVES - The Company has insurance programs in place to cover workers' compensation and property/casualty claims. The insurance programs, which are funded through self-insured retention, are subject to various stop-loss limitations. The Company accrues estimated losses using actuarial models and assumptions based on historical loss experience. Although management believes that the insurance reserves are adequate, the reserve estimates are based on historical experience, which may not be indicative of current and future losses. In addition, the actuarial calculations used to estimate insurance reserves are based on numerous assumptions, some of which are subjective. The Company adjusts insurance reserves, as needed, in the event that future loss experience differs from historical loss patterns.

OTHER LOSS RESERVES - The Company has a number of other potential loss exposures incurred in the ordinary course of business such as environmental claims, product liability, litigation, restructuring charges, and the recoverability of deferred income tax benefits. Establishing loss reserves for these matters requires management's estimate and judgment with regard to maximum risk exposure and ultimate liability or realization. As a result, these estimates are often developed with the Company's counsel, or other appropriate advisors, and are based on management's current understanding of the underlying facts and circumstances. Because of uncertainties related to the ultimate outcome of these issues or the possibilities of changes in the underlying facts and circumstances, additional charges related to these issues could be required in the future.

RESULTS OF OPERATIONS:

The Company's revenues are comprised of wholesale sales to dealer-owned and Ethan Allen-owned retail stores and retail sales of Ethan Allen-owned stores. See Note 10 to the Company's Consolidated Financial Statements for the three months ended September 30, 2002 and 2001. The components of consolidated revenues and operating income are as follows (in millions):

	Three Months Ended September 30, 2002	2001
REVENUE:		
Wholesale segment	$157.8	$154.9
Retail segment	120.5	98.8
Elimination of inter-segment sales	(61.8)	(47.0)
Consolidated Revenue	$216.5	$206.7

	Three Months Ended September 30, 2002	2001
OPERATING INCOME:		
Wholesale segment	$ 28.9	$ 23.2
Retail segment	3.0	3.0
Eliminations	(0.1)	0.3
Consolidated Operating Income	$ 31.8	$ 26.5

THREE MONTHS ENDED SEPTEMBER 30, 2002 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2001

Consolidated revenue for the three months ended September 30, 2002 increased by $9.8 million, or 4.7%, to $216.5 million from $206.7 million for the three months ended September 30, 2001. Net sales have increased due to the continued expansion of the Company's retail segment offset slightly by delays experienced related to certain off-shore sourced product lines and a relative softness in consumer spending caused by a sluggish economy. Subsequent to the end of the quarter, the Company announced that it would be selectively reducing prices by up to 20% on certain items within four collections: British Classics; Country French; Horizons by Ethan Allen; and Country Crossings. The objectives of the price reductions are to increase sales volume within some of the more popular collections while continuing to expand the Company's consumer reach. As the reduced prices just recently became effective, the impact on future revenues and earnings cannot be reasonably estimated at this time. However, it is not anticipated that such price reductions will have a material adverse effect on the Company's consolidated operations.

Total wholesale revenue for the first quarter of fiscal year 2003 increased by $2.9 million, or 1.9%, to $157.8 million from $154.9 million in the first quarter of fiscal year 2002. The wholesale segment continues to be challenged by the state of the U.S. economy and was further adversely affected during the quarter by the inability to service backlog associated with certain imported product lines as a result of higher-than-anticipated sales volume and the closure of selected West Coast ports.

Total retail revenue from Ethan Allen-owned stores for the three months ended September 30, 2002 increased by $21.7 million, or 21.9%, to $120.5 million from $98.8 million for the three months ended September 30, 2001. The increase in retail sales by Ethan Allen-owned stores was attributable to an increase in sales generated by newly opened or acquired stores of $28.5 million, partially offset by a decrease in comparable store delivered sales of $3.3 million, or 3.6%, and a decrease resulting from sold and closed stores, which generated $3.5 million fewer sales in fiscal year 2003 as compared to fiscal year 2002. The number of Ethan Allen-owned stores increased to 116 as of September 30, 2002 as compared to 93 as of September 30, 2001. During that twelve month period, the Company acquired 23 stores from independent dealers, sold 1 to an independent dealer, relocated 2 stores, and opened 1 new store. Of the 10 stores acquired during the quarter ended September 30, 2001, 6 stores were purchased from Mr. Edward D. Teplitz, who subsequently joined the Company as Vice President of Finance (see Part II, Item 5 of the Form 10-Q filed on November 15, 2001). In August 2002, Mr. Teplitz was named Chief Financial Officer of the Company.

