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 MARCH 31, 2003

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 March 31, 2003, there were
37,111,321 shares of Common Stock, par value $.01 outstanding.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

<S>	March 31, 2003 (unaudited) <C>	June 30, 2002 <C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 60,187	$ 75,688
Accounts receivable, less allowance for doubtful accounts of $1,610 at March 31, 2003 and $2,019 at June 30, 2002	29,430	32,845
Inventories, net (note 4)	196,093	

		174,147
Prepaid expenses and other current assets	23,190	18,731
Deferred income taxes	24,011	17,345
	---------	---------
Total current assets	332,911	318,756
Property, plant and equipment, net	294,483	293,626
Intangible assets, net (note 6)	78,353	69,708
Other assets	5,238	6,665
	---------	---------
Total assets	$ 710,985	$ 688,755
	=========	=========
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt and capital lease obligations	$ 187	$ 107
Customer deposits	55,094	42,966
Accounts payable	28,977	38,027
Accrued compensation and benefits	29,067	30,190
Accrued expenses and other current liabilities (note 5)	25,855	17,838
	---------	---------
Total current liabilities	139,180	129,128
Long-term debt	10,134	9,214
Other long-term liabilities	3,042	2,066
Deferred income taxes	40,578	37,158
	---------	---------
Total liabilities	192,934	177,566
Shareholders' equity:		
Class A common stock, par value $.01, 150,000,000 shares authorized; 45,306,031 shares issued at March 31, 2003 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 March 31, 2003 and June 30, 2002	--	--
Preferred stock, par value $.01, 1,055,000 shares authorized; no shares issued and outstanding at March 31, 2003 and June 30, 2002	--	--
Additional paid-in capital	278,205	277,694
	---------	---------
	278,377	278,147
Less: Treasury stock (at cost), 8,194,710 shares at March 31, 2003 and 6,794,510 shares at June 30, 2002	(203,234)	(161,428)
Retained earnings	442,525	394,470
		--
Accumulated other comprehensive income (note 9)	102	--
	---------	---------
Total shareholders' equity	518,051	

		511,189
Total liabilities and shareholders' equity	$ 710,985	$ 688,755

See accompanying notes to consolidated financial statements.
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ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(In thousands, except per share data)

	Three Months Ended March 31,		Nine Months Ended December 31,	
	2003	2002	2003	2002
<S>	<C>	<C>	<C>	<C>
Net sales	$224,574	$227,917	$670,816	$657,499
Cost of sales	112,624	119,481	336,347	351,714
Gross profit	111,950	108,436	334,469	305,785
Operating expenses:				
Selling	45,257	41,461	132,022	120,185
General and administrative	34,632	30,973	101,348	89,857
Restructuring and impairment charges	13,223	-	13,223	-
Total operating expenses	93,112	72,434	246,593	210,042
Operating income	18,838	36,002	87,876	95,743
Interest and other miscellaneous income, net	58	1,063	799	2,621
Interest and other related financing costs	130	137	507	462
Income before income taxes	18,766	36,928	88,168	97,902
Income tax expense	7,094	13,959	33,328	37,007
Net income	$ 11,672	$ 22,969	$ 54,840	$ 60,895

PER SHARE DATA (NOTE 8):

- -----------------------

Basic earnings per common share:				
Net income per basic share	$ 0.31	$ 0.59	$ 1.45	$ 1.57
	========	========	========	=======
Basic weighted average common shares	37,560	38,734	37,771	38,879
Diluted earnings per common share:				
Net income per diluted share	$ 0.30	$ 0.58	$ 1.42	$ 1.52
	========	========	========	========
Diluted weighted average common shares	38,546	39,898	38,751	39,983

See accompanying notes to consolidated financial statements.
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ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	Nine Months Ended March 31, 2003	2002
	--------	--------
<S>	<C>	<C>
Operating activities:		
Net income	$ 54,840	$ 60,895
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,861	14,271
Compensation expense (benefit) related to restricted stock award	(381)	(40)
Provision (benefit) for deferred income taxes	(3,246)	440
Restructuring and impairment charge	13,223	-
Other non-cash expense (income)	35	(1,069)
Change in assets and liabilities, net of the effects of acquired and divested businesses:		
Accounts receivable	2,900	(3,213)
Inventories	(12,251)	21,675
Prepaid and other current assets	(3,322)	532
Other assets	(45)	(292)
Customer deposits	7,460	2,512
Accounts payable	(5,133)	(309)
Income taxes payable	779	4,758
Accrued expenses and other current liabilities	2,821	(1,044)

Other long-term liabilities	450	(621)
	--------	--------
Net cash provided by operating activities	73,991	98,495
	--------	--------
Investing activities:		
Proceeds from the disposal of property, plant and equipment	2,528	4,694
Capital expenditures	(23,334)	(22,289)
Acquisitions	(10,880)	(42,386)
Other	207	103
	--------	--------
Net cash used in investing activities	(31,479)	(59,878)
	--------	--------
Financing activities:		
Borrowings on revolving credit facility	--	--
Payments on revolving credit facility	--	--
Other payments on long-term debt and capital leases	(3,476)	(138)
Net proceeds from issuance of common stock	593	1,383
Dividends paid	(6,849)	(4,657)
Payments to acquire treasury stock	(48,281)	(21,057)
	--------	--------
Net cash used in financing activities	(58,013)	(24,469)
	--------	--------
Net (decrease) increase in cash and cash equivalents	(15,501)	14,148
Cash and cash equivalents - beginning of period	75,688	48,112
	--------	--------
Cash and cash equivalents - end of period	$ 60,187	$ 62,260
	========	========

See accompanying notes to consolidated financial statements.
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ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
NINE MONTHS ENDED MARCH 31, 2003
(Unaudited)
(In thousands, except share data)

	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 53,151 shares of common stock upon the exercise of stock options	--	212	--	--	--	212
Purchase of 1,400,200 shares of treasury stock	--	--	(41,806)	--	--	(41,806)
Tax benefit associated with exercise of employee stock options	--	299	--	--	--	299
Dividends declared on common stock	--	--	--	--	(6,785)	(6,785)
Other comprehensive income (note 9)	--	--	--	102	--	102
Net income	--	--	--	--	54,840	54,840
Total comprehensive income						54,942
Balance at March 31, 2003	$ 453	$278,205	$(203,234)	$ 102	$442,525	$518,051

See accompanying notes to consolidated financial statements.
</TABLE>

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 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, 2003 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) EMPLOYEE STOCK PLANS

The Company's 1992 Stock Option Plan (the "Plan") is accounted in accordance with the recognition and measurement provisions of Accounting Principles Board Opinion ("APB") No. 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES, and related Interpretations, which employs the intrinsic value method of measuring compensation cost. Accordingly, no stock-based employee compensation cost is reflected in net income for options granted under the Plan as the exercise price of all options is equal to the market value of the underlying common stock on the date of grant. Other stock-based award programs provided for under the Plan may result in the recognition of compensation expense (benefit) to the extent they are deemed to be variable plans (as that term is defined in APB No. 25). The following table illustrates the effect on net income and earnings per share as if the fair value recognition provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, ACCOUNTING FOR STOCK-BASED COMPENSATION, had been applied to all outstanding and unvested awards in each period. The Company employs the Black-Scholes option-pricing model in estimating the fair value of stock options granted.

