

THE ETHAN ALLEN RETIREMENT SAVINGS PLAN

Financial Statements and Schedules

December 31, 1998 and 1997

(With Independent Auditors' Report Thereon)

Securities and Exchange Commission
Washington, D.C. 20549

FORM 11-K

Annual Report
Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(Mark One):

(X) Annual Report pursuant to Section 15(d) of the Securities Exchange Act of 1934 (No Fee Required) for the fiscal year ended December 31, 1998

OR

() Transition Report pursuant to Section 15(d) of the Securities Exchange Act of 1934 (No Fee Required)
For the transition period from _____ to _____

Commission file Number 1-11806

A. Full title of plan and the address of plan, if different from that of the issuer named below:

THE ETHAN ALLEN RETIREMENT SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal office:

ETHAN ALLEN INTERIORS INC.
ETHAN ALLEN DRIVE
DANBURY, CT 06811

THE ETHAN ALLEN
RETIREMENT SAVINGS PLAN

Financial Statements and Schedules

December 31, 1998 and 1997

(With Independent Auditors' Report Thereon)

THE ETHAN ALLEN
RETIREMENT SAVINGS PLAN

Table of Contents

Independent Auditors' Report

Statements of Net Assets Available for Plan Benefits,
With Fund Information, December 31, 1998 and 1997

Statements of Changes in Net Assets Available for Plan Benefits, With
Fund Information, Years Ended December 31, 1998 and 1997

Notes to Financial Statements

Schedules (1):

Line 27a - Schedule of Assets Held for Investment Purposes	Schedule 1
Line 27d - Schedule of Reportable (5%) Transactions	Schedule 2

(1) All other schedules have been omitted since they are not applicable.

Independent Auditors' Report

Plan Administrative Committee and Participants
The Ethan Allen Retirement Savings Plan:

We have audited the accompanying statements of net assets available for plan benefits, with fund information, of The Ethan Allen Retirement Savings Plan (the "Plan") as of December 31, 1998 and 1997, and the related statements of changes in net assets available for plan benefits, with fund information, for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits as of December 31, 1998 and 1997 and the changes in net assets available for plan benefits for the years then ended in conformity with generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of (1) assets held for investment purposes as of December 31, 1998 and (2) reportable (5%) transactions for the year ended December 31, 1998, are presented for purposes of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The Fund Information in the statements of net assets available for plan benefits and the statements of changes in net assets available for plan benefits is presented for purposes of additional analysis rather than to present the net assets available for plan benefits and changes in net assets available for plan benefits of each fund. The supplemental schedules and Fund Information have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/S/ KPMG LLP

June 14, 1999

<C>						
Assets:						
Investments, at fair value	\$ 7,720,362	2,798,257	619,438	2,010,211	3,220,052	--
91,013,953						
Investments, at contract value	--	--	--	--	--	--
19,592,689						
Participant loans	--	--	--	--	--	--
3,054,477	3,054,477					

Total investments	7,720,362	2,798,257	619,438	2,010,211	3,220,052	3,054,477
113,661,119						
Employer contributions receivable	232,829	151,472	--	122,857	112,264	--
2,615,548						
Employee contributions receivable	11,588	8,109	--	7,584	7,171	--
144,934						

Total assets	7,964,779	2,957,838	619,438	2,140,652	3,339,487	3,054,477
116,421,601						
Liabilities:						
Refunds payable for excess						
contributions	1,480	2,012	--	--	375	--
27,665						

Net assets available for						
plan benefits	\$ 7,963,299	2,955,826	619,438	2,140,652	3,339,112	3,054,477
116,393,936						
=====						
</TABLE>						

See accompanying notes to financial statements.