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.

Total booked orders, which include wholesale orders and written business of Ethan Allen-owned retail stores, increased from the prior year quarter by 9.9%, reflecting the continued expansion of the Company's retail segment and the success of recent off-shore sourced product introductions, partially offset by the effects of a relative softness in consumer spending. Comparing the current quarter to the prior year quarter, wholesale orders increased 3.6% while Ethan Allen-owned store orders increased 32.7%. Comparable store written business increased 4.8% over that same period.

Gross profit increased during the quarter to $106.7 million from $94.0 million in the first quarter of the prior year. The $12.7 million, or 13.6%, increase in gross profit was primarily attributable to (i) a higher proportionate share of retail sales to total sales (56% in the current quarter compared to 48% in the prior year quarter), (ii) lower manufacturing costs resulting from efficiencies gained as a result of plant closures implemented in fiscal 2001 and fiscal 2002, and (iii) the Company's continued focus on quality and cost savings within all facets of its operations. Consolidated gross margin increased to 49.3% in the first quarter of fiscal year 2003 from 45.5% in the prior year first quarter. The gross margin was positively impacted as a result of the factors identified previously.

During the quarter, it was determined that certain stock unit awards previously expensed by the Company would not be issued to Mr. Farooq Kathwari, Chairman and Chief Executive Officer. The granting and vesting of such stock unit awards was governed by the provisions of Mr. Kathwari's 1997 Employment Agreement (the "1997 Agreement") which provided for an initial five-year term of employment through June 30, 2002 and the option of two additional one-year extensions. The Company and Mr. Kathwari entered into a new employment agreement effective July 1, 2002 (the "New Agreement"). Despite Mr. Kathwari's continued employment subsequent to June 30, 2002, the Company determined that certain stock unit awards contemplated under the performance provisions of the 1997 Agreement would not be granted as a result of Mr. Kathwari's performance being governed, effective July 1, 2002, by the terms of the New Agreement. As such, the related stock units were canceled and $0.5 million ($0.3 million, after-tax) of previously recognized compensation expense was reversed.

Operating expenses increased $7.4 million, or 11.0%, to $74.8 million, or 34.6% of net sales, in the current year quarter from $67.4 million, or 32.6% of net sales, in the prior year quarter. This increase is primarily attributable to further expansion of the retail segment and the higher proportionate share of retail sales to total sales in the current quarter as compared to the prior year quarter. The addition of 23 net new Ethan Allen-owned stores since September 2001 has resulted in higher costs associated with warehousing and delivery, occupancy, advertising, healthcare and design consultant salaries. These increases were partially offset by a decrease in distribution costs resulting from a decline in the volume of wholesale shipments.

Operating income for the three months ended September 30, 2002 was $31.8 million, or 14.7% of net sales, compared to $26.5 million, or 12.8% of net sales, for the three months ended September 30, 2001. This represents an increase of $5.3 million, or 20.0%, which is primarily attributable to a higher gross margin and lower wholesale distribution costs, both of which were noted above, partially offset by increased operating expenses resulting from the continued expansion of the retail segment.

Total wholesale operating income for the first quarter of fiscal year 2003 was $28.9 million, or 18.3% of net sales, compared to $23.3 million, or 15.0% of net sales, in the first quarter of fiscal year 2002. The increase of $5.6 million, or 24.1%, is primarily attributable to (i) lower manufacturing costs resulting from efficiencies gained as a result of plant closures implemented in fiscal 2001 and fiscal 2002, (ii) lower distribution costs, and (iii) the Company's continued focus on quality and cost savings, partially offset by lower wholesale sales volume.

