

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

**FORM S-4**  
REGISTRATION STATEMENT  
UNDER THE SECURITIES ACT OF 1933

**ETHAN ALLEN GLOBAL, INC.**      **ETHAN ALLEN INTERIORS INC.**  
(Exact names of registrants as specified in their charters)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**2511**  
(Primary Standard Industrial  
Classification Code Number)

**20-2991357**  
(I.R.S. Employer Identification No.)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**2511**  
(Primary Standard Industrial  
Classification Code Number)

**06-1275288**  
(I.R.S. Employer Identification No.)

See Table of Additional Registrants Below

**Ethan Allen Drive**  
**Danbury, Connecticut 06811**  
**(203) 743-8000**

(Address, including zip code, and telephone number, including area code, of each  
registrant's principal executive offices)

**Pamela A. Banks, Esq.**  
**Vice President, General Counsel & Secretary**  
**Ethan Allen Global, Inc.**  
**Ethan Allen Drive**  
**Danbury, Connecticut 06811**  
**(203) 743-8496**

(Name and address, including zip code and telephone number,  
including area code, of agent for service)

*with a copy to:*

**M. Ridgway Barker, Esq.**  
**Randi-Jean G. Hedin, Esq.**  
**Kelley Drye & Warren LLP**  
**Two Stamford Plaza**  
**281 Tresser Boulevard**  
**Stamford, Connecticut 06901**  
**(203) 324-1400**

**Approximate date of commencement of proposed sale of securities to the public:** As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per note	Proposed maximum aggregate offering price(1)	Amount of registration fee
5.375% Senior Notes due 2015	\$ 200,000,000	100%	\$ 200,000,000	\$ 21,400

Guarantees by Ethan Allen Interiors Inc. and certain of its subsidiaries (2)	--	--	--	--
TOTAL (3)	\$ 200,000,000	100%	\$ 200,000,000	\$ 21,400

(1) Estimated solely for purposes of calculating the amount of the registration fee pursuant to Rule 457(f). Pursuant to Rule 457(n), no separate fee is payable with respect to the guarantees.

(2) No separate consideration will be received for the guarantees.

(3) Such amount represents the principal amount of the Notes to be exchanged hereunder.

**The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

#### Additional Registrants

Exact Name of Registrant as Specified in Its Charter	State or Other Jurisdiction of Incorporation or Organization	Primary Standard Industrial Classification Code Number	I.R.S. Employer Identification Number	Address, including Zip Code and Telephone Number, including Area Code, of Each Registrant's Principal Executive Office
Ethan Allen Retail, Inc.	Delaware	2511	06-1273300	Ethan Allen Drive Danbury, Connecticut 06811 (203) 743-8000
Ethan Allen Operations, Inc.	Delaware	2511	06-1420986	Ethan Allen Drive Danbury, Connecticut 06811 (203) 743-8000
Ethan Allen Realty, LLC	Delaware	2511	06-1753714	Ethan Allen Drive Danbury, Connecticut 06811 (203) 743-8000
Lake Avenue Associates, Inc.	Connecticut	2511	06-0901325	Ethan Allen Drive Danbury, Connecticut 06811 (203) 743-8000
Manor House, Inc.	Delaware	2511	06-0919150	Ethan Allen Drive Danbury, Connecticut 06811 (203) 743-8000

SUBJECT TO COMPLETION, DATED FEBRUARY 3, 2006  
PRELIMINARY PROSPECTUS

ETHAN ALLEN GLOBAL, INC.

OFFER TO EXCHANGE \$200,000,000 OF ITS 5.375%  
SENIOR NOTES DUE 2015 WHICH HAVE  
BEEN REGISTERED UNDER THE SECURITIES ACT  
FOR \$200,000,000 OF ITS OUTSTANDING 5.375%  
SENIOR NOTES DUE 2015

Terms of the exchange offer:

- o The exchange offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, 2006 unless extended.
- o The exchange offer is subject to certain customary conditions, which we may waive.
- o All outstanding Initial Notes that are validly tendered and not withdrawn will be exchanged.
- o Ethan Allen Interiors Inc. and its subsidiaries are also offering to exchange their guarantees of Ethan Allen Global, Inc.'s obligations under the outstanding Initial Notes for like guarantees of Ethan Allen Global, Inc.'s obligations under the Exchange Notes, which guarantees have also been registered under the Securities Act.
- o Tenders of outstanding Initial Notes may be withdrawn at any time prior to the expiration of the exchange offer.
- o The terms of the Exchange Notes that we will issue in the exchange offer are substantially identical to those of the outstanding Initial Notes, except that certain transfer restrictions and registration rights relating to the outstanding Initial Notes will not apply to the Exchange Notes.

**Before participating in this exchange offer, please see "Risk Factors" commencing on page 13.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the Exchange Notes to be issued in the exchange offer, nor have any of these organizations determined that this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is \_\_\_\_\_, 2006

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This prospectus incorporates important business and financial information about us from documents that are not included in or delivered with this prospectus. You can obtain the documents incorporated by reference in this prospectus without charge by requesting them in writing or by telephone from us at the following address and telephone number:

**Ethan Allen Interiors Inc.**  
Ethan Allen Drive  
Danbury, Connecticut 06811  
Telephone: (203) 743-8000  
Attention: Peg Lupton

To obtain timely delivery of any of our filings, agreements or other documents, you must make your request to us no later than five business days before the Expiration Date of the exchange offer.

#### Dealer prospectus delivery obligation

Until \_\_\_\_\_, 2006, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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#### Prospectus Summary

*This summary highlights information contained elsewhere in this prospectus. It does not contain all of the information that you should consider before making a decision to participate in the exchange offer. You should read carefully the entire prospectus and the documents incorporated by reference in this prospectus, including the considerations described under "Risk Factors."*

*Except as otherwise set forth under "Description of the Notes," references to "Ethan Allen," or "we," "us," "our" or the "Company" mean Ethan Allen Interiors Inc. and its subsidiaries collectively or, if the context so requires, Ethan Allen Interiors Inc., Ethan Allen Global, Inc., Ethan Allen Retail, Inc., Ethan Allen Operations, Inc., Ethan Allen Realty, LLC, Lake Avenue Associates, Inc. or Manor House, Inc. as subsidiary guarantors or may mean any such entity, individually. References to "Ethan Allen Global" refer to the issuer of the Notes.*

*References to the "Initial Notes" mean the notes initially issued and sold by Ethan Allen Global on September 27, 2005 to the initial purchaser pursuant to the Purchase Agreement (as defined under "The Exchange Offer"). References to the "Exchange Notes" refer to the notes offered under this prospectus. References to the "Notes" refer to the Initial Notes and the Exchange Notes, collectively.*

#### Ethan Allen

We are one of the largest manufacturers and retailers of quality home furnishings and accessories, offering a full complement of home decorating solutions through the country's largest single-sourced, vertically-integrated network of home furnishing retail stores. As a vertically-integrated company, we design, manufacture, source, distribute, market and sell a full range of home furnishings to a network of independently-owned and Ethan Allen-owned stores as well as coordinate related marketing and brand awareness efforts. We manufacture or assemble approximately 65% to 70% of our products at 11 manufacturing facilities, which consist of 5 case good plants (2 of which include separate sawmill operations), 5 upholstery plants and one home accent plant, all located in the United States. As of December 31, 2005, our products were sold through an exclusive international network of 313 retail stores in which the brand and the stores shared the same name, including 132 stores that we owned and operated and 181 stores that were owned and operated by independent retailers.

#### Leadership, Strategies and Strengths

With our unique vertically-integrated structure, we have established ourselves as an industry leader in the development of:

- o Ethan Allen as a preferred brand;
- o an international network of stores in which the brand and stores share the same name;

- o a network of over 3,000 design consultants who are focused on providing the highest level of service;
- o a full range of stylish, functional and coordinated products for one-stop shopping convenience; and
- o a great value option for consumers, including our *everyday best pricing*, complementary design service and home delivery.

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*A Preferred Brand.* Our product strategy has been to position our brand as a preferred brand offering superior quality and value while, at the same time, providing consumers with a convenient, full-service, one-stop shopping solution for their home furnishing needs. To carry out this strategy, we continue to expand our reach to a broader consumer base by offering a diverse selection of functional and stylish value-priced product lines, many of which have been designed to effectively complement one another, reflecting the recent trend toward more eclectic home decorating. Founded in 1932, we have sold our products under the Ethan Allen brand name since 1937. Today, we believe that over 90% of consumers are aware of the Ethan Allen brand and associate it with style, quality, value and service. Since 2002, over 70% of our current product line is new, with the balance refined and enhanced through product redesign, additions, deletions, or finish changes.

*International Network of Stores.* As of December 31, 2005, our products were sold through an exclusive network of 313 retail stores, including 132 stores that we owned and operated and 181 stores that were owned and operated by independent retailers under license agreements. Our stores are located primarily in the United States and Canada, with a small number of independently-owned stores located throughout Asia, Canada, the Middle East, Europe, the West Indies and Africa.

*Our Design Consultants.* We have a network of over 3,000 design consultants and project managers and logistics staff who we believe provide our customers with the best home decorating service at no additional charge. Our design consultants receive training with respect to the distinctive design and quality features inherent in each of our products, which we believe helps to increase their performance and reduce costly turnover. We believe that our training allows the design consultants to more effectively communicate the elements of style and value that we believe differentiates us from our competitors. As such, we believe that our design consultants, and the complementary service they provide, create a distinct advantage over other home furnishing retailers.

*One-Stop Shopping.* We offer our customers the convenience of one-stop shopping by creating a comprehensive home furnishings solution. For example, our product collections consist of case goods, such as beds, dressers, armoires, night tables, dining room chairs and tables, buffets, sideboards, coffee tables, entertainment units, bathroom vanities and home office furniture. Our upholstery home furnishing products include sleepers, recliners, chairs, sofas, loveseats, cut fabrics and leather. Our home accessory products include window treatments, wall décor, lighting, clocks, wood accents, bedspreads, decorative accessories, area rugs, bedding, and home and garden furnishings. By offering such a wide array of products, we believe that we provide the consumer the convenience of one-stop shopping for all of their home furnishing needs.

*Great Value.* Over the past year, we introduced an innovative everyday pricing program, eliminating periodic sales events in lieu of an everyday best price on all of our product offerings, which we believe provides our customers with a better value and a more simplified shopping experience. The process through which we evolved to *everyday best pricing* gave us the opportunity to critically examine all facets of our business, making substantive changes where necessary, in order to more effectively carry out our solutions-based approach to home decorating. This new pricing strategy has enabled us to focus on streamlining our operations, reducing our costs, and reducing lead times to better serve consumers. We believe that this innovation demonstrates our commitment to differentiating ourselves through strategies focused on customer credibility and excellence in service.

## **Growth**

Our drivers for growth include:

- o monitoring consumer tastes and reacting quickly to changing consumer preferences;

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- o opening new stores in strategic areas, including relocating existing ones;
- o leveraging our vertically-integrated structure to further differentiate ourselves as a preferred brand; and
- o refining sales and marketing efforts to reach more consumers.

*Monitoring Consumer Tastes.* We continuously monitor consumer demand through internal marketing research and communication with our retailers and store design consultants who provide valuable input on consumer trends. As a result of this monitoring, we believe that we are able to react quickly to changing consumer tastes. Since 2002, over 70% of our current product line is new. We have redefined ourselves by offering more stylish products with added details, providing a higher level of quality, while offering a better value as reflected in our *everyday best pricing*. We believe that our two most important lifestyle categories in home furnishings are the Classic and the Casual. Our product lines are designed to reflect unique elements applicable to each lifestyle. To accomplish this, our collections consist of case goods and coordinated upholstered products and home accessories, each styled with its own distinct design characteristics. We believe that home accessories play an important role in our marketing program as they enable us to offer the consumer the convenience of one-stop shopping by creating a comprehensive home furnishing solution.

*Opening New Retail Stores.* We believe that we are an industry leader in designing stores that reflect the quality and style of the product inside while displaying the product in Classic and Casual lifestyles that reflect the way people aspire to live. Our stores are located in busy urban settings as freestanding destination stores or as part of suburban strip malls, depending upon the real estate opportunities in a particular market. In the past five fiscal years, we and our independent retailers have opened 78 new stores, approximately 40% of which were relocations. In our corporate-owned stores, as a result of our relocation initiatives, we have experienced an increase in store traffic of as much as 148%, with an average increase of 91% over the last five fiscal years, and, in corresponding store sales of as much as 118%, with an average increase of 64% over the last five fiscal years. Over the next several years, we intend to continue to open new retail stores, relocate certain existing stores to prime retail locations in major markets, and where appropriate, acquire stores from, or sell stores to, independent retailers. In fiscal 2006, we anticipate opening approximately 20 new or relocated Ethan Allen branded stores. We will continue to promote the growth and development of our independent retailers by encouraging the relocation and expansion of their stores. Independent retailers, pursuant to license agreements, are authorized to use certain Ethan Allen service marks or trademarks and are required to adhere to certain standards of operations. We believe that these initiatives will be important growth drivers for us.

*Our Vertically-Integrated Structure.* We believe that our vertical integration gives us a significant competitive advantage in this dynamic environment as it allows us to design, manufacture, source, distribute, market, and sell our products through over 300 retail stores, the industry's largest single-sourced, vertically-integrated retail store network. Our vertical integration allows us to control the process from design and product development, domestic manufacturing, balanced with foreign and domestic outsourcing, cost efficient logistics systems, to a coordinated marketing program. We further believe that we differentiate ourselves from the competition by focusing on our strategy of providing solutions to our customers, which we have been developing for over a decade. Our solutions include stylish, functional products, conveniently located stores with inspirational displays, coordinated products for one-stop shopping convenience, complementary design service, and free home delivery. We believe that having seen our vertically-integrated model, several domestic manufacturers are attempting to implement single-brand retail stores. By leveraging our vertically-integrated operating

ourselves as a preferred brand and as the most comprehensive and effective provider of home decorating solutions for consumers.

*Marketing and Advertising Efforts.* We have developed a highly coordinated, national advertising campaign designed to:

- o capitalize on our existing brand equity; and
- o maintain top-of-mind awareness of the breadth of our product and service offerings.

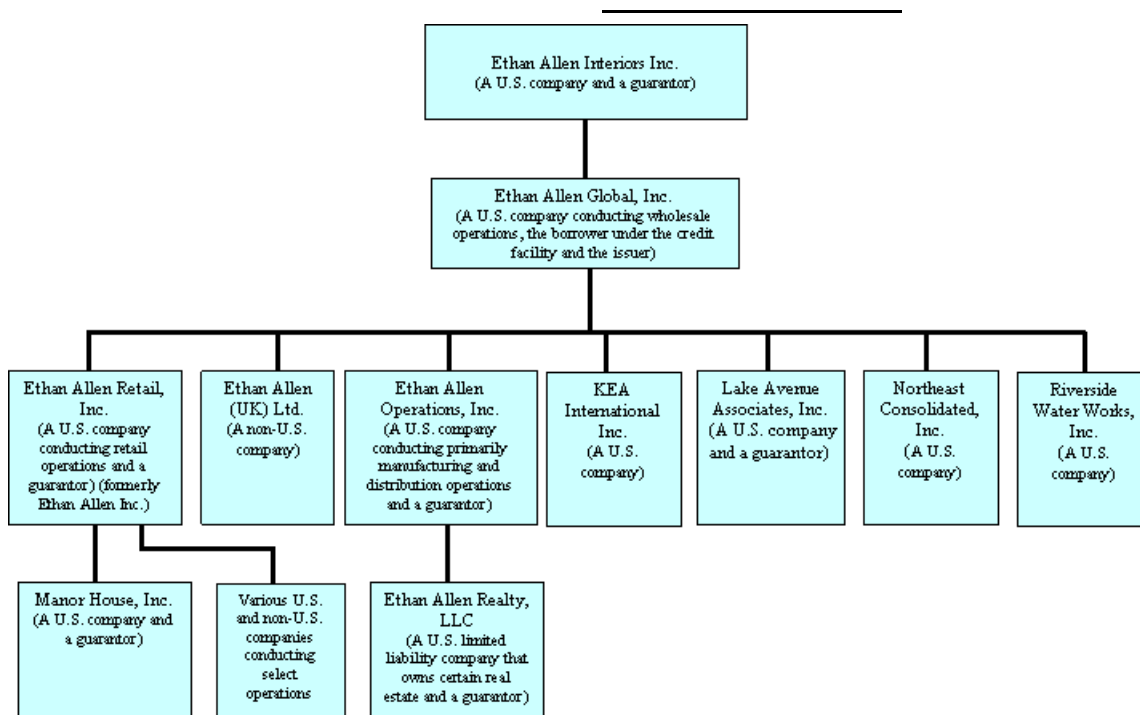
We have developed and implemented what we believe is the most coordinated national advertising campaign in the home furnishings industry using television, direct mail, newspapers, magazines and radio to market our products and services. Our direct mail magazine, which features our home furnishings collections in lifestyle settings, is one of our most important marketing tools, and reaches over 50 million households annually. We also use our website to drive additional business into the retail network through lead generation and information sourcing. We believe that our ability to coordinate our advertising efforts for all of our stores provides a competitive advantage over other home furnishing manufacturers and retailers. With an exclusive network of more than 300 retail stores participating, in whole or in part, in a uniform marketing approach and “speaking with one voice,” we believe that we are better positioned to fulfill our brand promise on a consistent basis.

**Competition**

*Industry Competition.* The home furnishings industry is very large, highly competitive and fragmented. Consumer confidence and discretionary spending, particularly for home furnishings, have been impacted during the past year by rising fuel costs, increasing interest rates and the ongoing war in Iraq. The home furnishings industry competes primarily on the basis of product styling and quality, personal service, prompt delivery, product availability and price. Globalization, which represents the most notable change within the industry landscape in recent years, has led to increased competitive pressures. These competitive pressures have been brought about by the increasing volume of imported finished goods and components, particularly for case goods products. The continued development of manufacturing capabilities in other countries, specifically within Asia, has significantly increased overseas production capacities and created over-capacity for many U.S. manufacturers, including us, leading to the consolidation of our least efficient plants. In response to this, we have, in recent years, implemented a blended strategy, establishing relationships with certain manufacturers, both abroad and domestically, to source selected case goods, upholstery, and home accessory items. We intend to continue to balance our domestic production with opportunities to source from foreign and domestic manufacturers, as appropriate, in order to maintain our competitive advantage.

**Organizational Chart**

The following chart summarizes our current corporate organizational structure:



We hold, or have registration applications pending for, numerous trademarks, service marks and design patents for the Ethan Allen name, logos and designs in a broad range of classes for both products and services in the United States and in many foreign countries.

Ethan Allen Global and Ethan Allen Interiors Inc., Ethan Allen Retail, Inc. and Ethan Allen Operations, Inc. and the other guarantors are Delaware corporations, except for Lake Avenue Associates, Inc., which is a Connecticut corporation, and Ethan Allen Realty, LLC, which is a Delaware limited liability company. Our principal executive offices are located at Ethan Allen Drive, Danbury, Connecticut 06811, and our telephone number at that location is (203) 743-8000. We maintain a web site at <http://www.ethanallen.com>. The information contained on our web site is not part of this prospectus.

The Exchange Offer

We are offering to exchange \$200,000,000 aggregate principal amount of Exchange Notes for a like aggregate principal amount of our Initial Notes. In order to be exchanged, the Initial Notes must be properly tendered and accepted. All outstanding Initial Notes that are validly tendered and not validly withdrawn will be exchanged.

Resales of Exchange Notes

Based on certain no-action letters issued by the staff of the SEC, we believe that the Exchange Notes may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act of 1933 (the "Securities Act") provided that:

- o you are acquiring the Exchange Notes in the ordinary course of your business;
- o you are not participating, do not intend to participate and have no arrangement or understanding with any person to participate, in the distribution of the Exchange Notes; and
- o you are not an affiliate of us within the meaning of Rule 405 under the Securities Act.

If any of these conditions is not true and you transfer any Exchange Note without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from such requirements, you may incur liability under the Securities Act. We do not and will not assume, or indemnify you against, such liability.

Each broker-dealer that receives Exchange Notes for its own account may be deemed an "underwriter" within the meaning of the Securities Act and must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes. A broker-dealer may use this prospectus for any offer to resell, resale and other transfer of Exchange Notes received in exchange for Initial Notes which were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Letter of Transmittal that accompanies this prospectus states that, by so acknowledging and by delivering a

prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

Registration Rights

The terms of the registration rights agreement which we entered into with the initial purchasers for the Initial Notes (the "Registration Rights Agreement") granted you certain exchange and registration rights with respect to your Initial Notes. This exchange offer is intended to satisfy all of those rights, and those rights will terminate when the exchange offer is completed. If you do not exchange your Initial Notes for Exchange Notes, you will no longer be able to obligate us to register your Initial Notes under the Securities Act except in the limited circumstances provided under the Registration Rights Agreement. In addition, you will not be able to resell, offer to resell or otherwise transfer your Initial Notes unless they are registered under the Securities Act or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act. See "Risk Factors — Risks relating to the exchange offer — A failure to participate in the exchange offer may have adverse consequences."

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, 2006 (the "Expiration Date") unless we decide to extend it.

Conditions to the Exchange Offer

The exchange offer is not subject to any condition other than certain customary conditions, including that:

- o there is no change in laws and regulations that would impair our ability to proceed with the exchange offer;
- o there is no change in the current interpretation of the staff of the SEC that permits resales of the Exchange Notes;
- o there is no stop order issued by the staff of the SEC that suspends the effectiveness of the registration statement of which this prospectus is a part;
- o there is no litigation that impairs our

ability to proceed with the exchange offer; and

- o we obtain all the governmental approvals we deem necessary for the exchange offer.

See "The Exchange Offer—Conditions of the exchange offer."

Procedures for Tendering Initial Notes

If you wish to participate in the exchange offer, you must complete, sign and date the Letter of Transmittal, or a facsimile of the Letter of Transmittal, and mail or otherwise deliver it together with your Initial Notes and any other documents required by the Letter of Transmittal to U.S. Bank National Association, as Exchange Agent, at the address indicated on the Letter of Transmittal. In the alternative, you may tender your Initial Notes by following the procedures for book-entry transfer described in this prospectus. See "The Exchange offer—Procedures for tendering."

Special Procedures for Beneficial Owners	If your Initial Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, we urge you to contact that person promptly if you wish to tender your Initial Notes in the exchange offer. See “The Exchange offer—Procedures for tendering.”
Guaranteed Delivery Procedures	If you wish to tender your Initial Notes and you cannot get your required documents to the Exchange Agent prior to the Expiration Date, you may tender your Initial Notes according to the guaranteed delivery procedures described under “The Exchange offer—Guaranteed delivery procedures.”
Withdrawal Rights	You may withdraw the tender of your Initial Notes at any time prior to 5:00 p.m., New York City time, on the Expiration Date. To withdraw, you must send a written or facsimile transmission notice of withdrawal to the Exchange Agent at its address set forth under “The Exchange offer—Exchange agent” prior to 5:00 p.m., New York City time, on the Expiration Date.
Certain U.S. Federal Income Tax Consequences	The exchange of the Initial Notes for Exchange Notes will not be a taxable exchange for U.S. federal income tax purposes. See “Certain U.S. Federal Income Tax Considerations.”
Use of Proceeds	We will not receive any proceeds from the issuance of the Exchange Notes. The exchange offer is intended solely to satisfy certain of our obligations under the Registration Rights Agreement.
Exchange Agent	U.S. Bank National Association is serving as the Exchange Agent in connection with the exchange offer.

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### Summary of the Terms of the Exchange Notes

Issuer	Ethan Allen Global.
Notes Offered	\$200,000,000 aggregate principal amount of 5.375% Senior Notes due 2015. The form and terms of the Exchange Notes are the same as the form and terms of the Initial Notes, except that the Exchange Notes will be registered under the Securities Act and, therefore, will not bear legends restricting their transfer and will not be entitled to registration rights under the Registration Rights Agreement. The Exchange Notes will evidence the same debt as the Initial Notes and both the Initial Notes and the Exchange Notes are governed by the same Indenture.
Maturity Date	October 1, 2015.
Interest and Interest Payment Dates	The Exchange Notes will accrue interest at a rate of 5.375% per annum, payable semi-annually on each April 1 and October 1 of each year, beginning on April 1, 2006.
Guarantees	The Exchange Notes will be guaranteed on a senior unsecured basis by Ethan Allen Interiors Inc., Ethan Allen Retail, Inc., Ethan Allen Operations, Inc., Ethan Allen Realty, LLC, Lake Avenue Associates, Inc. and Manor House, Inc.
Ranking	The Exchange Notes will rank senior to present and future subordinated debt and equally with present and future senior debt and obligations of

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Optional Redemption	Ethan Allen Global and each of the guarantors.  We may redeem the Exchange Notes in whole at any time or in part from time to time at the redemption prices described in this prospectus, plus accrued and unpaid interest to the date of redemption.
Certain Covenants	The indenture will contain covenants that limit our ability, and the ability of certain of our subsidiaries, to: <ul style="list-style-type: none"> <li>o incur certain liens to secure indebtedness;</li> <li>o engage in sale-leaseback transactions; and</li> <li>o merge, amalgamate or consolidate or sell all or substantially all of such company’s assets.</li> </ul> <p>These covenants are subject to important exceptions and qualifications, which are described in “Description of the Notes— Covenants.” See “Risk Factors— Risks relating to the Notes.”</p>

Transfer Restrictions	There has previously been only a limited secondary market, and no public market, for the Initial Notes. There is no established trading market for the Exchange Notes. We do not currently intend to apply for listing of the Exchange Notes on any national securities exchange or for quotation through any automated quotation system. Accordingly, there can be no assurance as to the development of any market for, or the liquidity of any market that may develop for, the Exchange Notes. See “Risk Factors— Risks relating to the exchange offer — You may find it difficult to sell your Exchange Notes.”
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## Summary Consolidated Financial Data

The following table sets forth selected consolidated financial data of Ethan Allen Interiors Inc. and its consolidated subsidiaries. The consolidated statements of operations data for the years ended June 30, 2003, 2004, and 2005, and the consolidated balance sheet data as of June 30, 2004 and 2005 have been derived from our consolidated financial statements, which have been audited by KPMG LLP, our independent registered public accounting firm, and are incorporated by reference in this prospectus. The consolidated statement of operations data for the years ended June 30, 2001 and 2002, and the consolidated balance sheet data as of June 30, 2001, 2002 and 2003, have been derived from our consolidated financial statements not included or incorporated by reference in this prospectus. The consolidated statements of operations data for the six months ended December 31, 2004 and 2005 and the consolidated balance sheet data as of December 31, 2004 and 2005 have been derived from our unaudited consolidated financial statements which are incorporated by reference in this prospectus. Certain of the summary financial data for the year ended June 30, 2005 have been adjusted to reflect the offering of the Initial Notes and the initial application of the gross proceeds therefrom. You should read the information below in conjunction with the "Selected Financial Data," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this prospectus.

(in thousands, except per share data, financial ratios and store count data)	2001	2002	2003	2004	2005	Fiscal Year Ended June 30, 2005	Six Months Ended December 31,	
							2004	2005
(as adjusted)								
<b>Statement of Operations Data:</b>								
Net sales	\$904,133	\$892,288	\$907,264	\$955,107	\$949,012	\$949,012	\$475,598	\$527,317
Cost of sales	490,509	471,018	457,924	494,072	487,958	487,958	245,772	260,923
Restructuring and impairment charge, net(1)	6,906	5,123	13,131	12,520	(219)	(219)	(219)	4,241
Selling, general and administrative expenses	281,723	286,888	316,752	322,111	332,295	332,295	162,515	189,671
Operating income	124,995	129,259	119,457	126,404	128,978	128,978	67,530	72,482
Interest and other (income) expense, net	(2,056)	(2,344)	(517)	(2,691)	(442)	(442)	(959)	2,199
Income before income tax expense	127,051	131,603	119,974	129,095	129,420	129,420	68,489	70,283
Income tax expense	48,025	49,746	45,350	49,617	50,082	50,082	26,597	26,989
Net income	79,026	81,857	74,624	79,478	79,338	79,338	41,892	43,294
<b>Balance Sheet Data (at end of period):</b>								
Cash and cash equivalents	\$ 48,112	\$ 75,688	\$ 54,356	\$ 27,528	\$ 3,448	\$203,448	\$ 27,045	\$175,008
Total assets	621,069	690,812	735,008	658,367	628,386	828,386	646,596	807,909
Working capital	183,863	193,354	228,177	161,772	130,423	330,423	157,599	291,419
Current ratio	2.70	2.50	2.70	2.18	1.97	3.47	2.22	3.03
Total debt, including capital lease obligations	9,487	9,321	10,218	9,221	12,510	212,510	4,551	202,908
Shareholders' equity	462,163	508,170	533,922	456,140	434,068	434,068	450,978	417,877
Book value per basic share	\$ 11.73	\$ 13.09	\$ 14.20	\$ 12.27	\$ 12.26	\$ 12.26	\$ 12.56	\$ 12.47
Book value per diluted share	11.46	12.72	13.84	11.91	11.99	11.99	12.24	12.21
Income per basic share from continuing operations	\$ 3.23	\$ 3.39	\$ 3.19	\$ 3.47	\$ 3.66	\$ 3.66	\$ 1.91	\$ 2.10
Income per diluted share from continuing operations	3.15	3.29	3.11	3.37	3.58	3.58	1.86	2.05
<b>Other Financial Data:</b>								
Depreciation and amortization(2)	\$ 20,295	\$ 19,503	\$ 21,634	\$ 21,854	\$ 21,338	\$ 21,338	\$ 10,646	\$ 10,855
Capital expenditures, including acquisitions(3)	48,238	73,481	39,781	24,976	34,381	34,381	16,166	22,839

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(in thousands, except per share data, financial ratios and store count data)	2001	2002	2003	2004	2005	Fiscal Year Ended June 30, 2005	Six Months Ended December 31,	
							2004	2005
(as adjusted)								
Cash dividends declared(4)	0.16	0.18	0.25	3.40	0.60	0.60	0.30	0.36
<b>Other Operating Data:</b>								
EBITDA(5)	\$ 147,948	\$ 151,606	\$ 142,112	\$ 151,449	\$ 151,414	\$ 151,414	\$ 79,372	\$ 84,279
Total debt to EBITDA	0.06	0.06	0.07	0.06	0.08	1.40	0.06	2.41
EBITDA to interest expense	245.76	303.21	281.97	302.90	230.81	230.81	334.90	26.83
Total number of stores owned	312	316	309	311	313	313	314	313
Number of company-owned stores	84	103	119	127	126	126	125	132
Number of independently-owned stores	228	213	190	184	187	187	189	181

The footnotes to the preceding table appear on pages 35-37.

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## Risk Factors

*An investment in the Exchange Notes involves a degree of risk. You should carefully consider the risks and uncertainties described below, in addition to the other information set forth in this prospectus, before participating in the exchange offer. The risks and uncertainties described below are not the only ones facing us. Additional risks*



and uncertainties not presently known to us or that we currently deem immaterial may also impair our financial condition, results of operations, cash flow or business. If any of the following risks or uncertainties actually occur, our financial condition, results of operations, cash flow or business could be materially or adversely affected.

#### **Risks relating to us**

##### **We face changes in global and local economic conditions that may adversely affect consumer demand and spending, our manufacturing operations or sources of merchandise.**

Historically, the home furnishings industry has been subject to cyclical variations in the general economy and to uncertainty regarding future economic prospects. We are currently confronted with the risk of increased expenses and decreased demand from customers as a result of recent natural disasters and other unfavorable weather conditions, the war in Iraq, armed conflicts and terrorist attacks. These global uncertainties, as well as other variations in global economic conditions such as rising fuel costs and increasing interest rates, may continue to cause inconsistent and unpredictable consumer spending habits, while increasing our own fuel, utility, transportation or security costs. These risks, as well as industrial accidents or work stoppages, could also severely disrupt our manufacturing operations, which could have a material adverse effect on our financial performance.

We import a portion of our merchandise from foreign countries. As a result, our costs may be increased by events affecting international commerce and businesses located abroad, including changes in international trade, central bank actions and other governmental policies of the U.S. and the countries from which we import a portion of our merchandise. The inability to import products from certain foreign countries or the imposition of significant tariffs could have a material adverse effect on our results of operations.

##### **Competition from overseas manufacturers continues to increase and may adversely affect our business, operating results or financial condition.**

Our wholesale business segment is involved in the development of our brand, which encompasses the design, manufacture, sourcing, sales and distribution of our home furnishings products, and competes with other U.S. and foreign manufacturers. Our retail business segment sells home furnishings to consumers through a network of company-owned stores, and competes against other retailers locally, regionally and nationally.

Our retail segment competes against a diverse group of retailers ranging from specialty stores to traditional furniture and department stores, and our competitors operate locally, regionally and nationally. We also compete with these and other retailers for appropriate retail locations as well as for qualified design consultants and management personnel. Such competition could adversely affect our future financial performance.

Industry globalization has led to increased competitive pressures brought about by the increasing volume of imported finished goods and components, particularly for case good products, and the development of manufacturing capabilities in other countries, specifically within Asia. The increase in overseas production capacity in recent years has created over-capacity for many U.S. manufacturers,

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including us, which has led to industry-wide plant consolidation. In addition, because many foreign manufacturers are able to maintain substantially lower production costs, including the cost of labor and overhead, imported product may be sold at a lower price to consumers which, in turn, has led to some measure of industry-wide price deflation.

We cannot assure you that we will be able to establish or maintain relationships with certain manufacturers, either abroad or domestically, to supply us with selected case goods, upholstery and home accessory items to enable us to maintain our competitive advantage. In addition, the recent emergence of foreign manufacturers has served to broaden the competitive landscape. Some of these competitors produce furniture types not manufactured by us and may have greater financial and other resources available to them. This competition could adversely affect our future financial performance.

##### **Failure to successfully anticipate or respond to changes in consumer tastes and trends in a timely manner could adversely impact our business, operating results and financial condition.**

Sales of our products are dependent upon consumer acceptance of our product designs, styles, quality and price. We continuously monitor consumer demand through internal marketing research and communication with our retailers and store design consultants who provide valuable input on consumer trends. As with all retailers, our business is susceptible to changes in consumer tastes and trends. Such tastes and trends can change rapidly and any delay or failure to anticipate or respond to changing consumer tastes and trends in a timely manner could adversely impact our business, operating results and financial condition.

##### **Our success depends upon our brand, marketing and advertising efforts and pricing strategies, and if we are not able to maintain and enhance our brand or if we are not successful in these efforts, our business and operating results could be adversely affected.**

Maintaining and enhancing our brand is critical to our ability to expand our base of customers and may require us to make substantial investments. Our advertising campaign uses television, direct mail, newspapers, magazines and radio to maintain and enhance our existing brand equity. We cannot assure you that our marketing, advertising and other efforts to promote and maintain our brand or our *everyday best pricing* strategy will not require us to incur substantial costs. If these efforts are unsuccessful or we incur substantial costs in connection with these efforts, our business, operating results and financial condition could be adversely affected.

##### **Failure to protect our intellectual property could adversely affect us.**

We believe that our patents, trademarks, service marks, trade secrets, copyrights and all of our other intellectual property are important to our success. We rely on patent, trademark, copyright and trade secret laws, and confidentiality and restricted use agreements, to protect our intellectual property and may seek licenses to intellectual property of others. Some of our intellectual property is not covered by any patent, trademark, or copyright or any applications for the same. We cannot assure you that agreements designed to protect our intellectual property will not be breached, that we will have adequate remedies for any such breach, or that the efforts we take to protect our proprietary rights will be sufficient or effective. Any significant impairment of our intellectual property rights or failure to obtain licenses of intellectual property from third parties could harm our business or our ability to compete. Moreover, we cannot assure you that the use of our technology or proprietary know-how or information does not infringe the intellectual property rights of others. If we have to litigate to protect or defend any of our rights, such litigation could result in significant expense to us.

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##### **We may not be able to maintain our current store locations at current costs. We may also fail to successfully select and secure store locations.**

Our stores are located in busy urban settings as freestanding destination stores or as part of suburban strip malls, depending upon the real estate opportunities in a particular market. Our business competes with other retailers and as a result, our success may be affected by our ability to renew current store leases and to select and secure appropriate retail locations for existing and future stores.

##### **We depend on key personnel and could be affected by the loss of their services**

The success of our business depends upon the services of certain senior executives, and in particular, the services of M. Farooq Kathwari, Chairman of the Board, President and Chief Executive Officer, who is the only one of our senior executives who has a written employment agreement with us. The loss of any such person or other key personnel could have a material adverse effect on our business and results of operations.