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	Three Months Ended March 31,		Nine Months Ended March 31,	
	2003	2002	2003	2002
<S>	<C>	<C>	<C>	<C>
Net income as reported	$11,672	$22,969	$54,840	$60,895
Add: Stock-based employee compensation expense (benefit) included in reported net income, net of related tax effects	11	113	(237)	(26)
Deduct: Stock-based employee compensation expense determined under the fair value-based method for all awards granted since July 1, 1995, net of related tax effects	(743)	(295)	(1,936)	(875)
Pro forma net income	$10,940	$22,787	$52,667	$59,994

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	Three Months Ended March 31,		Nine Months Ended March 31,	
	2003	2002	2003	2002
<S>	<C>	<C>	<C>	<C>
Earnings per share:				
Basic - as reported	$0.31	$0.59	$1.45	$1.57
Basic - pro forma	$0.29	$0.59	$1.39	$1.54
Diluted - as reported	$0.30	$0.58	$1.42	$1.52

Diluted - pro forma	$0.28	$0.57	$1.36	$1.50
	=====	=====	=====	=====

</TABLE>

(4) INVENTORIES

Inventories at March 31, 2003 and June 30, 2002 are summarized as follows (in thousands):

	March 31, 2003	June 30, 2002
Finished goods	$143,747	$123,906
Work in process	16,005	15,418
Raw materials	36,341	34,823
	$196,093	$174,147

Inventories are presented net of a related valuation allowance of $4.3 million and $4.0 million at March 31, 2003 and June 30, 2002, respectively.

(5) RESTRUCTURING AND IMPAIRMENT CHARGES

During the current quarter, the Company announced a plan which will involve the closure of three of its smaller manufacturing facilities. Closure of these facilities is expected to result in the elimination of approximately 580 employees; 340 employees effective April 21, 2003, and 240 employees expected to be terminated throughout the last quarter of fiscal 2003 and the first quarter of fiscal 2004. A pre-tax restructuring and impairment charge of $13.4 million was recorded for costs associated with these plant closings, of which $4.5 million principally relates to employee severance and benefits costs and plant exit costs, and $8.9 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 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 related to employee severance and benefits costs and plant exit costs, and $3.1 million related to a fixed asset impairment charge, primarily for properties and machinery and equipment of the closed facilities. During the quarter ended March 31, 2003, adjustments totaling $0.2 million were recorded to reverse certain of these previously established accruals which are no longer required.

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 related to employee severance and benefits costs and plant exit costs, and $3.6 million related to a fixed asset impairment charge, primarily for properties and machinery and equipment of the closed facilities.

As of March 31, 2003, restructuring reserves totaling $4.6 million were included in the Consolidated Balance Sheet as an accrued expense within current liabilities. In addition, total impairment charges of $15.6 million ($8.9 million, $3.1 million and $3.6 million in 2003, 2002 and 2001, respectively) were recorded to reduce certain property, plant and equipment to their net realizable value.

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

FISCAL 2003 RESTRUCTURING	Original Charges	Cash Payments	Non-cash Utilized	Total
Employee severance and other related payroll and benefit costs	$ 4,339	$ --	$ --	$ 4,339
Plant exit costs and other	150	--	--	150
Write-down of long-lived assets	8,884	--	(8,884)	--
Balance as of March 31, 2003	$ 13,373	$ --	$(8,884)	$ 4,489

FISCAL 2002 RESTRUCTURING	Original Charges	Cash Payments	Non-cash Utilized	Total
Employee severance and other related payroll and benefit costs	$ 1,847	$(1,757)	$ (90)	$ --
Plant exit costs and other	171	(37)	(60)	74
Write-down of long-lived assets	3,105	--	(3,105)	-
Balance as of March 31, 2003	$ 5,123	$(1,794)	$(3,255)	$ 74

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	(260)	(34)	38
Write-down of long-lived assets	3,600	--	(3,600)	--
Balance as of March 31, 2003	$ 6,906	$(3,176)	$(3,692)	$ 38

(6) GOODWILL AND OTHER INTANGIBLE ASSETS

As of March 31, 2003, the Company had goodwill, including product technology, (net of accumulated amortization) of $58.6 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 $31.1 million, respectively, at March 31, 2003 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 SFAS No. 142, the Company re-assessed 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 as a result of the adoption of SFAS No. 142.

(7) LITIGATION

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 was previously notified by the State of New York that it may be a PRP in a separate, unrelated matter. There have been no further developments in this matter during the current period. 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.

(8) EARNINGS PER SHARE

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

<TABLE>
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	Three Months Ended March 31,		Nine Months Ended March 31,	
	2003	2002	2003	2002
<S>	<C>	<C>	<C>	<C>
Weighted average common shares outstanding for basic calculation	37,560	38,734	37,771	38,879
Add: Dilutive effect of stock options and warrants	986	1,164	980	1,104
Weighted average common shares outstanding, adjusted for diluted calculation	38,546	39,898	38,751	39,983

</TABLE>

As of March 31, 2003 and 2002, stock options to purchase 733,900 shares and 14,200 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.

(9) 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 $0.1 million for the nine-month period ended March 31, 2003. 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.

(10) SEGMENT INFORMATION

The Company's reportable segments are strategic business areas which operate separately but which both offer the Company's complete line of home furnishings through their own distinctive services. The Company's operations are classified into two segments: wholesale and retail.

The wholesale segment is principally involved in the manufacture, sale and distribution of home furnishings 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 furnishings 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.

While the manner in which the Company's home furnishings are marketed and sold is consistent, the nature of the underlying recorded sales (i.e. wholesale versus retail) and the specific services that each operating segment provides (i.e. wholesale manufacture and distribution versus retail sales) are different. Within the wholesale segment, the Company maintains revenue information according to the type of furnishing (i.e. case goods (wood furniture), upholstery and home accessories). A breakdown of wholesale sales by these product lines for the three and nine months ended March 31, 2003 and March 31, 2002 is provided below:

<TABLE>
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	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002	Nine Months Ended March 31, 2003	Nine Months Ended March 31, 2002
<S>	<C>	<C>	<C>	<C>
Case Goods	53%	58%	53%	57%
Upholstered Products	32	29	32	30
Home Accessories and Other	15	13	15	13
	100%	100%	100%	100%

</TABLE>

Similar product information is not available within the retail segment as it is not practicable.

The Company evaluates performance of the respective segments based upon revenues and operating income. Inter-segment eliminations result, primarily, from the wholesale sale of inventory between segments, including the related profit margin. Inter-segment eliminations also include items not allocated to reportable segments.