THE ETHAN ALLEN
RETIREMENT SAVING PLAN

Statement of Net Assets Available for Plan Benefits,
With Fund Information, Continued

December 31, 1997

<TABLE>
<CAPTION>

American				Twentieth		
Century				Century		
Strategic		Twentieth	Twentieth	Century		
Unrestricted Allocation	Benham	Century Select	Century Ultra	International Restricted		
Allen Conservative	Preservation	Investors	Investors	Equity	Ethan Allen	Ethan
Fund Fund	Fund	Fund	Fund	Fund	Stock Fund	Stock

<S>	<C>	<C>	<C>	<C>	<C>	<C>
<C>						
Assets:						
Investments, at fair value	\$ --	17,381,534	13,863,693	4,062,359	14,348,181	
6,888,680	1,165,492					
Investments, at contract value	19,398,451	--	--	--	--	--
--						
Participant loans	--	--	--	--	--	--
--						

Total investments	19,398,451	17,381,534	13,863,693	4,062,359	14,348,181	
6,888,680	1,165,492					

</TABLE>

See accompanying notes to financial statements.

-5-

THE ETHAN ALLEN
RETIREMENT SAVINGS PLAN

Statement of Changes in Net Assets Available for Plan Benefits,
With Fund Information, Continued

Year ended December 31, 1998

<TABLE>
<CAPTION>

American Century Strategic Allocation Conservative Fund	Benham Preservation Fund	Twentieth Century Select Investors Fund	Twentieth Century Ultra Investors Fund	Twentieth Century International Equity Fund	Restricted Ethan Allen Stock Fund	Unrestricted Ethan Allen Stock Fund
----- <S> <C>	<C>	<C>	<C>	<C>	<C>	<C>
Additions to net assets:						
Net appreciation/(depreciation) in fair value of investments \$ 50,786	--	2,185,684	3,246,079	679,555	977,305	260,912
Interest income --	1,097,318	--	--	--	--	--
Dividend income 87,111	--	4,252,178	1,672,738	81,022	50,793	32,008
-----	-----	-----	-----	-----	-----	-----
Net investment income (loss) 137,897	1,097,318	6,437,862	4,918,817	760,577	1,028,098	292,920
-----	-----	-----	-----	-----	-----	-----
Contributions:						
Employer contributions 59,470	452,785	551,092	534,599	154,017	--	246,745
Employee contributions 177,713	1,377,024	1,724,185	1,930,273	593,467	--	1,024,391
-----	-----	-----	-----	-----	-----	-----
237,183	1,829,809	2,275,277	2,464,872	747,484	--	1,271,136
-----	-----	-----	-----	-----	-----	-----
Other receipts:						
Transfers from other plans 2,280	3,633	18,311	17,529	24	73,826	(9,144)
-----	-----	-----	-----	-----	-----	-----
Total additions 377,360	2,930,760	8,731,450	7,401,218	1,508,085	1,101,924	1,554,912
-----	-----	-----	-----	-----	-----	-----
Deductions from net assets:						
Distributions to participants (33,211)	(2,596,865)	(1,342,255)	(847,543)	(311,440)	(1,302,612)	(263,186)
Administrative expenses (1,327)	(9,248)	(9,599)	(7,597)	(2,055)	--	(1,861)
-----	-----	-----	-----	-----	-----	-----
Total deductions	(2,606,113)	(1,351,854)	(855,140)	(313,495)	(1,302,612)	(265,047)

(34,538)						
Net transfers between funds 1,540	(23,785)	63,390	(481,143)	(339,279)	--	1,716,750
Net increase (decrease) 344,362	300,862	7,442,986	6,064,935	855,311	(200,688)	3,006,615
Net assets available for plan benefits:						
Beginning of year 1,208,131	19,750,847	17,783,370	14,235,968	4,178,085	14,348,181	7,002,167
End of year 1,552,493	\$ 20,051,709	25,226,356	20,300,903	5,033,396	14,147,493	10,008,782

-6-

THE ETHAN ALLEN (Continued)
RETIREMENT SAVINGS PLAN

Statement of Changes in Net Assets Available for Plan Benefits,
With Fund Information