**Fluctuations in the price, availability and quality of raw materials could cause delay which could result in a decrease in our sales and increase costs, which could adversely impact our earnings.**

We use various types of wood, foam, fibers, fabrics, leathers, and other raw materials in manufacturing our furniture. Certain of our raw materials, including fabrics, are purchased both abroad and domestically. Fluctuations in the price, availability and quality of raw materials could cause increased costs or a delay, in manufacturing our products, which in turn could result in a delay in delivering products to our customers. For example, lumber prices fluctuate over time based on factors such as weather and demand, which in turn, impact availability. Upward trends in prices could have an adverse effect on margins. Delays or cost increases could lower our sales, adversely impacting our earnings.

In addition, certain suppliers may require extensive advance notice of our requirements in order to produce products in the quantities we desire. This long lead time may require us to place orders far in advance of the time when certain products will be offered for sale, thereby exposing us to risks relating to shifts in consumer demand and trends, and any downturn in the U.S. economy.

**As we expand and grow our business, we may rely on external funding sources to finance our operations and growth.**

Historically, we have relied upon our cash from operations to fund our operations and growth. As we expand our business, we may rely on external funding sources, which will include the proceeds from the issuance and sale of the Initial Notes and our \$200 million revolving bank line of credit available under the credit facility. Any unexpected reduction in cash flow from operations could increase our external funding requirements to levels above those currently available. There can be no assurance that we will not experience unexpected cash flow shortfalls in the future or that any increase in external funding required by such shortfalls will be available.

**Our business is sensitive to increasing labor costs, competitive labor markets, our continued ability to retain high-quality personnel and risks of work stoppages**

The market for qualified employees and personnel in the retail and manufacturing industry is highly competitive. Our success depends upon our ability to attract, retain and motivate qualified craftsmen, management, marketing and sales personnel and upon the continued contributions of these individuals. We cannot assure you that we will be successful in attracting and retaining qualified personnel. A shortage of qualified personnel may require us to enhance our wage and benefits package in order to compete

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effectively in the hiring and retention of qualified employees. Our labor costs may continue to increase, and such increases may not be recovered. In addition, some of our employees are covered by collective bargaining agreements with local labor unions. Although we do not anticipate any difficulty renegotiating these contracts as they expire, a labor-related stoppage by these unionized employees could adversely affect our business and results of operations. The loss of the services of key personnel or our failure to attract additional qualified personnel could have a material adverse effect on our business, operating results and financial condition.

**Our results of operations for any quarter are not necessarily indicative of our results of operations for a full year.**

Sales of furniture and other home furnishing products fluctuate from quarter to quarter due to such factors as changes in global and regional economic conditions, changes in competitive conditions, changes in production schedules in response to seasonal changes in energy costs and weather conditions, and changes in consumer order patterns. From time to time, we have experienced, and may continue to experience, volatility with respect to demand for our home furnishing products. Accordingly, results of operations for any quarter are not necessarily indicative of the results of operations for a full year.

**Our current and former manufacturing operations are subject to increasingly stringent environmental, health and safety requirements.**

We use and generate hazardous substances in our manufacturing and retail operations. In addition, both the manufacturing properties on which we currently operate and those on which we have ceased operations are and have been used for industrial purposes. Our manufacturing operations and, to a lesser extent, our retail operations involve risk of personal injury or death. We are subject to increasingly stringent environmental, health and safety laws and regulations relating to our current and former properties and our current operations. These laws and regulations provide for substantial fines and criminal sanctions for violations and sometimes require the installation of costly pollution control or safety equipment or costly changes in operations to limit pollution or decrease the likelihood of injuries. In addition, we may become subject to potentially material liabilities for the investigation and cleanup of contaminated properties and to claims alleging personal injury or property damage resulting from exposure to or releases of hazardous substances or personal injury as a result of an unsafe workplace. We have been identified as a potentially responsible party in connection with five sites that are currently listed, or proposed for inclusion, on the National Priorities List under the Comprehensive Environmental Response, Compensation and Liability Act or its state counterpart. In addition, noncompliance with, or stricter enforcement of, existing laws and regulations, adoption of more stringent new laws and regulations, discovery of previously unknown contamination or imposition of new or increased requirements could require us to incur costs or become the basis of new or increased liabilities that could be material.

#### **Risks relating to the Exchange Notes**

**We are subject to restrictive covenants and conditions under our credit facility. We are also subject to certain covenants and conditions under the indenture. These covenants and conditions could significantly affect the way in which we conduct our business and restrict our ability to repay the Notes. Our failure to comply with these covenants could lead to an acceleration of our debt.**

The credit facility contains a number of covenants that, among other things, restrict our ability to dispose of assets, incur additional indebtedness, repay or refinance other indebtedness or amend other debt instruments, create liens on assets, make investments or acquisitions, engage in mergers or consolidations, and make certain payments and investments. The credit facility also requires us to comply with specified financial covenants, including a fixed charge coverage ratio and a maximum leverage ratio. The indenture

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contains covenants that limit our ability to incur certain liens to secure indebtedness, engage in sale-leaseback transactions or merge, amalgamate, consolidate or sell all or substantially all of our assets.

Our ability to continue to comply with these covenants and conditions may be affected by events beyond our control. The breach of any of the covenants contained in the credit facility or failure to comply with certain conditions, including the continued accuracy of our representations and warranties, unless waived by the lenders, would be a default under the credit facility. This would permit the lenders to accelerate the maturity of the credit facility. It would also permit the lenders to terminate their commitments to extend credit under the credit facility. This could have an immediate material adverse effect on our liquidity. An acceleration of maturity of the credit facility may permit the holders of the Notes to accelerate the maturity of the Notes. Acceleration of maturity of the Exchange Notes would permit the lenders to accelerate the maturity of the credit facility and terminate their commitments to extend credit under our credit facility, unless we were able to obtain a waiver from the lenders. We cannot assure you that we would have sufficient funds to make these accelerated payments or that we would be able to obtain any such waiver on acceptable terms or at all.

**Our ability to service our debt, including the Notes, and meet our other obligations depends on certain factors beyond our control.**

Our ability to service our debt, including the Notes, and meet our other obligations as they come due is dependent on our future financial and operating performance. This performance is subject to various factors, including certain factors beyond our control such as, among other things, changes in global and regional economic conditions, changes in consumer demand for, and acceptance of, our products, changes in our industry, changes in interest rates and inflation in raw materials, energy and other costs.

If our cash flow and capital resources are insufficient to enable us to service our debt and meet these obligations as they become due, we could be forced to reduce or delay capital expenditures, sell assets or businesses, limit or discontinue, temporarily or permanently, business plans, activities or operations, obtain additional debt or equity financing, or restructure or refinance debt. We cannot assure you as to the timing of such actions or the amount of proceeds that could be realized from such actions.

**The Notes will be structurally subordinated to creditors of our subsidiaries that are not guarantors of the Notes.**

Ethan Allen Interiors Inc., one of the guarantors, is the parent company. It is a holding company with no material operations or assets other than the common stock of Ethan Allen Global. Its principal liabilities consist of its guarantees of the credit facility and the Notes, and guarantees of debt and commercial obligations of Ethan Allen Global's subsidiaries. Although Ethan Allen Global is the issuer, a substantial majority of our assets, on a consolidated basis, are held by Ethan Allen Retail, Inc., Ethan Allen Operations, Inc., Ethan Allen Realty, LLC and other subsidiary guarantors. In addition, some of our assets are held by subsidiaries that are not guarantors. Our ability, and the ability of noteholders, to realize upon the assets of any subsidiary that is not a guarantor of the Notes in any liquidation, bankruptcy, reorganization or similar proceedings involving such subsidiary will be subject to the claims of their respective creditors, including their respective trade creditors and holders of their respective debt. As a result, the Notes will be structurally subordinated to all existing and future debt and other obligations, including trade payables, of our subsidiaries that are not guarantors of the Notes. At December 31, 2005, the debt and liabilities of such non-guarantor subsidiaries would have totaled approximately \$9.0 million (excluding intercompany trade and other miscellaneous liabilities of approximately \$7.2 million).

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Except as otherwise noted in this risk factor, the financial information included or incorporated by reference in this prospectus is presented on a consolidated basis. As a result, such financial information does not completely indicate the historical or as adjusted assets, liabilities or operations of each source of funds for payment of debt service on the Notes.

**Because the Notes are not secured, future secured lenders will have a prior claim on our secured assets.**

The Notes and our credit facility are not secured by any of our assets. While the indenture does have limitations on liens that we can incur to secure indebtedness, we may incur some secured indebtedness in the future without securing the Notes. Therefore, if we become insolvent or are liquidated, or if payment under the Notes is accelerated, the lenders under such instruments would be entitled to exercise the remedies available to secured lenders under applicable law and pursuant to instruments governing such indebtedness. Accordingly, such lenders will have a prior claim on those of our assets securing their indebtedness. Because the Notes are not secured by any of our assets, it is possible that there would be no assets remaining from which claims of the holders of the Notes could be satisfied or (if any such assets remained) such assets might be insufficient to satisfy such claims in full.

**In the event of the bankruptcy or insolvency of Ethan Allen Interiors Inc. or any of the subsidiary guarantors, the guarantee of the Notes by Ethan Allen Interiors Inc. or such subsidiary could be voided and subordinated.**

In the event of the bankruptcy or insolvency of Ethan Allen Interiors Inc. or any of the subsidiary guarantors, its guarantee would be subject to review under relevant fraudulent conveyance, fraudulent transfer, equitable subordination and similar statutes and doctrines in a bankruptcy or insolvency proceeding or a lawsuit by or on behalf of creditors of that guarantor. Under those statutes and doctrines, if a court were to find that the guarantee was incurred with the intent of hindering, delaying or defrauding creditors or that the guarantor received less than a reasonably equivalent value or fair consideration for its guarantee and, at the time of its incurrence, the guarantor:

- o was insolvent or rendered insolvent by reason of the incurrence of its guarantee;
- o was engaged in a business or transaction for which its remaining unencumbered assets constituted unreasonably small capital to carry on its business; or
- o intended to, or believed that it would, incur debts beyond its ability to pay as they matured or became due;

then the court could void or subordinate its guarantee. If the guarantee of a guarantor is voided or subordinated, holders of the Notes would effectively be subordinated to all indebtedness and other liabilities of that guarantor.

**Risks relating to the exchange offer**

**A failure to participate in the exchange offer may have adverse consequences.**

The Initial Notes have not been registered under the Securities Act or any state securities laws. As a result, the Initial Notes may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act and any other applicable securities laws, or pursuant to an exemption therefrom. Initial Notes that bear legends restricting their transfer that are not exchanged will continue to bear those legends. In addition, upon completion of the exchange offer, the holders of

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Initial Notes that are not exchanged will not be entitled to have their Initial Notes registered under the Securities Act, and will not have any similar rights under the Registration Rights Agreement. We currently do not intend to register under the Securities Act any Initial Notes that remain outstanding after completion of the exchange offer.

To the extent that Initial Notes are tendered and accepted in the exchange offer, the principal amount of the outstanding Initial Notes will be reduced by the principal amount so tendered and exchanged and a holder's ability to sell unexchanged Initial Notes could be adversely affected. As a result, the liquidity of the market for unexchanged Initial Notes could be adversely affected by completion of the exchange offer.

**You may find it difficult to sell your Exchange Notes.**

The Initial Notes were not registered under the Securities Act or any state securities laws and may not be resold unless they are subsequently registered or resold pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. The Exchange Notes will be registered under the Securities Act but will constitute a new issue of securities with no established trading market, and there can be no assurance as to:

- o the development of any market for the Exchange Notes;
- o the liquidity of any such market that may develop;
- o the ability of holders of Exchange Notes to sell their Exchange Notes; or
- o the price at which the holders of the Exchange Notes would be able to sell their Exchange Notes.

We do not intend to list the Exchange Notes on any national securities exchange or for quotation through any automated quotation system. We cannot assure you that an active trading market will develop for the Exchange Notes, or that any trading market that may develop will be liquid. If an active trading market for the Exchange Notes were to develop, the Exchange Notes could trade at prices that may be higher or lower than their principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar notes and our financial performance. If a market for the Exchange Notes does not develop, purchasers may be unable to resell their Exchange Notes for an extended period of time, if at all. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Exchange Notes. We cannot assure you that the market for the Exchange Notes, if any, will not be subject to similar disruptions. Any such disruptions may adversely affect a holder of the Exchange Notes.

### Forward Looking Statements

This prospectus includes or incorporates by reference various forward-looking statements. All such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In addition, we or our representatives have made or may make forward-looking statements on telephone or conference calls, by webcast or emails, in person, in presentations or written materials, or otherwise, orally or in writing. Such forward-looking statements are sometimes identified by words such as “will,” “may,” “project,” “should,” “would,” “could,” “target,” “goal,” “anticipate,” “plan,” “believe,” “estimate,” “expect” or “intend” or words or phrases of similar import. These forward-looking statements reflect our current expectations concerning future results and events, and actual results and events may differ materially.

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All forward-looking statements are subject to various risks and uncertainties, including but not limited to: the effects of terrorist attacks or conflicts or wars involving the United States or its allies or trading partners; the effects of labor strikes; weather conditions that may affect sales; volatility in fuel, utility, transportation and security costs; changes in global or regional political or economic conditions, including changes in governmental and central bank policies; changes in business conditions in the furniture industry, including changes in consumer spending patterns and demand for home furnishings; effects of our brand awareness and marketing programs, including changes in demand for our products and acceptance of our new products; our ability to locate new store sites or negotiate favorable lease terms for additional stores or for expansion of existing stores; competitive factors, including changes in the products or marketing efforts of others; pricing pressures; fluctuations in interest rates and the cost, availability and quality of raw materials; those matters discussed in our SEC filings; and future decisions by us.

Occurrence of any of the events or circumstances described above could have a material adverse effect on our business, financial condition, results of operations or cash flow. No assurance can be given that any future transaction about which forward-looking statements may be made will be completed or as to the timing or terms of any such transaction. All subsequent written and oral forward-looking statements by or attributable to us or persons acting on our behalf are expressly qualified in their entirety by these factors. Except as otherwise required to be disclosed in periodic reports required to be filed by public companies with the SEC pursuant to the SEC’s rules, we have no duty to update these statements.

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### The Exchange Offer

#### Purpose of the exchange offer

The Initial Notes were initially issued and sold by Ethan Allen Global on September 27, 2005 to the initial purchaser pursuant to a Purchase Agreement dated September 22, 2005 (the “Purchase Agreement”). The initial purchaser subsequently resold the Initial Notes to:

- o qualified institutional buyers, as defined in Rule 144A under the Securities Act in reliance on Rule 144A; and
- o non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act.

Pursuant to the Purchase Agreement, Ethan Allen Global and the initial purchasers entered into the Registration Rights Agreement. Pursuant to the Registration Rights Agreement, we agreed to use our commercially reasonable efforts to cause to be filed with the SEC an exchange offer registration statement and to keep such registration statement effective for at least 180 days after consummation of the exchange offer.

The summary herein of certain provisions of the Registration Rights Agreement does not purport to be complete and we refer you to the provisions of the Registration Rights Agreement, which has been incorporated by reference into the registration statement of which this prospectus is a part.

The registration statement of which this prospectus is a part is intended to satisfy our obligations with respect to the registration of Exchange Notes in accordance with the terms of the Registration Rights Agreement.

Following completion of the exchange offer, holders of Initial Notes not validly tendered in the exchange offer and holders of Exchange Notes will not have any further registration rights. In addition, holders of Initial Notes will continue to be subject to restrictions on transfer of their Initial Notes. Accordingly, the liquidity of the market for Initial Notes could be adversely affected. See, “Risk Factors—A failure to participate in the exchange offer may have adverse consequences.”

Based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties, we believe that the Exchange Notes issued pursuant to the exchange offer may be offered for resale, resold or otherwise transferred by each holder of Exchange Notes (other than a broker-dealer who acquired the Initial Notes directly from the Company for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such holder:

- o is acquiring the Exchange Notes in the ordinary course of its business;
- o is not participating in, and does not intend to participate in, a distribution of the Exchange Notes within the meaning of the Securities Act, and has no arrangement or understanding with any person to participate in a distribution of the Exchange Notes within the meaning of the Securities Act; and
- o is not an affiliate (as defined in Rule 405 under the Securities Act) of Ethan Allen Global or any Guarantor.

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By tendering Initial Notes in exchange for Exchange Notes, each holder, other than a broker-dealer, will be required to make representations to that effect. If a holder of Initial Notes is participating in or intends to participate in a distribution of the Exchange Notes, or has any arrangement or understanding with any person to participate in a distribution of the Exchange Notes to be acquired pursuant to the exchange offer, such holder may be deemed to have received restricted securities and may not rely on the applicable interpretations of the staff of the SEC. Any such holder will have to comply with the registration and prospectus delivery requirements of the Securities Act in

connection with any secondary resale transaction.

Each broker-dealer that receives Exchange Notes for its own account in exchange for Initial Notes may be deemed to be an “underwriter” within the meaning of the Securities Act and must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes. The Letter of Transmittal that accompanies this prospectus states that, by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act. A broker-dealer may utilize this prospectus, as it may be amended or supplemented from time to time, in connection with offers to resell and other transfers of Exchange Notes received in exchange for Initial Notes that were acquired by such broker-dealer as a result of market-making or other trading activities. We have agreed that we will make this prospectus available to any broker-dealer for a period of time not to exceed 180 days after the consummation of the exchange offer for use in connection with any such offer to resell, resale or other transfer. See “Plan of Distribution.”

#### **Terms of the exchange offer**

Upon the terms and conditions described in this prospectus and the accompanying Letter of Transmittal, we will accept any and all Initial Notes that are validly tendered and that are not withdrawn prior to the Expiration Date or such later time and date to which we extend the exchange offer in our sole discretion. We will issue \$1,000 principal amount of Exchange Notes for each \$1,000 principal amount of Initial Notes validly tendered pursuant to the exchange offer and not withdrawn prior to the Expiration Date. Initial Notes may only be tendered in integral multiples of \$1,000.

The form and terms of the Exchange Notes are the same as the form and terms of the Initial Notes, except that:

- o the Exchange Notes will have been registered under the Securities Act and, therefore, will not bear legends restricting their transfer; and
- o the holders of the Exchange Notes will not be entitled to any of the registration rights of holders of Initial Notes under the Registration Rights Agreement, which rights, in any event, will terminate upon the completion of the exchange offer.

The Exchange Notes will represent the same indebtedness as the Initial Notes and will be issued under, and be entitled to the benefits of, the Indenture that authorized the issuance of the Initial Notes. The Exchange Notes and the Initial Notes will be treated as a single class of securities under the Indenture.

As of the date of this prospectus, \$200,000,000 in aggregate principal amount of Initial Notes is outstanding. Only a registered holder of Initial Notes (or such holder’s legal representative or attorney-in-fact), as reflected in the Trustee’s records under the Indenture, may participate in the exchange offer. There is no fixed record date for determining holders of the Initial Notes entitled to participate in the exchange offer. Holders of Initial Notes do not have any appraisal or dissenters’ rights under the General Corporation Law of the State of Delaware or the Indenture in connection with the exchange offer. We

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intend to conduct the exchange offer in accordance with the applicable provisions of the Registration Rights Agreement and the applicable requirements of the Securities Act and the rules and regulations of the SEC thereunder.

We will be deemed to have accepted validly tendered Initial Notes when, and if, we give oral or written notice to the U.S. Bank National Association, as Exchange Agent. The Exchange Agent will act as agent for the tendering holders of Initial Notes for the purposes of receiving the Exchange Notes from us.

You will not be required to pay brokerage commissions or fees or, subject to the instructions in the Letter of Transmittal, transfer taxes with respect to the exchange of Initial Notes in the exchange offer. We will pay all charges and expenses, other than certain applicable taxes described below, in connection with this exchange offer. See “— Fees and Expenses.”

#### **Extension; Amendments**

In order to extend the exchange offer, we are obligated to notify the Exchange Agent of any extension by oral notice (promptly confirmed in writing) or written notice and will make a public announcement thereof, each prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

We expressly reserve the right in our discretion to:

- o delay accepting any Initial Notes,
- o extend the exchange offer, or
- o amend the terms of the exchange offer in any manner,

by giving oral or written notice of such delay, extension or amendment to the Exchange Agent.

If we amend the exchange offer in a manner determined by us to constitute a material change, we will promptly disclose such amendment by means of a prospectus supplement that we will distribute to each registered holder of Initial Notes. In addition, we will also extend the exchange offer for an additional five to ten business days, depending on the significance of the amendment, if the exchange offer would otherwise expire during such period.

Without limiting the manner in which we may choose to make a public announcement of any delay, extension or amendment of the exchange offer, we will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a timely news release to an appropriate news agency.

#### **Procedures for tendering**

Only a registered holder of Initial Notes (or such registered holder’s legal representative or attorney-in-fact) may tender such Initial Notes in the exchange offer. The term “holder” with respect to the exchange offer means any person in whose name Initial Notes are registered on the books of the Trustee under the Indenture or any other person who has obtained a properly completed bond power from such a registered holder. To tender your Initial Notes in the exchange offer, you must complete, sign and date the Letter of Transmittal, or a facsimile thereof, have the signatures thereon guaranteed if required by the Letter of Transmittal, and mail or otherwise deliver the Letter of Transmittal or such facsimile

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together with the certificates representing the Initial Notes being tendered and any other required documents to the Exchange Agent at the address set forth below under “— Exchange Agent” for receipt at or prior to 5:00 p.m. New York City time on the Expiration Date. Alternatively, you may either:

- o send a timely confirmation of a book-entry transfer (a “Book-Entry Confirmation”) of such Initial Notes, if such procedure is available, into the Exchange Agent’s account at the Depository Trust Company (“DTC” or the “Depository”) pursuant to the procedure for book-entry transfer described below, at or prior to 5:00 p.m. on the Expiration Date; or
- o comply with the guaranteed delivery procedures described below.

Your tender of Initial Notes will constitute an agreement between you and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the Letter of Transmittal.

THE METHOD OF DELIVERY OF INITIAL NOTES, THE LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS IS AT YOUR ELECTION AND RISK. INSTEAD OF DELIVERY BY MAIL, WE RECOMMEND THAT YOU USE AN OVERNIGHT OR HAND DELIVERY SERVICE, PROPERLY INSURED. IN ALL CASES, YOU SHOULD ALLOW SUFFICIENT TIME TO ASSURE TIMELY DELIVERY. YOU SHOULD NOT SEND THE LETTER OF TRANSMITTAL OR ANY INITIAL NOTES TO US. YOU MAY REQUEST YOUR BROKERS, DEALERS, COMMERCIAL BANKS, TRUST COMPANIES OR OTHER NOMINEES TO EFFECT SUCH TENDER ON YOUR BEHALF.

If you are the beneficial owner of Initial Notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your Initial Notes, you should contact the registered holder promptly and instruct such registered holder to tender on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the Letter of Transmittal and delivering your Initial Notes, either make appropriate arrangements to register ownership of the Initial Notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a Letter of Transmittal or a notice of withdrawal, as the case may be, must be guaranteed by an Eligible Institution (as defined below) unless the Initial Notes are tendered:

- o by a registered holder who has not completed the box titled “Special Delivery Instructions” on the Letter of Transmittal; or
- o for the account of an Eligible Institution.

In the event that signatures on a Letter of Transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, such guarantee must be made by a member firm of a registered national securities exchange or The National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the U.S., or an “eligible guarantor institution” (within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934) that is a member of one of the recognized signature guarantee programs identified in the Letter of Transmittal (an “Eligible Institution”).

If the Letter of Transmittal is signed by a person other than the registered holder of any Initial Notes listed therein, such Initial Notes must be endorsed or accompanied by a properly completed bond power, signed by such registered holder exactly as such registered holder’s name appears on the Initial Notes.

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If the Letter of Transmittal or any Initial Notes are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, those persons should so indicate when signing. Unless waived by us, evidence satisfactory to us of their authority to so act must also be submitted with the Letter of Transmittal.

The Exchange Agent and the Depository have confirmed that any financial institution that is a participant in the Depository’s system may utilize the Depository’s Automated Tender Offer Program to tender Initial Notes.

A tender will be deemed to have been received as of the date when the tendering holder’s duly signed Letter of Transmittal accompanied by the Initial Notes being tendered (or a timely confirmation received of a book-entry transfer of Initial Notes into the Exchange Agent’s account at the Depository with an Agent’s Message, as defined under “—Book-Entry Transfer”) or a Notice of Guaranteed Delivery from an Eligible Institution is received by the Exchange Agent. Issuances of Exchange Notes in exchange for Initial Notes tendered pursuant to a Notice of Guaranteed Delivery by an Eligible Institution will be made only against delivery of the Letter of Transmittal (and any other required documents) and the tendered Initial Notes (or a timely confirmation received of a book-entry transfer of Initial Notes into the Exchange Agent’s account at the Depository with an Agent’s Message) to the Exchange Agent.

All questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of tendered Initial Notes will be determined by us in our sole discretion, which determination will be final and binding. We reserve the absolute right to reject any and all Initial Notes not properly tendered or any Initial Notes that if accepted, in our opinion or in our counsel’s opinion, would be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular Initial Notes. Our interpretation of the terms and conditions of the exchange offer (including the instructions in the Letter of Transmittal) will be final and binding. Unless waived, any defects or irregularities in connection with tenders of Initial Notes must be cured within such time as we determine. Although we intend to notify you of defects or irregularities with respect to tenders of Initial Notes, neither we, the Exchange Agent nor any other person shall incur any liability for failure to give such notification. Tenderees of Initial Notes will not be deemed to have been made until such defects or irregularities have been cured or waived.

While we presently have no plan to acquire any Initial Notes that are not tendered in the exchange offer, or to file a registration statement to permit resales of any Initial Notes that are not tendered pursuant to the exchange offer, we reserve the right in our sole discretion to purchase or make offers for any Initial Notes that remain outstanding subsequent to the Expiration Date and, to the extent permitted by applicable law, purchase Initial Notes in the open market, in privately negotiated transactions or otherwise. The terms of any such purchases or offers could differ from the terms of the exchange offer.

#### **Acceptance of Initial Notes for Exchange; Delivery of Exchange Notes**

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, promptly after the Expiration Date, all Initial Notes properly tendered and will issue the Exchange Notes promptly after acceptance of the Initial Notes. For purposes of the exchange offer, the Initial Notes will be deemed to have been accepted as validly tendered for exchange when, and if, we have given oral or written notice to the Exchange Agent.

#### **Return of Initial Notes**

If any tendered Initial Notes are not accepted for any reason set forth in the terms and conditions of the exchange offer or if Initial Notes are withdrawn, we will return the unaccepted, withdrawn or non-

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exchanged Initial Notes to you without expense (or, in the case of Initial Notes tendered by book-entry transfer into the Exchange Agent’s account at the Depository pursuant to the book-entry transfer procedures described below, the Initial Notes will be credited to an account maintained with the Depository) as promptly as practicable after withdrawal,

rejection of tender, the Expiration Date or earlier termination of the exchange offer.

### **Book-Entry transfer**

The Exchange Agent will make a request to establish an account with respect to the Initial Notes with the Depository for purposes of the exchange offer promptly after the date of this prospectus. Any financial institution that is a participant in the Depository's Book-Entry Transfer Facility system may make book-entry delivery of the Initial Notes by causing the Depository to transfer such Initial Notes into the Exchange Agent's account and to deliver an "Agent's Message" (as defined below) on or prior to the Expiration Date in accordance with the Depository's procedures for such transfer and delivery. If delivery of Initial Notes is effected through book-entry transfer into the Exchange Agent's account at the depository and an Agent's Message is not delivered, the Letter of Transmittal (or facsimile thereof), with any required signature guarantees and any other required documents, must be transmitted to and received or confirmed by the Exchange Agent at its address set forth herein under "—Exchange Agent" prior to 5:00 p.m., New York City time on the Expiration Date or pursuant to the guaranteed delivery procedures described below. DELIVERY OF DOCUMENTS TO THE DEPOSITORY DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT. All references in this prospectus to deposit of Initial Notes will be deemed to include DTC's book-entry delivery method.

The term "Agent's Message" means a message transmitted by the Depository to and received by the Exchange Agent and forming a part of a Book-Entry Confirmation that states that the Depository has received an express acknowledgment from the tendering participant, which acknowledgment states that the participant has received and agrees to be bound by, and makes the representations and warranties contained in, the Letter of Transmittal and that we may enforce the Letter of Transmittal against the participant.

### **Guaranteed delivery procedures**

If you are a registered holder of Initial Notes and wish to tender your Initial Notes, but time will not permit your required documents to reach the Exchange Agent on or prior to the Expiration Date, you may still tender in the exchange offer if:

- o you tender through an Eligible Institution;
- o on or prior to the Expiration Date, the Exchange Agent receives from such Eligible Institution a properly completed and duly executed Letter of Transmittal and Notice of Guaranteed Delivery, substantially in the form provided by us (by facsimile transmission, mail or hand delivery), setting forth your name and address as holder of Initial Notes and the amount of Initial Notes tendered, stating that the tender is being made thereby and guaranteeing that within five business days after the Expiration Date, a Book-Entry Confirmation or the certificates relating to the Initial Notes and all other documents required by the Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent; and
- o a Book-Entry Confirmation or the certificates for all tendered Initial Notes, and all other documents required by the Letter of Transmittal, are received by the Exchange Agent within five business days after the Expiration Date.

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Upon request to the Exchange Agent, a Notice of Guaranteed Delivery will be sent to holders who wish to tender their Initial Notes according to the guaranteed delivery procedures set forth above.

### **Withdrawal of tenders**

Except as otherwise provided in this prospectus, you may withdraw tenders of Initial Notes any time prior to 5:00 p.m., New York City time, on the Expiration Date.

For a withdrawal to be effective, you must send a written notice of withdrawal to the Exchange Agent at the address set forth below under "—Exchange Agent" prior to 5:00 p.m., New York City time, on the Expiration Date. Any such notice of withdrawal must:

- o specify the name of the person having deposited the Initial Notes to be withdrawn;
- o identify the Initial Notes to be withdrawn (including the certificate number or numbers and principal amount of Initial Notes); and
- o be signed by the holder in the same manner as the original signature on the Letter of Transmittal by which the Initial Notes were tendered (including required signature guarantees).

All questions as to the validity, form and eligibility (including time of receipt) of notices of withdrawal will be determined by us, in our sole discretion, and our determination will be final and binding. Any Initial Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer, and no Exchange Notes will be issued with respect thereto unless the Initial Notes so withdrawn are validly retendered. Properly withdrawn Initial Notes may be retendered by following one of the procedures described above at any time on or prior to the Expiration Date.

### **Termination of certain rights**

All registration rights under the Registration Rights Agreement accorded to holders of the Initial Notes (and all rights to receive additional interest on the Initial Notes to the extent and in the circumstances specified therein) will terminate upon consummation of the exchange offer except with respect to our duty to keep the registration statement effective until the closing of the exchange offer and, for a period of 180 days after the closing of the exchange offer, to provide copies of the latest version of the prospectus to any broker-dealer that requests copies of such prospectus in the Letter of Transmittal for use in connection with any resale by such broker-dealer of Exchange Notes received for its own account pursuant to the exchange offer in exchange for Initial Notes acquired for its own account as a result of market-making or other trading activities.

### **Conditions of the exchange offer**

Notwithstanding any other term of the exchange offer, we will not be required to accept Initial Notes for exchange, or issue Exchange Notes in exchange for any Initial Notes, and we may terminate or amend the exchange offer as provided in this prospectus before the acceptance of such Initial Notes, if:

- o a change in laws or regulations occurs that, in our sole judgment, impairs our ability to proceed with the exchange offer;
- o a change in the current interpretation of the staff of the SEC occurs, which current interpretation permits the Exchange Notes issued pursuant to the exchange offer in exchange

for the Initial Notes to be offered for resale, resold or otherwise transferred by holders thereof (other than in certain circumstances);

- o a stop order is issued by the SEC or any state securities authority suspending the effectiveness of the registration statement of which this prospectus is a part or the qualification of the Indenture under the Trust Indenture Act of 1939 or proceedings are initiated or, to our knowledge, threatened for that purpose;
- o an action or proceeding is instituted or threatened in any court or before any governmental agency or body that in our judgment would reasonably be expected to prohibit, prevent or otherwise impair our ability to proceed with the exchange offer;
- o a governmental approval is not obtained, which approval we deem, in our sole judgment, necessary for the consummation of the exchange offer; or
- o a change, or a development involving a prospective change, in our business or financial affairs occurs that, in our sole judgment, might materially impair our ability to proceed with the exchange offer.

These conditions are for our sole benefit and we may assert them regardless of the circumstances giving rise to any such condition or we may waive them, in whole or in part, at any time and from time to time, if we determine in our reasonable judgment that any of the foregoing events or conditions has occurred or exists or has not been satisfied, subject to applicable law. Our failure at any time to exercise any of the foregoing rights will not be deemed a waiver of any such right and each such right will be deemed an ongoing right which we may assert at any time and from time to time.

If we determine that we may terminate the exchange offer, we may:

- o refuse to accept any Initial Notes and return to the holders thereof any Initial Notes that have been tendered;
- o extend the exchange offer and retain all Initial Notes tendered prior to the Expiration Date, subject to the rights of holders of tendered Initial Notes to withdraw their tendered Initial Notes; or
- o waive such termination event with respect to the exchange offer and accept all properly tendered Initial Notes that have not been withdrawn or otherwise amend the terms of the exchange offer in any respect as provided under “—Extension; Amendments.”

The exchange offer is not conditioned upon any minimum principal amount of Initial Notes being tendered for exchange.

We have no obligation to, and will not knowingly, permit acceptance of tenders of Initial Notes from our affiliates (within the meaning of Rule 405 under the Securities Act) or from any other holder or holders who are not eligible to participate in the exchange offer under applicable law or interpretations thereof by the staff of the SEC, or if the Exchange Notes to be received by such holder or holders of Initial Notes in the exchange offer, upon receipt, will not be tradable by such holder without restriction under the Securities Act and the Securities Exchange Act of 1934 and without material restrictions under the “blue sky” or securities laws of substantially all of the states of the U.S.

### Exchange Agent

We have appointed U.S. Bank National Association as Exchange Agent for the exchange offer. Questions and requests for assistance, requests for additional copies of this prospectus or of the Letter of Transmittal and requests for Notices of Guaranteed Delivery should be directed to the Exchange Agent as follows:

**By registered or certified mail, by overnight courier or by hand:**

U.S. Bank National Association  
One Federal Street, 3rd Floor  
Boston, MA 02110  
Attention: John Brennan

or:

**By facsimile transmission:**

U.S. Bank National Association  
One Federal Street, 3rd Floor  
Boston, MA 02110  
Attention: John Brennan  
Facsimile Number: (617) 603-6668  
Confirm by Telephone: (617) 603-6576

In addition, Letters of Transmittal and any other required documentation should be sent to the Exchange Agent at the address set forth above, except where facsimile transmission is specifically authorized (e.g., withdrawals and Notices of Guaranteed Delivery). DELIVERY OF THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

### Fees and expenses

We will bear the expenses of soliciting tenders pursuant to the exchange offer. The principal solicitation is being made by mail; however, additional solicitation may be made by telegraph, facsimile transmission, telephone or in person by officers and regular employees of Ethan Allen Global and its affiliates.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to brokers, dealers or others soliciting acceptance of the exchange offer. We will, however, pay the Exchange Agent reasonable and customary fees for its services and will reimburse its reasonable out-of-pocket expenses in



connection therewith.

We will pay all transfer taxes, if any, applicable to the exchange of the Initial Notes pursuant to the exchange offer. If, however, a transfer tax is imposed for any reason other than the exchange of the Initial Notes pursuant to the exchange offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the Letter of Transmittal, the amount of such transfer taxes will be billed directly to the tendering holder.

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### Consequences of failure to exchange

Participation in the exchange offer is voluntary. Holders of the Initial Notes are urged to consult their financial and tax advisors in making their own decisions on what action to take.

Initial Notes that are not exchanged for Exchange Notes pursuant to the exchange offer will remain “restricted securities” within the meaning of Rule 144 under the Securities Act. Accordingly, such Initial Notes may be resold only:

- o to us or any of our subsidiaries;
- o so long as the Initial Notes are eligible for resale pursuant to Rule 144A, to a person whom the seller reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A under the Securities Act, purchasing for its own account or for the account of a qualified institutional buyer, to whom notice is given that the resale, pledge or other transfer is being made in reliance on Rule 144A;
- o outside the U.S. to non-U.S. Persons in an offshore transaction in compliance with Rule 904 under the Securities Act;
- o pursuant to an exemption from registration under the Securities Act in accordance with Rule 144 (if available);
- o to an institutional “accredited investor” that, prior to such transfer, furnishes to the Trustee a signed letter containing certain representations and agreements relating to the restrictions on transfer of the Initial Notes and, upon request, an opinion of counsel acceptable to the Trustee that the transfer is in compliance with the Securities Act; such transfer must be of a principal amount of Initial Notes at the time of transfer of at least \$250,000; or
- o pursuant to an effective registration statement under the Securities Act,

in each case in accordance with any applicable securities laws of any state of the U.S. and subject to certain requirements of the Trustee being met. The liquidity of the Initial Notes could be adversely affected by the exchange offer. See “Risk Factors—A failure to participate in the exchange offer may have adverse consequences.”