The following table presents segment information for the three and nine months ended March 31, 2003 and 2002 (in thousands):

<TABLE>
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	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002	Nine Months Ended March 31, 2003	Nine Months Ended March 31, 2002
<S>	<C>	<C>	<C>	<C>
NET SALES:				
Wholesale segment	$173,890	$172,389	$490,098	$485,479
Retail segment	127,328	115,811	387,101	331,566
Elimination of inter-company sales	(76,644)	(60,283)	(206,383)	(159,546)
Consolidated Total	$224,574	$227,917	$670,816	$657,499

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ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002	Nine Months Ended March 31, 2003	Nine Months Ended March 31, 2002
OPERATING INCOME:				
Wholesale segment	$ 20,949	$ 32,295	$ 77,838	$ 80,032
Retail segment	2,223	5,305	13,326	16,034
Elimination (1)	(4,334)	(1,598)	(3,288)	(323)
Consolidated Total	$ 18,838	$ 36,002	$ 87,876	$ 95,743
CAPITAL EXPENDITURES:				
Wholesale segment	$ 2,095	$ 2,163	$ 9,802	$ 8,910
Retail segment	4,314	2,417	13,532	13,379
Acquisitions (2)	138	31,902	10,880	42,386
Consolidated Total	$ 6,547	$ 36,482	$ 34,214	$ 64,675

	March 31, 2003	June 30, 2002
TOTAL ASSETS:		
Wholesale segment	$442,962	$459,311
Retail segment	304,039	259,770
Inventory profit elimination (3)	(36,016)	(30,326)
Consolidated Total	$710,985	$688,755

(1) Adjustment represents the change in the elimination entry for profit in ending inventory.

(2) There were no acquisitions completed during the three months ended March 31, 2003. For the three months ended March 31, 2002, acquisitions include the purchase of 10 retail stores. For the nine month period ended March 31, 2003, acquisitions include the purchase of 15 retail stores, while for the nine month period ended March 31, 2002, acquisitions include the purchase of 20 retail stores.

(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 realized when inventory is shipped to the retail customer.

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At March 31, 2003, there are 26 Ethan Allen retail stores located outside the United States, of which 19 are independently-owned. Approximately 2% of the Company's net sales for the three and nine month periods ended March 31, 2003 and 2002 were derived from sales to non-domestic, independently-owned retail stores.

(11) RECENT ACCOUNTING PRONOUNCEMENTS

In November 2002, the Emerging Issues Task Force ("EITF") of the Financial Accounting Standards Board reached a consensus on EITF Issue No. 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables". EITF 00-21 provides guidance on when and how to separate elements of an arrangement that may involve the delivery or performance of multiple products, services, and rights to use assets into separate units of accounting. The provisions of this EITF consensus are effective for arrangements entered into in fiscal periods beginning after June 15, 2003. The related transition provisions allow for either prospective application or a cumulative effect adjustment upon adoption. The Company plans to adopt EITF 00-21 in the quarter beginning July 1, 2003 and is currently evaluating its impact. At this time, the Company does not expect that application of the provisions of this authoritative guidance will have a material effect on the consolidated financial statements.

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. The Company conducts its required annual impairment test during the fourth quarter of each fiscal year using a discounted cash flow model 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. Cost is determined based solely on those charges incurred in the acquisition and production of the related inventory (i.e. material, labor and manufacturing overhead costs). 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 all of the following have occurred: persuasive evidence of a sales arrangement exists (e.g. a wholesale purchase order or retail sales invoice); the sales arrangement specifies a fixed or determinable sales price; product is shipped or services are provided to the customer; and collectibility is reasonably assured. 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 and nine months ended March 31, 2003 and 2002. The components of consolidated revenues and operating income are as follows (in millions):
<TABLE>
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	Three Months Ended March 31,		Nine Months Ended March 31,	
	2003	2002	2003	2002
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REVENUE:				
Wholesale segment	$173.9	$172.4	$490.1	$485.5
Retail segment	127.3	115.8	387.1	331.6
Elimination of inter-segment sales	(76.6)	(60.3)	(206.4)	(159.6)
Consolidated Revenue	$224.6	$227.9	$670.8	$657.5

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002	Nine Months Ended March 31, 2003	Nine Months Ended March 31, 2002
OPERATING INCOME:				
Wholesale segment	$ 20.9	$ 32.3	$ 77.8	$ 80.0
Retail segment	2.2	5.3	13.3	16.0
Elimination	(4.3)	(1.6)	(3.2)	(0.3)
Consolidated Operating Income	$ 18.8	$ 36.0	$ 87.9	$ 95.7

THREE MONTHS ENDED MARCH 31, 2003 COMPARED TO THREE MONTHS ENDED MARCH 31, 2002

Consolidated revenue for the three months ended March 31, 2003 totaled $224.6 million, representing a decrease of $3.3 million, or 1.5%, from $227.9 million reported for the three months ended March 31, 2002. Results for the quarter reflect softer business conditions caused by the current economic and geo-political environment and the effects of poor weather conditions experienced throughout much of the country during the period. As a result of these factors, the incoming order rate was adversely impacted. The continued expansion and strategic re-positioning of the Company's retail segment served to partially offset the effects of these factors.

Total wholesale revenue for the third quarter of fiscal year 2003 increased by $1.5 million, or 0.9%, to $173.9 million from $172.4 million in the third quarter of fiscal year 2002. The wholesale segment experienced only marginal growth as a result of the continued challenges posed by the state of the U.S. economy and the ongoing geo-political situation, both of which have impacted consumer confidence and related spending habits.

Total retail revenue from Ethan Allen-owned stores for the three months ended March 31, 2003 increased by $11.5 million, or 9.9%, to $127.3 million from $115.8 million for the three months ended March 31, 2002. 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 $19.6 million, partially offset by a decrease in comparable store delivered sales of $4.8 million, or 4.3%, and a decrease resulting from closed stores, which generated $3.3 million fewer sales in fiscal year 2003 as compared to fiscal year 2002. The number of Ethan Allen-owned stores increased to 120 as of March 31, 2003 as compared to 102 as of March 31, 2002. During that twelve month period, the Company acquired 15 stores from independent dealers, relocated 2 stores, opened 4 new stores, and closed 1 store.

Comparable stores are those newly-opened stores 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, decreased 5.5% from the prior year quarter, reflecting softer business conditions caused by the current economic and geo-political environment and the effects of poor weather conditions experienced throughout much of the country during the period, partially offset by the continued expansion and strategic re-positioning of the Company's retail segment. Comparing the current quarter to the prior year quarter, wholesale orders decreased 8.9% while Ethan Allen-owned store orders increased 4.4%. Comparable store written business decreased 9.2% over that same period.

Gross profit increased during the third quarter to $112.0 million from $108.4 million in the third quarter of the prior year. The $3.6 million, or 3.2%, increase in gross profit was primarily attributable to (i) a higher percentage of retail sales to total sales (57% in the current year quarter compared to 51% in the prior year quarter), and (ii) lower costs associated with sales returns and allowances and certain raw materials. Gross profit for the quarter was also positively impacted, to a lesser extent, by higher margins attributable to the off-shore sourcing of certain recent product

introductions. Consolidated gross margin increased to 49.8% in the third quarter of fiscal year 2003 from 47.6% in the prior year third quarter. The gross margin was positively impacted as a result of the factors identified previously.

The Company recorded a pre-tax restructuring and impairment charge of $13.4 million during the current quarter related to the consolidation of three of its smaller manufacturing facilities. Closure of these facilities is expected to result in the elimination of approximately 580 employees; 340 employees effective April 21, 2003, and 240 employees expected to be terminated throughout the fourth quarter of fiscal 2003 and the first quarter of fiscal 2004. The costs incurred in closing the facilities consist, primarily, of severance and related payroll and benefit costs, the write-down of long-lived assets such as real estate and machinery and equipment, and other plant exit costs. In addition, adjustments totaling $0.2 million were made during the current quarter to reverse certain other restructuring accruals established in fiscal 2002 which are no longer required.