Year ended December 31, 1998

<TABLE>
<CAPTION>

Total	American Century Strategic Allocation Moderate Fund	American Century Strategic Allocation Aggressive Fund	Charles Schwab Personal Choice(R) Retirement Fund	Twentieth Century Vista Investors Fund	American Century Value Fund	Loan Fund
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Additions to net assets:						
Net appreciation/(depreciation) in fair value of investments 7,331,870	\$ 478,352	222,123	(8,740)	(357,665)	(402,521)	--
Interest income 225,267	--	--	--	--	--	--
Dividend income 7,229,182	408,127	98,460	--	308	546,437	--
Net investment income (loss) 15,883,637	886,479	320,583	(8,740)	(357,357)	143,916	225,267
Contributions:						
Employer contributions 2,619,883	233,113	152,200	--	123,270	112,592	--
Employee contributions 9,055,645	721,843	525,398	--	438,690	542,661	--
11,675,528	954,956	677,598	--	561,960	655,253	--
Other receipts:						
Transfers from other plans 21,047	29,214	--	--	(2)	40	--
Total additions 246,314	1,870,649	998,181	(8,740)	204,601	799,209	27,715,923

Deductions from net assets:						
Distributions to participants (181,679) (7,773,078)	(443,594)	(185,170)	--	(103,335)	(162,188)	
Administrative expenses (40,839)	(4,482)	(2,254)	--	(1,012)	(1,404)	--
Total deductions (181,679) (7,813,917)						
Net transfers between funds						
	(535,536)	(177,689)	218,865	(548,854)	(261,937)	367,678
Net increase (decrease) 19,902,006						
	887,037	633,068	210,125	(448,600)	373,680	432,313
Net assets available for plan benefits:						
Beginning of year 2,622,164 96,491,930	7,076,262	2,322,758	409,313	2,589,252	2,965,432	
End of year 3,054,477 116,393,936						
	\$ 7,963,299	2,955,826	619,438	2,140,652	3,339,112	

</TABLE>

See accompanying notes to financial statements.

-7-

THE ETHAN ALLEN
RETIREMENT SAVINGS PLAN

Statement of Changes in Net Assets Available for Plan Benefits,
With Fund Information, Continued

Year ended December 31, 1997

<TABLE>
<CAPTION>

American Century Strategic Allocation Conservative Fund	Benham Preservation Fund	Twentieth Century Select Investors Fund	Twentieth Century Ultra Investors Fund	Twentieth Century International Equity Fund	Restricted Ethan Allen Stock Fund	Unrestricted Ethan Allen Stock Fund

<S> <C> <C> <C> <C> <C> <C>

<C>

Additions to net assets:

Net appreciation/(depreciation) in fair value of investments 26,743	\$ --	1,288,843	(407,452)	81,308	7,454,563	3,023,514
Interest income	1,088,509	--	--	--	--	--
Dividend income 108,970	--	2,763,075	2,836,100	551,958	38,687	15,069
Net investment income (loss) 135,713						
	1,088,509	4,051,918	2,428,648	633,266	7,493,250	3,038,583

Contributions:						
Employer contributions	367,722	369,794	340,379	104,227	--	101,313
41,741						
Employee contributions	1,171,197	1,319,309	1,417,994	442,510	--	382,044
129,973						
	1,538,919	1,689,103	1,758,373	546,737	--	483,357
171,714						
Other receipts:						
Transfers from other plans	598,592	--	--	--	--	--
--						
Total additions	3,226,020	5,741,021	4,187,021	1,180,003	7,493,250	3,521,940
307,427						
Deductions from net assets:						
Distributions to participants	(1,708,658)	(777,328)	(653,229)	(126,341)	(817,120)	(458,337)
(165,354)						
Administrative expenses	(41,846)	(6,930)	(3,562)	(513)	--	(531)
(1,810)						
Total deductions	(1,750,504)	(784,258)	(656,791)	(126,854)	(817,120)	(458,868)
(167,164)						
Net transfers between funds	(2,319,957)	349,283	(71,996)	19,134	--	1,599,854
24,949						
Net increase (decrease)	(844,441)	5,306,046	3,458,234	1,072,283	6,676,130	4,662,926
165,212						
Net assets available for plan benefits:						
Beginning of year	20,595,288	12,477,324	10,777,734	3,105,802	7,672,051	2,339,241
1,042,919						
End of year	\$ 19,750,847	17,783,370	14,235,968	4,178,085	14,348,181	7,002,167
1,208,131						