### Resales of the Exchange Notes

Based on certain no-action letters issued by the staff of the SEC, we believe that the Exchange Notes or interests therein issued pursuant to the exchange offer in exchange for Initial Notes or interests therein may be offered for resale, resold and otherwise transferred by you (unless you are a broker-dealer who purchases such Exchange Notes directly from us to resell pursuant to Rule 144A or any other available exemption under the Securities Act) without compliance with the registration and prospectus delivery requirements of the Securities Act; provided that:

- o you are acquiring the Exchange Notes in the ordinary course of your business;
  - o you are not participating, do not intend to participate and have no arrangement or understanding with any person to participate, in the distribution of Exchange Notes; and
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- o you are not an affiliate of the Company, within the meaning of Rule 405 under the Securities Act.

However, if you acquire Exchange Notes in the exchange offer for the purpose of distributing or participating in the distribution of the Exchange Notes, you cannot rely on the position of the staff of the SEC in the no-action letters issued to third parties and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction, unless an exemption from registration is otherwise available.

Each broker-dealer that receives Exchange Notes for its own account may be deemed an “underwriter” within the meaning of the Securities Act and must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes. A broker-dealer may use this prospectus for any offer to resell, resale or other transfer of Exchange Notes received in exchange for Initial Notes which were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Letter of Transmittal that accompanies this prospectus states that, by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act. We have agreed that, for a period of 180 days after the consummation of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such offer to resell, resale or other transfer. See “Plan of Distribution.” Subject to certain limitations, we will take steps to ensure that the issuance of the Exchange Notes will comply with state securities or “blue sky” laws.

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### Use of Proceeds

The exchange offer is being effected to satisfy certain of our obligations under the Registration Rights Agreement. We will not receive any cash proceeds from the issuance of the Exchange Notes offered hereby. In consideration for issuing the Exchange Notes, we will receive an equal aggregate principal amount of Initial Notes. Initial Notes that are properly tendered in the exchange offer and not validly withdrawn will be accepted, canceled and retired and cannot be reissued. Accordingly, the issuance of the Exchange Notes will not result in any increase in our outstanding indebtedness.

The net proceeds to us from the original issuance of the Initial Notes were \$197.1 million, after deducting the initial purchaser’s discount and fees and expenses of this offering. As of December 31, 2005, we had used \$15.0 million of the net proceeds to reduce the outstanding balance under the credit facility. Pending use for a specific purpose, we may use a portion of the remaining net proceeds to further reduce the outstanding balance under the credit facility, if any, and, to the extent that at the time there is

no such amount outstanding, to invest in investment quality, interest-bearing securities or deposits with maturities not to exceed 24 months. The credit facility matures in 2010. The credit facility bears interest at a variable rate equal to the greatest of the prime rate of JPMorgan Chase Bank, N.A., the Federal Funds Rate plus .5%, or a third composite of interest rates plus 1%, plus additional fees whose percentages are tied to our credit ratings as issued by Moody's and Standard and Poor's. We had no revolving loans outstanding under the credit facility as of December 31, 2005, and standby letters of credit outstanding under the facility at that date totaled \$16.1 million. Remaining available borrowing capacity under the facility was \$183.9 million at December 31, 2005.

J.P. Morgan Securities Inc. or its affiliates are lenders under our credit facility and will receive their proportionate shares of any repayment of amounts under the credit facility as described above.

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### Capitalization

The following table sets forth our capitalization as of December 31, 2005. You should read this table in conjunction with "Use of Proceeds," "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included, and the consolidated financial statements and the notes thereto incorporated by reference, in this prospectus.

	December 31, 2005
<b>(Dollars in thousands)</b>	
Cash and cash equivalents	\$ 175,008
Short-term debt	221
Long-term debt	\$ 202,687
Shareholders' equity:	
Class A common stock, par value \$.01, 150,000,000 shares authorized; 46,615,471 shares issued at December 31, 2005	466
Class B common stock, par value \$.01, 600,000 shares authorized; no shares issued and outstanding at December 31, 2005	--
Preferred stock, par value \$.01, 1,055,000 shares authorized; no shares issued and outstanding at December 31, 2005	--
Additional paid-in capital	305,126
Less: Treasury stock (at cost), 13,628,320 shares at December 31, 2005	(387,338)
Retained earnings	498,884
Accumulated other comprehensive income	739
Total shareholders' equity	417,877
<b>Total capitalization(1)</b>	<b>\$ 620,564</b>

(1) As of December 31, 2005, our total capitalization was approximately \$620.6 million, consisting of the sum of our long-term debt and total shareholders' equity of \$202.7 million and \$417.9 million, respectively.

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### Selected Financial Data

The following table sets forth selected consolidated financial data of Ethan Allen Interiors Inc. and its consolidated subsidiaries. The consolidated statements of operations data for the years ended June 30, 2003, 2004, and 2005, and the consolidated balance sheet data as of June 30, 2004 and 2005 have been derived from our consolidated financial statements, which have been audited by KPMG LLP, our independent registered public accounting firm, and are incorporated by reference in this prospectus. The consolidated statement of operations data for the years ended June 30, 2001 and 2002, and the consolidated balance sheet data as of June 30, 2001, 2002 and 2003, have been derived from our consolidated financial statements not included or incorporated by reference in this prospectus. The consolidated statement of operations data for the six months ended December 31, 2004 and 2005, and the consolidated balance sheet data as of December 31, 2004 and 2005, have been derived from our unaudited consolidated financial statements which are incorporated by reference in this prospectus. Certain of the summary financial data for the year ended June 30, 2005 have been adjusted to reflect the offering of the Initial Notes and the initial application of the gross proceeds therefrom. You should read the information below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this prospectus.

(in thousands, except per share data, financial ratios and store count data)	2001	2002	2003	2004	2005	Fiscal Year Ended June 30, 2005	Six Months Ended December 31,	
						(as adjusted)	2004	2005
<b>Statement of Operations Data:</b>								
Net sales	\$904,133	\$892,288	\$907,264	\$955,107	\$949,012	\$949,012	\$475,598	\$527,317
Cost of sales	490,509	471,018	457,924	494,072	487,958	487,958	245,772	260,923
Restructuring and impairment charge, net(1)	6,906	5,123	13,131	12,520	(219)	(219)	(219)	4,241
Selling, general and administrative expenses	281,723	286,888	316,752	322,111	332,295	332,295	162,515	189,671
Operating income	124,995	129,259	119,457	126,404	128,978	128,978	67,530	72,482
Interest and other (income) expense, net	(2,056)	(2,344)	(517)	(2,691)	(442)	(442)	(959)	2,199
Income before income tax expense	127,051	131,603	119,974	129,095	129,420	129,420	68,489	70,283
Income tax expense	48,025	49,746	45,350	49,617	50,082	50,082	26,597	26,989

Net income	79,026	81,857	74,624	79,478	79,338	79,338	41,892	43,294
<b>Balance Sheet Data (at end of period):</b>								
Cash and cash equivalents	\$ 48,112	\$ 75,688	\$ 54,356	\$ 27,528	\$ 3,448	\$203,448	\$ 27,045	\$ 175,008
Total assets	621,069	690,812	735,008	658,367	628,386	828,386	646,596	807,909
Working capital	183,863	193,354	228,177	161,772	130,423	330,423	157,599	291,419
Current ratio	2.70	2.50	2.70	2.18	1.97	3.47	2.22	3.03
Total debt, including capital lease obligations	9,487	9,321	10,218	9,221	12,510	212,510	4,551	202,908
Shareholders' equity	462,163	508,170	533,922	456,140	434,068	434,068	450,978	417,877
Book value per basic share	\$ 11.73	\$ 13.09	\$ 14.20	\$ 12.27	\$ 12.26	\$ 12.26	\$ 12.56	\$ 12.47
Book value per diluted share	11.46	12.72	13.84	11.91	11.99	11.99	12.24	12.21
Income per basic share from continuing operations	\$ 3.23	\$ 3.39	\$ 3.19	\$ 3.47	\$ 3.66	\$ 3.66	\$ 1.91	\$ 2.10
Income per diluted share from continuing operations	3.15	3.29	3.11	3.37	3.58	3.58	1.86	2.05
<b>Other Financial Data:</b>								
Depreciation and amortization(2)	\$ 20,295	\$ 19,503	\$ 21,634	\$ 21,854	\$ 21,338	\$ 21,338	\$ 10,646	\$ 10,855
Capital expenditures, including acquisitions(3)	48,238	73,481	39,781	24,976	34,381	34,381	16,166	22,839

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(in thousands, except per share data, financial ratios and store count data)	2001	2002	2003	2004	2005	Fiscal Year Ended June 30, 2005	Six Months Ended December 31,	
						(as adjusted)	2004	2005

Cash dividends declared(4)	0.16	0.18	0.25	3.40	0.60	0.60	0.30	0.36
<b>Other Operating Data:</b>								
EBITDA(5)	\$ 147,948	\$ 151,606	\$ 142,112	\$ 151,449	\$ 151,414	\$ 151,414	\$ 79,372	\$ 84,279
Total debt to EBITDA	0.06	0.06	0.07	0.06	0.08	1.40	0.06	2.41
EBITDA to interest expense	245.76	303.21	281.97	302.90	230.81	230.81	334.90	26.83
Total number of stores owned	312	316	309	311	313	313	314	313
Number of company-owned stores	84	103	119	127	126	126	125	132
Number of independently-owned stores	228	213	190	184	187	187	189	181
Ratio of earnings to fixed charges(6)	17.82	16.79	13.35	13.14	12.43	12.43	13.45	8.56

(1) In the first quarter of fiscal 2006, we announced a plan to convert one of our existing manufacturing facilities into a regional distribution center. The facility, currently involved in the production of wood case goods furniture, is located in Dublin, Virginia. In connection with this initiative, we will permanently cease production at the Dublin location and will consolidate the distribution operations of our existing Old Fort, North Carolina location into the new, larger facility. The decision impacts approximately 325 employees, of which we expect approximately 75 to be employed in new positions. We recorded a pre-tax restructuring and impairment charge of \$4.2 million during the first quarter of fiscal 2006, of which \$1.3 million was related to employee severance and benefits and other plant exit costs, and \$2.9 million was related to fixed asset impairment charges, primarily for machinery and equipment, stemming from the decision to cease production activities.

In the fourth quarter of fiscal 2004, we announced a plan to close and consolidate two of our manufacturing facilities. The plants, both involved in the production of case goods, were located in Boonville, New York and Bridgewater, Virginia. The plant closures resulted in a headcount reduction totaling approximately 460 employees: 270 employees effective June 25, 2004 and 190 employees throughout the first quarter of fiscal 2005. A pre-tax restructuring and impairment charge of \$12.8 million was recorded for costs associated with these plant closings, of which \$4.5 million related to employee severance and benefits and other plant exit costs, and \$8.3 million related to fixed asset impairment charges, primarily for real property and machinery and equipment associated with the closed facilities. During the first six months of fiscal 2005, the final cash payments relating to these plant closings were made and certain adjustments totaling \$0.2 million were recorded to reverse the remaining previously established accruals which were no longer required.

In the third quarter of fiscal 2003, we announced a plan to close three of our smaller manufacturing facilities. Closure of these facilities resulted in a headcount reduction totaling approximately 580 employees: 340 employees effective April 21, 2003 and 240 employees 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 related to employee severance and benefits and other plant exit costs, and \$8.9 million related to fixed asset impairment charges, primarily for real property and machinery and equipment associated with the closed facilities. During the first quarter of fiscal 2004, adjustments totaling \$0.2 million were recorded to reverse certain of these previously established accruals which were no longer required.

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In the fourth quarter of fiscal 2002, we announced a plan that involved the closure of one of our manufacturing facilities as well as the rough mill operation of a separate facility. Closure of these facilities resulted in a headcount reduction totaling approximately 220 employees: 150 employees effective June 29, 2002 and 70 employees throughout 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 related to employee severance and benefits and other plant exit costs, and \$3.1 million related to fixed asset impairment charges, primarily for real property and machinery and equipment associated with the closed facilities. During the third quarter of fiscal 2003, adjustments totaling \$0.2 million were recorded to reverse certain of these previously established accruals which were no longer required.

In the fourth quarter of fiscal 2001, we announced a plan that involved the closure of three of our manufacturing facilities and a headcount reduction totaling approximately 350 employees effective August 6, 2001. A pre-tax restructuring and impairment charge of \$6.9 million was recorded for costs associated with these plant closings, of which \$3.3 million related to employee severance and benefits and other plant exit costs, and \$3.6 million related to fixed asset impairment charges, primarily for real property and machinery and equipment associated with the closed facilities. During the first quarter of fiscal 2002, adjustments totaling \$0.1 million were recorded to reverse certain of these previously established accruals which were no longer required.

(2) As a result of our adoption of Statement of Financial Accounting Standards (“SFAS”) No. 142, *Goodwill and Other Intangible Assets*, amortization of goodwill and indefinite-lived intangible assets ceased on July 1, 2001. The amount of amortization related to these assets totaled \$1.8 million in fiscal 2001.

(3) Capital expenditures are principally attributable to (i) new store development and renovation, (ii) company-wide technology initiatives and (iii) improvements within our manufacturing and logistics operations. Acquisitions include the purchase of 1 retail store and 1 manufacturing facility in 2001, 20 retail stores in 2002, 16 retail stores in 2003, 4 retail stores in 2004, 6 retail stores in 2005 and 5 retail stores in fiscal 2006, 2 of which were purchased in exchange for shares of our common stock.

(4) On April 27, 2004, we declared a special, one-time cash dividend of \$3.00 per common share, payable on May 27, 2004 to shareholders of record as of May 10, 2004.

(5) EBITDA, for this purpose, means net income, plus interest expense, income tax expense, depreciation and amortization. We believe that EBITDA is an important indicator of our operational strength and performance of our business, including our ability to pay interest, service debt and fund capital expenditures. Given the nature of our operations, including the tangible assets necessary to carry out our production and distribution activities, depreciation and amortization represent our largest non-cash charges. As these non-cash charges do not affect our ability to service debt or make capital expenditures, it is important to consider EBITDA in addition to, but not as a substitute for, operating income, net income and other measures of financial performance reported in accordance with generally accepted accounting principles (“GAAP”), including cash flow measures such as operating cash flow. Further, EBITDA is one measure used to determine compliance with our existing credit facility. Our method for calculating EBITDA may not be comparable to methods used by other companies. The following table sets forth, for the periods indicated, the calculation of EBITDA, presenting a reconciliation to the GAAP measure of net income:

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(Dollars in millions)	Year Ended June 30,					Six Months Ended December 31,			
	2001	2002	2003	2004	2005	2005 (as adjusted)		2004	2005
Net income	\$ 79,026	\$ 81,857	\$ 74,624	\$ 79,478	\$ 79,338	\$ 79,338	\$ 41,892	\$ 43,294	
Plus: Interest expense	602	500	504	500	656	656	237	3,141	
Plus: Income tax expense	48,025	49,746	45,350	49,617	50,082	50,082	26,597	26,989	
Plus: Depreciation and amortization	20,295	19,503	21,634	21,854	21,338	21,338	10,646	10,855	
EBITDA	\$147,948	\$151,606	\$142,112	\$151,449	\$151,414	\$151,414	\$ 79,372	\$ 84,279	

(6) For purposes of determining the ratio of earnings to fixed charges, “earnings” is the amount resulting from (i) adding the following items: (a) pretax income from continuing operations before adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees, (b) fixed charges, and (c) amortization of capitalized interest, and (ii) subtracting interest capitalized. “Fixed charges” means the sum of the following: (a) interest expensed and capitalized, (b) amortized premiums, discounts and capitalized expenses related to indebtedness, and (c) an estimate of the interest within rental expense.

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### Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of financial condition and results of operations is based upon, and should be read in conjunction with, the consolidated financial statements and notes thereto incorporated by reference in this prospectus.

#### Critical accounting policies

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

**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). We estimate 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 occurs upon the shipment of goods to independent retailers or, in the case of company-owned retail stores, upon delivery to the customer. Recorded sales provide for estimated returns and allowances. We permit retail customers to return defective products and incorrect shipments, and terms offered by us are standard for the industry.

**Allowance for Doubtful Accounts**—We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our 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.

**Retail Store Acquisitions**—We account for the acquisition of retail stores and related assets in accordance with 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**—We periodically evaluate 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, we assess the recoverability of long-lived assets by determining whether the carrying value will be recovered through

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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 our 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*, goodwill and other intangible assets are to be evaluated for impairment on an annual basis and between annual tests whenever events or circumstances indicate that the carrying value of the goodwill or other intangible asset may exceed its fair value. We conduct our required annual impairment test during the fourth quarter of each fiscal year and use a discounted cash flow model to estimate fair value. This model requires the use of long-term planning forecasts and assumptions regarding industry-specific economic conditions that are outside our control.

*Business Insurance Reserves*—We have 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. We accrue 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. We adjust insurance reserves, as needed, in the event that future loss experience differs from historical loss patterns.

*Other Loss Reserves*—We have a number of other potential loss exposures incurred in the ordinary course of business such as environmental claims, product liability, litigation, tax liabilities, non-recurring 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 our 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 possibility of changes in the underlying facts and circumstances, additional charges related to these issues could be required in the future.

## Basis of presentation

As of December 31, 2005, Ethan Allen Interiors Inc. had no material assets other than its ownership of the capital stock of Ethan Allen Global and conducts all significant transactions through Ethan Allen Global, which owns the capital stock of Ethan Allen Retail, Inc. (formerly, Ethan Allen Inc.), Ethan Allen Operations, Inc. and certain other operating subsidiaries; therefore, substantially all of the financial information presented herein is that of Ethan Allen Global. See "Summary—Organizational Chart."

## Results of operations

Our revenues are comprised of (i) wholesale sales to independently-owned and company-owned retail stores and (ii) retail sales of company-owned stores. See Note 16 to our consolidated financial statements for the year ended June 30, 2005 included under Item 8 of the Annual Report incorporated by reference in this prospectus and Note 12 to our consolidated financial statements for the three months ended December 31, 2005 included under Item 1 of the Quarterly Report incorporated by reference in this prospectus.

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	Fiscal Year Ended June 30,			Six Months Ended December 31,	
	2005	2004	2003	2005	2004
<b>Revenue:</b>					
Wholesale segment	\$ 663.2	\$ 673.8	\$ 661.0	\$ 366.0	\$ 322.7
Retail segment	586.2	576.2	526.4	338.3	297.5
Elimination of inter-company sales	(300.4)	(294.9)	(280.1)	(177.0)	(144.6)
Consolidated Revenue	\$ 949.0	\$ 955.1	\$ 907.3	\$ 527.3	\$ 475.6
<b>Operating Income:</b>					
Wholesale segment(1)	\$ 115.9	\$ 108.0	\$ 109.3	\$ 63.3	\$ 55.0
Retail segment	12.8	11.7	13.4	11.1	8.9
Elimination of inter-company profit(2)	0.3	6.7	(3.2)	(1.9)	3.6
Consolidated Operating Income	\$ 129.0	\$ 126.4	\$ 119.5	\$ 72.5	\$ 67.5

(1) Operating income for the wholesale segment includes pre-tax restructuring and impairment charges, net of \$12.5 million and \$13.1 million recorded in fiscal years 2004 and 2003, respectively, and for the six month period ended December 31, 2005, \$4.2 million recorded in the three month period ended September 30, 2005.

(2) Represents the change in the inventory profit elimination entry necessary to adjust for the embedded wholesale profit contained in Ethan Allen-owned store inventory existing at the end of the period.

### Six months ended December 31, 2005 compared to six months ended December 31, 2004

Consolidated revenue for the six months ended December 31, 2005 increased by \$51.7 million, or 10.9%, to \$527.3 million, from \$475.6 million for the six months ended December 31, 2004. Net sales for the period largely reflect the delivery of product associated with booked orders and backlog existing as of the beginning of the period. The increase in sales was due primarily to an increase in the incoming order rate as a result of (i) the continued re-positioning of our retail stores to larger and more prominent locations, and (ii) recent product introductions. In addition, in recent months, sales have benefited from the Company's continued implementation of its "mission possible" initiative, the objective of which is to reduce the lead time associated with product delivery to both its independent retailers and consumers.

Total wholesale revenue for the first six months of fiscal 2006 increased by \$43.3 million, or 13.4%, to \$366.0 million from \$322.7 million in the prior year comparable period. The year-over-year increase was attributable to an increase in the incoming order rate coupled with increased throughput within all lines of our manufacturing operations, and improved service position within certain imported product lines, both of which resulted in shorter delivery cycle times.

Total retail revenue from Ethan Allen-owned stores for the six months ended December 31, 2005 increased by \$40.8 million, or 13.7%, to \$338.3 million from \$297.5 million for the six months ended December 31, 2004. The increase in retail sales by Ethan Allen-owned stores was attributable to increases in comparable store delivered sales of \$29.3 million, or 10.8%, and sales generated by newly opened (including relocated) or acquired stores of \$23.2 million. These favorable variances were partially offset by a decrease resulting from sold and closed stores, which generated \$11.7 million fewer sales in the first six months of fiscal 2006 as compared to the same period in fiscal 2005.

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Year-over-year, written business of Ethan Allen-owned stores increased 14.2% and comparable store written business increased 10.9%. Over that same period, wholesale orders increased 9.2%. The increase in both retail and wholesale written sales during the six month period was likely attributable to the positive effects of the continued re-

positioning of our retail stores to larger and more prominent locations, recent product introductions, and, to some degree, we continued use of national television as an advertising medium during the period.

Gross profit increased during the six months ended December 31, 2005 to \$266.4 million from \$229.8 million in the prior year comparable period. The \$36.6 million, or 15.9%, increase in gross profit was primarily attributable to (i) an increase in total sales volume, some of which is a result of our ongoing initiative to reduce the lead time associated with product delivery, (ii) a higher proportionate share of retail sales to total sales (63% in the current period compared to 62% in the prior year period), (iii) improved margins resulting from better plant performance within the Company's domestic manufacturing operations and the continued off-shore sourcing of selected product lines, and (iv) a reduction in costs associated with excess capacity at our manufacturing facilities. Consolidated gross margin increased to 50.5% during the six months ended December 31, 2005 from 48.3% in the prior year comparable period as a result, primarily, of the factors identified previously.

We recorded a pre-tax restructuring and impairment charge of \$4.2 million in the first quarter of fiscal 2006 relating to our planned conversion of one of our existing manufacturing facilities into a regional distribution center. The facility, currently involved in the production of wood case goods furniture, is located in Dublin, Virginia. In connection with this initiative, we will permanently cease production at the Dublin location and will consolidate the distribution operations of our existing Old Fort, North Carolina location into the new, larger facility. The decision impacts approximately 325 employees, of which we expect approximately 75 to be employed in new positions. The costs incurred in connection with the decision to cease production at the Dublin facility consisted, primarily, of employee severance and benefits and other plant exit costs (\$1.3 million), as well as fixed asset impairment charges (\$2.9 million), primarily for machinery and equipment, associated with the affected facilities. In addition, adjustments totaling \$0.2 million were recorded during the first six months of fiscal 2005 to reverse certain accruals previously established in connection with an earlier plant consolidation plan which were no longer required.

In addition, on July 1, 2005, the Company adopted the recognition and measurement provisions of FAS 123(R), *Share-Based Payment*, which replaces FAS No. 123, *Accounting for Stock-Based Compensation*, and supercedes Accounting Principles Board Opinion ("APB") No. 25, *Accounting for Stock Issued to Employees*, and related interpretations. FAS 123 (R) requires compensation costs related to share-based payment transactions, including employee stock options, to be recognized in the financial statements. In adopting FAS 123(R), we applied the modified prospective approach to transition which requires that the provisions of FAS 123 (R) be applied to new awards and to awards modified, repurchased, or cancelled after the required effective date. Additionally, compensation cost for the portion of awards for which the requisite service has not been rendered that are outstanding as of the required effective date shall be recognized as the requisite service is rendered on or after the required effective date. The compensation cost for that portion of awards shall be based on the grant-date fair value of those awards as calculated for either recognition or pro-forma disclosures under FAS 123.

As a result of the adoption of FAS 123 (R), operating expenses for the six month period ended December 31, 2005 include share-based compensation expense totaling \$1.4 million. For the prior year comparable period, during which time we applied the APB No. 25 intrinsic value method of measuring compensation cost, the cost associated with share-based compensation arrangements totaled \$0.3 million. As of December 31, 2005, there was \$1.4 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements. That cost is expected to be recognized over a weighted average period of 1.9 years.

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Including the restructuring and impairment charge of \$4.2 million recorded in the first quarter of fiscal 2006, operating expenses increased \$31.6 million, or 19.5%, to \$193.9 million, or 36.8% of net sales, in the current six month period from \$162.3 million, or 34.1% of net sales, in the prior year comparable period. This increase was primarily attributable to increased costs associated with the continued re-positioning of the Company's retail stores to larger and more prominent locations which has resulted in higher costs associated with managerial salaries and benefits, advertising, occupancy, commissions, and delivery and warehousing. In addition, current period operating expenses were unfavorably impacted by (i) an increase in advertising costs within the wholesale segment, largely as a result of the decision to utilize national television as an advertising medium during the period, (ii) the aforementioned restructuring and impairment charge, (iii) increased distribution costs attributable to higher fuel and freight charges, some of which stem from the improved sales volume noted during the period, and (iv) compensation expense recorded in connection with stock options and other share-based awards as a result of the Company's adoption of FAS 123 (R) on July 1, 2005.

Including the restructuring and impairment charge of \$4.2 million recorded in the first quarter of fiscal 2006, operating income for the six months ended December 31, 2005 totaled \$72.5 million, or 13.7% of net sales, compared to \$67.5 million, or 14.2% of net sales, for the six months ended December 31, 2004. This represents an increase of \$5.0 million, and was attributable to the overall increase in gross profit referred to previously, partially offset by higher operating expenses noted during the period.

Including the restructuring and impairment charge of \$4.2 million recorded in the first quarter of fiscal 2006, wholesale operating income for the six months ended December 31, 2005 totaled \$63.3 million, or 17.3% of net sales, as compared to \$55.0 million, or 17.1% of net sales, in the comparable prior year period. The increase of \$8.3 million, or 15.1%, was primarily attributable to (i) the increase in wholesale sales volume, (ii) improved margins resulting from better plant performance within the Company's domestic manufacturing operations and the continued off-shore sourcing of selected product lines, and (iii) a reduction in costs associated with excess capacity at the Company's manufacturing facilities. These increases were partially offset by (i) an increase in advertising costs as a result of the decision to utilize national television as an advertising medium during the period, (ii) the aforementioned restructuring and impairment charge, (iii) increased distribution costs attributable to higher fuel and freight charges, (iv) compensation expense recorded in connection with stock options and other share-based awards as a result of the Company's adoption of FAS 123 (R) on July 1, 2005, and (v) losses incurred in connection with the disposition of certain plant machinery and equipment.

Operating income for the retail segment increased \$2.2 million to \$11.1 million, or 3.3% of net retail sales, for the six month period ended December 2005, as compared to \$8.9 million, or 3.0% of net retail sales, for the prior year comparable period. The increase in retail operating income generated by Ethan Allen-owned stores is primarily attributable to higher sales volume generated by comparable, and newly-opened (including relocations) or acquired stores, partially offset by higher operating expenses related to the continued re-positioning of the Company's retail store network.

Interest and other related financing costs for the current six month period increased \$3.1 million to \$3.4 million from \$0.3 million in the prior year comparable period. The increase was due, primarily, to interest expense incurred in connection with the Company's issuance of senior unsecured debt in September 2005.

Income tax expense for the six months ended December 31, 2005 was \$27.0 million as compared to \$26.6 million for the six months ended December 31, 2004. The Company's effective tax rate for the current period was 38.4%, down from 38.8% in the prior year period. The slightly lower effective tax rate was a result of the benefit associated with the manufacturers' deduction provided for under The Jobs Creation Act of 2004, partially offset by the adverse impact of (i) recently-enacted changes within certain

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state tax legislation, and (ii) increased state income tax liability arising in connection with the operation of a greater number of Company-owned stores.

The Company recorded net income of \$43.3 million for the six months ended December 2005, as compared to \$41.9 million in the prior year comparable period. Net income per diluted share totaled \$1.26 for the current year period and \$1.14 per diluted share in the prior year period.

#### **Fiscal 2005 compared to fiscal 2004**

Consolidated revenue for fiscal 2005 totaled \$949.0 million, representing a decrease of \$6.1 million, or 0.6%, from fiscal 2004 consolidated revenue of \$955.1 million. Net sales for the period reflect the delivery of product associated with a slight decline in total booked orders, and the resultant lower level of backlog noted throughout most of the year. The modest decrease in net sales for the current year was due, primarily, to (i) inconsistent consumer spending habits noted throughout much of the last twelve months likely attributable to ongoing economic uncertainty caused by the threat of further interest rate increases, rising fuel prices and a decline in the stock markets and (ii) our current

year transition to *everyday best pricing* from periodic sale events conducted in the prior year. These factors were partially offset by the continued re-positioning of our retail stores to larger and more prominent locations and the impact of recent product introductions. Overall, sales volume for the period was impacted by increased industry competition and the continued use of highly-promotional pricing strategies by our competitors.

Total wholesale revenue for fiscal 2005 decreased \$10.6 million, or 1.6%, to \$663.2 million from \$673.8 million in the prior year. The year-over-year decrease was attributable to a decline in the incoming order rate noted during the period, particularly within our case goods operations, partially offset by increased throughput within our upholstery operations, and improved service position, resulting in shorter delivery cycle times, within certain imported product lines.

Total retail revenue from Ethan Allen-owned stores for fiscal 2005 increased \$10.0 million, or 1.7%, to \$586.2 million from \$576.2 million in the prior year. This increase in retail delivered sales by Ethan Allen-owned stores was attributable to an increase in sales generated by newly-opened (including relocations) or acquired stores of \$25.7 million, partially offset by decreases in comparable store delivered sales of \$1.2 million, or 0.2%, and closed stores, which generated \$14.5 million fewer sales in fiscal 2005 as compared to fiscal 2004. The number of Ethan Allen-owned stores decreased to 126 as of June 30, 2005 as compared to 127 as of June 30, 2004. During that twelve month period, we acquired 6 stores from, and sold 4 stores to, independent retailers, closed 5 stores and opened 7 stores (5 of which were relocations).

Comparable stores are those which have been operating for at least 15 months. Minimal net sales, derived from the delivery of customer ordered product, are generated during the first three months of operations of newly-opened stores. Stores acquired from retailers 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 1.4% from the prior year. Year-over-year, wholesale orders decreased 3.0% while Ethan Allen-owned store orders increased 2.9% and comparable store written business increased 1.0%. The modest increase in retail written sales was likely attributable to the continued re-positioning of our retail stores to larger and more prominent locations. During the year, we increased distribution of the "Furnishing Solutions by Ethan Allen" direct mail magazine, distributing approximately 57 million copies which represented a 45% increase over historical annual levels. These positive factors were likely offset,

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to some degree, by the current year transition to *everyday best pricing* from periodic sale events conducted in the prior year.

Gross profit for fiscal 2005 totaled \$461.0 million and was effectively unchanged from the prior year. Consolidated gross profit was favorably impacted by a higher proportionate share of retail sales to total sales (62% in fiscal 2005 compared to 60% in fiscal 2004), an overall increase in retail sales volume as a result of our continued re-positioning of our store network, and a reduction in costs associated with excess capacity at our manufacturing facilities. These favorable variances were offset by gross profit declines resulting, primarily, from (i) an overall decrease in wholesale shipments, (ii) ordinary inefficiencies within our case goods operations associated with the production of first cuts for new collections, and (iii) price increases within selected raw material categories, namely lumber, foam, plywood and steel. Consolidated gross margin increased to 48.6% for the year ended June 30, 2005 from 48.3% in the prior year as a result, primarily, of the factors identified previously.

Operating expenses decreased \$2.5 million, or 0.7%, to \$332.1 million, or 35.0% of net sales, in the current year from \$334.6 million, or 35.0% of net sales, in the prior year, which included restructuring and impairment charges, net of \$12.5 million. This decrease is primarily attributable to (i) the aforementioned restructuring and impairment charge recorded in the fourth quarter of the prior year, (ii) cost savings attributable to the closure of selected plant locations in recent periods, and (iii) a decrease in advertising costs within the wholesale segment stemming from our decision to increase distribution of our direct mail magazine in lieu of more costly national television advertising. These favorable variances were partially offset by costs associated with the continued re-positioning of our retail stores to larger and more prominent locations, and increased distribution expenses attributable to higher fuel and freight charges. Our initiative to re-position our retail store network has resulted in higher costs associated with managerial salaries and benefits, occupancy, credit card fees, advertising, and delivery and warehousing.

Operating income was \$129.0 million, or 13.6% of net sales, for the year ended June 30, 2005, as compared to \$126.4 million, or 13.2% of net sales, for the year ended June 30, 2004, which included restructuring and impairment charges, net of \$12.5 million. This represents an increase of \$2.6 million, or 2.0%, which is primarily attributable to lower operating expenses as referred to previously.

Total wholesale operating income for the year ended June 30, 2005 was \$115.9 million, or 17.5% of wholesale net sales, as compared to \$108.0 million, or 16.0% of wholesale net sales, for the year ended June 30, 2004, which included restructuring and impairment charges, net of \$12.5 million. The increase of \$7.9 million, or 7.3%, is primarily attributable to (i) the aforementioned restructuring and impairment charge recorded in the fourth quarter of the prior year, (ii) a decrease in advertising costs, particularly as it relates to national television advertising, (iii) a reduction in costs associated with excess capacity at our manufacturing facilities, and (iv) cost savings attributable to the closure of selected plant locations in recent periods. These decreases were partially offset by (i) an overall decline in wholesale sales volume, (ii) price increases within selected raw material categories, (iii) an increase in selling expenses primarily related to the increased distribution of our direct mail magazine, and (iv) an increase in distribution expenses attributable to higher fuel and freight charges.

Operating income for the retail segment increased \$1.0 million, or 8.9%, to \$12.7 million, or 2.2% of net retail sales, for fiscal 2005, as compared to \$11.7 million, or 2.0% of net retail sales, in fiscal 2004. The increase in retail operating income generated by Ethan Allen-owned stores is primarily attributable to higher sales volume generated from newly-opened (including relocations) or acquired stores, and the gain recorded upon the sale of selected retail stores. These increases were partially offset by higher operating expenses related to the continued re-positioning of our retail store network, and, to a lesser extent, the sell-off of floor inventory necessary to make room for new product introductions.

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Interest and other miscellaneous income, net totaled \$1.2 million in fiscal 2005 as compared to \$3.3 million in fiscal 2004. The decrease was due, primarily, to a decrease in interest income associated with the lower cash balances maintained during the period, and the favorable settlement of an outstanding legal matter during the prior year period.

Income tax expense for the year ended June 30, 2005 totaled \$50.1 million as compared to \$49.6 million for the year ended June 30, 2004. Our effective tax rate was 38.7% in fiscal 2005, up from 38.4% in fiscal 2004. The higher effective tax rate is a result of recently-enacted changes within certain state tax legislation, and increased state income tax liability arising in connection with the operation of a greater number of company-owned stores, some of which are located in new jurisdictions.

For fiscal 2005, we recorded net income of \$79.3 million as compared to \$79.5 million in fiscal 2004. Net income per diluted share totaled \$2.19 in the current year and \$2.08 per diluted share in the prior year.

#### **Fiscal 2004 compared to fiscal 2003**

Consolidated revenue for fiscal 2004 was \$955.1 million, an increase of \$47.8 million, or 5.3%, from fiscal 2003 consolidated revenue of \$907.3 million. Net sales for the period reflect the delivery of product associated with an increased level of booked orders and related backlog noted throughout most of the year. Such order levels are reflective of (i) the continued expansion and strategic re-positioning of our retail segment, and (ii) an increase in the incoming order rate resulting, primarily, from an increased level of consumer confidence and an improved U.S. economy, both of which were sustained for much of the last twelve months, and from the success of recent product introductions, some of which have been introduced in accordance with our everyday best value pricing strategy. These positive factors were partially offset, to some degree, by softer business conditions during the last three months of the fiscal year likely attributable to consumer concerns with respect to rising fuel prices, the threat of increasing interest rates, and the continued unsettled geo-political environment.