Operating income for the retail segment during the current quarter remained unchanged from the prior year quarter at $3.0 million. Operating income as a percentage of net sales, however, decreased to 2.5% for the three months ended September 30, 2002 from 3.0% for the three months ended September 30, 2001. The level of retail operating income generated by Ethan Allen-owned stores is primarily attributable to a 3.6% decline in comparable store sales and higher operating expenses related to the addition of 23 net new stores since September 2001, partially offset by increased sales volume associated with new stores.

Interest and other miscellaneous income for the current quarter was $0.6 million, an increase of $0.1 million from the prior year quarter. The increase is due, primarily, to additional income recognized in connection with the sale of real estate, partially offset by a decrease in interest income associated with the Company's investment portfolio as a result of a decline in interest rates during that same period.

Income tax expense was $12.2 million for the quarter ended September 30, 2002 as compared to $10.2 million for the comparable quarter in the prior year. The Company's effective tax rate was 37.8% in both periods.

For the three months ended September 30, 2002, the Company recorded net income of $20.1 million, an increase of $3.4 million, or 20.0%, from $16.7 million recorded for the three months ended September 30, 2001. Earnings per diluted share were $0.52 for the current quarter representing an increase of $0.10, or 23.8%, from $0.42 per diluted share in the prior year quarter.

FINANCIAL CONDITION AND LIQUIDITY

The Company's principal sources of liquidity are cash flow from operations and borrowing capacity under a revolving credit facility. Net cash provided by operating activities totaled $41.3 million for the quarter ended September 30, 2002, compared to $30.5 million for the quarter ended September 30, 2001. The quarter-over-quarter increase of $10.8 million in net cash provided by operating activities was principally the result of an increase in net income, a greater decline in accounts receivable and increases in customer deposits and income taxes payable. In addition, there were other less significant changes within selected working capital balances as compared to the prior year quarter. The decrease in accounts receivable is primarily attributable to a further decline in the number of dealer-owned retail stores. The increase in customer deposits is a result of additional retail store acquisitions completed during the last twelve months and written sales in excess of delivered sales for the period.

During the current quarter, net cash used in investing activities decreased $1.7 million to $16.7 million from $18.4 million in the prior year quarter. Of that amount, $9.9 million was used to finance acquisitions during the quarter compared to $10.4 million in the prior year. During the three months ended September 30, 2002, capital spending, exclusive of acquisitions, totaled $9.3 million as compared to $8.1 million for the three months ended September 30, 2001. The current level of capital spending is principally attributable to (i) new store development and renovation and (ii) technology improvements. Capital expenditures for fiscal year 2003, exclusive of acquisitions, are anticipated to be approximately $35.0 million. In addition, the Company expects to incur expenditures for retail and other acquisitions totaling $35.0 million during fiscal year 2003. The Company anticipates that cash from operations will be sufficient to fund such capital expenditures and acquisitions.

Net cash used in financing activities totaled $35.0 million in the current quarter as compared to $21.9 million in the prior year quarter, an increase of $13.1 million. The increase in net cash used in financing activities is primarily the result of an increase in payments related to the acquisition of treasury stock and the repayment of debt. Total debt outstanding at September 30, 2002 was $10.4 million. At September 30, 2002, there were no revolving loans outstanding and $20.0 million of trade and standby letters of credit outstanding under the Company's credit facility. The Company had $105.0 million available under its revolving credit facility at September 30, 2002.

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 also retires shares of unvested restricted stock and, prior to June 30, 2002, repurchased shares of common stock from terminated or retiring employee's accounts in the Ethan Allen Retirement

Savings Plan. All of the Company's common stock repurchases and retirements are recorded as treasury stock and result in a reduction of shareholders' equity. During the first quarter of fiscal year 2003 and 2002, the Company repurchased the following shares of its common stock:

	Three Months Ended September 30, 2002	2001
Common shares repurchased	721,300	727,680
Cost to repurchase common shares	$22,381,598	$20,556,471
Average price per share	$31.03	$28.25

The Company funded its common stock repurchases through available cash and cash from operations. As of September 30, 2002, the Company had a remaining Board authorization to purchase approximately 1.0 million shares.