-8-

THE ETHAN ALLEN
RETIREMENT SAVINGS PLAN

Statement of Changes in Net Assets Available for Plan Benefits,
With Fund Information

Year ended December 31, 1997

<TABLE>
<CAPTION>

Loan	American Century Strategic Allocation	American Century Strategic Aggressive	Charles Schwab Personal Choice (R)	Twentieth Century Vista	American Century Value	
Fund	Moderate Fund	Fund	Retirement Fund	Investors Fund	Fund	
Fund	Total					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
<C>						
Additions to net assets:						

Net appreciation/(depreciation) in fair value of investments	\$ 529,454	189,958	20,176	(352,091)	103,481	-
- 11,958,497						
Interest income	--	--	--	--	--	
192,378 1,280,887						
Dividend income	376,431	100,129	--	143,114	456,991	-
- 7,390,524						

Net investment income (loss)	905,885	290,087	20,176	(208,977)	560,472	
192,378 20,629,908						

Contributions:						
Employer contributions	177,517	95,868	--	93,367	72,184	-
- 1,764,112						
Employee contributions	646,773	384,021	--	389,845	345,652	-
- 6,629,318						

8,393,430	824,290	479,889	--	483,212	417,836	

Other receipts:						
Transfers from other plans	--	--	--	--	--	
-- 598,592						

Total additions	1,730,175	769,976	20,176	274,235	978,308	
192,378 29,621,930						

Deductions from net assets:						
Distributions to participants	(410,691)	(89,897)	--	(131,327)	(177,734)	
(205,105) (5,721,121)						
Administrative expenses	(4,547)	(3,027)	--	(369)	(1,276)	--
(64,411)						

Total deductions	(415,238)	(92,924)	--	(131,696)	(179,010)	
(205,105) (5,785,532)						

Net transfers between funds	(376,284)	(116,321)	194,724	(130,297)	293,164	
533,747 --						

Net increase (decrease)	938,653	560,731	214,900	12,242	1,092,462	
521,020 23,836,398						

Net assets available for plan benefits:						
Beginning of year	6,137,609	1,762,027	194,413	2,577,010	1,872,970	
2,101,144 72,655,532						

End of year	\$ 7,076,262	2,322,758	409,313	2,589,252	2,965,432	
2,622,164 96,491,930						
=====						

See accompanying notes to financial statements.

THE ETHAN ALLEN
RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 1998 and 1997

The Ethan Allen Retirement Savings Plan (the "Plan") is a defined contribution savings plan sponsored and administered by Ethan Allen Interiors Inc. (the "Company").

The following brief description is provided for general information purposes only. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

General

The Plan was formed effective July 1, 1994 through the merger of the Retirement Program of Ethan Allen Inc. (the "Retirement Program") into the Ethan Allen 401(k) Employee Savings Plan (the "401(k) Plan"). As a result of the merger on July 1, 1994, all participant investments in the Retirement Program (except for the Ethan Allen Interiors Inc. restricted stock which was transferred directly) were liquidated and the proceeds were transferred to the Plan, allocated to participants' accounts and invested, as directed, by each participant. On January 1, 1999, the name of the Plan was changed from The Ethan Allen Profit Sharing and 401(k) Retirement Plan to The Ethan Allen Retirement Savings Plan.

The Plan is offered to substantially all employees of the Company who have completed 1,000 hours of service during their first year of employment or subsequent plan year. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Contributions and Vesting

Participants may contribute from 1% to 15% of their compensation (as defined in the Plan) up to a limit of \$10,000 in 1998 (tax-deferred contribution) to the 401(k) portion of the plan. The Company may, at its discretion, make a matching contribution on behalf of each participant, provided the matching contribution does not exceed the lesser of (a) 50% of the participant's contribution or (b) \$1,000 per participant per plan year (\$600 in 1997). Participants may, in addition, contribute amounts in excess of their tax deferred contribution on an after-tax basis in the amount of 1% to 15% of their compensation. The participant's tax-deferred contribution and after-tax contribution, in the aggregate, may not exceed 15% of their compensation.