Total wholesale revenue for fiscal 2004 was \$673.8 million as compared to \$661.0 million in fiscal 2003, representing a \$12.8 million increase. As stated previously, we experienced an increase in the incoming order rate as a result, primarily, of improved consumer spending habits and a sustained strengthening of the U.S. economy throughout most of the fiscal year. To a lesser extent, wholesale sales volume was also positively impacted by two additional shipping days in the current year as compared to the prior year. Partially offsetting these increases were lower than anticipated shipments stemming from (i) longer lead times on selected case good items as a result of the re-allocation of production associated with the closure of two plants announced in April 2004, and (ii) modest delays in receiving certain upholstery-related import shipments (both finished goods and raw materials).

Total retail revenue from Ethan Allen-owned stores for fiscal 2004 increased \$49.8 million, or 9.5%, to \$576.2 million from \$526.4 million in the prior year. This increase in retail delivered sales by Ethan Allen-owned stores was attributable to an increase in sales generated by newly-opened (including relocations) or acquired stores of \$46.8 million, and an increase in comparable store delivered sales of

\$22.7 million, or 4.6%, partially offset by a decrease resulting from closed stores, which generated \$19.7 million fewer sales in fiscal 2004 as compared to fiscal 2003. The number of Ethan Allen-owned stores increased to 127 as of June 30, 2004 as compared to 119 as of June 30, 2003. During that twelve-month period, we acquired 4 stores from an independent retailer, closed 1 store and opened 6 stores, 4 of which were relocations. The company-owned store count at June 30, 2004 also reflects the net addition of 3 stores stemming from Ethan Allen's acquisition of the 25% minority interest in a joint venture previously established in 1998 between us and an independent retailer, the purpose of which was to own and operate 4 stores in the Dallas market. Subsequent to our acquisition of the minority interest,

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the assets of 1 store were sold to the joint venture partner. While the operations of these stores have been reflected in our consolidated financial statements since the inception of the joint venture as a result of our 75% majority ownership, the stores have not been previously included in our store count due to the fact that the stores were independently managed.

Total booked orders, which include wholesale orders and written business of Ethan Allen-owned retail stores, increased 4.4% from the prior year. Year-over-year, wholesale orders increased 3.2% while Ethan Allen-owned store orders increased 7.7% and comparable store written business increased 2.6%. These increases are indicative of the continued expansion and strategic re-positioning of our retail segment, an increase in consumer confidence and a period of sustained economic improvement for most of the last twelve months.

Gross profit for fiscal 2004 increased \$11.7 million, or 2.6%, to \$461.0 million from \$449.3 million in fiscal 2003. The increase in gross profit was primarily attributable to a higher proportionate share of retail sales to total sales (61% in fiscal 2004 compared to 59% in fiscal 2003), and an overall increase in sales volume as a result of our servicing the increased level of backlog noted throughout much of the past year. These favorable variances were partially offset by increased costs associated with unabsorbed overhead at our manufacturing facilities resulting, primarily, from excess capacity, particularly during the third and fourth quarters of fiscal 2003, and, to a lesser extent, a modest decline in retail gross profit as a result of the sell-off of floor inventory necessary to make room for new product introductions. Consolidated gross margin decreased to 48.3% for the year ended June 30, 2004 from 49.5% in the prior year as a result, primarily, of the factors identified previously.

We recorded pre-tax restructuring and impairment charges of \$12.8 million and \$13.4 million in the fourth quarter of fiscal 2004 and the third quarter of fiscal 2003, respectively, relating to the consolidation of certain manufacturing facilities. The fiscal 2004 consolidation involved the closure of two case good manufacturing facilities, which resulted in a headcount reduction totaling approximately 460 employees: 270 employees effective June 25, 2004, and 190 employees throughout the first quarter of fiscal 2005. The fiscal 2003 consolidation involved the closure of three smaller manufacturing facilities, two of which were case good plants. Closure of these facilities resulted in a headcount reduction totaling approximately 580 employees: 340 employees effective April 21, 2003, and 240 employees throughout the last quarter of fiscal 2003 and the first quarter of fiscal 2004. The costs incurred in closing these facilities consisted, primarily, of employee severance and benefits and other plant exit costs, as well as fixed asset impairment charges, primarily for real property and machinery and equipment associated with the closed facilities. Adjustments totaling \$0.2 million were recorded during fiscal 2004 to reverse certain accruals previously established in connection with the fiscal 2003 consolidation plan which were no longer required.

Including restructuring and impairment charges, net of \$12.5 million and \$13.1 million in fiscal 2004 and 2003, respectively, operating expenses increased to \$334.6 million, or 35.0% of net sales, for the year ended June 30, 2004 from \$329.9 million, or 36.4% of net sales, for the year ended June 30, 2003. This increase is primarily attributable to the continued growth of the retail segment and the higher proportionate share of retail sales to total sales in fiscal 2004. Such expansion has resulted in higher costs associated with occupancy, designer salaries and commissions, and delivery and warehousing. These increases were partially offset by a decline in selling expenses within the wholesale division as a result of a continued company-wide focus on cost containment, particularly within national television advertising, as well as initiatives undertaken in recent periods to streamline our U.S. manufacturing operations and increase production efficiencies.

Including restructuring and impairment charges, net of \$12.5 million and \$13.1 million in fiscal 2004 and 2003, respectively, operating income was \$126.4 million, or 13.2% of net sales, for the year

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ended June 30, 2004 compared to \$119.5 million, or 13.2% of net sales, for the year ended June 30, 2003. This represents an increase of \$6.9 million, or 5.8%, which is primarily attributable to an increase in gross profit during the period, and lower operating expenses within the wholesale division, partially offset by increased costs related to continued expansion of the retail division.

Including restructuring and impairment charges, net of \$12.5 million and \$13.1 million in fiscal 2004 and 2003, respectively, total wholesale operating income was \$108.0 million, or 16.0% of wholesale net sales, for the year ended June 30, 2004 compared to \$109.3 million, or 16.5% of wholesale net sales, for the year ended June 30, 2003. The decrease of \$1.3 million, or 1.2%, is primarily attributable to increased costs associated with unabsorbed overhead at our manufacturing facilities resulting, primarily, from excess capacity, particularly during the third and fourth quarters of fiscal 2003, partially offset by decreased operating expenses within the division and increased wholesale sales volume.

Operating income for the retail segment decreased \$1.7 million, or 12.7%, to \$11.7 million, or 2.0% of net retail sales, for fiscal 2004, as compared to \$13.4 million, or 2.5% of net retail sales, in the prior fiscal year. The decrease in retail operating income generated by Ethan Allen-owned stores is primarily attributable to higher operating expenses related to the continued expansion of our retail store network, reduced sales volume resulting from closed stores, and a modest decline in gross margin resulting from the sell-off of floor inventory necessary to make room for new product introductions, partially offset by increased sales volume associated with newly-opened (including relocations) or acquired stores and an increase in comparable store sales.

Interest and other miscellaneous income increased \$2.1 million to \$3.3 million in fiscal 2004 from \$1.2 million in fiscal 2003. The increase is due, primarily, to (i) higher gains recorded in the current year in connection with the sale of real estate, (ii) a favorable judgment in the case of an outstanding legal matter, and (iii) increased interest income associated with higher cash balances during the period.

Income tax expense totaled \$49.6 million for the year ended June 30, 2004 as compared to \$45.4 million for the year ended June 30, 2003. Our effective tax rate was 38.5% for June 2004 as compared to 37.8% for June 2003. The higher effective tax rate is a result of recently-enacted changes within certain state tax legislation, and increased state income tax liability arising in connection with the operation of a greater number of company-owned stores, some of which are located in new jurisdictions.

For fiscal 2004, we recorded net income of \$79.5 million, an increase of 6.5%, as compared to \$74.6 million in fiscal 2003. Earnings per diluted share for fiscal year 2004 amounted to \$2.08, an increase of \$0.15 per diluted share, or 7.8%, from \$1.93 per diluted share in the prior year.



## Financial condition and liquidity

Our principal sources of liquidity include cash and cash equivalents, cash flow from operations, and borrowing capacity under a \$200.0 million revolving credit facility. In addition to the \$200.0 million revolving credit component, the credit facility includes an accordion feature which provides for an additional \$100.0 million of liquidity, if needed, as well as sub-facilities for trade and standby letters of credit of \$100.0 million and swingline loans of \$5.0 million.

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On September 27, 2005, we completed a private offering of \$200.0 million in ten-year senior unsecured notes due 2015 (the "Senior Notes"). The Senior Notes were offered by Global and have an annual coupon rate of 5.375%. We intend to utilize the net proceeds of \$198.4 million to expand our retail network, invest in our manufacturing and logistics operations, and for other general corporate purposes.

In connection with the issuance of the Senior Notes, Global, in July and August 2005, entered into 6 separate forward contracts to hedge the risk-free interest rate associated with \$108.0 million of the related debt in order to minimize the negative impact of interest rate fluctuations on earnings, cash flows and equity. The forward contracts were entered into with a major banking institution thereby mitigating the risk of credit loss. Upon issuance of the Senior Notes and settlement of the related forward contracts, losses totaling \$0.9 million were incurred representing the change in the fair value of the forward contracts since their respective trade dates. In accordance with FAS No. 133, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*, as amended, it was determined that a portion of the related losses was the result of hedge ineffectiveness and, as such, \$0.1 million of the losses was included, within interest and other related financing costs, in the Consolidated Statement of Operations for the three month period ended September 30, 2005. The balance of the losses, \$0.8 million, has, as of December 31, 2005, been included (on a net-of-tax basis) in the Consolidated Balance Sheet within accumulated other comprehensive income and will be amortized to interest expense over the life of the Senior Notes.

As of December 31, 2005 we maintained cash and short-term investments totaling \$175.0 million and outstanding debt and capital lease obligations totaling \$202.9 million. The current and long-term portions of our outstanding debt and capital lease obligations totaled \$0.2 million and \$202.7 million, respectively, at that date. We had no revolving loans outstanding under the credit facility as of December 31, 2005, and standby letters of credit outstanding under the facility at that date totaled \$16.1 million. Remaining available borrowing capacity under the facility was \$183.9 million at December 31, 2005.

Net cash provided by operating activities totaled \$66.1 million for the first six months of fiscal 2006 as compared to \$66.8 million for the first six months of fiscal 2005. The period-over-period decrease of \$0.7 million was principally the result of changes in (i) inventories (\$18.5 million effect) which, net of acquired inventory, increased \$4.4 million in the current period as compared to a decline of \$14.1 million in the prior year period, (ii) accrued expenses (\$5.8 million effect) as a result of normal business activity, (iii) deferred income taxes (\$5.0 million effect), and (iv) customer deposits (\$2.7 million effect) reflecting the period-to-period change in the level of written and delivered sales. These unfavorable variances were partially offset by favorable variances related to (i) changes in accounts payable (\$16.0 million effect) due, primarily, to increased payables associated with income taxes, advertising-related expenditures, imported products, and other items arising in the ordinary course of business, (ii) changes in prepaid and other current assets (\$4.7 million effect), (iii) restructuring and impairment charges (\$4.4 million effect), (iv) changes in the gain/loss on disposal of certain property, plant and equipment (\$3.0 million effect), (v) an increase in net income (\$1.4 million effect), and (vi) compensation expense related to stock option grants and restricted stock awards (\$1.2 million effect) as a result of our adoption of FAS 123 (R) on July 1, 2005.

The increase in inventory levels from June 2005 was the result, primarily, of an increase in in-transit imported product and, within the retail segment, the higher volume of wholesale shipments occurring during the period. In addition, upholstery raw material inventories increased as a result of (i) anticipated future production needs, and (ii) recent price increases, most notably for foam. These increases were partially offset by an increase in delivered sales and better Company-wide management of inventories.

Net cash used in investing activities totaled \$21.3 million for the first six months of fiscal 2006 compared to \$15.6 million in the prior year period. The period-over-period increase of \$5.7 million was due, primarily, to (i) an increase in cash utilized for

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capital expenditures, exclusive of acquisitions, of \$5.7 million, (ii) a decrease in proceeds from the disposal of certain property, plant and equipment of \$2.5 million, (iii) a decrease in proceeds from the sale of retail stores of \$2.0 million, (iv) an increase in cash utilized to fund acquisition activity of \$0.9 million, and (v) cash payments on hedging contracts of \$0.9 million. These factors were partially offset by a \$6.0 million net decrease in cash utilized to fund short-term investment activity. The current level of capital spending is principally attributable to (i) new store development and renovation, (ii) Company-wide technology initiatives, and (iii) improvements within our remaining manufacturing facilities. We anticipate that cash from operations will be sufficient to fund future capital expenditures.

Net cash provided by financing activities totaled \$126.4 million for the six months ended December 2005 as compared to cash used of \$51.9 million in the prior year period. The period-over-period increase of \$178.3 million was the result, primarily, of (i) the receipt of the net proceeds (\$198.4 million) associated with the issuance of the Senior Notes during the current period, and (ii) the use of \$4.6 million in the prior year period for the repayment of debt. These favorable variances were partially offset by unfavorable variances related to (i) an increase in payments related to the acquisition of treasury stock (\$12.0 million), (ii) net borrowing activity on our revolving credit facility (\$8.0 million), (iii) an increase in cash utilized in the payment of deferred financing costs (\$2.1 million), and (iv) an increase in cash utilized in the payment of dividends (\$2.2 million).

On November 15, 2005, we declared a dividend of \$0.18 per common share, payable on January 25, 2006 to shareholders of record as of January 10, 2006. Additionally, on January 24, 2006, we declared a dividend of \$0.18 per common share, payable on April 25, 2006 to shareholders of record as of April 10, 2006. We expect to continue to declare quarterly dividends for the foreseeable future.

In addition to using available cash to fund changes in working capital, necessary capital expenditures, acquisition activity, the repayment of debt, and the payment of dividends, we have 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 us. All of our common stock repurchases and retirements are recorded as treasury stock and result in a reduction of shareholders' equity.

During the six months ended December 31, 2005 and 2004, we repurchased and/or retired the following shares of our common stock:

	Six Months Ended December 31,	
	2005	2004(1)
Common shares repurchased	1,606,900	1,101,500
Cost to repurchase common shares	\$51,136,909	\$38,356,567
Average price per share	\$ 31.82	\$ 34.82

- (1) The cost to repurchase shares during the first six months of fiscal year 2005 excludes \$745,735 in treasury stock purchases with a June 2004 trade date and a July 2004 settlement date.

For each of the periods presented above, we funded our purchases of treasury stock with existing cash on hand and cash generated through current period operations. On November 15, 2005, the Board of Directors increased the share purchase authorization to 2.5 million shares. As of December 31, 2005, the full Board authorization of 2.5 million shares remained.

As of December 31, 2005, aggregate scheduled maturities of long-term debt, including capital lease obligations, for each of the next five fiscal years are: \$0.2 million in fiscal 2006; and less than \$0.1 million in each of fiscal 2007, fiscal 2008, fiscal 2009, and fiscal 2010. The balance of our long-term debt and capital lease obligations (\$202.5 million) matures in fiscal years 2011 and thereafter. We believe that our cash flow from operations, together with our other available sources of liquidity, will be adequate to make all required payments of principal and interest on our debt, to permit anticipated capital expenditures and to fund working capital and other cash

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requirements. As of December 31, 2005, we had working capital of \$291.4 million and a current ratio of 3.03 to 1.

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Further discussion of our contractual obligations associated with outstanding debt and lease arrangements can be found in Notes 7 and 8, respectively, to the consolidated financial statements included under Item 8 of the Annual Report incorporated by reference in this prospectus.

#### **Off-balance sheet arrangements and other commitments, contingencies and contractual obligations**

Except as indicated below, we do not utilize or employ any off-balance sheet arrangements, including special-purpose entities, in operating our business. As such, we do not maintain any (i) retained or contingent interests, (ii) derivative instruments (other than as specified below), or (iii) variable interests

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that could serve as a source of potential risk to our future liquidity, capital resources and results of operations.

In connection with the issuance of the Initial Notes, we entered into six separate forward contracts to hedge the risk-free interest rate associated with \$108.0 million of the related debt in order to minimize the negative impact of interest rate fluctuations on our earnings, cash flows and equity. The forward contracts were entered into with a major banking institution, thereby minimizing the risk of credit loss. Upon issuance of the Senior Notes in September 2005, the related forward contracts were settled. At the present time, we have no current plans to engage in further hedging activities.

We, or our consolidated subsidiaries, may, from time to time in the ordinary course of business, 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 may vary based on the underlying relationship of the benefiting party to us and the business purpose for which the guarantee or obligation is being provided. Details of those arrangements for which we, or any of our consolidated subsidiaries, act as guarantor or obligor are provided below.

#### **Retailer-related guarantees**

Ethan Allen Inc. (now known as, Ethan Allen Retail, Inc.) has obligated itself, on behalf of one of its independent retailers, with respect to a \$1.5 million credit facility (the "retailer line of credit") comprised of a \$1.1 million revolving line of credit and a \$0.4 million term loan. This obligation requires us, in the event of the retailer's default under the retailer credit facility, to repurchase the retailer's inventory, applying such purchase price to the retailer's outstanding indebtedness under the retailer credit facility. Our obligation remains in effect for the life of the term loan which expires in April 2008. The maximum potential amount of future payments (undiscounted) that we could be required to make under this obligation is limited to the amount outstanding under the retailer 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 we maintain the right to take title to the repurchased inventory. Management anticipates that the repurchased inventory could subsequently be sold through our retail store network. As of December 31, 2005, the amount outstanding under the retailer credit facility totaled approximately \$1.0 million, of which \$0.9 million was outstanding under the revolving credit line. Management expects that, based on the underlying creditworthiness of the respective retailer, this obligation will expire without requiring funding by us. However, in accordance with the provisions of FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*, a liability has been established to reflect our non-contingent obligation under this arrangement as a result of modifications made to the retailer credit facility subsequent to January 1, 2003. As of December 31, 2005, the carrying amount of such liability is less than \$50,000.

#### **Indemnification agreement**

In connection with our joint venture arrangement with United Kingdom-based MFI Furniture Group Plc, Ethan Allen Inc. (now known as, Ethan Allen Retail, Inc.) has entered into a tax cross-indemnification agreement with the joint venture partner. The indemnification agreement stipulates that both parties agree to pay 50% 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

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terminated. In December 2005, both parties mutually agreed to terminate the joint venture. It is anticipated that such termination will be completed by June 30, 2006.

The maximum potential amount of future payments (undiscounted) that we 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 us. Accordingly, as of December 31, 2005, the carrying amount of the liability related to this indemnification agreement is zero.

#### **Product warranties**

Our products, including our 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 our domestic independent retailers are required to enter into, and perform in accordance with the terms and conditions of, a warranty service agreement. We record provisions for estimated warranty and other related costs at time of sale based on historical warranty loss experience and make 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 that is beyond the scope of our historical experience. We provide for such warranty issues as they become known and are deemed to be both probable 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 our historical experience. As of December 31, 2005, our recorded product warranty liability totaled \$1.4 million.

#### **Impact of inflation**

We do not believe that inflation has had a material impact on our profitability during the last three fiscal years. In the past, we generally have been able to increase prices or seek lower cost alternatives in order to offset increases in operating costs and effectively manage our working capital.

## **Business outlook**

After experiencing inconsistent business activity for much of the past year, we have, in recent months, noted some encouraging signs with respect to the incoming order rate. While our management cannot reasonably predict whether a recent improvement in order trends will prove to be sustainable, we believe that we are well-positioned for the next phase of economic growth as a result of (i) our established brand, (ii) our comprehensive complement of home decorating solutions, and (iii) our vertically-integrated business model.

As macro-economic factors change, however, it is also possible that our costs associated with production (including raw materials and labor), distribution (including freight and fuel charges), and retail operations (including compensation, delivery and warehousing, occupancy and advertising expenses) may increase. Our management cannot reasonably predict when, or to what extent, such events may occur or what effect, if any, such events may have on our consolidated financial condition or results of operations.

Several industry participants have recently expressed concern with respect to potential shortages of petroleum-based raw materials (specifically foam and fiber), and/or significant price increases associated with such raw materials, as a result of hurricane activity noted throughout the Gulf region during the months of August and September. At this time, while we have experienced notable increases in foam prices, we have not encountered any significant difficulties in procuring the necessary raw materials used in our manufacturing activities.

The industry remains extremely competitive with domestic manufacturers facing continued pricing pressure as a result of the manufacturing capabilities developed during recent years in other countries, specifically within Asia. In response to these pressures, a large number of U. S. furniture manufacturers and retailers, including Ethan Allen, have increased their overseas sourcing activities in an attempt to maintain a competitive advantage and retain market share. At the present time, we domestically manufacture and/or assemble approximately 65-70% of our products. Our management continues to believe that a balanced approach to product sourcing, which includes the domestic manufacture of certain product offerings coupled with the import of other selected products, provides the greatest degree of flexibility and is the most effective approach to ensuring that acceptable levels of quality, service and value are attained.

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See "Business" for a further discussion of the specific issues facing the home furnishings industry.

## **Recent accounting pronouncements**

In November 2005, the FASB issued FASB Staff Position No. FAS 123(R)-3, *Transition Election Related to Accounting for the Tax Effects of Share-Based Award Payments* ("FSP 123(R)-3"). The provisions of FSP 123(R)-3 set forth an alternative method of calculating the excess tax benefits available to absorb tax deficiencies recognized subsequent to the adoption of FAS No. 123(R). The Company, which is currently evaluating its available transition alternatives, has until November 2006 to make its one-time election.

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## **Business**

### **Mission statement**

Our primary business objective is to be a leader in style, providing our customers with a convenient, full-service, one-stop shopping alternative for their home decorating needs. In order to meet our stated objective, we have developed, and adhere to, a focused and comprehensive business strategy. The elements of this strategy, each of which represent specific home decorating solutions, include (i) our vertically-integrated operating structure, (ii) our products and related marketing initiatives, (iii) our retail store network, (iv) our people and (v) our numerous customer service offerings.

### **Operating segments**

Our operating segments represent strategic business areas which, although they operate separately, both offer our complete line of home furnishings through their own distinctive services. Our operations are classified into two such segments: wholesale and retail. See Note 16 to the consolidated financial statements included under Item 8 of our Annual Report incorporated by reference in this prospectus for certain financial information regarding our operating segments.

The wholesale segment is principally involved in the development of the Ethan Allen brand, which encompasses the design, manufacture, domestic and off-shore sourcing, sale and distribution of a full range of home furnishings to a network of independently-owned and company-owned stores as well as related marketing and brand awareness efforts. Wholesale profitability includes the wholesale gross margin, which is earned on wholesale sales to all retail stores, including company-owned stores.

The retail segment sells home furnishings to consumers through a network of company-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 our 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, we maintain revenue information according to each respective product line (*i.e.*, case goods, upholstery, or home accessories and other). Sales of case good items include, but are not limited to, beds, dressers, armoires, night tables, dining room chairs and tables, buffets, sideboards, coffee tables, entertainment units, bathroom vanities and home office furniture. Sales of upholstery home furnishing items include sleepers, recliners, chairs, sofas, loveseats, cut fabrics and leather. Skilled craftsmen cut, sew and upholster custom-designed upholstery items which are available in a variety of frame and fabric options. Home accessory and other items include window treatments, wall décor, lighting, clocks, wood accents, bedspreads, decorative accessories, area rugs, bedding, and home and garden furnishings.

Revenue information by product line is not readily available within the retail segment as it is not practicable. However, because wholesale production and sales are matched, for the most part, to incoming orders, we believe that the allocation of retail sales would be similar to that of the wholesale segment.

We evaluate performance of the respective segments based upon revenues and operating income. Inter-segment eliminations result, primarily, from the wholesale sale of

inventory to the retail segment, including the related profit margin. Inter-segment eliminations also include items not allocated to reportable segments.

**The wholesale segment:**

For fiscal years 2005, 2004 and 2003, the wholesale segment recorded net sales of \$663.2 million, \$673.8 million and \$661.0 million, respectively. A breakdown of wholesale sales by product line for each of the last three fiscal years is provided below:

	<b>Fiscal Year Ended June 30,</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
Case Goods	49%	52%	53%
Upholstered Products	36	34	33
Home Accessories and Other	15	14	14
	<u>100%</u>	<u>100%</u>	<u>100%</u>

We have 11 manufacturing facilities which consist of 5 case good plants (2 of which include separate sawmill operations), 5 upholstery plants and one home accent plant, all located in the United States. We also source selected case good, upholstery, and home accessory items from third-party vendors located both abroad and domestically. See Note (1) to “Selected Financial Data” for a discussion of certain plant closures and consolidations. In addition, on September 7, 2005, we announced a plan to convert one of our existing manufacturing facilities into a regional distribution center.

**Product sourcing activities**

We are one of the largest manufacturers of home furnishings in the United States, currently manufacturing and/or assembling approximately 65% to 70% of our products within our 11 manufacturing facilities. The balance of our production is outsourced through third-party vendors, most of which are located abroad. Our case good facilities are located close to sources of raw materials and skilled craftsmen, predominantly in the Northeast and Southeast regions of the country. Upholstery facilities are located across the country in order to reduce shipping costs to stores and are situated where skilled craftsmen are available. We believe that continued investment in our manufacturing facilities, combined with an appropriate level of outsourcing through both foreign and domestic vendors, will accommodate future sales growth and allow us to maintain a greater degree of control over cost, quality and service to our customers.

**Raw materials and other suppliers**

The most important raw materials we use in furniture manufacturing are lumber, veneers, plywood, hardware, glue, finishing materials, glass, mirrored glass, laminates, fabrics, foam, and filling material. The various types of wood used in our products include cherry, ash, oak, maple, prima vera, mahogany, birch and pine, substantially all of which are purchased domestically.

Fabrics and other raw materials are purchased both abroad and domestically. We have no significant long-term supply contracts and have experienced no significant problems in supplying our operations. We maintain a number of sources for our raw materials which, we believe, contributes to our ability to obtain competitive pricing. Lumber prices fluctuate over time based on factors such as weather and demand, which, in turn, impact availability. Upward trends in prices could have an adverse effect on margins.

Appropriate amounts of lumber and fabric inventory are typically stocked so as to maintain adequate production levels. We believe that our sources of supply for these materials are sufficient and that we are not dependent on any one supplier.

We enter into standard purchase agreements with certain foreign and domestic vendors to source selected case good, upholstery, and home accessory items. The terms of these arrangements are customary for the industry and do not contain any long-term contractual obligations on our behalf. We believe that we maintain good relationships with our vendors.

**Distribution and logistics**

Within the wholesale segment, we distribute our products primarily through a national network of seven owned and five leased distribution centers strategically located throughout the United States. These distribution centers hold finished product received from our manufacturing facilities, as well as our domestic and off-shore vendors, for shipment to our retail stores or retail service centers. We stock case goods and accessories to provide for quick delivery of in-stock items and to allow for more efficient production runs.

Approximately one-third of all shipments are made to and from the distribution and retail service centers by our fleet of trucks and trailers. The remaining shipments are subcontracted to independent carriers. Approximately 45% of our fleet (trucks and trailers) is leased for terms of two to seven years.

Our policy is to sell our products at the same delivered cost to all company-owned and independently-owned stores nationwide, regardless of their shipping point. The adoption of this policy has created credibility by offering product at one suggested national retail price and eliminated the need for our retailers to carry significant amounts of inventory in their own warehouses. As a result, we obtain more accurate information regarding sales in order to better plan production runs and manage inventory levels.

## Backlog and net orders booked

As of June 30, 2005, we had a wholesale backlog of \$49.3 million, compared to a backlog of \$51.4 million as of June 30, 2004. Backlog at any point in time is primarily a result of net orders booked in prior periods, manufacturing schedules and the timing of product shipments. Net orders booked at the wholesale level from our stores (including independently-owned and company-owned stores) for the twelve months ended June 30, 2005 were \$666.1 million as compared to \$686.5 million for the twelve months ended June 30, 2004. Net orders booked in any period are recorded based on wholesale prices and do not reflect the additional retail margins produced by company-owned stores.

## Advertising

We have developed a highly coordinated, national advertising campaign designed to (i) capitalize on our existing brand equity, and (ii) maintain top-of-mind awareness of the breadth of our product and service offerings. Our in-house staff, working with a leading advertising firm, has developed and implemented what we believe is the most coordinated national advertising campaign in the home furnishings industry. This campaign is designed to communicate our position as a leader in style and a full-service provider of home furnishing solutions, and to increase the flow of traffic into stores.

In support of our *Furnishing Solutions by Ethan Allen* campaign, launched nationally in fiscal 2004, we continue to utilize television, direct mail, newspaper, magazines and radio to market our products and services. We believe that coordinating our advertising efforts for all Ethan Allen branded stores provides a competitive advantage over other home furnishing manufacturers and retailers. With an exclusive network of more than 300 retail stores adhering to a uniform marketing approach and "speaking with one voice," we believe that we are better positioned to fulfill our brand promise on a consistent basis.

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Our direct mail magazine, which features our home furnishing collections in lifestyle settings and communicates our breadth of services, is one of our most important marketing tools. Approximately 57 million copies of the magazine were distributed to consumers during fiscal 2005, representing a 45% increase from the prior fiscal year. We publish and sell the magazines to retailers of both company-owned and independently-owned stores, who, with demographic information collected through independent market research, are able to target potential customers.

Our television advertising and direct mail efforts are supported by strong print and radio campaigns in various markets, and in leading home fashion magazines using advertisements and public relations efforts. We coordinate significant advertisements in major newspapers in major markets. During fiscal 2005, we also distributed a publication entitled *Solutions for Living*. This 288-page book, which includes a complete catalogue of our home furnishing collections, helps customers identify their own personal style using our product offerings. We believe these publications represent one of the most comprehensive and effective home decorating resources in the home furnishings industry.

## Internet

We are located on the worldwide web at [www.ethanallen.com](http://www.ethanallen.com). Our primary goal for the website is to drive additional business into the retail network through lead generation and information sourcing. Customers may access our website to review home furnishing collections or to purchase selected home accessories. On average, over 18,000 daily users logged onto our website during fiscal 2005.

We have also developed an extranet website which links the retail stores with consumer information captured on-line such as customer requests for design assistance and copies of our catalogue. Our extranet has become the primary source of communications between us and our retail network providing a variety of information, including a company-wide daily news flash, downloads of current advertising materials, prototype store display floor plans and detailed product information.

## The retail segment:

For fiscal years 2005, 2004, and 2003, the retail segment recorded net sales of \$586.2 million, \$576.2 million, and \$526.4 million, respectively.

We sell our products through an exclusive network of 313 retail stores. As of December 31, 2005, we owned and operated 132 stores (as compared to 126 at the end of the 2005 fiscal year) and independent retailers owned and operated 181 stores. The geographic distribution of all retail store locations is included under Item 2 of our Annual Report, incorporated by reference in this prospectus. During fiscal 2005, we acquired six stores from, and sold four stores to, independent retailers, opened seven new stores (of which five were relocations), and closed five stores. In the past five fiscal years, we and our independent retailers have opened 78 new stores, approximately 40% of which were relocations.

In fiscal 2005, wholesale sales to independent retailers and retail sales of company-owned stores accounted for approximately 38% and 62%, respectively, of our total net sales. The ten largest independent retailers own a total of 36 stores, which, based on net orders booked, accounted for approximately 13% of total net sales in fiscal 2005.

We pursue further expansion of the company-owned retail business by opening new stores, relocating existing stores and, when appropriate, acquiring stores from independent retailers. In addition, we continue to promote the development and growth of our independent retailers. All retailers are required to enter into license agreements with us which (i) authorize the use of certain of our service marks and trademarks and (ii) require adherence to certain standards of operation, including the exclusive

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sale of our products and a requirement to fulfill related warranty service agreements. We are not subject to any territorial or exclusive retailer agreements in the United States.

In October 2001, we formed a joint venture with MFI Furniture Group Plc to open a network of retail stores in the United Kingdom. The initial phase of the agreement, which calls for the two companies to collaborate on the development of a retail store format that will market their respective retail concepts, involves up to five stores with approximately 8,000 to 15,000 square feet per store. The first of these stores, located in the London suburb of Kingston, opened in May 2002. The second, located in the suburb of Bromley, opened in December 2002. Both retail locations were included as independently-owned stores in compiling our store count as of June 30, 2005. In December 2005,

both parties mutually agreed to terminate the joint venture. It is anticipated that such termination will be completed by June 30, 2006.

## Products

Our product strategy has been to position our brand as a preferred brand with superior quality and value while, at the same time, providing consumers with a comprehensive, one-stop shopping solution for their home furnishing needs. In carrying out our strategy, we continue to expand our reach to a broader consumer base through a diverse selection of attractively priced product lines, many of which have been designed to effectively complement one another, reflecting the recent trend toward more eclectic home decorating. In recent years, this effort is best evidenced by the introduction of collections such as *Townhouse*, *Tuscany*, *Newport*, *New Country by Ethan Allen*, and, most recently, *Tango*. These collections, as well as increased styles and fabric selections within our custom upholstery line, new finishes within the *Horizons by Ethan Allen* line, the redesign of the *American Impressions* line and relaunch as *New Impressions*, and expanded product offerings to accommodate today's home theater trends, are serving to redefine us, positioning us as a leader in style. These product lines, each of which broadens our consumer reach, are reflective of our continuing efforts to offer well-valued, stylish home furnishings that appeal to a variety of customers and lifestyles.

We believe that the two most important lifestyle categories in home furnishings are the *Classic* and the *Casual*. As such, our collections are designed to reflect unique elements applicable to each lifestyle category. To accomplish this, our collections consist of case goods, coordinated upholstered products and home accessories, each styled with its own distinct design characteristics. Home accessories play an important role in our marketing program as they enable us to offer the consumer the convenience of one-stop shopping by creating a comprehensive home furnishing solution. Our store interiors are designed to facilitate display of our product offerings in complete room settings which utilize the related collections to project the lifestyle category.

We continuously monitor consumer demand through internal marketing research and communication with our retailers and store design consultants who provide valuable input on consumer trends. As a result, we believe that we are able to react quickly to changing consumer tastes. For example, since 2002, over 70% of our current product line is new, with the balance refined and enhanced through product redesign, additions, deletions, or finish changes. Such undertakings are indicative of our ability to adapt to the recent consumer trend toward more casual and eclectic lifestyles while, at the same time, maintaining a classic appeal.

During the past year, we also introduced our innovative *everyday best pricing* program, eliminating periodic sale events in lieu of an *everyday best price* on all of our product offerings. We believe that this initiative demonstrates our commitment to differentiating ourselves through strategies focused on customer credibility and excellence in service. In addition, *everyday best pricing* provides us

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the opportunity to critically examine all facets of our business, making substantive changes, where necessary, in order to more effectively carry out our solutions-based approach to home decorating.

## Retail store network

Our interior and exterior store design is dependent on each store's location and size. Ethan Allen stores are located in busy urban settings as freestanding destination stores or as part of suburban strip malls, depending upon the real estate opportunities in a particular market. Currently, stores range in size from approximately 6,000 square feet to 35,000 square feet, with the average size of a store being approximately 15,000 square feet.

We maximize uniformity of store presentation throughout the retail network through a comprehensive set of operating standards. These operating standards assist each store in presenting the same high quality image and offer retail customers consistent levels of product selection and service. A uniform store image is conveyed through our ongoing program to model our retail stores with similar and consistent exterior facades and interior layouts. This program is carried out by all stores, including independently-owned stores.

We provide display planning assistance to all company-owned stores and independent retailers to support them in updating the interior projection of their stores and to maintain a consistent image. Several years ago, we developed a standard interior design format for our retail stores which, through the use of focused lifestyle settings to display our products and information throughout the stores to educate consumers, has positioned us as a specialist in *Classic* and *Casual* lifestyles and decorative accessory retailing.

## People

At June 30, 2005, we had approximately 6,400 employees. Approximately 5% of those employees are represented by unions under collective bargaining agreements, most of which expire at various times throughout the three years ending June 30, 2008. We expect no significant changes in our relations with these unions and believe that we maintain good relationships with our employees.

The retail network, which includes both company-owned and independently-owned stores, is staffed with a sales force of over 3,000 design consultants and professionals who provide customers with an effective home decorating solution at no additional charge. These employees receive training with respect to the distinctive design and quality features inherent in each of our products, allowing them to more effectively communicate the elements of style and value that serve to differentiate us. As such, we believe our design consultants, and the complimentary service they provide, create a distinct competitive advantage over other home furnishing retailers.