Including current period restructuring and impairment charges of $13.2 million, operating expenses increased $20.7 million to $93.1 million, or 41.5% of net sales, in the current quarter from $72.4 million, or 31.8% of net sales, in the prior year comparable quarter. This increase is primarily attributable to the aforementioned restructuring and impairment charges, further expansion of the retail segment, and the higher percentage of retail sales to total sales in the current quarter as compared to the prior year quarter. The addition of 18 net new Ethan Allen-owned stores since March 2002 has resulted in higher costs associated with warehousing and delivery, occupancy, advertising, healthcare, district management and design consultant salaries. These increases were partially offset by lower costs within the wholesale segment as a result of a continued Company-wide focus on cost containment and the level of wholesale sales volume.

Including current period restructuring and impairment charges of $13.2 million, operating income for the three months ended March 31, 2003 was $18.8 million, or 8.4% of net sales, compared to $36.0 million, or 15.8% of net sales, for the three months ended March 31, 2002. The decrease of $17.2 million is primarily attributable to the aforementioned restructuring and impairment charges and increased operating expenses resulting from the continued expansion of the retail segment, partially offset by a higher gross margin and lower operating expenses at the wholesale level, both of which were noted previously.

Including current period restructuring and impairment charges of $13.2 million, total wholesale operating income for the third quarter of fiscal year 2003 was $20.9 million, or 12.0% of net sales, compared to $32.3 million, or 18.7% of net sales, in the third quarter of fiscal year 2002. The decrease of $11.4 million is primarily attributable to the aforementioned restructuring and impairment charges, partially offset by a decrease in operating expenses and lower costs associated with sales returns and allowances and certain raw materials.

During the current quarter, operating income for the retail segment decreased $3.1 million to $2.2 million, or 1.7% of net sales, from $5.3 million, or 4.6% of net sales, in the prior year quarter. The decrease in retail operating income generated by Ethan Allen-owned stores is primarily attributable to a 4.3% decline in comparable store delivered sales, reduced sales volume resulting from closed stores, and higher operating expenses related to the addition of 18 net new stores since March 2002, partially offset by increased sales volume associated with new stores.

Interest and other miscellaneous income for the current quarter was $0.1 million, a decrease of $1.0 million from the prior year quarter. The decrease is primarily the result of gains totaling $0.7 million recognized in the prior year quarter related to the sale of certain real estate.

Income tax expense was $7.1 million for the quarter ended March 31, 2003 as compared to $14.0 million for the comparable quarter in the prior year. The Company's effective tax rate was 37.8% in both periods.

Including the current period restructuring and impairment charges of $13.2 million ($8.2 million, net of tax), the Company recorded net income for the three months ended March 31, 2003 of $11.7 million, as compared to $23.0 million for the three months ended March 31, 2002. Earnings per diluted share amounted to $0.30 for the current quarter versus $0.58 per diluted share in the prior year quarter.

NINE MONTHS ENDED MARCH 31, 2003 COMPARED TO NINE MONTHS ENDED MARCH 31, 2002

Consolidated revenue for the nine months ended March 31, 2003 increased by $13.3 million, or 2.0%, to $670.8 million from $657.5 million for the nine months ended March 31, 2002. Net sales increased due to the continued expansion and strategic re-positioning of the Company's retail segment, partially offset by the effects of a relative softness in consumer spending caused by a sluggish economy during the past nine months.

Total wholesale revenue for the first nine months of fiscal year 2003 increased by $4.6 million, or 1.0%, to $490.1 million from $485.5 million in the first nine months of fiscal year 2002. The wholesale segment experienced only marginal growth as a result of the continued challenges posed by the state of the U.S. economy and the ongoing geo-political situation, both of which have impacted consumer confidence and related spending habits.

Total retail revenue from Ethan Allen-owned stores for the nine months ended March 31, 2003 increased by $55.5 million, or 16.7%, to $387.1 million from $331.6 million for the nine months ended March 31, 2002. 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 $78.2 million, partially offset by a decrease in comparable store delivered sales of $11.9 million, or 3.7%, and a decrease resulting from closed stores, which generated $10.8 million fewer sales in fiscal year 2003 as compared to fiscal year 2002.

Total booked orders, which include wholesale orders and written business of Ethan Allen-owned retail stores, increased from the prior year nine month period by 3.3%, reflecting the continued expansion and strategic re-positioning of the Company's retail segment, partially offset by the effects of softer business conditions and a reduction in consumer spending. Comparing the current nine month period to the prior year nine month period, wholesale orders decreased 0.9% while Ethan Allen-owned store orders increased 17.2%. Comparable store written business decreased 3.2% over that same period.

Gross profit increased during the first nine months of the current year to $334.5 million from $305.8 million in the first nine months of the prior year. The $28.7 million, or 9.4%, increase in gross profit was primarily attributable to (i) a higher percentage of retail sales to total sales (58% in the current nine month period compared to 50% in the prior year nine month period), (ii) lower costs associated with wholesale sales returns and allowances and certain raw materials, and (iii) higher margins attributable to the off-shore sourcing of certain recent product introductions and increased production efficiencies resulting from the Company's continued focus on quality. Consolidated gross margin increased to 49.9% for the first nine months of fiscal year 2003 from 46.5% in the first nine months of the prior fiscal year. The gross margin was positively impacted as a result of the factors identified previously.

The Company recorded a pre-tax restructuring and impairment charge of $13.4 million during the current period related to the consolidation of three of its smaller manufacturing facilities. Closure of these facilities is expected to result in the elimination of approximately 580 employees; 340 employees effective April 21, 2003, and 240 employees expected to be terminated throughout the fourth quarter of fiscal 2003 and the first quarter of fiscal 2004. The costs incurred in closing the facilities consist, primarily, of severance and related payroll and benefit costs, the write-down of long-lived assets such as real estate and machinery and equipment, and other plant exit costs. In addition, adjustments totaling $0.2 million were made during the current quarter to reverse certain other restructuring accruals established in fiscal 2002 which are no longer required.

Including current period restructuring and impairment charges of $13.2 million, operating expenses increased $36.6 million to $246.6 million, or 36.8% of net sales, in the current year nine month period from $210.0 million, or 31.9% of net sales, in the prior year nine month period. This increase is primarily attributable to the further expansion of the retail segment and the higher percentage of retail sales to total sales in the current period as compared to the prior year period, as well as the aforementioned restructuring and impairment charges. The addition of 18 net new Ethan Allen-owned stores since March 2002 has resulted in higher costs associated with warehousing and delivery, occupancy, advertising, healthcare, district management and design consultant salaries. These increases were partially offset by lower costs within the wholesale segment as a result of a continued Company-wide focus on cost containment and the level of wholesale sales volume.

Including current period restructuring and impairment charges of $13.2 million, operating income for the nine months ended March 31, 2003 was $87.9 million, or 13.1% of net sales, compared to $95.7 million, or 14.6% of net sales, for the nine months ended March 31, 2002. The decrease of $7.8 million is primarily attributable to the aforementioned restructuring and impairment charges and increased operating expenses resulting from the continued expansion of the retail segment, partially offset by a higher gross margin and lower operating expenses at the wholesale level, as noted previously.