Employer contributions, if any, to the profit sharing portion of the Plan, on behalf of each participant are determined by the Board of Directors of the Company at the close of each fiscal year, although the maximum amount that can be contributed to a participant's account in any year is the lesser of (i) \$30,000 (or, if greater, 25% of the dollar limitation in effect under Section 415(b)(1)(A) of the Internal Revenue Code) or (ii) 25% of the participant's compensation for that Plan year, reduced by any other contributions on the participant's behalf to any other defined contribution plans of the Company. The actual contribution, if any, is made in the ensuing year. The Company declared no profit sharing contributions for the Plan in 1998 and 1997.

-10-

(Continued)

THE ETHAN ALLEN RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 1998 and 1997

Participant contributions, employer 401(k) contributions and profit sharing contributions are 100% vested immediately.

During 1998 and 1997, certain participants contributed \$27,665 and \$41,551, respectively, in excess of the allowable qualified contribution. The excess contribution amounts are reflected as a Plan liability at December 31, 1998 and 1997. The excess contributions were refunded in the subsequent year within the penalty free deadline.

Investment of Funds

During 1998 and 1997, the amounts contributed to the Plan were invested in one of the following commingled funds at the direction of the participants. A brief description of the funds is as follows:

Benham Preservation Fund - The Benham Preservation Fund, invests primarily in fully benefit-responsive guaranteed investment contracts issued by major financial institutions, including banks and life insurance companies. The fund is managed by SEI Trust Company, Benham Management Corporation and Dwight Asset Management Company.

Twentieth Century Select Investors Fund - The Select Investors Fund invests in common stocks considered by fund managers to have a better than average prospect for appreciation. In addition, 80% of the fund's stock investments must have a record of paying or have committed to paying regular dividends.

Twentieth Century Ultra Investors Fund - The Ultra Investors Fund invests in medium to large-sized companies that show accelerating growth and earnings.

Twentieth Century International Equity Fund - The International Equity Fund invests in common stocks of foreign companies considered to have better than average prospects for appreciation.

Ethan Allen Restricted/Unrestricted Stock Funds - At December 31, 1998 and 1997, the Plan held 517,572 and 558,113 respectively, restricted shares of common stock, and 356,397 and 266,903, respectively, unrestricted shares of common stock of the Company. All of the restricted shares are subject to proxies granted to Mr. Kathwari, the Chairman of the Board of Directors, President and Chief Executive Officer of the Company, which expire on the earlier of Mr. Kathwari's termination of employment with the Company or March 22, 2003, and 469,889 of these shares are restricted from being sold by the Plan, other than to the Company, in accordance with applicable securities laws. Additionally, the Ethan Allen Restricted Stock Fund restricts participants from transferring their balances in this fund to other funds of the Plan. Withdrawing participants have the option of receiving a distribution from the Ethan Allen Restricted Stock Fund in shares of Ethan Allen Interiors Inc. stock or cash. No such restrictions exist on investments in the Ethan Allen Unrestricted Stock Fund.

-11-

(Continued)

THE ETHAN ALLEN
RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 1998 and 1997

Ethan Allen Interiors Inc. common stock is publicly traded and had a readily ascertainable market value of \$27.33 and \$25.71 per share at December 31, 1998 and 1997, respectively. At June 14, 1999, the closing price of Ethan Allen Interiors Inc. common stock was \$30.25 per share.

All share and per share amounts have been adjusted to reflect a 3 for 2 stock split effected on May 21, 1999.

American Century Strategic Allocation Conservative Fund - The Strategic Allocation Conservative Fund invests in a diversified portfolio of stocks, bonds and money market securities with an emphasis on quality bonds and money market securities over stocks. The Fund's targeted mix of assets is 45% bonds, 40% stocks, and 15% money market securities.