We recognize the importance of our retail store network to our long-term success. Accordingly, we believe that we have established strong management teams within company-owned stores while, at the same time, maintaining effective relationships with independent retailers. With this in mind, we make available our services to all stores in support of their marketing efforts, including coordinated national advertising, merchandising and display programs, and extensive training seminars and educational materials. We believe that the development of design consultants, project managers, service and delivery personnel, and retailers is important for the growth of our business. As a result, we have committed to make available a comprehensive training program that will help to develop retail managers/owners, design consultants and service and delivery personnel to their fullest potential.

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## Customer service offerings

We offer numerous customer service programs, each of which has been developed and introduced to consumers in an effort to make their shopping experience easier and more enjoyable.

## Gift card

This program allows customers to purchase, through our website or at any participating retail store, gift cards that can be redeemed for any of our products or services.

## Wedding registry

The primary objectives of the wedding registry program are to increase customer traffic in our network of retail stores (and on-line), capture consumers in the early stage of their lifecycle, capitalize on the growing trend for non-traditional registries and promote our complimentary design service. We believe this program further strengthens our competitive advantage by enhancing our current complement of service offerings with a national gift registry.

## On-line room planning

We offer, via our website, an interactive on-line room planning resource which serves to further assist consumers with their home decorating needs. Through the use of this web-based tool, customers can determine which Ethan Allen product offerings best fit their particular needs based on their own individual home floor plan.

## Ethan Allen consumer credit programs

The EA Finance Plus program offers consumers two financing options through the use of just one account. Consumers can choose between (i) the "Simple Finance Plan" which consists of fixed monthly payments ranging from 12 to 60 months at an interest rate of 9.99% per annum, and (ii) the revolving credit line which carries a variable interest rate currently ranging from 21.00% to 23.75% per annum. Both programs provide credit lines from \$1,000 to \$50,000. Financing offered through both programs is administered by a third-party financial institution and is granted on a non-recourse basis to us. Consumers may apply for an EA Finance Plus card at any participating retail store.

## Competition

In recent years, the home furnishings industry, already highly competitive and fragmented, has faced additional challenges. Globalization, which represents the most notable change within the industry landscape, has led to increased competitive pressures brought about by the increasing volume of imported finished goods and components, particularly for case good products, and the development of manufacturing capabilities in other countries, specifically within Asia. The increase in overseas production capacity in recent years has created over-capacity for many U.S. manufacturers, including us, which has led to industry-wide plant consolidation. In addition, because many foreign manufacturers are able to maintain substantially lower production costs, including the cost of labor and overhead, imported product may be sold at a lower price to consumers which, in turn, has led to some measure of industry-wide price deflation. We believe that the aforementioned factors have contributed to the recent trend toward product commoditization, which is exacerbated by the overwhelming and wide-spread use of highly-promotional pricing policies and marketing strategies focused on "no money down" and "no interest."

During the last three years, as the industry has slowly been overcome by a greater degree of "sameness," we have, instead, used that time to further differentiate ourself as a "preferred" brand by adhering to a business strategy focused on providing (i) high-quality products at good value, including the marketing of our products at an *everyday best price*, (ii) a comprehensive complement of home decorating solutions, including our complimentary design service, and (iii) excellence in customer service. We consider our vertical integration a significant competitive advantage in the current environment as it allows us to design, manufacture, source, distribute, market, and sell our products through the industry's largest single-source retail store network. With respect to the issue of price deflation, we saw a foreign, low-cost supply of labor as an opportunity to introduce selected products to consumers at prices that, until recently, were not practical. As such, we continue to adhere to a blended strategy, establishing relationships with certain manufacturers, both abroad and domestically, to source selected case goods, upholstery, and home accessory items. We intend to continue to balance our domestic production with opportunities to source from foreign and domestic manufacturers, as appropriate, in order to maintain our competitive advantage.

Although we are currently among the ten largest domestic furniture manufacturers in the United States, the recent emergence of the foreign manufacturers referred to above has served to broaden the competitive landscape. Some of these competitors may produce furniture types not manufactured by Ethan Allen and may have greater financial and other resources than we do.

We sell our products through an exclusive network of Ethan Allen-owned and independently-owned retail stores. Our objective is to continue to develop and strengthen our retail network by expanding the Ethan Allen-owned retail business through the opening of new stores, relocating existing stores and, when appropriate, acquiring stores from, or selling stores to, independent retailers. We will continue to promote the growth and development of our independent retailers by encouraging the relocation and expansion of their stores. Independent retailers, pursuant to license agreements, are authorized to use certain Ethan Allen service marks or trademarks and are required to adhere to certain standards of operations.

The home furnishings industry competes primarily on the basis of product styling and quality, personal service, prompt delivery, product availability and price. We believe that we effectively compete on the basis of each of these factors and that, more specifically, our store format and complimentary design service create a distinct competitive advantage, further supporting our mission of providing consumers with a complete home decorating solution.

## Trademarks

We currently hold, or have registration applications pending for, numerous trademarks, service marks and design patents for the Ethan Allen name, logos and designs in a broad range of classes for both products and services in the United States and in many foreign countries. In addition, we have registered, or have applications pending for, many of our major collection names as well as certain of our slogans utilized in connection with promoting brand awareness, retail sales and other services. We view such trademarks and service marks as valuable assets and have an ongoing program to diligently monitor and defend, through appropriate action, against their unauthorized use.

### Management

The following table sets forth certain information concerning Ethan Allen Interiors Inc.'s executive officers and directors, including their ages, as of February 2, 2006.

Name	Age	Position
M. Farooq Kathwari	61	Chairman, President and Chief Executive Officer
Pamela A. Banks	41	Vice President, General Counsel and Secretary
Jeffrey Hoyt	36	Vice President, Finance and Treasurer
Nora Murphy	46	Vice President, Style
Craig W. Stout	55	Vice President, Case Goods Merchandising
Edward Teplitz	44	Vice President, Retail Division
Corey Whitely	45	Vice President, Operations
Clinton A. Clark	63	Director
Kristin Gamble	60	Director
Horace G. McDonell	76	Director
Edward H. Meyer	79	Director
Richard A. Sandberg	63	Director
Frank G. Wisner	67	Director

#### Executive Officers

*M. Farooq Kathwari* was elected as a director in 1981, was appointed President and Chief Operating Officer in 1985 and was appointed to the additional positions of Chairman and Chief Executive Officer in September 1988. In 1973, Mr. Kathwari formed a joint venture with Ethan Allen Inc., KEA International, Inc., the objective of which was to develop home furnishings product programs such as lighting, floor coverings, decorative accessories and other related programs. In 1980, Mr. Kathwari joined us as a Vice President responsible for merchandising and international operations. He was promoted to Senior Vice President in 1981, to Executive Vice President in 1983, and to President in 1985. From 1968 to 1973, he was Vice President of Rothschild, Inc. Mr. Kathwari is a director of several non-profit organizations, including the American Furniture Manufacturer's Association and the National Retail Federation.

*Pamela A. Banks* has served as General Counsel and Secretary since April 2002 and became Vice President in November 2003. Ms. Banks joined us in September 1998 as Legal Counsel responsible for real estate and business development.

*Jeffrey Hoyt* has served as Vice President, Finance since May 2003, becoming Treasurer in April 2005. Mr. Hoyt joined us in August 2002 as Director, Corporate Accounting and Financial Reporting. Prior to joining us, Mr. Hoyt worked for KPMG LLP for ten years holding various positions.

*Nora Murphy* has served as Vice President, Style, since October 2001 and is responsible for coordinating the style, presentation and design of our products. Prior to joining us, Ms. Murphy owned an interior design firm which performed consulting services on our behalf.

*Craig W. Stout* has served as Vice President, Design and Product Development since August 1995. He is responsible for the design and development of our case goods products. Mr. Stout joined us in 1972 and has held various marketing, merchandising and product development positions.

*Edward Teplitz* has served as Vice President, Retail Division, since May 2003 and became Executive Vice President of Ethan Allen Retail, Inc. in August 2005 and has been with us since 2001. He is responsible for oversight and operation of our retail division. In 2001, Mr. Teplitz joined us as Vice President, Finance, later becoming Chief Financial Officer and, then, in May 2003, Vice President and General Manager, Retail Division. Prior to joining us, he was a licensee of ours in Pittsburgh, Pennsylvania and Cleveland, Ohio. Prior to that, Mr. Teplitz worked in the corporate finance department of E.F. Hutton & Company and FLIC (USA), Inc. Mr. Teplitz holds an MBA in Finance from Columbia Business School and a B.S. in Accounting from Wharton School of Finance.

*Corey Whitely* has served as Vice President, Operations since November 2003 and became Executive Vice President of Ethan Allen Operations, Inc. in August 2005. He has been associated with us since 1988. He started his association with us in 1988 in Cedar Rapids, Iowa as a General Manager and has taken on management responsibility in our retail and manufacturing operations.

#### Directors

*Clinton A. Clark* was elected as a director on June 30, 1989. He is the President and sole shareholder of CAC Investments, Inc. ("CAC"), a private investment company he founded in January 1986. Prior to founding CAC, Mr. Clark was Chairman, President and Chief Executive Officer of Long John Silver's Restaurants, Inc. from 1990 through September 1993 and President and Chief Executive Officer of The Children's Place, a retail children's apparel chain he founded in 1968. Mr. Clark is also an investor and director of several private companies. He is Chairman of the Compensation Committee and a member of the Audit Committee.

*Kristin Gamble* was elected as a director on July 28, 1992. Since 1984, she has been President of Flood, Gamble Associates, Inc., an investment counseling firm. Ms. Gamble was Senior Vice President responsible for equity strategy and economic research with Manufacturers Hanover Trust Company from 1981 to 1984. Prior to that, she held various management positions with Manufacturers Hanover (1977-1981), Foley, Warendorf & Co., a brokerage firm (1976-1977), Rothschild, Inc. (1971-1976) and Merrill, Lynch, Pierce, Fenner & Smith (1968-1971). Since May 1995, she has served as a member of the Board of Trustees of Federal Realty Investment Trust. She is a



member of the Compensation Committee and the Nominations/Corporate Governance Committee.

*Edward H. Meyer* was elected as a director on May 30, 1991. He is President, Chairman of the Board, and Chief Executive Officer of Grey Global Group Inc. (“Grey Global”). Mr. Meyer joined Grey Global in 1956 and, in 1964, was appointed Executive Vice President for Account Services. He was thereafter elected President in 1968 and Chief Executive Officer and Chairman in 1970. Grey Global performs advertising services for Ethan Allen. Mr. Meyer is a director of a number of outside business and financial organizations, including Harman International Industries, Inc.

*Horace G. McDonell* was elected as a director on May 30, 1991. He retired as Chairman and Chief Executive Officer of the Perkin-Elmer Corporation in November 1990, where he served in a number of marketing and executive positions. He was elected President in 1980, Chief Executive Officer in 1984, and Chairman in 1985. He is a past Chairman of the American Electronics Association and a past director of Danbury Health Systems, Hubbell Incorporated, Uniroyal Incorporated, Silicon Valley Group Incorporated and ETEC Incorporated. He is Chairman of the Audit Committee and a member of the Compensation Committee and the Nominations/Corporate Governance Committee.

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*Richard A. Sandberg* was elected as a director on November 17, 2003. He is Chief Financial Officer of Matritech, Inc., a publicly traded developer and manufacturer of cancer diagnostic test products. In addition, he serves as manager and Chief Financial Officer of Battery Asset Management, LLC, a firm engaged in foreign currency transactions. Prior to his current positions, Mr. Sandberg held financial and operating positions at Dianon Systems, Inc., a company he founded in 1983, including Chief Executive Officer and Chief Financial Officer, and at private healthcare companies engaged in DNA testing and pharmaceutical development. He is a member of the Audit Committee.

*Frank G. Wisner* was elected as a director on July 23, 2001. He is Vice Chairman, External Affairs, of American International Group (“AIG”), the leading United States-based mixed financial services and international insurance organization. Mr. Wisner is also on the board of directors of EOG Resources. Prior to joining AIG, he was the United States Ambassador to India from July 1994 through July 1997. He retired from the United States Government with the rank of Career Ambassador, the highest grade in the Foreign Service. Mr. Wisner joined the State Department as a Foreign Service Officer in 1961 and served in a variety of overseas and Washington positions during his 36-year career. Among his other positions, Mr. Wisner served successively as United States Ambassador to Zambia, Egypt and the Philippines. Before being named United States Ambassador to India, his most recent assignment was as Under Secretary of Defense for Policy. Prior to that, he was Under Secretary of State for International Security Affairs. He is Chairman of the Nominations/Corporate Governance Committee.

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#### Description of the Notes

Ethan Allen Global issued the Initial Notes and will issue the Exchange Notes under an indenture dated as of September 27, 2005, among itself, Ethan Allen Interiors Inc., Ethan Allen Operations, Inc., Ethan Allen Realty, LLC, Ethan Allen Retail, Inc., Lake Avenue Associates, Inc., and Manor House, Inc., as guarantors, and U.S. Bank National Association, a national banking association, as trustee. The terms of the Notes include those expressly set forth in the indenture and those made part of the indenture by reference to the U.S. Trust Indenture Act of 1939, as amended.

This description of the Notes is intended to be a useful overview of the material provisions of the Notes, the guarantees and the indenture. Because this description is only a summary, you should refer to the indenture for a complete description of our obligations and your rights. A copy of the indenture is available for inspection during normal business hours at the offices of the trustee.

Certain terms used in this description of the Notes are set forth under “— Definition of Certain Terms.”

#### General

The form and terms of the Exchange Notes are the same as the form and terms of the Initial Notes, except that the Exchange Notes will have been registered and therefore will not bear legends restricting the transfer thereof.

The Exchange Notes:

- o will be issued under the indenture and will be limited to an aggregate principal amount of \$200,000,000;
- o will mature on October 1, 2015;
- o will not be convertible into any other security or have the benefit of any sinking fund;
- o will rank equally in right of payment with all of Ethan Allen Global’s other existing and future unsecured and unsubordinated indebtedness;
- o will be fully, unconditionally and irrevocably guaranteed by each guarantor, which guarantees will rank equally in right of payment with all other existing and future unsecured and unsubordinated indebtedness and obligations of such guarantor;
- o will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000; and
- o will be represented by one or more registered notes in global form, but in certain limited circumstances may be represented by notes in definitive form. See “Book-entry; Delivery and form.”

Interest on the Exchange Notes will:

Interest on the Exchange Notes will:

- o accrue at a rate of 5.375% per annum;
- o accrue from the date of issuance or the most recent interest payment date;

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- o be payable in cash semiannually in arrears on April 1 and October 1 of each year, commencing on April 1, 2006;
- o be payable to the holders of record on the March 15 and September 15 immediately preceding the relevant interest payment date; and
- o be computed on the basis of a 360-day year comprised of twelve 30-day months.

#### Payment and Transfer

Principal of and premium, if any, and interest on the Exchange Notes will be payable, and the Exchange Notes may be exchanged or transferred, at the office or agency maintained by us for such purpose, which initially will be the office of the trustee, U.S. Bank National Association, c/o U.S. Bank Trust New York, 100 Wall Street, Suite 1600, New York, NY 10005. Payment of principal of and premium, if any, and interest on Notes in global form registered in the name of or held by the depository or its nominee will be made in immediately available funds to the depository or its nominee, as the case may be, as the registered holder of such global note. If any of the Notes are no longer represented by global notes, payment of interest on the Notes in definitive form may, at our option, be made by check mailed directly to holders at their registered addresses.

A holder may transfer or exchange Notes in definitive form at the same location given in the preceding paragraph. No service charge will be made for any registration of transfer or exchange of Notes, but we may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith. We are not required to register the transfer of, or exchange of, any Note for a period beginning 15 days before the mailing of a notice of an offer to repurchase or redeem Notes or in the 15 days prior to an interest payment date.

#### Optional Redemption

The Notes may be redeemed in whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of:

- o 100% of the principal amount of the Notes to be redeemed, and
- o the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (not including any portion of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable treasury rate plus 20 basis points,

plus, in each case, accrued and unpaid interest on the principal amount being redeemed to the redemption date.

The “treasury rate” means, with respect to any redemption date:

- o the yield, under the heading that represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the comparable treasury issue (if no maturity is within three months before or after the remaining life (as defined below), yields for the two published

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maturities most closely corresponding to the comparable treasury issue will be determined and the treasury rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or

- o if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the comparable treasury issue, calculated using a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date.

We will calculate the treasury rate on the third business day preceding the date fixed for redemption.

The “comparable treasury issue” means the U.S. Treasury security selected by an independent investment banker as having a maturity comparable to the remaining term (“remaining life”) of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of

corporate debt securities of comparable maturity to the remaining term of such Notes.

The “comparable treasury price” means (1) the average of five reference treasury dealer quotations for such redemption date, after excluding the highest and lowest reference treasury dealer quotations, or (2) if the independent investment banker obtains fewer than five such reference treasury dealer quotations, the average of all such quotations.

The “independent investment banker” means J.P. Morgan Securities Inc. or, if such firm is unwilling or unable to select the comparable treasury issue, an independent investment banking institution of national standing appointed by us.

A “reference treasury dealer” means (1) J.P. Morgan Securities Inc. and its successors, provided, however, that if the foregoing shall cease to be a primary U.S. government securities dealer in New York City (a “primary treasury dealer”), we will substitute therefor another primary treasury dealer and (2) any four other primary treasury dealers selected by us after consultation with the independent investment banker.

The “reference treasury dealer quotations” means, with respect to each reference treasury dealer and any redemption date, the average, as determined by the independent investment banker, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the independent investment banker at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

We will mail a notice of redemption to each holder of Notes to be redeemed by first-class mail at least 30 and not more than 60 days prior to the date fixed for redemption. Unless we default on payment of the redemption price on the date fixed for redemption, interest will cease to accrue on the Notes or portions thereof called for redemption on such date. If fewer than all of the Notes are to be redeemed, the trustee will select, not more than 60 days prior to the redemption date, the particular Notes or portions thereof for redemption from the outstanding Notes not previously called by such method as the trustee deems fair and appropriate.

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## **Guarantees**

Ethan Allen Interiors Inc. and each of the subsidiary guarantors will fully, unconditionally and irrevocably guarantee to each holder and the trustee the full and prompt payment of principal of and premium, if any, and interest on the Notes, when and as the same become due and payable, whether at maturity, upon redemption or repurchase, by declaration of acceleration or otherwise, including any additional amounts required to be paid in connection with certain taxes. Any obligation of any of the guarantors to make a payment may be satisfied by causing us to make such payment.

## **Ranking**

The Exchange Notes will be the unsecured and unsubordinated indebtedness of Ethan Allen Global and will rank equal in right of payment with all of its other existing and future unsecured and unsubordinated indebtedness. The Exchange Notes will effectively rank junior in right of payment to any secured indebtedness incurred by Ethan Allen Global to the extent of the assets securing such indebtedness and to all indebtedness and other liabilities of our non-guarantor subsidiaries.

The guarantees of the Exchange Notes will be unsecured and unsubordinated obligations of each guarantor and will rank equally in right of payment with all other existing and future unsecured and unsubordinated indebtedness and obligations of such guarantor. Such guarantees will effectively rank junior in right of payment to any secured indebtedness of the guarantors to the extent of the assets securing such indebtedness and to all indebtedness and other liabilities of our non-guarantor subsidiaries.

## **Covenants**

The indenture contains, among other things, the following covenants:

### ***Limitation on liens***

Ethan Allen Interiors Inc. will not, and will not permit any restricted subsidiary to, create, assume, allow to exist or allow to be created or assumed any lien on any principal property to secure any indebtedness, unless it also secures the Notes and the guarantees, if applicable, by a lien equally and ratably with such other indebtedness for so long as such other indebtedness shall be so secured. The indenture contains the following exceptions to that prohibition:

- (1) liens on property of corporations or other entities existing when they become our subsidiaries;
- (2) liens on property existing on the date of the indenture;
- (3) liens existing on property when the property was acquired or incurred to finance the purchase price, construction or improvement of the property, including liens incurred pursuant to capital leases that are entered into for the purpose of financing the purchase, construction or improvement of the property subject to such capital lease;
- (4) certain liens in favor of government entities or required by contracts with governmental entities;
- (5) any lien that would not otherwise be permitted by clauses (1) through (4) above, inclusive; *provided* that after giving effect to the lien, the sum of, without duplication,

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- o the aggregate outstanding principal amount of debt secured by such liens otherwise prohibited by the indenture, and

- o the aggregate amount of all attributable debt with respect to outstanding sale and leaseback transactions otherwise prohibited by the indenture

does not exceed 20% of our consolidated net tangible assets.

#### ***Restriction on Sale-Leasebacks***

Ethan Allen Interiors Inc. will not, and will not permit any restricted subsidiary to, enter into any sale and leaseback transactions on any principal property except:

- (1) leases in a sale and leaseback transaction incurred when Ethan Allen Interiors Inc. or such restricted subsidiary could incur a lien on such principal property securing debt in an amount equal to the value of such sale and leaseback transaction under the covenant described in “—Limitation on liens” above without equally and ratably securing the Notes and guarantees, if applicable; or
- (2) if Ethan Allen Interiors Inc. or such restricted subsidiary applies, during the six months following the effective date of the sale and leaseback transaction, an amount equal to the value of the sale and leaseback transaction to the voluntary retirement of long-term indebtedness or to the acquisition of principal property.

#### ***Consolidation, Merger, Amalgamation and Sale of Assets***

The indenture provides that neither Ethan Allen Interiors Inc. nor any “significant subsidiary” under Regulation S-X under the Securities Act may merge into or consolidate with any other person, or permit any other person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired), including any capital stock of any subsidiary, unless:

- (1) after giving effect to such transaction, no event of default has occurred or is continuing;
- (2) the successor corporation assumes all of the previous company’s obligations, if any, under the indenture (including the related guarantees); and
- (3) certain other conditions described in the indenture are met.

#### ***Definition of Certain Terms***

The following are the meanings of terms that are important in understanding the covenants previously described:

- o “consolidated net tangible assets” means the total assets less current liabilities and intangible assets of Ethan Allen Interiors Inc. and its consolidated subsidiaries;
- o “guarantors” means Ethan Allen Interiors Inc. and each of the subsidiary guarantors, but does not include Riverside Water Works, Inc.;
- o “principal property” means any building, structure, manufacturing facility or other facility owned or leased by Ethan Allen Interiors Inc. or a restricted subsidiary located within the

United States of America, but not including any such property determined by a board resolution of Ethan Allen Interiors Inc. not to be of material importance to the respective businesses conducted by Ethan Allen Interiors Inc. or such restricted subsidiary effective as of the date such resolution is adopted;

- o “restricted subsidiary” means (a) Ethan Allen Global, (b) each subsidiary guarantor and (c) any subsidiary that is a “significant subsidiary” under Regulation S-X under the Securities Act;
- o “sale and leaseback transaction” means any arrangement with any person providing for the leasing by Ethan Allen Interiors Inc. or any restricted subsidiary of any principal property that has been or is to be sold or transferred by Ethan Allen Interiors Inc. or such restricted subsidiary to such person; *provided*, that “sale and leaseback transactions” does not include (1) temporary leases for a term, including renewals at the option of the lessee of not more than three years, (2) leases among Ethan Allen Interiors Inc. or a restricted subsidiary, (3) leases of principal property executed by the time of, or within 12 months after the latest of, the acquisition, the completion of construction or improvement, or the commencement of commercial operation of the principal property, and (4) arrangements pursuant to any provision of law with an effect similar to the former Section 168(f)(8) of the Internal Revenue Code of 1954;
- o “subsidiary” means any corporation, limited liability company or other business entity of which the requisite number of shares of stock or other equity interests having ordinary voting power (without regard to the occurrence of any contingency) to elect a majority of the directors, managers or trustees thereof, or any partnership of which more than 50% of the partners’ equity interests (considering all partners’ equity interests as a single class) is, in each case, at the time owned or controlled, directly or indirectly, by Ethan Allen Interiors Inc., one or more of its subsidiaries, or a combination thereof; and

- o “subsidiary guarantors” means (a) Ethan Allen Operations, Inc., (b) Ethan Allen Realty, LLC, (c) Ethan Allen Retail, Inc., (d) Lake Avenue Associates, Inc., (e) Manor House, Inc., and (f) every subsidiary other than Riverside Water Works, Inc. that becomes a guarantor under our credit agreement, *provided*, that, to the extent any subsidiary ceases to be a guarantor under the credit agreement, such subsidiary shall cease to be a subsidiary guarantor under the indenture.

## Events of Default

Each of the following is an event of default under the indenture:

- (1) the default by Ethan Allen Global in any payment of interest or additional interest (as required by the registration rights agreement) on any Note when due, continued for 30 days;
- (2) the default by Ethan Allen Global in the payment of principal of, or premium, if any, on any Note when due at its stated maturity, upon optional redemption, upon declaration of acceleration or otherwise;
- (3) the failure by Ethan Allen Global, Ethan Allen Interiors Inc. or any subsidiary guarantor to comply with its covenants under the indenture for 60 days after written notice from the trustee or the holders of 25% or more in aggregate principal amount of the outstanding Notes thereunder;

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(4) the failure of Ethan Allen Global, Ethan Allen Interiors Inc. or any of their subsidiaries to (a) pay the principal of any indebtedness for borrowed money, including obligations evidenced by any mortgage, indenture, bond, debenture, note, guarantee or other similar instruments, on the scheduled or original date due, (b) pay interest on any such indebtedness beyond any provided grace period or (c) observe or perform any agreement or condition relating to such indebtedness, that has caused such indebtedness to become due prior to its stated maturity, and such acceleration has not been cured within 15 days after notice of acceleration; *provided*, however, that an event described in subclause (a), (b) or (c) above will not constitute an event of default unless, at such time, one or more events of the type described in clauses (a), (b) or (c) have occurred or are continuing with respect to such indebtedness in an amount exceeding \$20,000,000; or

(5) certain events of bankruptcy, insolvency or reorganization of (a) Ethan Allen Interiors Inc., (b) Ethan Allen Global or (c) any other subsidiary that is a “significant subsidiary” under Regulation S-X under the Securities Act.

If an event of default (other than an event of default described in clause (5) above) occurs and is continuing, the trustee by written notice to us, or the holders of at least 25% in principal amount of the outstanding Notes by written notice to us and the trustee, may, and the trustee at the request of such holders, shall, declare the principal of and premium, if any, and accrued and unpaid interest, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium, if any, and accrued and unpaid interest will be due and payable immediately. If an event of default described in clause (5) above occurs and is continuing, the principal of and premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the trustee or any holders. The holders of a majority in aggregate principal amount of the outstanding Notes may waive certain past defaults (except with respect to nonpayment of principal, premium or interest) and rescind any such acceleration with respect to all Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction and all existing events of default, other than the nonpayment of the principal of and premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived.

Subject to the provisions of the indenture relating to the duties of the trustee, if an event of default occurs and is continuing, the trustee will be under no obligation to exercise any of the rights or powers under the indenture at the request or direction of any of the holders unless such holders have offered to the trustee reasonable indemnity or security against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest when due, no holder may pursue any remedy with respect to the indenture or the Notes unless:

- o such holder has previously given the trustee written notice that an event of default under the indenture is continuing;
- o holders of at least 25% in principal amount of the outstanding Notes have requested in writing that the trustee pursue the remedy;
- o such holders have offered the trustee reasonable security or indemnity against any loss, liability or expense;
- o the trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

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- o the holders of a majority in principal amount of the outstanding Notes have not given the trustee a direction that, in the opinion of the trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or of exercising any trust or power conferred on the trustee. The trustee, however, may refuse to follow any direction that conflicts with law or the indenture or that the trustee determines is unduly prejudicial to the interest of any other holder or that would involve the trustee in personal liability. Prior to taking any action under the indenture, the trustee will be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The indenture provides that, if a default occurs and is continuing and is known to the trustee, the trustee must mail to each holder notice of the default within 90 days after it occurs. Except in the case of a default in the payment of principal of and premium, if any, or interest on any Note, the trustee may withhold notice if the trustee determines that withholding notice is in the interests of the holders. In addition, we are required to deliver to the trustee, within 10 days after becoming aware of the occurrence of any default, notice of such default and, in any event within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any default that occurred

during the previous year.

### **Amendments and Waivers**

The indenture contains provisions permitting us and the trustee, without the consent of the holders, to modify or amend the indenture to, among other things, (1) cure any ambiguity, omission, defect or inconsistency, (2) provide for successor guarantors, (3) provide for uncertificated Notes in addition to or in the place of certificated Notes, (4) add additional guarantees, (5) secure the Notes, (6) add to the covenants for the benefit of the holders or surrender any right or power conferred upon us or the guarantors, (7) make any change that does not adversely affect the interest of any holder, (8) provide for the issuance of the Exchange Notes, and (9) comply with any requirement of the SEC in connection with the qualification of the indenture under the Trust Indenture Act of 1939. The indenture also permits us and the trustee to amend other provisions of the indenture with the consent of holders of at least a majority in aggregate principal amount of the Notes then outstanding. However, without the consent of each holder of an outstanding Note affected, no amendment may:

- o reduce the amount of Notes whose holders must consent to an amendment of the indenture or the Notes;
- o reduce the stated rate of or extend the stated time for payment of interest on any Note;
- o reduce the principal of or change the stated maturity of any Note;
- o reduce the amount payable upon the redemption of any Note;
- o make any Note payable in money other than that stated in the Note;
- o impair the right of any holder to receive payment of principal of and premium, if any, and interest on such holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Notes;

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- o make any change in the amendment provisions which require each holder's consent or in the waiver provisions; or
- o release any of the guarantors or modify the guarantees other than in accordance with the indenture.

The consent of the holders is not necessary under the indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. After an amendment under the indenture becomes effective, we are required to mail to the holders a notice briefly describing such amendment. However, the failure to give such notice to all holders, or any defect therein, will not impair or affect the validity of the amendment.

The holders of a majority in aggregate principal amount of the outstanding Notes, on behalf of all holders of Notes, may waive compliance with certain restrictive provisions of the indenture. Subject to certain rights of the trustee as provided in the indenture, the holders of a majority in aggregate principal amount of the Notes, on behalf of all holders, may waive any past default under the indenture (including any such waiver obtained in connection with a tender offer or exchange offer for the Notes), except a default in the payment of principal, premium or interest or a default in respect of a provision that under the indenture cannot be modified or amended without the consent of the holder of each Note that is affected.

### **Defeasance**

At our option, we may be discharged, subject to certain terms and conditions, from any and all obligations in respect of the Notes (except for certain obligations, including obligations relating to the defeasance trust, registering the transfer or exchange of Notes, replacing mutilated, destroyed, lost or stolen Notes and maintaining a registrar and paying agent in respect of the Notes) or need not comply with certain restrictive covenants of the indenture if we:

- (1) irrevocably deposit in trust with the trustee money or U.S. government obligations for the payment of principal of and premium, if any, and interest on the Notes to redemption or maturity, as the case may be; and
- (2) comply with certain other conditions, including delivery to the trustee of an opinion of counsel (subject to customary exceptions and exclusions) to the effect that holders of the Notes will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and defeasance and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

### **Concerning the Trustee**

U.S. Bank National Association is the trustee under the indenture and has been appointed by us as Registrar, Exchange Agent and Paying Agent with regard to the Notes.

### **Governing Law**

The Exchange Notes, the guarantee and the indenture will be governed by, and construed in accordance with, the laws of the State of New York.

### Book-Entry; Delivery and Form

Except as set forth below, the Exchange Notes initially will be issued in one or more global certificates in definitive, fully registered form (each a “Global Note”). Upon issuance, each Global Note will be deposited with, or on behalf of, the Euroclear System (“Euroclear”) or Clearstream Banking, SA (“Clearstream”), in the case of Initial Notes sold in offshore transactions in reliance on Regulation S under the Securities Act, or The Depository Trust Company, New York, New York (“DTC”) and registered in the name of a nominee of Euroclear, Clearstream or DTC.

If a holder tendering Initial Notes so requests, such holder’s Exchange Notes will be issued as described below under “Certificated Securities” in registered form without coupons (each, a “Certificated Security”).

### Global Note

The Company expects that, pursuant to procedures established by DTC, Euroclear and Clearstream Banking: (i) upon the issuance of a Global Note, DTC, Euroclear, Clearstream Banking or a custodian thereof will credit, on its internal system, the principal amount of the individual beneficial interests in the Exchange Notes represented by such Global Note to the respective accounts of persons who have accounts with such depository and (ii) ownership of beneficial interests in the Global Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by Euroclear, Clearstream or DTC or their nominees (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Ownership of beneficial interests in the Global Note will be limited to persons who have accounts with Euroclear, Clearstream or DTC (“participants”) or persons who hold interests through participants.

The descriptions of the operations and procedures of DTC, Euroclear and Clearstream Banking set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of these settlement systems and are subject to change by them from time to time. None of us or the initial purchaser takes any responsibility for these operations or procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

DTC has advised us that it is:

- o a limited purpose trust company organized under the laws of the State of New York;
- o a “banking organization” within the meaning of the New York Banking Law;
- o a member of the Federal Reserve System;
- o a “clearing corporation” within the meaning of the Uniform Commercial Code, as amended; and
- o a “clearing agency” registered under Section 17A of the U.S. Securities Exchange Act of 1934.

DTC was created to hold securities for its participants (including Euroclear and Clearstream Banking) and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of its participants, which eliminates the need for physical transfer and delivery of certificates. DTC’s participants include: securities brokers and dealers, including the initial purchaser; banks and trust companies; clearing corporations; and certain other organizations. Indirect

access to DTC’s book-entry system is also available to other entities such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a participant in DTC, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through participants or indirect participants in DTC.

We expect that, pursuant to procedures established by DTC:

- o upon deposit of each Global Note with DTC, DTC will credit the principal amount of the Note represented by the Global Note on its book-entry registration and transfer system to the accounts of participants in DTC designated by the initial purchaser; and
- o ownership of the Notes will be shown on, and the transfer of ownership of the Notes will be effected only through, records maintained by DTC, with respect to the interests of participants in DTC, and the records of participants and indirect participants, with respect to the interests of persons other than participants in DTC.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of the securities in definitive form. Accordingly, the ability to transfer or pledge beneficial interests in the Notes represented by a Global Note to these persons will be limited to that extent. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having a beneficial interest in Notes represented by a Global Note to pledge or transfer that interest to persons or entities that do not participate in DTC’s system, or to otherwise take actions in respect of that interest, may be affected by the lack of a physical certificate evidencing such interest.

So long as DTC or its nominee is the registered owner and holder of a Global Note, DTC or the nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by the Global Note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a Global Note:

- o will not be entitled to have Notes represented by the Global Note registered in their names;
- o will not receive or be entitled to receive physical delivery of certificated notes in definitive form; and

- o will not be considered the owners or holders of the Notes under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee under the indenture.

Accordingly, each holder owning a beneficial interest in a Global Note must rely on the procedures of DTC and, if the holder is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the holder owns its interest, to exercise any rights of a holder of Notes under the indenture or the Global Note. We understand that, under existing industry practice, if we request any action of holders of Notes, or a holder that is an owner of a beneficial interest in a Global Note desires to take any action that DTC, as the holder of the Global Note, is entitled to take, then DTC would authorize its participants to take the action and the participants would authorize holders owning through participants to take the action or would otherwise act upon the instruction of such holders.

Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of Notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to the Notes or for any other aspect of the relationship between DTC and its

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participants or the relationship between such participants and the owners of beneficial interests in the Global Notes owning through such participants.

Payments in respect of the principal of and premium, if any, and interest (including additional interest, if any) on any Notes represented by a Global Note registered in the name of DTC or its nominee on the applicable record date will be payable by the trustee to or at the direction of DTC or its nominee in its capacity as the registered holder of the Global Note representing those Notes under the indenture. Under the terms of the indenture, we and the trustee may treat the persons in whose names the Notes, including the Global Notes, are registered as the owners of the Notes for the purpose of receiving payment on the Notes and for any and all other purposes whatsoever. Accordingly, neither we nor the trustee has or will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a Global Note, including principal, premium, if any, and interest. We believe, however, that it is currently the policy of DTC to credit the accounts of the relevant participants with such payments, in amounts proportionate to their respective beneficial interests in the relevant security as shown on the records of DTC. Payments by the participants and the indirect participants in DTC to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of the participants or the indirect participants and DTC.

Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream Banking will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream Banking participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream Banking, as the case may be, by its respective depository. These cross-market transactions will, however, require delivery of instructions to Euroclear or Clearstream Banking, as the case may be, by the counterparty in that system in accordance with the rules and procedures and within the established deadlines, Brussels time, of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream Banking, as the case may be, will deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Notes in DTC and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream Banking participants may not deliver instructions directly to the depositories for Euroclear or Clearstream Banking.