Including current period restructuring and impairment charges of $13.2 million, total wholesale operating income for the first nine months of fiscal year 2003 was $77.8 million, or 15.9% of net sales, compared to $80.0 million, or 16.5% of net sales, in the first nine months of fiscal year 2002. The decrease of $2.2 million is primarily attributable to the aforementioned restructuring and impairment charges, partially offset by (i) a decrease in operating expenses, (ii) lower costs associated with sales returns and allowances and certain raw materials, and (iii) higher margins attributable to the off-shore sourcing of certain recent product introductions and increased production efficiencies resulting from the Company's continued focus on quality.

Operating income for the retail segment during the current nine month period decreased $2.7 million to $13.3 million, or 3.4% of net sales, from $16.0 million, or 4.8% of net sales, in the prior year nine month period. The decrease in retail operating income generated by Ethan Allen-owned stores is primarily attributable to a 3.7% decline in comparable store delivered sales, reduced sales volume resulting from closed stores, and higher operating expenses related to the addition of 18 net new stores since March 2002, partially offset by increased sales volume associated with new stores.

Interest and other miscellaneous income for the current year nine month period was $0.8 million, a decrease of $1.8 million from the prior year nine month period. The decrease is due, primarily, to (i) the Company's share of current year losses incurred in connection with the start-up of its United Kingdom joint venture with MFI Furniture Group Plc., (ii) higher gains recognized in the prior year in connection with the sale of real estate, and (iii) a decrease in interest income as a result of a decline in interest rates during the period.

Income tax expense was $33.3 million for the nine months ended March 31, 2003 as compared to $37.0 million for the comparable nine month period in the prior year. The Company's effective tax rate was 37.8% in both periods.

Including the current period restructuring and impairment charges of $13.2 million ($8.2 million, net of tax), the Company recorded net income for the nine months ended March 31, 2003 of $54.8 million, as compared to $60.9 million for the nine months ended March 31, 2002. Earnings per diluted share amounted to $1.42 for the current period versus $1.52 per diluted share in the prior year period.

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 $74.0 million for the nine months ended March 31, 2003, compared to $98.5 million for the nine months ended March 31, 2002. The year-over-year decrease of $24.5 million in net cash provided by operating activities was principally the result of (i) inventory levels which, net of inventories totaling $9.7 million acquired in the purchase of retail stores, increased $12.2 million during the current period, representing a $33.9 million variance from the decrease in inventory noted in the prior year period, (ii) a decrease in net income ($6.1 million) and (iii) an increase in cash required to satisfy outstanding accounts payable ($4.8 million). These variances were partially offset by (i) the restructuring and impairment charges recorded during the quarter ($13.2 million), (ii) an increase in cash collected on outstanding accounts receivable ($6.1 million), and (iii) an increase in customer deposits ($4.9 million).

The increase in inventory levels since June 2002 is the result of several factors, including (i) better stock position in the Townhouse product line, (ii) build-up associated with both the introduction of the Tuscany product line in the Spring of 2003 and the Company's decision to close three of its manufacturing facilities, (iii) an increase in raw materials, particularly logs, as a result of seasonal factors, (iv) an increase in the number of Company-owned retail stores, and (v) overall softer business conditions experienced during the period.

During the current nine month period, net cash used in investing activities decreased to $31.5 million from $59.9 million in the prior year nine month period. Of those amounts, $10.9 million was used to finance acquisitions during the current year as compared to $42.4 million in the prior year. During the nine months ended March 31, 2003, capital spending, exclusive of acquisitions, totaled $23.3 million as compared to $22.3 million for the nine months ended March 31, 2002. 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. The Company anticipates that cash from operations will be sufficient to fund such capital expenditures.

Net cash used in financing activities totaled $58.0 million in the current nine month period as compared to $24.5 million in the prior year nine month period, an increase of $33.5 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 ($27.2 million), the repayment of debt ($3.3 million), and an increase in dividends paid ($2.2 million). Total debt outstanding at March 31, 2003 was $10.3 million. At March 31, 2003, there were no revolving loans outstanding and $19.6 million of trade and standby letters of credit outstanding under the Company's credit facility. The Company had $105.4 million available under its revolving credit facility at March 31, 2003.

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 nine months of fiscal year 2003 and 2002, the Company repurchased the following shares of its common stock:

	Nine Months Ended March 31, 2003	Nine Months Ended March 31, 2002
Common shares repurchased	1,400,200	741,151
Cost to repurchase common shares	$41,806,266	$21,056,478
Average price per share	$29.86	$28.41

The Company funded its common stock repurchases through available cash and cash from operations. As of March 31, 2003, the Company had a remaining Board authorization to purchase 1.3 million shares.

As of March 31, 2003, the aggregate scheduled maturities of the Company's long-term debt for each of the next five fiscal years are as follows: $1.0 million in fiscal 2004, $4.7 million in fiscal 2005, $0.2 million in fiscal 2006, $0.1 million in fiscal 2007, $0.1 million in fiscal 2008, and $4.2 million thereafter. 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, 2003, the Company had working capital of $193.7 million and a current ratio of 2.39 to 1.

OTHER COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

From time to time, in the ordinary course of business, the Company, or its wholly-owned subsidiaries, may provide guarantees on behalf of selected affiliated entities or become contractually obligated to perform in accordance with the terms and conditions of certain business agreements. The nature and extent of these guarantees and obligations varies based on the underlying relationship of the benefiting party to the Company and the business purpose for which the guarantee or obligation is being provided. Details of those arrangements for which the Company, or any of its wholly-owned subsidiaries, act as guarantor or obligor are provided below.

DEALER-RELATED GUARANTEES

As part of the Company's expansion strategy for the Ethan Allen retail store network, selected independent dealers are provided, on rare occasion, with financial guarantees relating to leases in connection with certain store locations. As of March 31, 2003, one such guarantee exists. This guarantee, which has been provided by Ethan Allen Inc. on behalf of an independent dealer, has a remaining term of eighteen months, which generally represents the remaining contractual terms of the underlying lease agreement (subject to certain term limitations). The Company is obligated to act under such guarantee in the event of default by the respective dealer (lessee). The maximum potential amount of future payments (undiscounted) that the Company could be required to make under this guarantee is limited to the amount of the remaining contractual lease payments (subject to certain term limitations) and, as such, is not an estimate of future cash flows. As of March 31, 2003, the amount of remaining contractual lease payments guaranteed by the Company was approximately $0.5 million. The Company maintains specific recourse rights related to this dealer arrangement that would enable recovery of any amount paid under this guarantee. Management expects, based on the underlying creditworthiness of the guaranteed party, this guarantee will expire without requiring funding by the Company. Accordingly, as of March 31, 2003, the carrying amount of the liability related to such guarantee is zero.

In addition, Ethan Allen Inc. has obligated itself, on behalf of one of its independent dealers, with respect to a $1.3 million credit facility (the "Credit Facility"). This obligation requires the Company, in the event of the dealer's default under the Credit Facility, to repurchase the dealer's inventory, applying such purchase price to the dealer's outstanding indebtedness under the Credit Facility. The Company's obligation remains in effect for as long as the Credit Facility is in existence. The maximum potential amount of future payments (undiscounted) that the Company could be required to make under this obligation is limited to the amount outstanding under the Credit Facility at the time of default (subject to pre-determined lending limits based on the value of the underlying inventory) and, as such, is not an estimate of future cash flows. No specific recourse or collateral provisions exist that would enable recovery of any portion of amounts paid under this obligation, except to the extent that the Company maintains the right to take title to the repurchased inventory. Management anticipates that the repurchased inventory could subsequently be sold through the Company's retail store network. As of March 31, 2003, the amount outstanding under the Credit Facility totaled approximately $0.9 million, of which $0.5 million was in the form of a revolving credit line. Management expects, based on the underlying creditworthiness of the respective dealer, this obligation will expire without requiring funding by the Company. Accordingly, as of March 31, 2003, the carrying amount of the liability related to such obligation is zero.