American Century Strategic Allocation Moderate Fund - The Strategic Allocation Moderate Fund invests in a diversified portfolio of stocks, bonds and money market securities. The Fund's targeted mix of assets is 60% stocks, 30% bonds and 10% money market securities.

American Century Strategic Allocation Aggressive Fund - The Strategic Allocation Aggressive Fund invests in a diversified portfolio of stocks, bonds and money market securities. The Fund's targeted mix of assets is 75% stocks, 20% bonds and 5% money market securities.

Charles Schwab Personal Choice(R) Retirement Fund - The Personal Choice(R) Retirement Fund allows the investor to purchase mutual funds, stocks and bonds offered through Charles Schwab & Co., Inc. Participants must transfer a minimum of \$2,500 from their current plan balance to elect this option. Participants may transfer up to a maximum of 50% of their fully vested balance.

Twentieth Century Vista Investors Fund - The Vista Investors Fund invests in common stocks of growing small- to medium-sized companies considered to have better than average prospects for appreciation.

American Century Value Fund - The Value Fund invests primarily in equity securities of well established companies that appear to be undervalued at the time of purchase.

-12-

(Continued)

THE ETHAN ALLEN
RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 1998 and 1997

Loans

The Loan Fund is a non-contributory fund used to account for and administer loans to participants. Each participant may apply to the Plan administrator for a loan against the 401(k) portion of that participant's account. The maximum amount which may be borrowed by the participant is limited to the lesser of (a) \$50,000 or (b) 50% of the 401(k) portion of such participant's account at the time of such loan. The term of these loans generally shall not exceed the earlier of five years or such participant's termination of service.

Loans are processed the first day of each month. The Plan administrator has determined that loans shall bear interest equal to the Prime Rate as of the preceding month's close plus 1%. The Prime Rate during 1998 and 1997 ranged from 7.75% to 8.50% and 8.25% to 8.50%, respectively.

Participants' Accounts

A separate account is maintained for each participant. Net investment income (loss) is allocated daily to each participant's account on a proportional basis according to account balances so that each account bears its proportionate share of income or loss. Employer profit sharing contributions are allocated to each participant based on each participant's compensation to total compensation of all participants during the year. In 1998 and 1997, administrative expenses, other than certain transaction fees borne by the participants, were paid by the Plan sponsor.

Distributions and Withdrawals

Participants may elect to receive their benefits when they reach normal retirement age (65), or when they leave the Company. The Plan also provides death benefits to the designated beneficiary of eligible participants.

An employee may withdraw any or all of his after tax 401(k) contribution (\$250 minimum) at any time; early withdrawal of before tax and Company match 401(k) contributions may only be made by a participant upon attaining the age 59-1/2 or because of serious financial hardship, subject to limitations.

In no event shall distributions commence later than sixty days after the close of the Plan Year in which the latest of the following events occurs: the participant's attainment of age 65; the tenth anniversary of the date on which the participant began participating in the Plan; or the participant's termination date. These provisions notwithstanding, participants must commence distributions from the Plan within a year of attaining the age of 71.

-13-

(Continued)

THE ETHAN ALLEN
RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 1998 and 1997

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Valuation of Investments Held in Trust

Under the terms of a trust agreement between Chase Manhattan Bank, N.A. (the "Trustee") and the Company, the Trustee administers a trust fund on behalf of the Plan. The value of the investments and changes therein of this trust have been reported to the Plan by the Trustee, as determined through the use of quoted market prices, except for the guaranteed investment contracts, which are valued at contract value. Purchases and sales of securities are recorded on a trade-date basis.

Contract value equals the principal of investments in the Benham Preservation Fund plus accrued interest at the contract rate, less withdrawals, as reported by SEI Trust Company ("SEI"), the manager of the Benham Preservation Fund. SEI has established procedures to value the investment contracts of the Benham Preservation Fund in good faith. These procedures include a review of information provided by investment managers relating to each investment's contract value relative to its issuing entity's financial strength, current financial ratings, current interest rates, and a comparative review of similar investment vehicles. SEI also provides audited financial statements of the Benham Preservation Fund that coincide with the Plan's year-end. In these financial statements, SEI has determined that contract value approximates fair value. The investment contracts of the Benham Preservation Fund bear interest rates between 5.60% and 8.54% as of December 31, 1998. In addition to investment contracts, the Benham Preservation Fund has approximated 37% of its total net assets invested in the SEI Stable Asset Fund. The average yield for the Benham Preservation Fund was approximated 5.5% in 1998.