Because of time zone differences, the securities account of a Euroclear or Clearstream Banking participant purchasing an interest in a Global Note from a participant in DTC will be credited, and any crediting will be reported to the relevant Euroclear or Clearstream Banking participant, during the securities settlement processing day, which must be a business day for Euroclear and Clearstream Banking, immediately following the settlement date of DTC. DTC has advised us that cash received in Euroclear or Clearstream Banking as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream Banking participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream Banking cash account only as of the business day for Euroclear or Clearstream Banking following DTC's settlement date.

Although DTC, Euroclear and Clearstream Banking have agreed to the above procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream Banking, they are under no obligation to perform or to continue to perform the procedures, and the procedures may be discontinued at any time. Neither we nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream Banking or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

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#### **Certificated Notes**

- If:
- o DTC notifies us that it is at any time unwilling or unable to continue as a depository or DTC ceases to be registered as a clearing agency under the U.S. Securities Exchange Act of 1934 and a successor depository is not appointed within 90 days of such notice or cessation;
  - o we, at our option, notify the trustee in writing that we elect to cause the issuance of Notes in definitive form under the indenture; or
  - o upon the occurrence of some other events as provided in the indenture;

then, upon surrender by DTC of the Global Notes, certificated Notes will be issued to each person that DTC identifies as the beneficial owner of the Notes represented by the Global Notes. Upon the issuance of certificated Notes, the trustee is required to register the certificated Notes in the name of that person or persons, or the nominee thereof, and cause the certificated Notes to be delivered thereto.

Neither we nor the trustee will be liable for any delay by DTC or any participant or indirect participant in DTC in identifying the beneficial owners of the related Notes and each of those persons may conclusively rely on, and will be protected in relying on, instructions from DTC for all purposes, including with respect to the registration and delivery, and the respective principal amounts, of the Notes to be issued.



## Exchange Offer; Registration Rights

Ethan Allen Global, the guarantors and the initial purchaser entered into a registration rights agreement concurrently with the issuance of the Notes. This description is intended to be an overview of the material provisions of the registration rights agreement. Because this description is only a summary, you should refer to the registration rights agreement for a complete description of our obligations and your rights. A copy of the registration rights agreement is available for inspection during normal business hours at the offices of the trustee.

### Exchange offer

Under the registration rights agreement, we and the guarantors agreed to use our commercially reasonable efforts to:

- o cause to be filed with the SEC this registration statement on an appropriate form under the Securities Act which is referred to as the “exchange offer registration statement,” relating to this registered exchange offer for the Notes and the guarantee under the Securities Act;
- o commence this exchange offer promptly after the exchange offer registration statement of which this prospectus is a part is declared effective by the SEC, and complete this exchange offer within 60 days thereafter; and
- o have the exchange offer registration statement of which this prospectus is a part remain effective under the Securities Act until 180 days after the closing of this exchange offer.

As soon as practicable after the effectiveness of the exchange offer registration statement of which this prospectus is a part, we and the guarantors will offer to the holders of registrable securities (as defined below) who or which are not prohibited by any law or policy of the SEC from participating in this exchange

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offer, the opportunity to exchange their registrable securities for an issue of a new series of notes, which are referred to in this registration statement as the “Exchange Notes,” that are identical in all material respects to the Initial Notes, except that the Exchange Notes will not contain transfer restrictions, will be registered under the Securities Act and will not be eligible for any increase in the interest rate as discussed under “—Additional interest.” We and the guarantors have agreed to keep this exchange offer open for not less than 20 business days after the date on which notice of this exchange offer is transmitted to the holders of the Initial Notes.

### Shelf registration

If:

- o we and the guarantors are not permitted to effect the exchange offer as contemplated by this prospectus because it would violate any applicable law, rule, regulation, order or applicable interpretations of the law by the staff of the SEC;
- o for any other reason this exchange offer is not consummated within 180 days after the date of issuance of the Initial Notes; or
- o upon the request of the initial purchaser with respect to registrable securities held by the initial purchaser that are not eligible to be exchanged for exchange securities in the exchange offer and held by it following consummation of this exchange offer;

then we and the guarantors will use our commercially reasonable efforts to file as promptly as practicable with the SEC, which date is referred to as the “shelf filing date,” a shelf registration statement to cover resales of registrable securities by those holders who satisfy various conditions relating to the provision of information in connection with the shelf registration statement.

For purposes hereof, “registrable securities” means each Note, until the earliest to occur of:

- o the date on which that Note has been registered, exchanged or disposed of pursuant to a registration statement;
- o the date on which that Note is eligible to be transferred or sold pursuant to Rule 144(k) (or any similar provision then in force, but not Rule 144A under the Securities Act); or
- o the date on which that Note ceases to be outstanding.

We and the guarantors will use our commercially reasonable efforts to have the shelf registration statement declared effective by the SEC as promptly as practicable after it is filed. We and the guarantors will use our commercially reasonable efforts to keep the shelf registration statement continuously effective until the expiration of the period referred to in Rule 144(k) of the Securities Act, or the date all registrable securities have been sold under the shelf registration statement.

## Additional interest

In the event that either this exchange offer is not completed or the shelf registration statement, if required, is not declared effective within the earlier of March 27, 2006 and 90 days after a request by the initial purchaser as described in “—Shelf registration” above, the interest rate on the registrable securities will be increased by 0.50% per annum for the initial 90-day period following such default, and another 0.50% per annum (for a total of 1.00% per annum) following such initial 90-day period following such

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default, until the exchange offer is completed, the shelf registration statement, if required, is declared effective by the SEC or the registrable securities become freely tradable under the Securities Act.

If the shelf registration statement has been declared effective and thereafter either ceases to be effective or the prospectus contained therein ceases to be usable at any time before the expiration of the period referred to in Rule 144(k) of the Securities Act, or the date all registrable securities have been sold under the shelf registration statement, whichever is earlier, and such failure to remain effective or usable exists for more than 30 days (whether or not consecutive) in any 12-month period, then the interest rate on the registrable securities will be increased by 1.00% per annum commencing on the 31st day in such 12-month period and ending on such date that the shelf registration statement has again been declared effective or the prospectus again becomes usable.

Notwithstanding the foregoing, we may, by notice to the holders of registrable notes, suspend the availability of a shelf registration statement and the use of the related prospectus, if:

- o such action is required by the SEC or a state securities authority;
- o any event happens that requires us to make changes in the shelf registration statement or the related prospectus in order to ensure that such documents do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; or
- o we determine in our reasonable judgment that it is in the best interests of us and the guarantors not to disclose a possible acquisition or business combination or other transaction, business development or event involving us or the guarantors that might otherwise require disclosure in the registration statement, or if obtaining any financial statements relating to an acquisition or business combination required to be included in the registration statement would be impracticable.

The period for which we are obligated to keep the shelf registration statement continuously effective will be extended by the period of such suspension. Each holder of registrable notes will be required to discontinue disposition of registrable notes pursuant to the shelf registration statement upon receipt from us of notice of any events described in the preceding paragraph or certain other events specified in the registration rights agreement.

The registration rights agreement also provides that we and the guarantors will:

- o if requested by the initial purchaser or one or more participating broker-dealers, for a period of at least 180 days after the consummation of the exchange offer, use commercially reasonable efforts to amend or supplement this prospectus, in order to expedite or facilitate the disposition of any exchange securities by participating broker-dealers;
- o pay expenses incident to this exchange offer, but not including underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of registrable securities pursuant to the shelf registration statement; and
- o indemnify certain holders of the Notes, including any broker-dealer participating in a distribution of registrable securities to the public, against some liabilities, including liabilities under the Securities Act.

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A broker-dealer that delivers a prospectus to purchasers in connection with resales of the exchange securities will be subject to certain of the civil liability provisions under the Securities Act and will be bound by the provisions of the registration rights agreement, including indemnification rights and obligations.

Each holder of Initial Notes who wishes to exchange its Initial Notes for Exchange Notes in this exchange offer will be required to make representations, including representations that:

- o any Exchange Notes to be received by it will be acquired in the ordinary course of its business;
- o it has no arrangement or understanding with any person to participate in, and is not engaged in and does not intend to engage in, the distribution of the Exchange Notes in violation of the provisions of the Securities Act;
- o it is not an “affiliate” (as defined in Rule 405 under the Securities Act) of us or any guarantor (or if it is an affiliate, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable); and
- o if such holder is a broker-dealer that will receive Exchange Notes for its own account in exchange for registrable securities that were acquired as a result of market-making or other trading activities, then such holder will deliver a prospectus in connection with any resale of such Exchange Notes.

Holders of the Initial Notes will also be required to deliver information to be used in connection with the shelf registration statement in order to have their Initial Notes

included in the shelf registration statement. A holder who sells Initial Notes pursuant to the shelf registration statement generally will be required to be named as a selling noteholder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with these sales and will be bound by the provisions of the registration rights agreement that are applicable to such a holder, including indemnification obligations.

### Certain U.S. Federal Income Tax Considerations

The following description summarizes the material U.S. federal income tax consequences of exchanging the Initial Notes for Exchange Notes and owning and disposing of the Exchange Notes. This summary applies to you only if you were an initial holder of the Initial Notes and you acquired the Initial Notes for cash at a price equal to the issue price of the Initial Notes. The issue price of the Initial Notes is the first price at which a substantial amount of the Initial Notes were sold other than to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers.

This summary deals only with Exchange Notes held as capital assets (generally, investment property) and does not deal with special tax rules applicable to certain holders of Exchange Notes such as:

- o dealers in securities or currencies;
- o certain traders in securities;
- o U.S. holders (as defined below) whose functional currency is not the U.S. dollar;

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- o persons holding Exchange Notes as part of a hedge, straddle, conversion or other integrated transaction;
- o certain U.S. expatriates;
- o financial institutions;
- o insurance companies;
- o real estate investment trusts;
- o regulated investment companies;
- o grantor trusts; or
- o entities that are tax-exempt for U.S. federal income tax purposes.

This summary does not discuss all of the aspects of U.S. federal income and estate taxation that may be relevant to you in light of your particular investment or other circumstances. In addition, this summary does not discuss any U.S. state or local income or foreign income or other tax consequences. This summary is based on U.S. federal income tax law, including the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, administrative rulings and judicial authority, all as in effect as of the date of this prospectus. No ruling has been or will be sought from the Internal Revenue Service regarding any matter discussed herein. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to those described in this summary. Subsequent developments in U.S. federal income tax law, including changes in law or differing interpretations, which may be applied retroactively, could have a material effect on the U.S. federal income tax consequences of purchasing, owning and disposing of Notes as set forth in this summary. **Before you exchange Initial Notes for Exchange Notes, you should consult your own tax advisor regarding the particular U.S. federal, state and local and foreign income and other tax consequences of acquiring, owning and disposing of the Exchange Notes that may be applicable to you.**

### Exchange of Initial Notes for Exchange Notes

The exchange of Initial Notes for Exchange Notes pursuant to the exchange offer will not be a taxable event for U.S. federal income tax purposes. As a result, a holder of Initial Notes whose Initial Notes are accepted in the exchange offer will not recognize gain on the exchange. A tendering holder's tax basis in the Exchange Notes will be the same as such holder's tax basis in its Initial Notes. A tendering holder's holding period for the Exchange Notes received pursuant to the exchange offer will include its holding period for the Initial Notes surrendered therefor. Because, for U.S. federal income tax purposes, each Exchange Note is a continuation of the corresponding Initial Note, the remainder of this discussion of certain U.S. federal income tax consequences generally refers only to "Notes."

### U.S. Holders and Non-U.S. Holders

As used in this summary, a "U.S. holder" is a beneficial owner of a Note or Notes who or which is for U.S. federal income tax purposes: an individual citizen or resident of the United States; a corporation (or other entity classified as a corporation for these purposes) created or organized in or under the laws of the United States or of any political subdivision of the United States, including any state; an estate, the income of which is subject to U.S. federal income taxation regardless of the source of that income; or a trust, if, in general, a U.S. court is able to exercise primary supervision over the trust's administration and one or more

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U.S. persons (within the meaning of the Code) has the authority to control all of the trust's substantial decisions.

If a partnership (including any entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner generally will depend upon the status of the partner and upon the activities of the partnership. If you are a partner of a partnership holding Notes, you should consult your tax advisor.

As used in this summary, the term “non-U.S. holder” means a beneficial owner of the Notes that is not a U.S. holder.

## U.S. holders

**Payments of interest.** The Initial Notes were issued with *de minimis* original issue discount for U.S. federal income tax purposes. Accordingly, interest on your Notes will be taxed as ordinary interest income at the time it is received or accrued, depending on your method of accounting for U.S. federal income tax purposes.

**Sale or other disposition of Notes.** Your tax basis in your Notes generally will be their cost, subject to certain adjustments. You generally will recognize taxable gain or loss on the sale, redemption, retirement at maturity or other disposition of your Notes equal to the difference, if any, between the amount realized on the sale, redemption, retirement at maturity or other disposition (less any amount attributable to accrued interest, which will be taxable in the manner described under “U.S. holders — Payments of Interest”) and your tax basis in the Notes.

Your gain or loss generally will be capital gain or loss. This capital gain or loss will be long term capital gain or loss if at the time of the sale, redemption, retirement at maturity or other disposition you have held the Notes for more than one year. Subject to limited exceptions, your capital losses cannot be used to offset your ordinary income. If you are a non-corporate U.S. holder, your long term capital gain generally will be subject to a maximum tax rate of 15%.

**Information reporting and backup withholding.** Payments of principal and interest on a Note, and the proceeds of the sale or other taxable disposition of a Note held by a U.S. holder, generally will be subject to information reporting. In addition, such amounts may be subject to backup withholding at a rate of 28%, if a U.S. holder fails to provide its correct taxpayer identification number or to make required certifications or has been notified by the Internal Revenue Service that it is subject to backup withholding.

Backup withholding is not an additional tax. Amounts withheld may be refunded or credited against your U.S. federal income tax liability, provided that the required information is provided to the Internal Revenue Service.

**Mandatory and optional redemptions.** We may redeem the Notes or may become obligated to offer to redeem the Notes, in whole or in part, at certain times and under certain circumstances described elsewhere herein. The Treasury Regulations issued under the provisions of the Code relating to original issue discount contain rules for determining the yield and maturity of debt instruments that are subject to certain options or other contingent payments. Pursuant to those regulations, we believe that neither we nor any holders of Notes should be deemed to exercise any of the options to redeem described in this prospectus, and thus, the existence of these options to redeem should not affect the calculation of the yield and maturity of the Notes.

## Non-U.S. holders

**U.S. federal withholding tax.** Under current U.S. federal income tax laws, and subject to the discussion below, U.S. federal withholding tax will not apply to payments by us or our paying agent (in its capacity as such) of principal of and interest on your Notes under the “portfolio interest” exemption of the Code, provided that in the case of interest:

- o you do not, directly or indirectly, actually or constructively, own 10 percent or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of section 871(h) (3) of the Code and the Treasury Regulations thereunder;
- o you are not a controlled foreign corporation for U.S. federal income tax purposes that is related, directly or indirectly, to us through sufficient stock ownership (as provided in the Code); and
- o either (i) you provide a properly completed IRS Form W-8BEN, certifying that you are not a U.S. person within the meaning of the Code and providing your name and address to us or our paying agent, or (ii) the financial institution holding the Notes on your behalf, under penalties of perjury, provides us with a statement certifying that it has received a properly completed IRS Form W-8BEN from you, together with a copy of the IRS Form W-8BEN.

Each non-U.S. holder should consult its own tax advisor regarding any applicable income tax treaty that may provide for an exemption from or reduction in U.S. withholding tax and for rules different from those described above.

If you are a non-U.S. holder that does not qualify for the “portfolio interest” exemption, interest paid on a Note to you will generally be subject to U.S. federal withholding tax at the rate of 30%, unless you provide us (or our paying agent) with a properly completed:

- o IRS Form W-8BEN claiming an exemption from (or reduction to) withholding under the benefit of an applicable income tax treaty; or
- o IRS Form W-8ECI stating that the interest paid on the Note is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States. If, however, the interest is effectively connected with your conduct of a trade or business in the United States, the interest will be subject to U.S. federal income tax imposed on a net income basis in the same manner as applicable to U.S. persons and, in the case of a corporate non-U.S. holder, potentially also a 30% branch profits tax.

If you are a foreign partnership or a foreign trust, special rules apply and you should consult your own tax advisor regarding your status under these rules and the certification requirements applicable to you.

**U.S. federal income tax.** Except for the possible application of U.S. withholding tax (see “Non-U.S. holders — U.S. Federal Withholding Tax” above) and backup withholding tax (see “Non-U.S. holders — Backup Withholding and Information Reporting” below), you generally will not have to pay U.S. federal income tax on payments of principal and interest on your Notes, or on any gain or income realized from the sale, redemption, retirement at maturity or other disposition of your Notes (however, in the case of proceeds representing accrued interest, U.S. withholding tax may apply unless the conditions described in “Non-U.S. holders — U.S. Federal Withholding Tax” are met) unless:

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- o in the case of gain, you are an individual who is present in the United States for 183 days or more during the taxable year of the sale or other disposition of your Notes, and specific other conditions are met;
- o the gain or income is effectively connected with your conduct of a U.S. trade or business, and, if an income tax treaty applies, is generally attributable to a U.S. “permanent establishment” maintained by you; or
- o you are subject to tax pursuant to the provisions of U.S. tax law applicable to certain U.S. expatriates.

If you are engaged in a trade or business in the United States and interest or gain in respect of your Notes is effectively connected with the conduct of your U.S. trade or business, and, if an income tax treaty applies, you maintain a U.S. “permanent establishment” to which the interest or gain is generally attributable, you may be subject to U.S. income tax on a net basis on the interest or gain or income (although interest is not subject to the withholding tax discussed in the preceding paragraphs provided that you provide a properly executed applicable Internal Revenue Service form on or before any payment date).

In addition, if you are a foreign corporation, you may be subject to a branch profits tax equal to 30% of your earnings and profits for the taxable year that are effectively connected to your U.S. trade or business, as adjusted for certain items, unless a lower rate applies to you under a U.S. income tax treaty with your country of residence. For this purpose, you must include interest, gain or income on your Notes in the earnings and profits subject to the branch tax if these amounts are effectively connected with the conduct of your U.S. trade or business.

**Backup withholding and information reporting.** Under current Treasury Regulations, backup withholding will not apply to payments made by us or our paying agent (in its capacity as such) to you if you have provided the required certification that you are a non-U.S. holder as described in “Non-U.S. holders — U.S. Federal Withholding Tax” above, and provided that neither we nor our paying agent has actual knowledge that you are a U.S. person. We or our paying agent may, however, be subject to information reporting requirements with respect to certain payments on the Notes.

The gross proceeds from the disposition of your Notes may be subject to information reporting and backup withholding of 28%. If you sell your Notes outside the United States through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to you outside the United States, then the U.S. backup withholding and information reporting requirements generally will not apply to that payment. If you receive payments of the proceeds of a sale of your Notes to or through a U.S. office of a broker, the payment is subject to both U.S. backup withholding and information reporting unless you provide a Form W-8BEN certifying that you are a non-U.S. person or you otherwise establish an exemption. U.S. information reporting, but not backup withholding, may apply to a payment of sales proceeds, even if that payment is made outside the United States, if you sell your Notes through a U.S. or U.S.-related broker or financial institution unless the broker has documentary evidence in its files that you are a non-U.S. person and certain other conditions are met or you otherwise establish an exemption.

You should consult your own tax advisor regarding application of backup withholding in your particular circumstance and the availability of and procedure for obtaining an exemption from backup withholding under current Treasury Regulations. Any amounts withheld under the backup withholding rules from a payment to you will be allowed as a refund or credit against your U.S. federal income tax liability, provided that the required information is timely furnished to the Internal Revenue Service.

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**Notice pursuant to I.R.S. Circular 230.** This disclosure and our conclusions set forth above are not intended or written by us to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on any taxpayer under U.S. tax law. This disclosure was written to support the promotion or marketing of the Notes. Each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor concerning the potential tax consequences of an investment in the Notes.

#### Plan of Distribution

Reference is made to “The exchange offer” for a description of this exchange offer, including the purpose of this exchange offer, the basis upon which the Exchange Notes are offered and expenses incurred in connection with this exchange offer.

Each broker-dealer that receives Exchange Notes for its own account pursuant to this exchange offer in exchange for Initial Notes acquired by such broker-dealer as a result of market making or other trading activities may be deemed to be an “underwriter” within the meaning of the Securities Act and, therefore, must deliver a prospectus meeting the requirements of the Securities Act in connection with this exchange offer. Accordingly, each such broker-dealer must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes. The Letter of Transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Initial Notes where such Initial Notes were acquired as a result of market-making activities or other trading activities. We have agreed that, starting on the consummation of this exchange offer and ending on the close of business 180 days after the consummation of this exchange offer, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

Neither we nor any of our affiliates has entered into any arrangement or understanding with any broker-dealer to distribute the Exchange Notes and we will not receive any proceeds from any sale of Exchange Notes by any broker-dealer or any other person. Exchange Notes received by broker-dealers for their own account pursuant to this exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Notes or a combination of such methods of resale, at market prices prevailing at the time of the resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through broker-dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchaser of any such Exchange Notes. Any broker-dealer that resells Exchange Notes that were received by it for its own account pursuant to this exchange offer and any broker-dealer that participates in a distribution of such Exchange Notes may be deemed to be an “underwriter” within the meaning of the Securities Act

and any profit on any such resale of Exchange Notes and any commissions or concessions received by any such broker-dealer may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 180 days after the consummation of this exchange offer, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. We have agreed to pay all expenses incidental to this exchange offer other than commissions or concessions of any broker-dealer and expenses of counsel for the underwriters or holders of the Exchange Notes.

### Legal Matters

Certain legal matters relating to the Notes will be passed upon for us by Kelley Drye & Warren LLP, New York, New York and Stamford, Connecticut.

### Experts

The consolidated financial statements and related financial statement schedule of Ethan Allen Interiors Inc. and Subsidiaries as of June 30, 2005 and 2004, and for each of the years in the three-year period ended June 30, 2005, and management's assessment of the effectiveness of internal control over financial reporting as of June 30, 2005, have been incorporated by reference in this prospectus and registration statement in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

### Incorporation of Certain Documents by Reference

We "incorporate by reference" certain information that we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made by us with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act until this offering is completed:

- o annual report on Form 10-K for the year ended June 30, 2005, except for Item 8 therein;
- o quarterly reports on Form 10-Q for the three months ended September 30, 2005 and December 31, 2005;
- o proxy statement on Schedule 14A, dated October 21, 2005; and
- o current reports on Form 8-K filed on July 27, 2005, September 7, 2005, September 21, 2005, September 22, 2005, September 30, 2005, November 7, 2005 and February 3, 2006.

Any statement contained in a previously filed document incorporated by reference in this prospectus is modified or superseded to the extent that a statement contained in this prospectus modifies or supersedes such statement. Any statement contained in this prospectus or in a document incorporated by reference in this prospectus is modified or superseded to the extent that a statement contained in any subsequently filed document which is or is deemed to be incorporated by reference in this prospectus modifies or supersedes such statement. Only the modified or superseded statement shall constitute a part of this prospectus. If Ethan Allen ceases to be subject to the information requirements of the Exchange Act, we will make available to you and any prospective purchaser of your Exchange Notes the information necessary to permit compliance with Rule 144A in connection with the resale of your Exchange Notes.

We make available, free of charge, on or through our web site, copies of our proxy statements, our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file them with or furnish them to the SEC.

You may request a copy of these filings, other than their exhibits, at no cost, by oral or written request to: Ethan Allen, Ethan Allen Drive, Danbury, Connecticut 06811, Attention: Investor Relations, (203) 743-8000. You may request a copy of the indenture, Registration Rights Agreement and other

agreements referred to in this prospectus by requesting them in writing or by telephone from us at the above address.

### Where You Can Find More Information

We are required to file periodic reports, proxy statements and other information relating to our business, financial statements and other matters with the SEC under the Securities Exchange Act of 1934. Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file at the SEC's public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, as well as at the regional offices of the SEC located at 233 Broadway, New York, New York 10279 and Citicorp Center, 500 West Madison Street, Suite 1300, Chicago, Illinois 60661. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms and their copy charges. Our reports and proxy statements and other information relating to us can also be inspected at the NYSE located at 20 Broad Street, New York, New York 10005.

This prospectus does not contain all of the information that will be contained in the registration statement because we are omitting parts of the registration statement in accordance with the rules of the SEC. Please refer to the exchange offer registration statement for any information in the registration statement that is not contained in this prospectus. The exchange offer registration statement will be available to the public over the Internet at the SEC's web site described above and will be able to be read and copied at the locations described above.

Each statement made in this prospectus concerning a document filed as an exhibit to another document is qualified in its entirety by reference to that exhibit for a complete description of its provisions.

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#### **Dealer prospectus delivery obligation**

Until \_\_\_\_\_, 2006, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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## **PART II**

### **INFORMATION NOT REQUIRED IN THE PROSPECTUS**

#### **Item 20. Indemnification Of Directors And Officers**

Ethan Allen Interiors Inc. maintains a director's and officer's liability insurance policy that indemnifies directors and officers for certain losses arising from claims by reason of a wrongful act, as defined therein, under certain circumstances. Directors and officers indemnified under the policy include directors and officers of subsidiaries of Ethan Allen Interiors Inc.

In addition, in response to this Item 20, the following information is incorporated by reference: the information included in the description of Ethan Allen Interiors Inc.'s capital stock contained in Ethan Allen Interiors Inc.'s registration statement on Form 8-A dated January 27, 1993, as updated by any amendment or report filed for the purpose of updating such description; the information included in the description of Ethan Allen Interiors Inc.'s preferred stock purchase rights contained in Ethan Allen Interiors Inc.'s Registration Statement on Form 8-A dated July 3, 1996, as updated by any amendment or report filed for the purpose of updating such description; Article X of the Restated Certificate of Incorporation of Ethan Allen Interiors Inc. incorporated by reference as Exhibit 3(c) to the Registration Statement on Form S-1, filed on March 16, 1993, as amended by the 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 Ethan Allen Interiors Inc. filed on May 13, 1999, the 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 Ethan Allen Interiors Inc. filed on May 13, 1999 and the Third Certificate of Amendment to Restated Certificate of Incorporation as of April 28, 1999, incorporated by reference to the Quarterly Report on Form 10-Q of Ethan Allen Interiors Inc. filed on May 13, 1999; and Article V of the Amended and Restated By-Laws of Ethan Allen Interiors Inc. incorporated by reference as Exhibit 3(d) to the Registration Statement on Form S-1 of Ethan Allen Interiors Inc. filed on March 16, 1993 ("Ethan Allen's By-Laws"). The charter and by-laws of the other Registrants contain comparable provisions. Ethan Allen's By-Laws also cover directors and officers of subsidiaries of Ethan Allen Interiors Inc.

Section 145 of the General Corporation Law of the State of Delaware (the "Law") provides as follows:

“(a) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

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(b) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

(c) To the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of this section, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

(d) Any indemnification under subsections (a) and (b) of this section (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in subsections (a) and (b) of this section. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

(e) Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized in this section. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the corporation deems appropriate.

(f) The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

(g) A corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by

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such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under this section.

(h) For purposes of this section, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this section with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued.

(i) For purposes of this section, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this section.

(j) The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(k) The Court of Chancery is hereby vested with exclusive jurisdiction to hear and determine all actions for advancement of expenses or indemnification brought under this section or under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise. The Court of Chancery may summarily determine a corporation's obligation to advance expenses (including attorneys' fees)."

Section 102(b) (7) of the Law provides as follows:

"(b) In addition to the matters required to be set forth in the certificate of incorporation by subsection (a) of this section, the certificate of incorporation may also contain any or all of the following matters: ... (7) A provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director: (i) For any breach of the director's duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under §174 of this title; or (iv) for any transaction from which the director derived an improper personal benefit. No such provision shall eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision becomes effective. All references in this paragraph to a director shall also be deemed to refer (x) to a member of the governing body of a corporation which is not authorized to issue capital stock, and (y) to such other person or persons, if any, who, pursuant to a provision of the certificate of incorporation in accordance with §141(a) of this title, exercise or perform any of the powers or duties otherwise conferred or imposed upon the board of directors by this title."

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### Item 21. Exhibits And Financial Statement Schedules

(a) Exhibits.

Exhibit  
Number

Description of Exhibit

3(a)(1)

Restated Certificate of Incorporation of Ethan Allen Interiors Inc.

3(a)-1(2)

Certificate of Amendment to Restated Certificate of Incorporation of Ethan Allen Interiors Inc. as of August 5, 1997



3(a)-2(3)	Second Certificate of Amendment to Restated Certificate of Incorporation of Ethan Allen Interiors Inc. as of March 27, 1998
3(a)-3(4)	Third Certificate of Amendment to Restated Certificate of Incorporation of Ethan Allen Interiors Inc. as of April 28, 1999
3(b)(5)	Certificate of Designation of Ethan Allen Interiors Inc. relating to the New Convertible Preferred Stock
3(c)(6)	Certificate of Designation of Ethan Allen Interiors Inc. relating to the Series C Junior Participating Preferred Stock
3(c)-1(7)	Certificate of Amendment of Certificate of Designation of Ethan Allen Interiors Inc. of Series C Junior Participating Preferred Stock
3(d)(8)	Amended and Restated By-laws of Ethan Allen Interiors Inc.
3(e)*	Certificate of Incorporation of Ethan Allen Global, Inc.
3(f)*	By-laws of Ethan Allen Global, Inc.
3(g)*	Restated Certificate of Incorporation of Ethan Allen Inc. (now known as Ethan Allen Retail, Inc.)
3(g)-1*	Certificate of Amendment of Restated Certificate of Incorporation of Ethan Allen Inc. (now known as Ethan Allen Retail, Inc.) as of June 29, 2005
3(h)*	Amended and Restated By-laws of Ethan Allen Inc. (now known as Ethan Allen Retail, Inc.)
3(i)*	Certificate of Incorporation of Ethan Allen Manufacturing Corporation (now known as Ethan Allen Operations, Inc.)
3(i)-1*	Certificate of Amendment of Certificate of Incorporation of Ethan Allen Manufacturing Corporation (now known as Ethan Allen Operations, Inc.) as of June 29, 2005
3(j)*	By-laws of Ethan Allen Manufacturing Corporation (now known as Ethan Allen Operations, Inc.)

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3(k)*	Certificate of Formation of Ethan Allen Realty, LLC
3(l)*	Limited Liability Company Operating Agreement of Ethan Allen Realty, LLC
3(l)-1*	Amendment No. 1 to Operating Agreement of Ethan Allen Realty, LLC as of June 30, 2005
3(m)*	Certificate of Incorporation of Lake Avenue Associates, Inc.
3(n)*	By-laws of Lake Avenue Associates, Inc.
3(o)*	Certificate of Incorporation of Manor House, Inc.
3(p)*	Restated By-laws of Manor House, Inc.
4(a)(9)	Rights Agreement, dated July 26, 1996, between Ethan Allen Interiors Inc. and Harris Trust and Savings Bank
4(a)-1(10)	Amendment No. 1 to Rights Agreement, dated as of December 23, 2004 between Ethan Allen Interiors Inc. and Harris Trust Savings Bank and Computershare Investor Services, LLC
4(b)(11)	Form of outstanding 5.375% Senior Note due 2015 pursuant to Rule 144A of the Securities Act
4(c)(12)	Indenture dated September 27, 2005, by and among Ethan Allen Global, Inc., the Guarantors named therein, and the Initial Purchaser named therein, relating to the Notes
4(d)*	Form of Exchange Note
5(a)*	Opinion of Kelley Drye & Warren LLP
10(a)(13)	Restated Directors Indemnification Agreement dated March 1993, among the Company and Ethan Allen and their Directors
10(b)(14)	The Ethan Allen Retirement Savings Plan as Amended and Restated, effective January 1, 2001
10(b)-1(15)	First Amendment of The Ethan Allen Retirement Savings Plan as Amended and Restated
10(b)-2(16)	Second Amendment of The Ethan Allen Retirement Savings Plan as Amended and Restated
10(b)-3(17)	Third Amendment of The Ethan Allen Retirement Savings Plan as Amended and Restated

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10(b)-4(18)	Fourth Amendment of The Ethan Allen Retirement Savings Plan as Amended and Restated
10(b)-5(19)	Fifth Amendment of The Ethan Allen Retirement Savings Plan as Amended and Restated
10(b)-6(20)	Sixth Amendment of The Ethan Allen Retirement Savings Plan as Amended and Restated
10(c)(21)	General Electric Capital Corporation Credit Card Program Agreement dated August 25, 1995
10(c)-1(22)	First Amendment to Credit Card Program Agreement dated February 22, 2000
10(d)(23)	Sales Finance Agreement, dated June 25, 1999, between the Company and MBNA America Bank, N.A.
10(e)(24)	Amended and Restated Consumer Credit Card Program Agreement, dated February 22, 2000, by and among Ethan Allen Inc. (now known as Ethan Allen Retail, Inc.) and Monogram Credit Card Bank of Georgia
10(e)-1(25)	Second Amendment to Amended and Restated Consumer Credit Card Program Agreement, dated February 1, 2002, by and among Ethan Allen Inc., (now known as Ethan Allen Retail, Inc.), and Monogram Credit Card Bank of Georgia (confidential treatment requested as to certain portions)
10(e)-2(26)	Third Amendment to Amended and Restated Consumer Credit Card Program Agreement, dated July 26, 2002, by and among Ethan Allen Inc., (now known as Ethan Allen Retail, Inc.), and Monogram Credit Card Bank of Georgia
10(f)(27)	Employment Agreement, dated August 1, 2002, between Mr. Kathwari and Ethan Allen Interiors Inc.
10(f)-1(28)	First Amendment to Employment Agreement, dated August 1, 2002, between Mr. Kathwari and Ethan Allen Interiors Inc.
10(g)(29)	Credit Agreement, dated as of July 21, 2005, by and among Ethan Allen Global, Inc., Ethan Allen Interiors Inc., the J.P. Morgan Chase Bank, N.A., Citizens Bank of Massachusetts, Wachovia Bank, N.A. and certain other lenders (confidential treatment requested as to certain portions)
10(h)(30)	Amended and Restated 1992 Stock Option Plan
10(h)-1(31)	First Amendment to Amended and Restated 1992 Stock Option Plan
10(h)-2(32)	Second Amendment to Amended and Restated 1992 Stock Option Plan
10(h)-3(33)	Third Amendment to Amended and Restated 1992 Stock Option Plan

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10(h)-4(34)	Form of Option Agreement for Grants to Independent Directors
10(h)-5(35)	Form of Option Agreement for Grants to Employees
10(i)(36)	Purchase Agreement dated September 22, 2005, by and between Ethan Allen Global, Inc., the Guarantors named therein, and the Initial Purchaser named therein, relating to the Initial Notes
10(j)(37)	Registration Rights Agreement dated September 27, 2005, by and among Ethan Allen Global, Inc., the Guarantors named therein, and the Initial Purchaser named therein, relating to the Notes
12(a)*	Computation of Ratio of Earnings to Fixed Charges
21(38)	List of Subsidiaries of Ethan Allen Interiors Inc.
23(a)*	Consent of KPMG LLP
23(b)*	Consent of Kelley Drye & Warren LLP (included in its opinion filed as Exhibit 5(a))
24*	Powers of Attorney for each director, principal executive officer and principal financial officer of each Registrant
25*	Statement of Eligibility of U.S. Bank National Association, as Trustee, under the Trust Indenture Act of 1939
99(a)*	Letter of Transmittal
99(b)*	Notice of Guaranteed Delivery

- (1) Incorporated by reference to Exhibit 3(c) to the Registration Statement on Form S-1 of Ethan Allen Interiors Inc. filed with the SEC on March 16, 1993
- (2) Incorporated by reference to Exhibit 3(c)-2 to the Quarterly Report on Form 10-Q of Ethan Allen Interiors Inc. filed with the SEC on May 13, 1999
- (3) Incorporated by reference to Exhibit 3(c)-3 to the Quarterly Report on Form 10-Q of Ethan Allen Interiors Inc. filed with the SEC on May 13, 1999
- (4) Incorporated by reference to Exhibit 3(c)-4 to the Quarterly Report on Form 10-Q of Ethan Allen Interiors Inc. filed with the SEC on May 13, 1999
- (5) Incorporated by reference to the Registration Statement on Form S-1 of Ethan Allen Interiors Inc. filed with the SEC on March 16, 1993

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- (6) Incorporated by reference to Exhibit 1 to Form 8-A of Ethan Allen Interiors Inc. filed with the SEC on July 3, 1996
- (7) Incorporated by reference to Exhibit 3(c)-1 to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2005
- (8) Incorporated by reference to Exhibit 3(d) to the Registration Statement on Form S-1 of Ethan Allen Interiors Inc. filed with the SEC on March 16, 1993
- (9) Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Ethan Allen Interiors Inc. filed with the SEC on July 3, 1996
- (10) Incorporated by reference to Exhibit 4(a)-1 to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2005
- (11) Incorporated by reference to Exhibit A to Exhibit 10.2 to the Current Report on Form 8-K of Ethan Allen Interiors Inc. filed with the SEC on September 30, 2005
- (12) Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Ethan Allen Interiors Inc. filed with the SEC on September 30, 2005
- (13) Incorporated by reference to Exhibit 10(c) to the Registration Statement on Form S-1 of Ethan Allen Interiors Inc. filed with the SEC on March 16, 1993
- (14) Incorporated by reference to Exhibit 10(b) to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2005
- (15) Incorporated by reference to Exhibit 10(b)-1 to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2005
- (16) Incorporated by reference to Exhibit 10(b)-2 to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2005
- (17) Incorporated by reference to Exhibit 10(b)-3 to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2005
- (18) Incorporated by reference to Exhibit 10(b)-4 to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2005
- (19) Incorporated by reference to Exhibit 10(b)-5 to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2005
- (20) Incorporated by reference to Exhibit 10(b)-6 to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2005
- (21) Incorporated by reference to Exhibit 10(h) to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 21, 1995
- (22) Incorporated by reference to Exhibit 10(h)-1 to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2000

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- (23) Incorporated by reference to Exhibit 10(j) to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2000

- (24) Incorporated by reference to Exhibit 10(k) to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2000
- (25) Incorporated by reference to Exhibit 10(k)-2 to the Quarterly Report on Form 10-Q of Ethan Allen Interiors Inc. filed with the SEC on May 13, 2002) (confidential treatment requested as to certain portions)
- (26) Incorporated by reference to Exhibit 10(k)-3 to the Quarterly Report on Form 10-Q of Ethan Allen Interiors Inc. filed with the SEC on November 12, 2002
- (27) Incorporated by reference to Exhibit 10(l) to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 30, 2002
- (28) Incorporated by reference to Exhibit 10(l)-1 to the Quarterly Report on Form 10-Q of Ethan Allen Interiors Inc. filed with the SEC on May 15, 2003
- (29) Incorporated by reference to Exhibit 10(g) to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2005
- (30) Incorporated by reference to Exhibit 4(c)-2 to the Quarterly Report on Form 10-Q of Ethan Allen Interiors Inc. filed with the SEC on November 14, 1997
- (31) Incorporated by reference to Exhibit 4(c)-3 to the Quarterly Report on Form 10-Q of Ethan Allen Interiors Inc. filed with the SEC on February 12, 1999
- (32) Incorporated by reference to Exhibit 4(c)-4 to the Quarterly Report on Form 10-Q of Ethan Allen Interiors Inc. filed with the SEC on February 14, 2000
- (33) Incorporated by reference to Exhibit 10(h)-3 to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2005
- (34) Incorporated by reference to Exhibit 10(h)-4 to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2005
- (35) Incorporated by reference to Exhibit 10(h)-5 to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2005
- (36) Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Ethan Allen Interiors Inc. filed with the SEC on September 30, 2005
- (37) Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Ethan Allen Interiors Inc. filed with the SEC on September 30, 2005
- (38) Incorporated by reference to Exhibit 21 to the Annual Report on Form 10-K of Ethan Allen Interiors Inc. filed with the SEC on September 13, 2005

## Item 22. Undertakings

- (a) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement.
- (b) The undersigned Registrants hereby undertake to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.
- (c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of any of the Registrants pursuant to the foregoing provisions, or otherwise, each of the Registrants has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by any of the Registrants of expenses incurred or paid by a director, officer or controlling person of such Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, such Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.
- (d) Each of the undersigned Registrants hereby undertake to file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Act.
- (e) Each of the undersigned Registrants hereby undertake that, for purposes of determining any liability under the Securities Act, each filing of an annual report by any of the Registrants pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934 by an employee benefit plan of any of the Registrants) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement on Form S-4 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Danbury, State of Connecticut, on the 3rd day of February, 2006.