INDEMNIFICATION AGREEMENT

In connection with the Company's joint venture arrangement with United Kingdom-based MFI Industries Plc., Ethan Allen Inc. has entered into a tax cross-indemnification agreement with the joint venture partner. The indemnification agreement stipulates that both parties agree to pay fifty percent of the amount of any tax liability arising as a result of (i) an adverse tax judgment or (ii) the imposition of additional taxes against either partner, and attributable to the operations of the joint venture. The indemnification agreement is effective until such time that the joint venture is terminated. At the present time, management anticipates that the joint venture will continue to operate for the foreseeable future.

The maximum potential amount of future payments (undiscounted) that the Company could be required to make under this indemnification agreement is indeterminable as no such tax liability currently exists. Further, the nature, extent and magnitude of any such tax liability arising in the future as a result of an adverse tax judgment or change in applicable tax law cannot be estimated with any reasonable certainty. It should be further noted that no recourse or collateral provisions exist that would enable recovery of any portion of amounts paid under this indemnification agreement. Management expects, based on its current understanding of the applicable tax laws and the existing legal structure of the joint venture, subject to future changes in applicable laws and regulations, this cross-indemnity agreement will expire without requiring funding by the Company. Accordingly, as of March 31, 2003, the carrying amount of the liability related to this indemnification agreement is zero.

RESIDUAL VALUE GUARANTEES

In connection with its distribution activities, the Company has entered into operating lease agreements for certain trucks and trailers within its fleet. For a portion of these vehicles, the Company has guaranteed the related residual values upon completion of the contractual lease terms. The remaining terms of such guarantees range from one to two years, and generally represent the remaining contractual terms of the underlying lease agreements. The Company is obligated to act under such guarantees in the event that the fair value of the vehicles at the end of the lease term is less than the guaranteed residual value. The maximum potential amount of future payments (undiscounted) that the Company could be required to make under these guarantees is limited to the guaranteed residual value for each respective vehicle subject to such guarantee and, as such, is not an estimate of future cash flows. As of March 31, 2003, the Company's maximum potential exposure related to residual value guarantees was approximately $0.5 million. While no specific recourse or collateral provisions exist that would enable recovery of any portion of amounts paid under these guarantees, all payments made by the Company related to such guarantees are computed net of the proceeds received by the lessor upon sale of the underlying assets. Management expects, based on historical experience and the present condition of its fleet, these guarantees will expire without requiring funding by the Company. Accordingly, as of March 31, 2003, the carrying amount of the liability related to such guarantees is zero.

PRODUCT WARRANTIES

The Company's products, including its case goods, upholstery and home accents, generally carry explicit product warranties that extend from three to five years and are provided based on terms that are generally accepted in the industry. All of the Company's independent dealers are required to enter into, and perform in accordance with the terms and conditions of, a warranty service agreement. The Company records provisions for estimated warranty and other related costs at time of sale based on historical warranty loss experience and makes periodic adjustments to those provisions to reflect actual experience. On rare occasion, certain warranty and other related claims involve matters of dispute that ultimately are resolved by negotiation, arbitration or litigation. In certain cases, a material warranty issue may arise which is beyond the scope of the Company's historical experience. The Company provides for such warranty issues as they become known and estimable. It is reasonably possible that, from time to time, additional

warranty and other related claims could arise from disputes or other matters beyond the scope of the Company's historical experience. As of March 31, 2003, the Company's product warranty liability totaled $0.8 million and, for the nine month period then ended, no settlements (in cash or in-kind) had been made.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

As of March 31, 2003, the Company was essentially debt-free. Cash and short-term investments totaled $60.2 million and there were no revolving loans outstanding under the Company's credit facility. The current portion of the Company's outstanding long-term debt and capital lease obligations totaled $0.2 million as of March 31, 2003, while the long-term portion totaled $10.1 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

The Company has revised the Exhibit Listing as previously submitted in connection with the filing of its Annual Report on Form 10-K for the year ended June 30, 2002, to indicate, with respect to each previously filed item, the specific prior filing where the related exhibit is located.

Exhibit 10 (l)-1; First Amendment to Employment Agreement, dated August 1, 2002, between Mr. Kathwari and Ethan Allen Interiors, Inc.

(b) Reports on Form 8-K

On February 12, 2003, the Company filed with the Securities and Exchange Commission its quarterly report on Form 10-Q for the three month period ended December 31, 2002. Accompanying such report was a certification, filed on Form 8-K, of the Company's Principal Executive Officer and Principal 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.

During the three month period ended March 31, 2003, the Company filed Current Reports on Form 8-K dated February 21, 2003 and March 28, 2003, covering information reported under ITEM 9. REGULATION FD DISCLOSURE. The Company also filed a Current Report on Form 8-K dated April 22, 2003, covering information reported under ITEM 9. REGULATION FD DISCLOSURE but furnished pursuant to ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION in accordance with SEC Release No. 33-8216.

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: May 13, 2003   BY: /S/ M. FAROOQ KATHWARI

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

DATE: May 13, 2003   BY: /S/ EDWARD D. TEPLITZ

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

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY

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 March 31, 2003 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, President and Chief
- --- Executive Officer
(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 March 31, 2003 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 - --- (Edward D. Teplitz)	Chief Financial Officer

EXHIBITS

Exhibit Number	Exhibit
2(a)	Agreement and Plan of Merger, dated May 20, 1989, among the Company, Green Mountain Acquisition Corporation, INTERCO Incorporated, Interco Subsidiary, Inc. and Ethan Allen (incorporated by reference to Exhibit 2(a) to the Registration Statement on Form S-1 of the Company filed with the Securities and Exchange Commission (the "SEC") on March 16, 1993)
2(b)	Restructuring Agreement, dated March 1, 1991, among Green Mountain Holding Corporation, Ethan Allen, Chemical Bank, General Electric Capital Corporation, Smith Barney Inc. and the stockholder's name on the signature page thereof (incorporated by reference to Exhibit 2(b) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
2(c)	Purchase and Sale Agreement, dated March 28, 1997, between the Company and Carriage House Interiors of Colorado, Inc. (incorporated by reference to Exhibit 2 to the Registration Statement on Form S-3 of the Company filed with the SEC on May 21, 1997)
3(a)	Restated Certificate of Incorporation for Green Mountain Holding Corporation (incorporated by reference to Exhibit 3(a) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
3(b)	Restated and Amended By-Laws of Green Mountain Holding Corporation (incorporated by reference to Exhibit 3(b) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
3(c)	Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3(c) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
3(c)-1	Certificate of Designation relating to the Series C Junior Participating Preferred Stock (incorporated by reference to Exhibit 1 to Form 8-A of the Company filed with the SEC on July 3, 1996)
3(c)-2	Certificate of Amendment to Restated Certificate of Incorporation as of August 5, 1997 (incorporated by reference to Exhibit 3(c)-2 to the Quarterly Report on Form 10-Q of the Company filed with the SEC on May 13, 1999)
3(c)-3	Second Certificate of Amendment to Restated Certificate of Incorporation as of March 27, 1998 (incorporated by reference to Exhibit 3(c)-3 to the Quarterly Report on Form 10-Q of the Company filed with the SEC on May 13, 1999)
3(c)-4	Third Certificate of Amendment to Restated Certificate of Incorporation as of April 28, 1999 (incorporated by reference to Exhibit 3(c)-4 to the Quarterly Report on Form 10-Q of the Company filed with the SEC on May 13, 1999)