As of September 30, 2002, aggregate scheduled maturities of long-term debt for each of the next five fiscal years are $0.1 million, $0.7 million, $4.7 million, $0.2 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

September 30, 2002, the Company had working capital of $174.5 million and a current ratio of 2.28 to 1.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

As of September 30, 2002, the Company was essentially debt-free. Cash and short-term investments totaled $65.3 million and there were no revolving loans outstanding under the Company's credit facility. Current debt as of September 30, 2002 was $0.2 million and total long-term debt outstanding was $10.2 million.

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.

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 instrument transactions for trading or other speculative purposes or to manage foreign currency exchange, commodity price or interest rate exposure.

ITEM 4. CONTROLS AND PROCEDURES

Ethan Allen management, including the Chairman of the Board and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), conducted an evaluation of the effectiveness of disclosure controls and procedures (as such term is defined in Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of a date within 90 days prior to the filing of this quarterly report (the "Evaluation Date"). Based on such evaluation, the CEO and CFO have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective in ensuring that material information relating to the Company (including its consolidated subsidiaries), which is required to be included in the Company's periodic filings under the Exchange Act, has been made known to them in a timely fashion.

There have been no significant changes in internal controls, or in factors that could significantly affect internal controls, nor were any corrective actions required with regard to significant deficiencies and material weaknesses, subsequent to the Evaluation Date.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There has been no change to matters discussed in Part I, Item 3 - Legal Proceedings in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission on September 30, 2002.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None.

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

(a) Exhibits
Exhibit 10(k)-3; Third Amendment to Amended and Restated Consumer Credit Card Program Agreement dated July 26, 2002, by and among the Company and Monogram Credit Card Bank of Georgia.

(b) Reports on Form 8-K
On September 30, 2002, the Company filed its annual report on Form 10-K for the year ended June 30, 2002 with the Securities and Exchange Commission. Accompanying such report was a certification, filed on Form 8-K, of the Company's Chief Executive Officer and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and attached thereto as Exhibit 99.1.

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: November 12, 2002 BY: /s/ M. Farooq Kathwari

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

DATE: November 12, 2002 BY: /s/ Edward D. Teplitz

Edward D. Teplitz
Vice President and Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AS REQUIRED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, M. Farooq Kathwari, do hereby certify that:

(1) I have reviewed the September 30, 2002 quarterly report on Form 10-Q filed by Ethan Allen Interiors Inc. (the "Company");

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and

cash flows of the Company as of, and for, the periods presented in this quarterly report;

(4) I and the other certifying officers are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and have:

(i) Designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(ii) Evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(iii) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) I and the other certifying officers have disclosed, based on our most recent evaluation, to the Company's auditors and the Audit Committee of the Board of Directors (or persons fulfilling the equivalent function):

(i) All significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and

(ii) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

(6) I and the other certifying officers have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ M. Farooq Kathwari — Chairman, Chief Executive Officer and Director

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(M. Farooq Kathwari)

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER AS REQUIRED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Edward D. Teplitz, do hereby certify that:

(1) I have reviewed the September 30, 2002 quarterly report on Form 10-Q filed by Ethan Allen Interiors Inc. (the "Company");

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;

(4) I and the other certifying officers are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and have:

(i) Designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(ii) Evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(iii) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) I and the other certifying officers have disclosed, based on our most recent evaluation, to the Company's auditors and the Audit Committee of the Board of Directors (or persons fulfilling the equivalent function):

(i) All significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and

(ii) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

(6) I and the other certifying officers have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Edward D. Teplitz Chief Financial Officer

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(Edward D. Teplitz)

THIRD AMENDMENT TO AMENDED AND RESTATED CONSUMER CREDIT CARD PROGRAM AGREEMENT

This Amendment dated as of July 26, 2002 ("Amendment") amends that certain Amended and Restated Consumer Credit Card Program Agreement dated as of February 22, 2000 (as amended, modified and supplemented from time to time, the "Agreement") by and among Monogram Credit Card Bank of Georgia ("Bank") and Ethan Allen Inc. ("Retailer"). Capitalized terms used herein and not otherwise defined have the meaning given in the Agreement.