**ETHAN ALLEN INTERIORS INC.**

By: /s/ M. FAROOQ KATHWARI

M. Farooq Kathwari  
Chairman, President and  
Chief Executive Officer

**KNOW ALL MEN BY THESE PRESENTS**, that each individual whose signature appears below constitutes and appoints M. Farooq Kathwari, Jeffrey Hoyt and Pamela A. Banks, and each of them individually, his true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments to this registration statement (which includes any additional registration statement under Rule 462(b)) together with all schedules and exhibits thereto, (ii) act on, sign and file with the Securities and Exchange Commission any and all exhibits to this registration statement and any and all exhibits and schedules thereto, (iii) act on, sign and file any and all applications, registration statements, notices, reports and other documents necessary or appropriate in connection with the registration or qualification under foreign and state securities laws of the securities described in this registration statement or any amendment thereto, or obtain an exemption therefrom, in connection with the offering described therein, and (iv) take any and all such actions which may be necessary or appropriate in connection therewith, granting unto such agents, proxies and attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact, any of them or any of his or her or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this registration statement has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 3rd day of February, 2006.

**Signature****Title(s)**

/s/ M. FAROOQ KATHWARI

M. Farooq Kathwari

Chairman, President and  
Chief Executive Officer  
(Principal Executive Officer)

/s/ JEFFREY HOYT

Jeffrey Hoyt

Vice President, Finance and Treasurer  
(Principal Financial Officer and  
Principal Accounting Officer)

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/s/ CLINTON A. CLARK

Clinton A. Clark

Director

/s/ KRISTIN GAMBLE

Kristin Gamble

Director

/s/ HORACE G. MCDONELL

Horace G. McDonell

Director

/s/ EDWARD H. MEYER

Edward H. Meyer

Director

/s/ RICHARD A. SANDBERG

Richard A. Sandberg

Director

Frank G. Wisner

Director

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**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement on Form S-4 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Danbury, State of Connecticut, on the 3rd day of February, 2006.

**ETHAN ALLEN GLOBAL, INC.**

By: /s/ M. FAROOQ KATHWARI

M. Farooq Kathwari  
Chairman, President and  
Chief Executive Officer

**KNOW ALL MEN BY THESE PRESENTS**, that each individual whose signature appears below constitutes and appoints M. Farooq Kathwari, Jeffrey Hoyt and Pamela A. Banks, and each of them individually, his true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments to this registration statement (which includes any additional registration statement under Rule 462(b)) together with all schedules and exhibits thereto, (ii) act on, sign and file with the Securities and Exchange Commission any and all exhibits to this registration statement and any and all exhibits and schedules thereto, (iii) act on, sign and file any and all applications, registration statements, notices, reports and other documents necessary or appropriate in connection with the registration or qualification under foreign and state securities laws of the securities described in this registration statement or any amendment thereto, or obtain an exemption therefrom, in connection with the offering described therein, and (iv) take any and all such actions which may be necessary or appropriate in connection therewith, granting unto such agents, proxies and attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact, any of them or any of his or her or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this registration statement has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 3rd day of February, 2006.

**Signature**

**Title(s)**

/s/ M. FAROOQ KATHWARI

M. Farooq Kathwari

Chairman, President and  
Chief Executive Officer  
(Principal Executive Officer)

/s/ JEFFREY HOYT

Jeffrey Hoyt

Vice President, Finance and Treasurer  
(Principal Financial Officer and  
Principal Accounting Officer)

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/s/ CLINTON A. CLARK

Clinton A. Clark

Director

/s/ KRISTIN GAMBLE

Kristin Gamble

Director

/s/ HORACE G. MCDONELL

Horace G. McDonell

Director

/s/ EDWARD H. MEYER

Edward H. Meyer

Director

/s/ RICHARD A. SANDBERG

Richard A. Sandberg

Director

/s/ FRANK G. WISNER

Director

Frank G. Wisner

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**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement on Form S-4 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Danbury, State of Connecticut, on the 3rd day of February, 2006.

**ETHAN ALLEN RETAIL, INC.  
ETHAN ALLEN OPERATIONS, INC.  
LAKE AVENUE ASSOCIATES, INC.  
MANOR HOUSE, INC.**

By: /s/ M. FAROOQ KATHWARI

M. Farooq Kathwari  
President, Chief Executive Officer and  
Sole Director

**KNOW ALL MEN BY THESE PRESENTS**, that each individual whose signature appears below constitutes and appoints M. Farooq Kathwari, Jeffrey Hoyt and Pamela A. Banks, and each of them individually, his true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments to this registration statement (which includes any additional registration statement under Rule 462(b)) together with all schedules and exhibits thereto, (ii) act on, sign and file with the Securities and Exchange Commission any and all exhibits to this registration statement and any and all exhibits and schedules thereto, (iii) act on, sign and file any and all applications, registration statements, notices, reports and other documents necessary or appropriate in connection with the registration or qualification under foreign and state securities laws of the securities described in this registration statement or any amendment thereto, or obtain an exemption therefrom, in connection with the offering described therein, and (iv) take any and all such actions which may be necessary or appropriate in connection therewith, granting unto such agents, proxies and attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact, any of them or any of his or her or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this registration statement has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 3rd day of February, 2006.

Signature

Title(s)

/s/ M. FAROOQ KATHWARI

President, Chief Executive  
Officer and Sole Director  
(Principal Executive Officer)

M. Farooq Kathwari

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**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement on Form S-4 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Danbury, State of Connecticut, on the 3rd day of February, 2006.

**ETHAN ALLEN REALTY, LLC**

By: /s/ M. FAROOQ KATHWARI

M. Farooq Kathwari  
President, Chief Executive Officer and  
Manager

**KNOW ALL MEN BY THESE PRESENTS**, that each individual whose signature appears below constitutes and appoints M. Farooq Kathwari, Jeffrey Hoyt and Pamela A. Banks, and each of them individually, his true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments to this registration statement (which includes any additional registration statement under Rule 462(b)) together with all schedules and exhibits thereto, (ii) act on, sign and file with the Securities and Exchange Commission any and all exhibits to this registration statement and any and all exhibits and schedules thereto, (iii) act on, sign and file any and all applications, registration statements, notices, reports and other documents necessary or appropriate in connection with the registration or qualification under foreign and state securities laws of the securities described in this registration statement or any amendment thereto, or obtain an exemption therefrom, in connection with the offering described therein, and (iv) take any and all such actions which may be necessary or appropriate in connection therewith, granting unto such agents, proxies and attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact, any of them or any of his or her or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this registration statement has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 3rd day of February, 2006.

<u>Signature</u>	<u>Title(s)</u>
/s/ M. FAROOQ KATHWARI _____ M. Farooq Kathwari	President, Chief Executive Officer and Manager (Principal Executive Officer)
/s/ PAMELA A. BANKS _____ Pamela A. Banks	Manager
/s/ JEFFREY HOYT _____ Jeffrey Hoyt	Manager

### INDEX OF EXHIBITS

Exhibit Number	Description
3(e)	- Certificate of Incorporation of Ethan Allen Global, Inc.
3(f)	- By-laws of Ethan Allen Global, Inc.
3(g)	- Restated Certificate of Incorporation of Ethan Allen Inc. (now known as Ethan Allen Retail, Inc.)
3(g)-1	- Certificate of Amendment of Restated Certificate of Incorporation of Ethan Allen Inc. (now known as Ethan Allen Retail, Inc.) as of June 29, 2005
3(h)	- Amended and Restated By-laws of Ethan Allen Inc. (now known as Ethan Allen Retail, Inc.)
3(i)	- Certificate of Incorporation of Ethan Allen Manufacturing Corporation (now known as Ethan Allen Operations, Inc.)
3(i)-1	- Certificate of Amendment of Certificate of Incorporation of Ethan Allen Manufacturing Corporation (now known as Ethan Allen Operations, Inc.) as of June 29, 2005
3(j)	- By-laws of Ethan Allen Manufacturing Corporation (now known as Ethan Allen Operations, Inc.)
3(k)	- Certificate of Formation of Ethan Allen Realty, LLC
3(l)	- Limited Liability Company Operating Agreement of Ethan Allen Realty, LLC
3(l)-1	- Amendment No. 1 to Operating Agreement of Ethan Allen Realty, LLC as of June 30, 2005
3(m)	- Certificate of Incorporation of Lake Avenue Associates, Inc.
3(n)	- By-laws of Lake Avenue Associates, Inc.
3(o)	- Certificate of Incorporation of Manor House, Inc.
3(p)	- Restated By-laws of Manor House, Inc.
4(d)	- Form of Exchange Note
5(a)	- Opinion of Kelley Drye & Warren LLP
12(a)	- Computation of Ratio of Earnings to Fixed Charges
23(a)	- Consent of KPMG LLP
23(b)	- Consent of Kelley Drye & Warren LLP (included in its opinion filed on Exhibit 5(a))
24	- Powers of Attorney for each director, principal executive officer and principal financial officer of each Registrant (included on the signature pages herein)
25	- Statement of Eligibility of U.S. Bank National Association, as Trustee, under the Trust Indenture Act of 1939
99(a)	- Letter of Transmittal
99(b)	- Notice of Guaranteed Delivery

**CERTIFICATE OF INCORPORATION**

**OF**

**ETHAN ALLEN GLOBAL, INC.**

**FIRST:** The name of the Corporation is Ethan Allen Global, Inc. (the "Corporation").

**SECOND:** The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

**THIRD:** The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (the "Delaware Law").

**FOURTH:** The total number of shares of capital stock which the Corporation shall have authority to issue is 1,000 shares, consisting of 1,000 shares of Common Stock, par value \$0.01 per share.

**FIFTH:** The name and mailing address of the sole incorporator is Randi-Jean G. Hedin, Kelley Drye & Warren LLP, 281 Tresser Blvd., Stamford, Connecticut 06901.

**SIXTH:** The Corporation is to have perpetual existence.

**SEVENTH:** The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors of the Corporation consisting of not more than nine members, the exact number of members to be fixed from time to time by Resolution of the Board of Directors. The Board of Directors shall have the concurrent power with the stockholders to adopt, amend or repeal the by-laws of the Corporation.

**EIGHTH:** Elections of directors need not be by ballot unless the by-laws of the Corporation shall so provide, and the meetings of stockholders may be held within or without the State of Delaware, as the by-laws may provide.

**NINTH:**

1. **Limits on Director Liability.** A director of the Corporation shall not be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent now or hereafter permitted by Delaware Law.
2. **Indemnification.** Each person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation or, is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless by the Corporation to the fullest extent now or hereafter permitted by Delaware Law. The right to indemnification conferred in this ARTICLE NINTH shall also include the right to be paid by the Corporation the expenses incurred in connection with any such proceeding in advance of its final disposition to the fullest extent now or hereafter authorized by Delaware Law. The right to indemnification conferred in this ARTICLE NINTH shall be a contract right.
3. **Additional Indemnification.** The Corporation may, by action of its Board of Directors, provide indemnification to such of the directors, officers, employees and agents of the Corporation to such extent and to such effect as the Board of Directors shall determine to be appropriate and authorized by Delaware Law.
4. **Insurance.** The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss incurred by such person in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under Delaware Law.
5. **Other Rights.** The rights and authority conferred in this ARTICLE NINTH shall not be exclusive of any other right which any person may otherwise have or hereafter acquire.
6. **Effect of Amendments.** Neither the amendment, change, alteration nor repeal of this ARTICLE NINTH, nor, the adoption of any provision of this Certificate of Incorporation or the by-laws of the Corporation, nor, to the fullest extent permitted by Delaware Law, any modification of law, shall eliminate or reduce the effect of this ARTICLE NINTH or the rights or protections afforded by this ARTICLE NINTH in respect of any acts or omissions occurring prior to such amendment, repeal, adoption or modification.

**TENTH:** The Corporation reserves the right to amend, alter or change this Certificate of Incorporation in any manner now or hereafter permitted by the Delaware Law and all rights and powers conferred upon stockholders, directors and officers herein are granted subject to this reservation.

I, THE UNDERSIGNED, being the sole incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the Delaware Law, do make this certificate, hereby declaring and certifying that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand this 7th day of June, 2005.

/s/ Randi-Jean G. Hedin

\_\_\_\_\_  
 Randi-Jean G. Hedin  
 Sole Incorporator



## BY-LAWS

## OF

## ETHAN ALLEN GLOBAL, INC.

\* \* \* \* \*

## ARTICLE I

## OFFICES

Section 1. Registered Office. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

Section 3. Books. The books of the Corporation may be kept within or without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

## ARTICLE II

## MEETINGS OF STOCKHOLDERS

Section 1. Time and Place of Meetings. All meetings of stockholders shall be held at such place, either within or without the State of Delaware, on such date and at such time as may be determined from time to time by the Board of Directors, the Chairman or otherwise in accordance with the Certificate of Incorporation.

Section 2. Annual Meetings. Annual meetings of stockholders shall be held at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting at which meeting the stockholders shall elect the Board of Directors and transact such other business as may properly be brought before the meeting.

Section 3. Special Meetings. Special meetings of stockholders shall be called by the Secretary of the Corporation upon written request signed by stockholders holding at least 20% of the shares of stock generally entitled to vote, or by a majority of the Board of Directors, the President, the Chairman or otherwise in accordance with the Certificate of Incorporation.

Section 4. Notice of Meetings and Adjourned Meetings; Waivers of Notice.

(a) Whenever stockholders are required or permitted to take any action at a meeting, the Corporation will provide a written notice of the meeting, which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended ("Delaware Law"), such notice shall be given not less than 10 nor more than 60 days before the date of the annual meeting, and not less than 45 nor more than 60 days before the date of any special meeting, to each stockholder of record entitled to vote at such meeting. Unless these By-Laws otherwise require, when a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

(b) A written waiver of any such notice signed by the person entitled thereto, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 5. Quorum. Unless otherwise provided by the Certificate of Incorporation or these By-Laws and subject to Delaware Law, the presence, in person or by proxy, of the holders of at least one-third of the shares of stock generally entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business.

Section 6. Voting. (a) Unless otherwise provided in the Certificate of Incorporation and subject to Delaware Law, each stockholder shall be entitled to one vote for each outstanding share of capital stock of the Corporation held by such stockholder. Unless otherwise provided in Delaware Law, the Certificate of Incorporation or these By-Laws, the affirmative vote of a majority of the shares of stock generally entitled to vote, either in person or by proxy, at a meeting of stockholders and entitled to vote on the subject matter shall be the act of the stockholders.

(b) Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to a corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 7. Action by Consent of Shareholders in Lieu of a Meeting. Any action required or permitted to be taken at any annual or special meeting of stockholders may be taken upon the vote of stockholders at an annual or special meeting duly noticed and called in accordance with Delaware Law and may be taken without a meeting and without prior notice and

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without a vote if a consent in writing setting forth the action so taken shall be signed by the stockholders entitled to vote having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Section 8. Organization. At each meeting of stockholders, the Chairman of the Board, if one shall have been elected (or in his absence or if one shall not have been elected, the Chief Executive Officer or the President) shall act as chairman of the meeting. The Secretary (or in his absence or inability to act, the person whom the chairman of the meeting shall appoint secretary of the meeting) shall act as secretary of the meeting and keep the minutes thereof.

Section 9. Order of Business. Subject to Delaware Law, the order and agenda of business at all meetings of stockholders shall be as determined by the chairman of the meeting.

Section 10. Nomination of Directors. Unless otherwise provided in the Certificate of Incorporation and subject to Delaware Law, nominations of persons for election to the Board of Directors of the Corporation shall be made by or at the direction of the Board of Directors or by the stockholders of the Corporation.

Section 11. Notice of Business. At any meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting (a) by or at the

direction of the Board of Directors or (b) by any stockholder of the Corporation who is a stockholder of record at the time of giving of the notice provided for in this Section 11, who shall be entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 11. For business to be properly brought before a stockholder meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than 60 days nor more than 90 days prior to the meeting; provided, however, that in the event that less than 70 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting or such public disclosure was made. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the meeting (a) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (b) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (c) the class and number of shares of the Corporation which are beneficially owned by the stockholder and (d) any material interest of the stockholder in such business. Notwithstanding anything in the By-Laws to the contrary, no business shall be conducted at a stockholder meeting except in accordance with the procedures set forth in this Section 11. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of the By-Laws, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing, provisions of this Section 11, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11.

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Section 12. Advisory Stockholder Votes. In order for the stockholders to adopt or approve any precatory proposal submitted to them for the purpose of requesting the Board of Directors to take certain actions, a majority of those of the outstanding shares of stock generally entitled to vote thereon must be voted for the proposal in accordance with the By-Laws.

Section 13. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by these By-Laws or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 14. Beneficial Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books and records as the owner of shares to receive dividends and distributions and to vote, and, except as required by law, shall not be required to recognize any equitable or other claim or interest in such shares by any other person, irrespective of any notice thereof.

Section 15. Inspectors of Election. At all elections of directors and when otherwise required by law, the chairman of the meeting shall appoint two inspectors of election. The inspectors shall be responsible for receiving, tabulating and reporting the results of the votes taken. No director or candidate for the office of director shall appoint such inspector. The chairman of the meeting shall open and close the polls.

### ARTICLE III

### DIRECTORS

Section 1. General Powers. Except as otherwise provided in Delaware Law or the Certificate of Incorporation, the business, property and affairs of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by applicable law or the Certificate of Incorporation or these By-Laws directed or required to be exercised or done by the Stockholders.

Section 2. Number, Classes, Term of Office, etc. The Board of Directors shall consist of not more than nine directors, with the exact number of directors within those limits to be determined from time to time solely by resolution adopted by the affirmative vote of a majority of the entire Board of Directors. Notwithstanding the foregoing, each director shall

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hold office until such director's successor shall have been duly elected and qualified or until such director's earlier death, resignation or removal. Directors need not be stockholders.

Section 3. Quorum and Manner of Acting and Organization. Unless the Certificate of Incorporation or these By-Laws require a greater number, a majority of the total number of directors shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of the directors present at meetings at which a quorum is present shall be the act of the Board of Directors. When a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Board of Directors may transact any business which might have been transacted at the original meeting. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 4. Time and Place of Meetings. The Board of Directors shall hold its meetings at such place, either within or without the State of Delaware, and at such time as may be determined from time to time by the Board of Directors (or the Chairman in the absence of a determination by the Board of Directors). The Chairman of the Board shall preside at all meetings of the Board of Directors (or in the absence of the Chairman of the Board, such member as may be designated by the Chairman of the Board).

Section 5. Annual Meeting. The Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business, as soon as practicable after each annual meeting of stockholders, on the same day and at the same place where such annual meeting shall be held. Notice of such meeting need not be given. In the event such annual meeting of stockholders is not so held, the annual meeting of the Board of Directors may be held at such place either within or without the State of Delaware, on such date and at such time as shall be specified in a notice thereof given as hereinafter provided in Section 7 of this Article III or in a waiver of notice thereof signed by any director who chooses to waive the requirement of notice.

Section 6. Regular Meetings. After the place and time of regular meetings of the Board of Directors shall have been determined and notice thereof shall have been once given to each member of the Board of Directors, regular meetings may be held without further notice being given.

Section 7. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board or the President and shall be called by the Chairman of the Board, Chief Executive Officer or Secretary on the written request of four of the directors. Notice of special meetings of the Board of Directors shall be given to each director at least three days before the date of the meeting in such manner as is determined by the Board of Directors.

Section 8. Committees.

(a) The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, each committee to consist of two

or more of the directors of the Corporation. The Board of Directors may designate two or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of the committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board of Directors when required.

(b) The Board of Directors shall, by resolution or resolutions, passed by a majority of the whole Board of Directors designate an Audit committee to consist of three or more non-employee directors of the Corporation free from any relationship that in the opinion of the Board of Directors, would interfere with the exercise of independent judgment as a committee member. Any director who is a former employee of the Corporation may not serve on the audit committee. The members of the Audit committee shall be appointed by and hold office at the pleasure of the Board of Directors. A majority of the members of the Audit committee will constitute a quorum for the transaction of business. It shall be the duty of the Audit committee (i) to recommend to the Board of Directors a firm of independent accountants to perform the examinations of the annual financial statements of the Corporation; (ii) to review with the independent accountants and with the Chief Financial Officer the proposed scope of the annual audit, past audit experience, the Corporation's internal audit program, recently completed internal audits and other matters bearing upon the scope of the audit; (iii) to review with the independent accountants and with the Chief Financial Officer significant matters revealed in the course of the audit of the annual financial statements of the Corporation; (iv) to review with the Chief Financial Officer any suggestions and recommendations of the independent accountants concerning the internal control standards and the accounting procedures of the Corporation; (v) to report its activities and actions to the Board of Directors at least once each fiscal year.

Section 9. Action by Consent. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 10. Telephonic Meetings. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 11. Resignation. Any director may resign at any time by giving written notice to the Board of Directors or to the Secretary of the Corporation. The resignation of any director

shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 12. Vacancies. Unless otherwise provided in the Certificate of Incorporation, vacancies on the Board of Directors resulting from death, resignation, removal or otherwise and newly created directorships resulting from any increase in the number of directors may be filled solely by a majority of the directors then in office (although less than a quorum) or by the sole remaining director. Each director so elected shall hold office for a term that shall coincide with the term of the Class to which such director shall have been elected. If there are no directors in office, then an election of directors may be held in accordance with Delaware Law. Unless otherwise provided in the Certificate of Incorporation, when one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in the filling of the other vacancies.

Section 13. Removal. No director may be removed from office by the stockholders except for cause with the affirmative vote of the holders of not less than a majority of those of the outstanding shares generally entitled to vote.

Section 14. Compensation. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, the Board of Directors shall have authority to fix the compensation of directors, including fees and reimbursement of expenses.

#### ARTICLE IV

##### OFFICERS

Section 1. Principal Officers. The principal officers of the Corporation shall be a Chief Executive Officer, one President, a Chief Financial Officer or Treasurer, and a Secretary who shall have the duty, among other things, to record the proceedings of the meetings of stockholders and directors in a book kept for that purpose. One person may hold the offices and perform the duties of any two or more of said offices, except that no one person shall hold the offices and perform the duties of President and Secretary.

Section 2. Chairman of the Board. The Chairman of the Board shall be the chief executive officer of the Corporation and shall have general supervision of the business and operations of the Corporation, subject, however, to the authority of the Board of Directors. The Chairman of the Board shall preside at all meetings of the shareholders and of the Board of Directors. The Chairman of the Board shall perform all of the duties usually incumbent upon a chief executive officer of a corporation and incident to the office of the Chairman of the Board. The Chairman of the Board shall also have such powers and perform such duties as are assigned by these By-Laws and shall have such other powers and perform such other duties, not inconsistent with these By-Laws, as may from time to time be assigned by the Board of Directors.

Section 3. Election, Term of Office and Remuneration. The principal officers of the Corporation shall be elected annually by the Board of Directors at the annual meeting thereof. Such officers shall hold office until his successor is elected and qualified, or until his earlier death, resignation or removal. The remuneration of such officers of the Corporation shall be fixed by the Board of Directors (or any Committee thereof). Any vacancy in any such office shall be filled in such manner as the Board of Directors shall determine.

Section 4. Subordinate Officers. In addition to the principal officers enumerated in Section 1 of this Article IV, the Corporation may have one or more Vice Presidents, Controllers, Assistant Treasurers, Assistant Secretaries and Assistant Controllers and such other subordinate officers, agents and employees as the Chairman or Chief Executive Officer may deem necessary, each of whom shall hold office for such period as the Chairman or Chief Executive Officer may from time to time determine.

Section 5. Removal. Any officer may be removed, with or without cause, at any time, by resolution adopted by the Board of Directors provided that no such removal shall alter, void or otherwise effect any change in any written contractual relationship between the Corporation and any such officer thus removed from office. Any subordinate officer may be removed, with or without cause, by the Chairman or Chief Executive Officer.

Section 6. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors (or to a principal officer if the Board of Directors has delegated to such principal officer the power to appoint and to remove such officer). The resignation of any officer shall take effect upon receipt of notice thereof or at such later

time as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7. Powers, Duties and Compensation. The principal officers of the Corporation shall have such powers and perform such duties incident to each of their respective offices and such other duties as may from time to time be conferred upon or assigned to them, and shall have such compensation, as shall be awarded to them, by the Board of Directors. The subordinate officers shall have such powers and perform such duties as may from time to time be conferred upon them, and shall have such compensation, as shall be awarded to them, by the Chairman or Chief Executive Officer.

## ARTICLE V

### INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings other Than Those by or in the Right of the Corporation Subject to Section 3 of this Article V, the Corporation shall indemnify, to the fullest extent permitted by applicable law, now or hereafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation,

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partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation Subject to Section 3 of this Article V, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article V (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article V, as the case may be. Such determination shall be made with respect to a person who is a director or officer at the time of such determination (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum or (ii) by a committee of such directors designated by majority vote of such directors, even though less than a quorum or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders. To the extent, however, that a director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, without the necessity of authorization in the specific case.

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Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article V, a person shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his conduct was unlawful, if his action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to him by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Sections 1 or 2 of this Article V, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article V, and notwithstanding the absence of any determination thereunder, any director or officer may apply to any court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article V. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because he has met the applicable standards of conduct set forth in Section 1 or 2 of this Article V, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article V nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses (including attorneys fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article V. Such expenses (including attorneys fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the corporation deems appropriate.

Section 7. Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by or granted pursuant to this Article V shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any By-Law, agreement, contract, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the

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Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article V shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Sections 1 or 2 of this Article V but whom the Corporation has the power or obligation to indemnify under the provisions of the General Corporation Law of the State of Delaware, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the

Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article V.

Section 9. Certain Definitions. For purposes of this Article V, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, and employees or agents so that any person who is or was a director or officer of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article V with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article V, references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article V.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article V shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article V to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 hereof), the Corporation shall not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

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Section 12. Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article V to directors and officers of the Corporation.

## ARTICLE VI GENERAL PROVISIONS

### Section 1. Certificates and Transfer of Shares.

(a) Certificates for shares of the Corporation shall be in such form as shall be approved by the Board of Directors. Such certificates shall be numbered and registered in the order in which they are issued and shall be signed by the Chairman of the Board, the President or a Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer. Where any such certificate is countersigned by a transfer agent, other than the Corporation or its employee, or by a registrar, other than the Corporation or its employee, any other signature on such certificate may be a facsimile, engraved, stamped or printed. In the event that an officer whose facsimile signature appears on such certificate ceases for any reason to hold the office indicated and the Corporation or its transfer agent has on hand a supply of share certificates bearing such officer's facsimile signature, such certificates may continue to be issued and registered until such supply is exhausted.

(b) Transfers of shares of the Corporation shall be made only on the books of the Corporation by the holder thereof, or by the holder's attorney thereunto duly authorized and on surrender of the certificate or certificates for such shares properly endorsed. Every certificate surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation. Except as hereinafter provided, no new certificate shall be issued in exchange for one previously issued until the old certificate has been surrendered and cancelled.

(c) The holder of any shares of the Corporation shall immediately notify the Corporation of any loss, destruction or mutilation of the certificate thereof and the Corporation may issue a new certificate in the place of any certificate therefor issued by it alleged to have been lost, destroyed or mutilated. The Board of Directors may, in its discretion, as conditions to the issue of any such new certificate, require the owner of the lost or destroyed certificate or the owner's legal representatives to make proof satisfactory to the Board of Directors of the loss or destruction thereof and to give the Corporation a bond in such form, in such sum and with such surety or sureties as the Board of Directors may direct, to indemnify the Corporation against any claim that may be made against it on account of any such certificate so alleged to have been lost or destroyed.

Section 2. Fiscal Year. The fiscal year of the Corporation shall commence on July 1 and end on June 30 of each year, unless otherwise determined by the Board of Directors.

Section 3. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware." The

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seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced.

Section 4. Voting of Stock Owned by the Corporation. The Board of Directors or a person designated by the Board is authorized, on behalf of the Corporation, to attend, vote at and grant proxies to be used at any meeting of stockholders of any corporation (except this Corporation) in which the Corporation may hold stock.

Section 5. Amendments. Subject to the Certificate of Incorporation, these By-Laws or any of them may be altered, amended or repealed, or new By-Laws may be made, by the stockholders entitled to vote thereon at any annual or special meeting thereof or by the Board of Directors.

Section 6. Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfers officers or agencies and registry officers or agencies at such place or places as may be determined from time to time by the Board of Directors.

## ARTICLE VII SUBJECT TO CERTIFICATE OF INCORPORATION

These By-Laws will be subject to the Certificate of Incorporation, and in the event of any conflict between these By-Laws and the Certificate of Incorporation, the provisions of the Certificate of Incorporation will supersede and take precedence.

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RESTATED CERTIFICATE OF INCORPORATION  
OF  
ETHAN ALLEN INC.

ETHAN ALLEN INC., a Delaware corporation (the "Corporation") hereby certifies as follows:

1. The name of the Corporation is Ethan Allen Inc. and the name under which the Corporation was originally incorporated was Green Mountain Intermediate Holding Corporation. The date of the filing of its original Certificate of Incorporation with the Secretary of State was June 16, 1989.
2. The Corporation previously amended and restated its Certificate of Incorporation by filing a Restated Certificate of Incorporation with the Secretary of State of Delaware on each of June 28, 1989 and June 29, 1989.
3. This Restated Certificate of Incorporation was duly adopted in accordance with Section 242 and Section 245 of the Delaware General Corporation Law (the "Delaware Law").
4. The text of the Certificate of Incorporation of the Corporation as hereby and heretofore amended or supplemented is hereby restated to read as herein set forth in full:

FIRST: The name of the Corporation is Ethan Allen Inc.

SECOND: The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (the "Delaware Law").

FOURTH: The total number of shares of capital stock which the Corporation shall have authority to issue is 1,000 shares, consisting of 1,000 shares of Common Stock, par value \$0.01 per share.

FIFTH: The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors of the Corporation consisting of not more than nine members, the exact number of members to be fixed from time to time by Resolution of the Board of Directors. The Board of Directors shall have the concurrent power with the stockholders to adopt, amend or repeal the by-laws of the Corporation.

SIXTH:

1. Limits on Director Liability. A director of the Corporation shall not be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent now or hereafter permitted by Delaware Law.
2. Indemnification. Each person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless by the Corporation to the fullest extent now or hereafter permitted by Delaware Law. The right to indemnification conferred in this ARTICLE SIXTH shall also include the right to be paid by the Corporation the expenses incurred in connection with any such proceeding in advance of its final disposition to the fullest extent now or hereafter authorized by Delaware Law. The right to indemnification conferred in this ARTICLE SIXTH shall be a contract right.
3. Additional Indemnification. The Corporation may, by action of its Board of Directors, provide indemnification to such of the directors, officers, employees and agents of the Corporation to such extent and to such effect as the Board of Directors shall determine to be appropriate and authorized by Delaware Law.
4. Insurance. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss incurred by such person in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under Delaware Law.
5. Other Rights. The rights and authority conferred in this ARTICLE SIXTH shall not be exclusive of any other right which any person may otherwise have or hereafter acquire.
6. Effect of Amendments. Neither the amendment, change, alteration nor repeal of this ARTICLE SIXTH, nor the adoption of any provision of this Certificate of

Incorporation or the by-laws of the Corporation, nor, to the fullest extent permitted by Delaware Law, any modification of law, shall eliminate or reduce the effect of this ARTICLE SIXTH or the rights or protections afforded by this ARTICLE SIXTH in respect of any acts or omissions occurring prior to such amendment, repeal, adoption or modification.

SEVENTH: The Corporation reserves the right to amend, alter or change this Certificate of Incorporation in any manner now or hereafter permitted by the Delaware Law and all rights and powers conferred upon stockholders, directors and officers herein are granted subject to this reservation.



IN WITNESS WHEREOF, said Ethan Allen Inc. has caused this certificate to be signed by M. Farooq Kathwari, its Chairman of the Board of Directors, President and Chief Executive Officer and attested by Sharon Blinkoff, its Secretary, this 23rd day of March, 1993.

By: /s/M. Farooq Kathwari  
Name: M. Farooq Kathwari  
Title: Chairman of the Board of  
Directors, President  
and Chief Executive Officer

ATTEST:

By: /s/Sharon Blinkoff  
Sharon Blinkoff, Secretary

CERTIFICATE OF AMENDMENT  
OF  
RESTATED CERTIFICATE OF INCORPORATION  
OF  
ETHAN ALLEN INC.