Loans to participants are valued at face value which approximates fair value.

(3) Certain Significant Risks and Uncertainties

The preparation of financial statements requires the use of plan administrator estimates. Actual results may differ from those estimates.

(4) Obligation for Plan Benefits

Although the Plan is intended to be permanent, the Company expressly reserves the right to amend or terminate the Plan at any time. In the event that the Plan is terminated, participants are entitled to 100 percent of the net current value of their vested account.

THE ETHAN ALLEN
RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 1998 and 1997

(5) Investments

The following table presents the Plan's investments at December 31, 1998 and 1997. An asterisk denotes investments which represent 5% or more of the Plan's net assets at the end of the plan year.

<TABLE>
<CAPTION>

	1998	1997
	-----	-----
<S>	<C>	<C>
Investments at fair value as determined by quoted market price:		
Mutual funds:		
Twentieth Century Select Investors Fund	\$ 24,649,934*	\$ 17,381,534*
Twentieth Century Ultra Investors Fund	19,740,597*	13,863,693*
Twentieth Century International Equity Fund	4,870,262	4,062,359
American Century Strategic Allocation Conservative Fund	1,490,868	1,165,492
American Century Strategic Allocation Moderate Fund	7,720,362*	6,884,378*
American Century Strategic Allocation Aggressive Fund	2,798,257	2,217,917
Twentieth Century Vista Investors Fund	2,010,211	2,485,602
Twentieth Century Value Fund	3,220,052	2,886,880
	-----	-----
	66,500,543	50,947,855
	-----	-----
Common Stock:		
Ethan Allen Interiors Inc. - Restricted	14,147,493*	14,348,181*

Ethan Allen Interiors Inc. - Unrestricted	9,746,479*	6,888,680*
	-----	-----
	23,893,972	21,236,861
	-----	-----
Other:		
Charles Schwab Personal Choice(R)Retirement Fund	619,438	409,313
	-----	-----
	91,013,953	72,594,029
	-----	-----
Investments at contract value, as determined by issuer:		
Investment contracts:		
Benham Preservation Fund	19,592,689*	19,398,451*
	-----	-----
Investments at face value, which approximates fair value:		
Participant loans	3,054,477	2,622,164
	-----	-----
Total investments	\$ 113,661,119	\$ 94,614,644
	=====	=====

</TABLE>

Net investment income (loss) reported on the Statements of Changes in Net Assets Available for Plan Benefits comprises interest income for the Benham Preservation Fund and appreciation or depreciation in the current redemption value of the investments in the other funds plus any dividends paid.

-15-

(Continued)

THE ETHAN ALLEN
RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 1998 and 1997

(6) Tax Status

The Company has received a determination letter from the Internal Revenue Service dated May 2, 1996 stating that the Plan is a qualified plan under Section 401(a) of the Internal Revenue Code and the corresponding trust is exempt from income tax under Section 501(a) of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Company believes that the Plan continues to be administered in accordance with the applicable sections of the Internal Revenue Code.

(7) Reconciliation of Financial Statements to Form 5500

Net assets available for plan benefits identified in the financial statements presented herein have not been reduced for participant benefits payable of \$42,590 and \$6,996 at December 31, 1998 and 1997, respectively. However, these amounts have been identified as a reduction to net assets available for plan benefits in the Form 5500 to be filed with the Internal Revenue Service.