WHEREAS, Bank and Retailer are parties to the Agreement and it is their mutual desire that the Agreement be amended in accordance with the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual promises and subject to the terms and conditions hereinafter set forth, the parties hereby agree as follows:

I. AMENDMENTS TO THE AGREEMENT

1.01 NEW DEFINITIONS. The following are added as new defined terms:

"APPLICABLE FIXED RATE" shall have the meaning given to such term in Section 6.02 hereof.

"FIXED PAYMENT PROMOTION" shall have the meaning given to such term in Section 6.02 hereof.

"FIXED PAYMENT PROMOTION PURCHASE" means any Purchase made under a Fixed Payment Promotion.

"FIXED RATE CHANGE DATE" shall have the meaning given to such term in Section 6.02 hereof.

"POS UNIT" means a point-of-sale terminal which may or may not include a related printer. All references to "Hypercom unit" throughout the Agreement are changed to "POS Unit."

"THIRD AMENDMENT EFFECTIVE DATE" means January 1, 2003.

1.02 AMENDMENT TO DEFINITIONS. The following definitions are amended and restated to read as follows:

"AGREEMENT" means this Amended and Restated Consumer Credit Card Program Agreement, as amended from time to time.

* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

The first sentence of the definition of "Program" is amended to read as follows:

"PROGRAM" means the credit card program established by Bank pursuant to the Original Agreement and continued and modified from time to time by this Agreement and made available to qualified customers of Retailer and its Authorized Dealers to make Purchases.

1.03 AMENDMENT TO SECTION 6.02(a). The following is

* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

1.04 AMENDMENT TO SECTION 6.03. Section 6.03 is hereby

* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

1.05 AMENDMENT TO SECTION 8.05(a). The first sentence of Section 8.05(a) is hereby amended and restated to read:

at any Participating Store any fixed payment or closed-end type credit product or any open-end consumer credit program, credit facility, credit card program, charge program or debit or secured card program or facility other than a Permitted Credit Program.

The definition of "Permitted Credit Program" in Section 8.05(a) is amended by adding the word "and" immediately before clause (iii) and deleting clause (iv) in its entirety.

1.06 AMENDMENT TO SECTION 11.02(k). The following is

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1.07 AMENDMENT TO SECTION 11.03(e)(iii). Section 11.03(e) (iii) is hereby amended by adding the word "and" immediately before clause (C) and deleting clause (D) in its entirety.

1.08 AMENDMENT TO BANK DEALER AGREEMENT. Retailer acknowledges that, concurrently with this Agreement, the Bank Dealer Agreements will be amended in substantially the form set forth in Exhibit A hereto. Retailer agrees to cooperate in any reasonable manner requested by Bank in distributing such amendment to all Authorized Dealers.

II. GENERAL

2.01 AUTHORITY FOR AMENDMENT. The execution, delivery and performance of this Amendment has been duly authorized by all requisite corporate action on the part of Retailer and Bank and upon execution by all parties, will constitute a legal, binding obligation thereof.

2.02 EFFECT OF AMENDMENT; EFFECTIVE DATE. Except as specifically amended hereby, the Agreement, and all terms contained therein, remains in full force and effect. The Agreement, as amended by this Amendment, constitutes the entire understanding of the parties with respect to the subject matter hereof. This Amendment shall become effective on the Third Amendment Effective Date.

2.03 BINDING EFFECT; SEVERABILITY. Each reference herein to a party hereto shall be deemed to include its successors and assigns, all of whom shall be bound by this Amendment and in whose favor the provisions of this Amendment shall inure. In case any one or more of the provisions contained in this Amendment shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

2.04 FURTHER ASSURANCES. The parties hereto agree to execute such other documents and instruments and to do such other and further things as may be necessary or desirable for the execution and implementation of this Amendment and the consummation of the transactions contemplated hereby and thereby.

2.05 GOVERNING LAW. This Amendment shall be governed by and construed in accordance with the laws of the State of Georgia.

2.06 COUNTERPARTS. This Amendment may be executed in counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized officers, all as of the day and year first above written.