3(d)	Amended and Restated By-laws of the Company (incorporated by reference to Exhibit 3(d) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
3(e)	Certificate of Designation relating to the New Convertible Preferred Stock (incorporated by reference to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)

3(e)-1	Certificate of Designation relating to the Series C Junior Participating Preferred Stock (incorporated by reference to Exhibit 1 to Form 8-A of the Company filed with the SEC on July 3, 1996)
3(f)	Certificate of Incorporation of Ethan Allen Finance Corporation (incorporated by reference to Exhibit 3.1 to Amendment No. 3 to the Registration Statement on Form S-3 of the Company filed with the SEC on February 1, 1995)
3(g)	By-Laws of Ethan Allen Finance Corporation (incorporated by reference to Exhibit 3.4 to Amendment No. 3 to the Registration Statement on Form S-3 of the Company filed with the SEC on February 1, 1995)
3(h)	Certificate of Incorporation of Ethan Allen Manufacturing Corporation (incorporated by reference to Exhibit 3.2 to Amendment No. 3 to the Registration Statement on Form S-3 of the Company filed with the SEC on February 1, 1995)
3(i)	By-Laws of Ethan Allen Manufacturing Corporation (incorporated by reference to Exhibit 3.5 to Amendment No. 3 to the Registration Statement on Form S-3 of the Company filed with the SEC on February 1, 1995)
4(a)	First Amendment to Management Non-Qualified Stock Option Plan (incorporated by reference to Exhibit 4(a) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
4(b)	Second Amendment to Management Non-Qualified Stock Option Plan (incorporated by reference to Exhibit 4(b) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
4(c)	1992 Stock Option Plan (incorporated by reference to Exhibit 4(c) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
4(c)-1	First Amendment to 1992 Stock Option Plan (incorporated by reference to Exhibit 4(c)-1 to the Quarterly Report on Form 10-Q of the Company filed with the SEC on November 14, 1997)
4(c)-2	Amended and Restated 1992 Stock Option Plan (incorporated by reference to Exhibit 4(c)-2 to the Quarterly Report on Form 10-Q of the Company filed with the SEC on November 14, 1997)
4(c)-3	First Amendment to Amended and Restated 1992 Stock Option Plan (incorporated by reference to Exhibit 4(c)-3 to the Quarterly Report on Form 10-Q of the Company filed with the SEC on February 12, 1999)

4(c)-4	Second Amendment to Amended and Restated 1992 Stock Option Plan (incorporated by reference to Exhibit 4(c)-4 to the Quarterly Report on Form 10-Q of the Company filed with the SEC on February 14, 2000)
4(d)	Management Letter Agreement among the Management Investors and the Company (incorporated by reference to Exhibit 4(d) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
4(e)	Management Warrant, issued by the Company to members of the Management of Ethan Allen (incorporated by reference to Exhibit 4(e) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
4(f)	Form of Dealer Letter Agreement among Dealer Investors and the Company (incorporated by reference to Exhibit 4(f) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16,

	1993)
4(g)	Form of Kathwari Warrant, dated June 28, 1989 (incorporated by reference to Exhibit 4(g) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
4(j)	Form of Indenture relating to the Senior Notes (incorporated by reference to Exhibit 4(m) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
4(j)-1	First Supplemental Indenture, dated March 23, 1995, between Ethan Allen and the First National Bank of Boston for $75,000,000 8-3/4% Senior Notes due 2007 (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-3 of the Company filed with the SEC on October 25, 1994)
4(k)	Credit Agreement among the Company, Ethan Allen and Bankers Trust Company (incorporated by reference to Exhibit 4(o) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
4(k)-1	Amended Credit Agreement among the Company, Ethan Allen and Bankers Trust Company (incorporated by reference to Exhibit 4(k)-1 to the Annual Report on Form 10-K of the Company filed with the SEC on September 8, 1994)
4(k)-2	110,000,000 Senior Secured Revolving Credit Facility dated March 10, 1995 between Ethan Allen and J. P. Morgan Chase & Co. (incorporated by reference to Exhibit 4(k)-2 to the Annual Report on Form 10-K of the Company filed with the SEC on September 21, 1995)
4(k)-3	Amended and Restated Credit Agreement as of December 4, 1996 between Ethan Allen Inc. and the J. P. Morgan Chase & Co. (incorporated by reference to Exhibit 4(k)-3 to the Quarterly Report on Form 10-Q of the Company filed with the SEC on February 13, 1997)

4(k)-4	First Amendment to Amended and Restated Credit Agreement as of August 27, 1997 between Ethan Allen Inc. and the J. P. Morgan Chase & Co. (incorporated by reference to Exhibit 4(k)-4 to the Quarterly Report on Form 10-Q of the Company filed with the SEC on February 12, 1999)
4(k)-5	Second Amendment to Amended and Restated Credit Agreement as of October 20, 1998 between Ethan Allen Inc. and the J. P. Morgan Chase & Co. (incorporated by reference to Exhibit 4(k)-5 to the Quarterly Report on Form 10-Q of the Company filed with the SEC on February 12, 1999)
4(l)	Catawba County Industrial Facilities Revenue Bond (incorporated by reference to Exhibit 4(r) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
4(l)-1	Trust Indenture dated as of October 1, 1994 securing $4,600,000 Industrial Development Revenue Refunding Bonds, Ethan Allen Inc. Series 1994 of the Catawba County Industrial Facilities and Pollution Control Financing Authority (incorporated by reference to Exhibit 4(l)-1 to the Annual Report on Form 10-K of the Company filed with the SEC on September 21, 1995)
4(m)	Lease for 2700 Sepulveda Boulevard Torrance, California (incorporated by reference to Exhibit 4(s) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
4(n)	Amended and Restated Warrant Agreement, dated March 1, 1991, among Green Mountain Holding Corporation and First Trust National Association (incorporated by reference to Exhibit 4(t) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)

4(o)	Exchange Notes Warrant Transfer Agreement (incorporated by reference to Exhibit 4(u) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
4(p)	Warrant (Earned) to purchase shares of the Company's Common Stock dated March 24, 1993 (incorporated by reference to Exhibit 4(v) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
4(q)	Warrant (Earned-In) to purchase shares of the Company's Common Stock, dated March 23, 1993 (incorporated by reference to Exhibit 4(w) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
4(r)	Recapitalization Agreement among the Company, General Electric Capital Corporation, Smith Barney Inc., Chemical Fund Investments, Inc., Legend Capital Group, Inc., Legend Capital International Ltd., Castle Harlan, Inc., M. Farooq Kathwari, the Ethan Allen Retirement Program and other stockholders named on the signature pages thereto, dated March 24, 1993 (incorporated by reference to Exhibit 4(x) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)