The following is a reconciliation of net assets available for benefits reported in these financial statements and on the Form 5500:

	December 31, 1998	December 31, 1997
	-----	-----
Net assets available for benefits per the financial statements	\$ 116,393,936	96,491,930
Benefits payable to participants	(42,590)	(6,996)
	-----	-----
Net assets available for benefits per the Form 5500	\$ 116,351,346	96,484,934
	=====	=====

-16-

(Continued)

THE ETHAN ALLEN
RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 1998 and 1997

The following is a reconciliation of benefits paid to participants reported in

these financial statements and on the Form 5500:

	Year ended December 31, 1998 -----	Year ended December 31, 1997 -----
Benefits paid to participants per the financial statements	\$ 7,773,078	5,721,121
Add: Benefits payable to participants at year-end	42,590	6,996
Less: Benefits payable to participants at previous year-end	(6,996) -----	(30,774) -----
Benefits paid to participants per the Form 5500	\$ 7,808,672 =====	5,697,343 =====

Benefits payable to participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to the Plan year-end, but not yet paid as of that date.

-17-

Schedule 1

THE ETHAN ALLEN
RETIREMENT SAVINGS PLAN

Line 27a - Schedule of Assets Held for Investment Purposes

December 31, 1998

<TABLE>
<CAPTION>

Identity of issue, borrower, lessor or similar party Current value -----	Description of investment including maturity date, rate of interest, collateral, par, of maturity value -----	Cost ----
<S> <C>	<C>	<C>
Benham Preservation Fund 19,592,689	Fixed income fund	19,592,689
*Twentieth Century Select Investors Fund 24,649,934	Mutual fund	21,569,128
*Twentieth Century Ultra Investors Fund 19,740,597	Mutual fund	16,201,954
*Twentieth Century International Equity Fund 4,870,262	Mutual fund	4,211,278
*Ethan Allen Interiors, Inc. 14,147,493	Restricted Common Stock	2,656,716
*Ethan Allen Interiors, Inc. 9,746,479	Unrestricted Common Stock	6,604,709
*American Century Strategic Allocation Conservative Fund 1,490,868	Mutual fund	1,414,858
*American Century Strategic Allocation Moderate Fund 7,720,362	Mutual fund	6,640,350
*American Century Strategic Allocation Aggressive Fund 2,798,257	Mutual fund	2,396,246
*Twentieth Century Vista Investors Fund 2,010,211	Mutual fund	2,570,593
*American Century Value Fund 3,220,052	Mutual fund	3,552,471
Charles Schwab Personal Choice(R) Retirement Fund assets 619,438	Common stocks	619,438
* Participant loans 3,054,477	Loans made to Plan participants at prime plus 1%	3,054,477
-----		-----
Total investments \$113,661,119		\$ 91,084,907 =====

* Denotes a party-in-interest to the Plan.

</TABLE>

See accompanying independent auditors' report.

Schedule 2

THE ETHAN ALLEN
RETIREMENT SAVINGS PLAN

Line 27d - Schedule of Reportable (5%) Transactions

Year Ended December 31, 1998

<TABLE>
<CAPTION>

Current		Expenses						
value of		Description of asset	Purchase	Selling	Lease	with	Cost of	
asset on		(including interest rate and	price	price	rental	transaction	asset	date
transaction	Net gain	maturity in case of a loan)						
Identity of party involved	or (loss)							
-----	-----	-----	-----	-----	-----	-----	-----	---
<S>		<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>								
Benham Preservation Fund		Fixed Income Fund						
Purchases	--		7,123,077		--	--	--	
7,123,077								
Sales	--			6,928,820	--	--	6,928,820	
6,928,820								
Ethan Allen Interiors Inc.		Unrestricted common stock						
Purchases	--		7,708,045		--	--	--	
7,708,045								
Sales	708,404			5,106,742	--	--	4,398,337	
5,106,742								

</TABLE>

See accompanying independent auditors' report.

SIGNATURES

The Plan, pursuant to the requirements of the Securities and Exchange Act of 1934, Ethan Allen Interiors Inc., as administrator of the Retirement Program of Ethan Allen Inc., has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

THE ETHAN ALLEN RETIREMENT SAVINGS PLAN

By: Ethan Allen Interiors Inc.

Date: June 30, 1999

By: /s/ Gerardo Burdo

Name: Gerardo Burdo
Title: Vice President and
Corporate Controller