ETHAN ALLEN INC.	MONOGRAM CREDIT CARD BANK OF GEORGIA
By: /s/ M. Farooq Kathwari	By: /s/ Glenn Marino
Its: Chief Executive Officer	Its: President and Chief Executive Officer

CONSENT OF GUARANTOR

Each of Ethan Allen Manufacturing Corporation and Ethan Allen Marketing Corporation (without implying that such consent or agreement is required) hereby consents to the foregoing Amendment and agrees that the Subsidiary Guarantee that it executed in Bank's favor in connection with the Agreement (the "Guaranty") shall continue to guarantee the Guaranteed Debt (as defined therein) now or hereafter owing under or in connection with the Agreement as amended, restated, supplemented or replaced from time to time, including, without limitation, as the Agreement is amended by the foregoing Amendment.

ETHAN ALLEN MANUFACTURING CORPORATION

By: /s/ M. Farooq Kathwari

Title: Chief Executive Officer

ETHAN ALLEN MARKETING CORPORATION

By: /s/ M. Farooq Kathwari

Title: Chief Executive Officer

CONSENT OF ETHAN ALLEN INTERIORS INC.

Ethan Allen Interiors Inc. (without implying that such consent or agreement is required) hereby consents to the foregoing Amendment and agrees that its undertakings set forth below Retailer's signature in the Agreement remain in effect and that, any guarantee executed pursuant to such undertakings shall, in accordance with the terms of Exhibit C to the Agreement, guarantee the Guaranteed Debt (as defined therein) now or hereafter owing under or in connection with the Agreement as amended, restated, supplemented or replaced from time to time, including, without limitation, as the Agreement is amended by the foregoing Amendment.

ETHAN ALLEN INTERIORS INC.

By: /s/ M. Farooq Kathwari

Title: Chief Executive Officer

EXHIBIT A
(To Third Amendment to Amended and
Restated Consumer Credit Card Program Agreement)

SECOND AMENDMENT TO AMENDED AND RESTATED
ETHAN ALLEN CREDIT CARD PROGRAM DEALER AGREEMENT

THIS SECOND AMENDMENT (this "Amendment") amends the Amended and Restated Ethan Allen Credit Card Program Dealer Agreement (as amended from time to time, the "Dealer Agreement") between the Authorized Dealer of Ethan Allen Inc. who is named as the addressee on the letter accompanying this Amendment ("Dealer," "us," "we," or "our") and Monogram Credit Card Bank of Georgia ("Bank" or "you"). Capitalized terms used in this Amendment, and not otherwise defined herein, will have the meanings given in the Dealer Agreement.

1. AMENDMENT TO SECTION 8. Section 8 of the Dealer Agreement is amended and restated to read as follows:

We may accept any general purpose bank credit cards and travel and entertainment charge cards presented to us in payment for Goods and/or Services. However, during the term of this Agreement, we shall not participate in, or accept any credit cards in connection with, programs involving acceptance or promotion of credit accounts other than this Program and other programs offered by Bank or its Affiliates, including GE Capital, but we may retain, or we may offer to any alternative financing source, the opportunity to finance Accounts and provide credit requested when the Credit Card Application or credit extension for such sales initially have been rejected by you. In no event shall we submit to Bank any Credit Card Applications or Charge Slips for credit sales that have been submitted to and/or rejected by another credit grantor. In addition to the foregoing, we may participate in other credit programs sponsored by Ethan Allen if, and only if, such programs are established in compliance with the Program Agreement and we have received written notice from Bank acknowledging such compliance.

2. AMENDMENT TO SECTION 11(a). Section 11(a) of the Dealer Agreement is

* Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment has been requested with respect to the omitted portions.

3. AMENDMENT TO CERTAIN DEFINED TERMS. All references in the Dealer Agreement

to "Service Fee" or "Service Fee Percentage" are changed to "Retailer/Dealer Fee" and "Retailer/Dealer Fee Percentage," respectively.

4. AGREEMENT REMAINS EFFECTIVE. Except as amended by this Amendment, the Dealer Agreement as originally entered into remains in full force and effect.

5. AGREEMENT BY SUBMISSION; EFFECTIVE DATE. As provided in Section 19 of the Dealer Agreement, Dealer will be deemed to have agreed to this Amendment, and it will become immediately effective, when Dealer submits any Charge Slip or Credit Slip to Bank for approval or payment after January 1, 2003.