4(s)	Preferred Stock and Common Stock Subscription Agreement, dated March 24, 1993, among the Company, General Electric Capital Corporation, and Smith Barney Inc. (incorporated by reference to Exhibit 4(y) to the Annual Report on Form 10-K of the Company filed with the SEC on September 24, 1993)
4(t)	Security Agreement, dated March 10, 1995, between Ethan Allen Inc. and J. P. Morgan Chase & Co. (incorporated by reference to Exhibit 4(t) to the Quarterly Report on Form 10-Q of the Company filed with the SEC on February 13, 1997)
4(u)	Rights Agreement, dated July 26, 1996, between the Company and Harris Trust and Savings Bank (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company filed with the SEC on July 3, 1996)
4(v)	Registration Rights Agreement, dated March 28, 1997, between the Company and Carriage House Interiors of Colorado, Inc. (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-3 of the Company filed with the SEC on May 21, 1997)
4(w)	Credit Agreement, dated August 24, 1999, by and among Ethan Allen Inc., Ethan Allen Interiors Inc., the J. P. Morgan Chase & Co., Fleet Bank, N.A. and Wachovia Bank, N.A. (incorporated by reference to Exhibit 4(w) to the Annual Report on Form 10-K of the Company filed with the SEC on September 13, 2000)
10(b)	Employment Agreement, dated June 29, 1989, among Mr. Kathwari, the Company and Ethan Allen (incorporated by reference to Exhibit 10(b) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
10(c)	Employment Agreement, dated July 27, 1994, among Mr. Kathwari, the Company and Ethan Allen (incorporated by reference to Exhibit 10(c) to the Annual Report on Form 10-K of the Company filed with the SEC on September 21, 1995)
10(d)	Restated Directors Indemnification Agreement dated March 1993, among the Company and Ethan Allen and their Directors (incorporated by reference to Exhibit 10(c) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
10(e)	Registration Rights Agreement, dated March 1993, by

	and among Ethan Allen, General Electric Capital Corporation and Smith Barney Inc. (incorporated by reference to Exhibit 10(d) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
10(f)	Form of Management Bonus Plan, dated October 30, 1991 (incorporated by reference to Exhibit 10(g) to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)
10(g)	Ethan Allen Profit Sharing and 401(k) Retirement Plan (incorporated by reference to Exhibit 10(g) to the Annual Report on Form 10-K of the Company filed with the SEC on September 21, 1995)

10(h)	General Electric Capital Corporation Credit Card Program Agreement dated August 25, 1995 (incorporated by reference from Exhibit 10(h) to the Annual Report on Form 10-K of the Company filed with the SEC on September 21, 1995)
10(h)-1	First Amendment to Credit Card Program Agreement dated February 22, 2000 (incorporated by reference to Exhibit 10(h)-1 to the Annual Report on Form 10-K of the Company filed with the SEC on September 13, 2000)
10(i)	Employment Agreement, dated October 28, 1997, between Mr. Kathwari and Ethan Allen Interiors, Inc. (incorporated by reference to Exhibit 10(i) to the Quarterly Report on Form 10-Q of the Company filed with the SEC on November 14, 1997)
10(j)	Sales Finance Agreement, dated June 25, 1999, between the Company and MBNA America Bank, N.A. (incorporated by reference to Exhibit 10(j) to the Annual Report on Form 10-K of the Company filed with the SEC on September 13, 2000)
10(k)	Amended and Restated Consumer Credit Card Program Agreement, dated February 22, 2000, by and among the Company and Monogram Credit Card Bank of Georgia (incorporated by reference to Exhibit 10(k) to the Annual Report on Form 10-K of the Company filed with the SEC on September 13, 2000)
10(k)-2	Second Amendment to Amended and Restated Consumer Credit Card Program Agreement, dated February 1, 2002, by and among the Company and Monogram Credit Card Bank of Georgia (incorporated by reference to Exhibit 10(k)-2 to the Quarterly Report on Form 10-Q of the Company filed with the SEC on May 13, 2002)
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 (incorporated by reference to Exhibit 10(k)-3 to the Quarterly Report on Form 10-Q of the Company filed with the SEC on November 12, 2002)
10(l)	Employment Agreement, dated August 1, 2002, between Mr. Kathwari and Ethan Allen Interiors, Inc. (incorporated by reference to Exhibit 10(l) to the Annual Report on Form 10-K of the Company filed with the SEC on September 30, 2002)
21	List of wholly-owned subsidiaries of the Company (incorporated by reference to Exhibit 22 to the Registration Statement on Form S-1 of the Company filed with the SEC on March 16, 1993)

EXHIBIT 10(l)-1

FIRST AMENDMENT TO
EMPLOYMENT AGREEMENT
DATED AUGUST 1, 2002

This First Amendment (the "First Amendment") dated as of November 21, 2002 is made by and between Ethan Allen Interiors Inc., a Delaware corporation (the "Corporation") and its subsidiary, Ethan Allen Inc., a Delaware corporation (individually the "Subsidiary" and collectively with the Corporation sometimes referred to herein as the "Companies") and M. Farooq Kathwari (the "Executive").

RECITALS

WHEREAS, the Executive and the Companies are parties to that certain Employment Agreement dated as of August 1, 2002 and effective as of July 1, 2002 (the "Agreement").

WHEREAS, the Companies and the Executive wish to continue the services of the Executive as Chairman of the Board of Directors of the Companies and the employment of the Executive with the Companies as President and Chief Executive Officer and wish to amend certain terms relating to the Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the promises and mutual covenants herein contained, and other good and valuable consideration, the receipt of which is acknowledged by each party to the other, the Companies and the Executive hereby agree as follows:

1. Paragraph 5.2 (b) of the agreement shall be replaced as follows:

   " Effective as of July 1, 2002, 2003 and 2004 the Corporation and Executive shall enter into, execute and deliver the Restricted Stock Agreement, in substantially the form of EXHIBIT A-1 hereto (the "Restricted Stock Agreement") pursuant to which the Corporation shall grant to the Executive, effective as of each of July 1, 2002, 2003 and 2004, 10,500 shares of the Corporation's common stock, par value $.01 per share ("Common Stock"), for a total of 31,500 shares, under the Corporation's 1992 Stock Option Plan (as amended from time to time in accordance with its terms, the "Plan"), in accordance with the Restricted Stock Agreement in substantially the form set forth in EXHIBIT A-1, which shares of Common Stock will be "restricted stock" subject to the Restricted Stock Agreement. Shares of Common Stock under the Restricted Stock Agreement are referred to as the "Restricted Stock" for purposes of this Agreement. For this purpose, EXHIBIT A-1 hereto is the form of Restricted Stock Agreement for 2002, Exhibit A-2 is the form of Restricted Stock Agreement for 2003 and Exhibit A-3 is the form of Restricted Stock Agreement for 2004."

2. Exhibits A-4, and A-5 are hereby deleted from the Agreement and of no further force or effect.

3. Except as otherwise amended hereinabove, the Agreement, including but not limited to all attachments and exhibits thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and the Corporation has caused this First Amendment Agreement to be executed in its name and on behalf of the Corporation, and its Corporate Seal to be hereunto affixed and attested by its Secretary, all as of the day and year first above written.

Ethan Allen Interiors Inc.	M. Farooq Kathwari
By: /S/ EDWARD MEYER	/S/ M. FAROOQ KATHWARI
Edward Meyer	
Its: Chairman, Compensation Committee	

Attested:

By: /S/ PAMELA A. BANKS

Pamela A. Banks

Its: Secretary