\_\_\_\_\_  
Pursuant to  
§ 242 of the Delaware General Corporation Law  
\_\_\_\_\_

ETHAN ALLEN INC. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the Board of Directors and sole shareholder of the Corporation, in accordance with the General Corporation Law of the State of Delaware (the "Law"), duly adopted resolutions setting forth the following amendment (the "Amendment") to the Restated Certificate of Incorporation of the Corporation, declaring the Amendment to be advisable.

SECOND: That the Amendment was adopted by unanimous written consent of the directors of the Corporation followed by the unanimous written consent of the sole holder of the outstanding shares of common stock entitled to vote thereon, all in accordance with Sections 242, 141(f), and 228 of the Law.

THIRD: Accordingly, the Restated Certificate of Incorporation of the Corporation is hereby amended by deleting in its entirety the present Article First and substituting in lieu thereof the following:

First: The name of the corporation is Ethan Allen Retail, Inc.”

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by M. Farooq Kathwari, its President and Chief Executive Officer, this 28th day of June, 2005.

ETHAN ALLEN INC.

By: /s/M. Farooq Kathwari  
Name: M. Farooq Kathwari  
Title: President and Chief Executive Officer

AMENDED AND RESTATED

BY-LAWS

OF

ETHAN ALLEN INC.

\* \* \* \* \*

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

Section 3. Books. The books of the Corporation may be kept within or without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Time and Place of Meetings. All meetings of stockholders shall be held at such place, either within or without the State of Delaware, on such date and at such time as may be determined from time to time by the Board of Directors, the Chairman or otherwise in accordance with the Certificate of Incorporation.

Section 2. Annual Meetings. Annual meetings of stockholders shall be held at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting at which meeting the stockholders shall elect the Board of Directors and transact such other business as may properly be brought before the meeting.

Section 3. Special Meetings. Special meetings of stockholders shall be called by the Secretary of the Corporation upon written request signed by stockholders holding at least 20% of the shares of stock generally entitled to vote, or by a majority of the Board of Directors, the President, the Chairman or otherwise in accordance with the Certificate of Incorporation.

Section 4. Notice of Meetings and Adjourned Meetings; Waivers of Notice.

(a) Whenever stockholders are required or permitted to take any action at a meeting, the Corporation will provide a written notice of the meeting shall be given, which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended ("Delaware Law"), such notice shall be given not less than 10 nor more than 60 days before the date of the annual meeting, and not less than 45 nor more than 60 days before the date of any special meeting, to each stockholder of record entitled to vote at such meeting. Unless these By-Laws otherwise require, when a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

(b) A written waiver of any such notice signed by the person entitled thereto, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 5. Quorum. Unless otherwise provided by the Certificate of Incorporation or these By-Laws and subject to Delaware Law, the presence, in person or by proxy, of the holders of at least one-third of the shares of stock generally entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business.

Section 6. Voting. (a) Unless otherwise provided in the Certificate of Incorporation and subject to Delaware Law, each stockholder shall be entitled to one vote for each outstanding share of capital stock of the Corporation held by such stockholder. Unless otherwise provided in Delaware Law, the Certificate of Incorporation or these By-Laws, the affirmative vote of a majority of the shares of stock generally entitled to vote, either in person or by proxy, at a meeting of stockholders and entitled to vote on the subject matter shall be the act of the stockholders.

(b) Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to a corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 7. Action by Consent of Shareholders in Lieu of a Meeting. Any action required or permitted to be taken at any annual or special meeting of stockholders may be taken upon the vote of stockholders at an annual or special meeting duly noticed and called in accordance with Delaware Law and may be taken without a meeting and without prior notice and

without a vote if a consent in writing setting forth the action so taken shall be signed by the stockholders entitled to vote having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Section 8. Organization. At each meeting of stockholders, the Chairman of the Board, if one shall have been elected (or in his absence or if one shall not have been elected, the Chief Executive Officer or the President) shall act as chairman of the meeting. The Secretary (or in his absence or inability to act, the person whom the chairman of the meeting shall appoint secretary of the meeting) shall act as secretary of the meeting and keep the minutes thereof.

Section 9. Order of Business. Subject to Delaware Law, the order and agenda of business at all meetings of stockholders shall be as determined by the chairman of the meeting.

Section 10. Nomination of Directors. Unless otherwise provided in the Certificate of Incorporation and subject to Delaware Law, nominations of persons for election to the Board of Directors of the Corporation shall be made by or at the direction of the Board of Directors or by the stockholders of the Corporation.

Section 11. Notice of Business. At any meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting (a) by or at the direction of the Board of Directors or (b) by any stockholder of the Corporation who is a stockholder of record at the time of giving of the notice provided for in this Section 11, who shall be entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 11. For business to be properly brought before a stockholder meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than 60 days nor more than 90 days prior to the meeting; provided, however, that in the event that less than 70 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting or such public disclosure was made. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the meeting (a) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (b) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (c) the class and number of shares of the Corporation which are beneficially owned by the stockholder and (d) any material interest of the stockholder in such business. Notwithstanding anything in the By-Laws to the contrary, no business shall be conducted at a stockholder meeting except in accordance with the procedures set forth in this Section 11. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of the By-Laws, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing, provisions of this Section 11, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11.

Section 12. Advisory Stockholder Votes. In order for the stockholders to adopt or approve any precatory proposal submitted to them for the purpose of requesting the Board of Directors to take certain actions, a majority of those of the outstanding shares of stock generally entitled to vote thereon must be voted for the proposal in accordance with the By-Laws.

Section 13. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by these By-Laws or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 14. Beneficial Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books and records as the owner of shares to receive dividends and distributions and to vote, and, except as required by law, shall not be required to recognize any equitable or other claim or interest in such shares by any other person, irrespective of any notice thereof.

Section 15. Inspectors of Election. At all elections of directors and when otherwise required by law, the chairman of the meeting shall appoint two inspectors of election. The inspectors shall be responsible for receiving, tabulating and reporting the results of the votes taken. No director or candidate for the office of director shall appoint such inspector. The chairman of the meeting shall open and close the polls.

### ARTICLE III

#### DIRECTORS

Section 1. General Powers. Except as otherwise provided in Delaware Law or the Certificate of Incorporation, the business, property and affairs of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by applicable law or the Certificate of Incorporation or these By-Laws directed or required to be exercised or done by the Stockholders.

Section 2. Number, Classes, Term of Office, etc. The Board of Directors shall consist of not more than nine directors, with the exact number of directors within those limits to be determined from time to time solely by resolution adopted by the affirmative vote of a majority of the entire Board of Directors. Notwithstanding the foregoing, each director shall

hold office until such director's successor shall have been duly elected and qualified or until such director's earlier death, resignation or removal. Directors need not be stockholders.

Section 3. Quorum and Manner of Acting and Organization Unless the Certificate of Incorporation or these By-Laws require a greater number, a majority of the total number of directors shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of the directors present at meetings at which a quorum is present shall be the act of the Board of Directors. When a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Board of Directors may transact any business which might have been transacted at the original meeting. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 4. Time and Place of Meetings The Board of Directors shall hold its meetings at such place, either within or without the State of Delaware, and at such time as may be determined from time to time by the Board of Directors (or the Chairman in the absence of a determination by the Board of Directors). The Chairman of the Board shall preside at all meetings of the Board of Directors (or in the absence of the Chairman of the Board, such member as may be designated by the Chairman of the Board).

Section 5. Annual Meeting The Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business, as soon as practicable after each annual meeting of stockholders, on the same day and at the same place where such annual meeting shall be held. Notice of such meeting need not be given. In the event such annual meeting of stockholders is not so held, the annual meeting of the Board of Directors may be held at such place either within or without the State of Delaware, on such date and at such time as shall be specified in a notice thereof given as hereinafter provided in Section 7 of this Article III or in a waiver of notice thereof signed by any director who chooses to waive the requirement of notice.

Section 6. Regular Meetings After the place and time of regular meetings of the Board of Directors shall have been determined and notice thereof shall have been once given to each member of the Board of Directors, regular meetings may be held without further notice being given.

Section 7. Special Meetings Special meetings of the Board of Directors may be called by the Chairman of the Board or the President and shall be called by the Chairman of the Board, Chief Executive Officer or Secretary on the written request of four of the directors. Notice of special meetings of the Board of Directors shall be given to each director at least three days before the date of the meeting in such manner as is determined by the Board of Directors.

Section 8. Committees.

- (a) The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, each committee to consist of two



or more of the directors of the Corporation. The Board of Directors may designate two or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of the committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board of Directors when required.

(b) The Board of Directors shall, by resolution or resolutions, passed by a majority of the whole Board of Directors designate an Audit committee to consist of three or more non-employee directors of the Corporation free from any relationship that in the opinion of the Board of Directors, would interfere with the exercise of independent judgment as a committee member. Any director who is a former employee of the Corporation may not serve on the audit committee. The members of the Audit committee shall be appointed by and hold office at the pleasure of the Board of Directors. A majority of the members of the Audit committee will constitute a quorum for the transaction of business. It shall be the duty of the Audit committee (i) to recommend to the Board of Directors a firm of independent accountants to perform the examinations of the annual financial statements of the Corporation; (ii) to review with the independent accountants and with the Chief Financial Officer the proposed scope of the annual audit, past audit experience, the Corporation's internal audit program, recently completed internal audits and other matters bearing upon the scope of the audit; (iii) to review with the independent accountants and with the Chief Financial Officer significant matters revealed in the course of the audit of the annual financial statements of the Corporation; (iv) to review with the Chief Financial Officer any suggestions and recommendations of the independent accountants concerning the internal control standards and the accounting procedures of the Corporation; (v) to report its activities and actions to the Board of Directors at least once each fiscal year.

Section 9. Action by Consent. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 10. Telephonic Meetings. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 11. Resignation. Any director may resign at any time by giving written notice to the Board of Directors or to the Secretary of the Corporation. The resignation of any director

shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 12. Vacancies. Unless otherwise provided in the Certificate of Incorporation, vacancies on the Board of Directors resulting from death, resignation, removal or otherwise and newly created directorships resulting from any increase in the number of directors may be filled solely by a majority of the directors then in office (although less than a quorum) or by the sole remaining director. Each director so elected shall hold office for a term that shall coincide with the term of the Class to which such director shall have been elected. If there are no directors in office, then an election of directors may be held in accordance with Delaware Law. Unless otherwise provided in the Certificate of Incorporation, when one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in the filling of the other vacancies.

Section 13. Removal. No director may be removed from office by the stockholders except for cause with the affirmative vote of the holders of not less than a majority of those of the outstanding shares generally entitled to vote.

Section 14. Compensation. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, the Board of Directors shall have authority to fix the compensation of directors, including fees and reimbursement of expenses.

#### ARTICLE IV

#### OFFICERS

Section 1. Principal Officers. The principal officers of the Corporation shall be a Chief Executive Officer, one President, a Chief Financial Officer or Treasurer, and a Secretary who shall have the duty, among other things, to record the proceedings of the meetings of stockholders and directors in a book kept for that purpose. One person may hold the offices and perform the duties of any two or more of said offices, except that no one person shall hold the offices and perform the duties of President and Secretary.

Section 2. Chairman of the Board. The Chairman of the Board shall be the chief executive officer of the Corporation and shall have general supervision of the business and operations of the Corporation, subject, however, to the authority of the Board of Directors. The Chairman of the Board shall preside at all meetings of the shareholders and of the board of Directors. The Chairman of the Board shall perform all of the duties usually incumbent upon a chief executive officer of a corporation and incident to the office of the Chairman of the Board. The Chairman of the Board shall also have such powers and perform such duties as are assigned by these By-Laws and shall have such other powers and perform such other duties, not inconsistent with these By-Laws, as may from time to time be assigned by the Board of Directors.

Section 3. Election, Term of Office and Remuneration. The principal officers of the Corporation shall be elected annually by the Board of Directors at the annual meeting thereof. Such officers shall hold office until his successor is elected and qualified, or until his earlier death, resignation or removal. The remuneration of such officers of the Corporation shall be fixed by the Board of Directors (or any Committee thereof). Any vacancy in any such office shall be filled in such manner as the Board of Directors shall determine.

Section 4. Subordinate Officers. In addition to the principal officers enumerated in Section 1 of this Article IV, the Corporation may have one or more Vice Presidents, Controllers, Assistant Treasurers, Assistant Secretaries and Assistant Controllers and such other subordinate officers, agents and employees as the Chairman or Chief Executive Officer may deem necessary, each of whom shall hold office for such period as the Chairman or Chief Executive Officer may from time to time determine.

Section 5. Removal. Any officer may be removed, with or without cause, at any time, by resolution adopted by the Board of Directors; provided that no such removal shall alter, void or otherwise effect any change in any written contractual relationship between the Corporation and any such officer thus removed from office. Any subordinate officer may be removed, with or without cause, by the Chairman or Chief Executive Officer.

Section 6. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors (or to a principal officer if the Board of Directors has delegated to such principal officer the power to appoint and to remove such officer). The resignation of any officer shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7. Powers, Duties and Compensation. The officers of the Corporation shall have such powers and perform such duties incident to each of their respective offices and such other duties as may from time to time be conferred upon or assigned to them, and shall have such compensation, as shall be awarded to them, by the Board of Directors. The subordinate officers shall have such powers and perform such duties or may from time to time be conferred upon them, and shall have such compensation, as shall be awarded to them, by the Chairman or Chief Executive Officer.

## ARTICLE V

### INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings other Than Those by or in the Right of the Corporation Subject to Section 3 of this Article V, the Corporation shall indemnify, to the fullest extent permitted by applicable law, now or hereafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director or officer, employee or agent of another

corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation Subject to Section 3 of this Article V, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article V (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article V, as the case may be. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders. To the extent, however, that a director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article V, a person shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his

conduct was unlawful, if his action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to him by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Sections 1 or 2 of this Article V, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article V, and notwithstanding the absence of any determination thereunder, any director or officer may apply to any court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article V. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because he has met the applicable standards of conduct set forth in Section 1 or 2 of this Article V, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article V nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses incurred by a director or officer in defending or investigating a threatened or pending action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article V.

Section 7. Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by or granted pursuant to this Article V shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any By-Law, agreement, contract, vote of stockholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article V shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Sections 1 or 2 of this Article V but whom the Corporation has the power or obligation to indemnify under the provisions of the General Corporation Law of the State of Delaware, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power or the obligation to indemnify him against such liability under the provisions of this Article V.

Section 9. Certain Definitions. For purposes of this Article V, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article V with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article V, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article V.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article V shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article V to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 hereof), the Corporation shall not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 12. Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article V to directors and officers of the Corporation.

ARTICLE VI

GENERAL PROVISIONS

Section 1. Certificates and Transfer of Shares. (a) Certificates for shares of the Corporation shall be in such form as shall be approved by the Board of Directors. Such certificates shall be numbered and registered in the order in which they are issued and shall be signed by the Chairman of the Board, the President or a Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer. Where any such certificate is countersigned by a transfer agent, other than the Corporation or its employee, or by a registrar, other than the Corporation or its employee, any other signature on such certificate may be a facsimile, engraved, stamped or printed. In the event that an officer whose facsimile signature appears on such certificate ceases for any reason to hold the office indicated and the Corporation or its transfer agent has on hand a supply of share certificates bearing such officer's facsimile signature, such certificates may continue to be issued and registered until such supply is exhausted.

(b) Transfers of shares of the Corporation shall be made only on the books of the Corporation by the holder thereof, or by the holder's attorney thereunto duly authorized and on surrender of the certificate or certificates for such shares properly endorsed. Every certificate surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation. Except as hereinafter provided, no new certificate shall be issued in exchange for one previously issued until the old certificate has been surrendered and cancelled.

(c) The holder of any shares of the Corporation shall immediately notify the Corporation of any loss, destruction or mutilation of the certificate therefor and the Corporation may issue a new certificate in the place of any certificate therefore issued by it alleged to have been lost, destroyed or mutilated. The Board of Directors may, in its discretion, as conditions to the issue of any such new certificate, require the owner of the lost or destroyed certificate or the owner's legal representatives to make proof satisfactory to the Board of Directors of the loss or destruction thereof and to give the Corporation a bond in such form, in such sum and with such surety or sureties as the Board of Directors may direct, to indemnify the Corporation against any claim that may be made against it on account of any such certificate so alleged to have been lost or destroyed.

Section 2. Fiscal Year. The fiscal year of the Corporation shall commence on July 1 and end on June 30 of each year, unless otherwise determined by the Board of Directors.

Section 3. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced.

Section 4. Voting of Stock Owned by the Corporation. The Board of Directors or a person designated by the Board is authorized, on behalf of the Corporation, to attend, vote at and grant proxies to be used at any meeting of stockholders of any corporation (except this Corporation) in which the Corporation may hold stock.

Section 5. Amendments. Subject to the Certificate of Incorporation, these By-Laws or any of them may be altered, amended or repealed, or new By-Laws may be made, by the stockholders entitled to vote thereon at any annual or special meeting thereof or by the Board of Directors.

Section 6. Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfers officers or agencies and registry officers or agencies at such place or places as may be determined from time to time by the Board of Directors.

#### ARTICLE VII

#### SUBJECT TO CERTIFICATE OF INCORPORATION

These By-Laws will be subject to the Certificate of Incorporation, and in the event of any conflict between these By-Laws and the Certificate of Incorporation, the provisions of the Certificate of Incorporation will supersede and take precedence.



## CERTIFICATE OF INCORPORATION

OF

ETHAN ALLEN MANUFACTURING CORPORATION

\*\*\*\*

**FIRST:** The name of the Corporation is Ethan Allen Manufacturing Corporation.

**SECOND:** The address of its registered office in the State of Delaware is The Prentice-Hall Corporation System, Inc., 32 Lookerman Square, Suite L-100, Dover, Delaware 19904. The name of its registered agent at such address is The Prentice-Hall Corporation System, Inc., Kent County.

**THIRD:** The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (the "Delaware Law").

**FOURTH:** The total number of shares of capital stock which the Corporation shall have authority to issue is 1,000 shares, consisting of 1,000 shares of Common stock, par Value \$0.01 per share.

**FIFTH:** The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors of the Corporation consisting of not more than nine members, the exact number of members to be fixed from time to time by Resolution of the Board of Directors. The Board of Directors shall have the concurrent power with the stockholders to adopt, amend or repeal the by-laws of the Corporation.

SIXTH:

1. **Limits on Director Liability.** A director of the Corporation shall not be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent now or hereafter permitted by Delaware Law.

2. **Indemnification.** Each person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless by the Corporation to the fullest extent now or hereafter permitted by Delaware Law. The right to indemnification conferred in this ARTICLE SIXTH shall also include the right to be paid by the Corporation the expenses incurred in connection with any such proceeding in advance of its final disposition to the fullest extent now or hereafter authorized by Delaware Law. The right to indemnification conferred in this ARTICLE SIXTH shall be a contract right.

3. **Additional Indemnification.** The Corporation may, by action of its Board of Directors, provide indemnification to such of the directors, officers, employees and agents of the Corporation to such extent and to such effect as the Board of Directors shall determine to be appropriate and authorized by Delaware Law.

4. **Insurance.** The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss incurred by such person in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under Delaware Law.

5. **Other Rights:** The rights and authority conferred in this ARTICLE SIXTH shall not be exclusive of any other right which any person may otherwise have or hereafter acquire.

6. **Effect of Amendments.** Neither the amendment, change, alteration nor repeal of this ARTICLE SIXTH, nor the adoption of any provision of this Certificate of Incorporation or the by-laws of the Corporation, nor, to the fullest extent permitted by Delaware Law, any modification of law, shall eliminate or reduce the effect of this ARTICLE SIXTH or the rights or protections afforded by this ARTICLE SIXTH in respect of any acts or omissions occurring prior to such amendment, repeal, adoption or modification.

**SEVENTH:** The Corporation reserves the right to amend, alter or change this Certificate of Incorporation in any manner now or hereafter permitted by the Delaware Law and all rights and powers conferred upon stockholders, directors and officers herein are granted subject to this reservation.

**EIGHTH:** The name and mailing address of the incorporator is as follows:

James B. Carlson  
Mayer, Brown & Platt  
787 Seventh Avenue  
New York, New York 10019-6018

I, THE UNDERSIGNED, being the incorporator named herein, for the purpose of forming a corporation pursuant to Delaware Law, do make this Certificate of Incorporation, hereby declaring and certifying that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my signature as of December 22, 1994.

By: /s/ James B. Carlson  
Name: James B. Carlson  
Title: Sole Incorporator

\*\*\*\*

ETHAN ALLEN MANUFACTURING CORPORATION, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware

DOES HEREBY CERTIFY:

That the registered office of the corporation in the state of Delaware is hereby changed to Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle.

That the registered agent of the corporation is hereby changed to THE CORPORATION TRUST COMPANY, the business address of which is identical to the aforementioned registered office as changed.

That the changes in the registered office and registered agent of the corporation as set forth herein were duly authorized by resolution of the Board of Directors of the corporation.

IN WITNESS WHEREOF, the corporation has caused this Certificate to be signed by an authorized officer, this 2<sup>nd</sup> day of February, 2003.

**ETHAN ALLEN MANUFACTURING  
CORPORATION**

/s/ Pamela A. Banks

\_\_\_\_\_  
Pamela A. Banks, Secretary

CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
ETHAN ALLEN MANUFACTURING CORPORATION

\_\_\_\_\_  
Pursuant to  
§ 242 of the Delaware General Corporation Law  
\_\_\_\_\_

ETHAN ALLEN MANUFACTURING CORPORATION (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the sole director and sole shareholder of the Corporation, in accordance with the General Corporation Law of the State of Delaware (the "Law"), duly adopted resolutions setting forth the following amendment (the "Amendment") to the Certificate of Incorporation of the Corporation, declaring the Amendment to be advisable.

SECOND: That the Amendment was adopted by unanimous written consent of the sole director of the Corporation followed by the unanimous written consent of the sole holder of the outstanding shares of common stock entitled to vote thereon, all in accordance with Sections 242, 141(f), and 228 of the Law.

THIRD: Accordingly, the Certificate of Incorporation of the Corporation is hereby amended by deleting in its entirety the present Article First and substituting in lieu thereof the following:

"FIRST: The name of the Corporation is Ethan Allen Operations, Inc."

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by M. Farooq Kathwari, its President and Chief Executive Officer, this 29th day of June, 2005.

ETHAN ALLEN MANUFACTURING  
CORPORATION

By: /s/ M. Farooq Kathwari

\_\_\_\_\_  
Name: M. Farooq Kathwari  
Title: President and Chief Executive Officer

BY-LAWS  
OF  
ETHAN ALLEN MANUFACTURING CORPORATION

\* \* \* \* \*

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

Section 3. Books. The books of the Corporation may be kept within or without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Time and Place of Meetings. All meetings of stockholders shall be held at such place, either within or without the State of Delaware, on such date and at such time as may be determined from time to time by the Board of Directors, the Chairman or otherwise in accordance with the Certificate of Incorporation.

Section 2. Annual Meetings. Annual meetings of stockholders shall be held at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting at which meeting the stockholders shall elect the Board of Directors and transact such other business as may properly be brought before the meeting.

Section 3. Special Meetings. Special meetings of stockholders shall be called by the Secretary of the Corporation upon written request signed by stockholders holding at least 20% of the shares of stock generally entitled to vote, or by a majority of the Board of Directors, the President, the Chairman or otherwise in accordance with the Certificate of Incorporation.

Section 4. Notice of Meetings and Adjourned Meetings; Waivers of Notice. (a) Whenever stockholders are required or permitted to take any action at a meeting, the Corporation will provide a written notice of the meeting shall be given, which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the

meeting is called. Unless otherwise provided by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended ("Delaware Law"), such notice shall be given not less than 10 nor more than 60 days before the date of the annual meeting, and not less than 45 nor more than 60 days before the date of any special meeting, to each stockholder of record entitled to vote at such meeting. Unless these By-Laws otherwise require, when a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

(b) A written waiver of any such notice signed by the person entitled thereto, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 5. Quorum. Unless otherwise provided by the Certificate of Incorporation or these By-Laws and subject to Delaware Law, the presence, in person or by proxy, of the holders of at least one-third of the shares of stock generally entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business.

Section 6. Voting. (a) Unless otherwise provided in the Certificate of Incorporation and subject to Delaware Law, each stockholder shall be entitled to one vote for each outstanding share of capital stock of the Corporation held by such stockholder. Unless otherwise provided in Delaware Law, the Certificate of Incorporation or these By-Laws, the affirmative vote of a majority of the shares of stock generally entitled to vote, either in person or by proxy, at a meeting of stockholders and entitled to vote on the subject matter shall be the act of the stockholders.

(b) Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to a corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 7. Action by Consent of Shareholders in Lieu of a Meeting. Any action required or permitted to be taken at any annual or special meeting of stockholders may be taken upon the vote of stockholders at an annual or special meeting duly noticed and called in accordance with Delaware Law and may be taken without a meeting and without prior notice and without a vote if a consent in writing setting forth the action so taken shall be signed by the stockholders entitled to vote having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Section 8. Organization. At each meeting of stockholders, the Chairman of the Board, if one shall have been elected (or in his absence or if one shall not have been elected, the Chief Executive Officer or the President) shall act as chairman of the meeting. The Secretary (or in his absence or inability to act, the person whom the chairman of the meeting shall appoint secretary of the meeting) shall act as secretary of the meeting and keep the minutes thereof.

Section 9. Order of Business. Subject to Delaware Law, the order and agenda of business at all meetings of stockholders shall be as determined by the chairman of the meeting.

Section 10. Nomination of Directors. Unless otherwise provided in the Certificate of Incorporation and subject to Delaware law, nominations of persons for election to the Board of Directors of the Corporation shall be made by or at the direction of the Board of Directors or by the stockholders of the Corporation.

Section 11. Notice of Business. At any meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting (a) by or at the direction of the Board of Directors or (b) by any stockholder of the Corporation who is a stockholder of record at the time of giving of the notice provided for in this Section 11, who shall be entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 11. For business to be properly brought before a stockholder meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than 60 days nor more than 90 days prior to the meeting; provided, however, that in the event that less than 70 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting or such public disclosure was made. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the meeting (a) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (b) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (c) the class and number of shares of the Corporation which are beneficially owned by the stockholder and (d) any material interest of the stockholder in such business. Notwithstanding anything in the By-Laws to the contrary, no business shall be conducted at a stockholder meeting except in accordance with the procedures set forth in this Section 11. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of the By-Laws, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing, provisions of this Section 11, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11.

Section 12. Advisory Stockholder Votes. In order for the stockholders to adopt or approve any precatory proposal submitted to them for the purpose of requesting the Board of Directors to take certain actions, a majority of those of the outstanding shares of stock generally entitled to vote thereon must be voted for the proposal in accordance with the By-Laws.

Section 13. List of Stockholders Entitled to Vote The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by these By-Laws or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 14. Beneficial Owners The Corporation shall be entitled to recognize the exclusive right of a person registered on its books and records as the owner of shares to receive dividends and distributions and to vote, and, except as required by law, shall not be required to recognize any equitable or other claim or interest in such shares by any other person, irrespective of any notice thereof.

Section 15. Inspectors of Election At all elections of directors and when otherwise required by law, the chairman of the meeting shall appoint two inspectors of election. The inspectors shall be responsible for receiving, tabulating and reporting the results of the votes taken. No director or candidate for the office of director shall appoint such inspector. The chairman of the meeting shall open and close the polls.

### ARTICLE III

#### DIRECTORS

Section 1. General Powers Except as otherwise provided in Delaware Law or the Certificate of Incorporation, the business, property and affairs of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by applicable law or the Certificate of Incorporation or these By-Laws directed or required to be exercised or done by the Stockholders.

Section 2. Number, Classes, Term of Office, etc The Board of Directors shall consist of at least one, and not more than nine, directors, with the exact number of directors within those limits to be determined from time to time solely by resolution adopted by the affirmative vote of a majority of the entire Board of Directors. Notwithstanding the foregoing, each director shall hold office until such director's successor shall have been duly elected and qualified or until such director's earlier death, resignation or removal. Directors need not be stockholders.

Section 3. Quorum and Manner of Acting and Organization Unless the Certificate of Incorporation or these By-Laws require a greater number, a majority of the total number of directors shall constitute a quorum for the transaction of business, and the affirmative vote of a

majority of the directors present at meetings at which a quorum is present shall be the act of the Board of Directors. When a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Board of Directors may transact any business which might have been transacted at the original meeting. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 4. Time and Place of Meetings. The Board of Directors shall hold its meetings at such place, either within or without the State of Delaware, and at such time as may be determined from time to time by the Board of Directors (or the Chairman in the absence of a determination by the Board of Directors). The Chairman of the Board shall preside at all meetings of the Board of Directors (or in the absence of the Chairman of the Board, such member as may be designated by the Chairman of the Board).

Section 5. Annual Meeting. The Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business, as soon as practicable after each annual meeting of stockholders, on the same day and at the same place where such annual meeting shall be held. Notice of such meeting need not be given. In the event such annual meeting of stockholders is not so held, the annual meeting of the Board of Directors may be held at such place either within or without the State of Delaware, on such date and at such time as shall be specified in a notice thereof given as hereinafter provided in Section 7 of this Article III or in a waiver of notice thereof signed by any director who chooses to waive the requirement of notice.

Section 6. Regular Meetings. After the place and time of regular meetings of the Board of Directors shall have been determined and notice thereof shall have been once given to each member of the Board of Directors, regular meetings may be held without further notice being given.

Section 7. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board or the President and shall be called by the Chairman of the Board, Chief Executive Officer or Secretary on the written request of four of the directors. Notice of special meetings of the Board of Directors shall be given to each director at least three days before the date of the meeting in such manner as is determined by the Board of Directors.

Section 8. Committees.

(a) The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, each committee to consist of two or more of the directors of the Corporation. The Board of Directors may designate two or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of the committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may



unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board of Directors when required.

(b) The Board of Directors shall, by resolution or resolutions, passed by a majority of the whole Board of Directors designate an Audit committee to consist of three or more non-employee directors of the Corporation free from any relationship that in the opinion of the Board of Directors, would interfere with the exercise of independent judgment as a committee member. Any director who is a former employee of the Corporation may not serve on the audit committee. The members of the Audit committee shall be appointed by and hold office at the pleasure of the Board of Directors. A majority of the members of the Audit committee will constitute a quorum for the transaction of business. It shall be the duty of the Audit committee (i) to recommend to the Board of Directors a firm of independent accountants to perform the examinations of the annual financial statements of the Corporation; (ii) to review with the independent accountants and with the Chief Financial Officer the proposed scope of the annual audit, past audit experience, the Corporation's internal audit program, recently completed internal audits and other matters bearing upon the scope of the audit; (iii) to review with the independent accountants and with the Chief Financial Officer significant matters revealed in the course of the audit of the annual financial statements of the Corporation; (iv) to review with the Chief Financial Officer any suggestions and recommendations of the independent accountants concerning the internal control standards and the accounting procedures of the Corporation; (v) to report its activities and actions to the Board of Directors at least once each fiscal year.

Section 9. Action by Consent. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 10. Telephonic Meetings. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 11. Resignation. Any director may resign at any time by giving written notice to the Board of Directors or to the Secretary of the Corporation. The resignation of any director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 12. Vacancies. Unless otherwise provided in the Certificate of Incorporation, vacancies on the Board of Directors resulting from death, resignation, removal or otherwise and

newly created directorships resulting from any increase in the number of directors may be filled solely by a majority of the directors then in office (although less than a quorum) or by the sole remaining director. Each director so elected shall hold office for a term that shall coincide with the term of the Class to which such director shall have been elected. If there are no directors in office, then an election of directors may be held in accordance with Delaware Law. Unless otherwise provided in the Certificate of Incorporation, when one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in the filling of the other vacancies.

Section 13. Removal. No director may be removed from office by the stockholders except for cause with the affirmative vote of the holders of not less than a majority of those of the outstanding shares generally entitled to vote.

Section 14. Compensation. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, the Board of Directors shall have authority to fix the compensation of directors, including fees and reimbursement of expenses.

#### ARTICLE IV

##### OFFICERS

Section 1. Principal Officers. The principal officers of the Corporation shall be a Chief Executive Officer, one President, a Chief Financial Officer or Treasurer, and a Secretary who shall have the duty, among other things, to record the proceedings of the meetings of stockholders and directors in a book kept for that purpose. One person may hold the offices and perform the duties of any two or more of said offices, except that no one person shall hold the offices and perform the duties of President and Secretary.

Section 2. Chairman of the Board. The Chairman of the Board shall be the chief executive officer of the Corporation and shall have general supervision of the business and operations of the Corporation, subject, however, to the authority of the Board of Directors. The Chairman of the Board shall preside at all meetings of the shareholders and of the board of Directors. The Chairman of the Board shall perform all of the duties usually incumbent upon a chief executive officer of a corporation and incident to the office of the Chairman of the Board. The Chairman of the Board shall also have such powers and perform such duties as are assigned by these By-Laws and shall have such other powers and perform such other duties, not inconsistent with these By-Laws, as may from time to time be assigned by the Board of Directors.

Section 3. Election, Term of Office and Remuneration. The principal officers of the Corporation shall be elected annually by the Board of Directors at the annual meeting thereof. Such officers shall hold office until his successor is elected and qualified, or until his earlier death, resignation or removal. The remuneration of such officers of the Corporation shall be fixed by the Board of Directors (or any Committee thereof). Any vacancy in any such office shall be filled in such manner as the Board of Directors shall determine.

Section 4. Subordinate Officers. In addition to the principal officers enumerated in Section 1 of this Article IV, the Corporation may have one or more Vice Presidents, Controllers, Assistant Treasurers, Assistant Secretaries and Assistant Controllers and such other subordinate officers, agents and employees as the Chairman or Chief Executive Officer may deem necessary, each of whom shall hold office for such period as the Chairman or Chief Executive Officer may from time to time determine.

Section 5. Removal. Any officer may be removed, with or without cause, at any time, by resolution adopted by the Board of Directors; provided that no such removal shall alter, void or otherwise effect any change in any written contractual relationship between the Corporation and any such officer thus removed from office. Any subordinate officer may be removed, with or without cause, by the Chairman or Chief Executive Officer.

Section 6. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors (or to a principal officer if the Board of Directors has delegated to such principal officer the power to appoint and to remove such officer). The resignation of any officer shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7. Powers, Duties, and Compensation. The officers of the Corporation shall have such powers and perform such duties incident to each of their respective offices and such other duties as may from time to time be conferred upon or assigned to them, and shall have such compensation, as shall be awarded to them, by the Board of Directors. The subordinate officers shall have such powers and perform such duties or may from time to time be conferred upon them, and shall have such compensation, as shall be awarded to them, by the Chairman or Chief Executive Officer.

## ARTICLE V

### INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings other Than by or in the Right of the Corporation Subject to Section 3 of this Article V, the Corporation shall indemnify, to the fullest extent permitted by applicable law, now or hereafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director or officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a

presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation Subject to Section 3 of this Article V, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article V (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article V, as the case may be. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders. To the extent, however, that a director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article V, a person shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his conduct was unlawful, if his action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to him by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person

is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Sections 1 or 2 of this Article V, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article V, and notwithstanding the absence of any determination thereunder, any director or officer may apply to any court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article V. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because he has met the applicable standards of conduct set forth in Section 1 or 2 of this Article V, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article V nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses incurred by a director or officer in defending or investigating a threatened or pending action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article V.

Section 7. Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by or granted pursuant to this Article V shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any By-Law, agreement, contract, vote of stockholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article V shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Sections 1 or 2 of this Article V but whom the Corporation has the power or obligation to indemnify under the provisions of the (General Corporation Law of the State of Delaware, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the

power or the obligation to indemnify him against such liability under the provisions of this Article V.

Section 9. Certain Definitions. For purposes of this Article V, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article V with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article V, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article V.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article V shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article V to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 hereof), the Corporation shall not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 12. Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article V to directors and officers of the Corporation.

## ARTICLE VI

### GENERAL PROVISIONS

Section 1. Certificates and Transfer of Shares. (a) Certificates for shares of the Corporation shall be in such form as shall be approved by the Board of Directors. Such certificates shall be numbered and registered in the order in which they are issued and shall be

signed by the Chairman of the Board, the President or a Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer. Where any such certificate is countersigned by a transfer agent, other than the Corporation or its employee, or by a registrar, other than the Corporation or its employee, any other signature on such certificate may be a facsimile, engraved, stamped or printed. In the event that an officer whose facsimile signature appears on such certificate ceases for any reason to hold the office indicated and the Corporation or its transfer agent has on hand a supply of share certificates bearing such officer's facsimile signature, such certificates may continue to be issued and registered until such supply is exhausted.

(b) Transfers of shares of the Corporation shall be made only on the books of the Corporation by the holder thereof, or by the holder's attorney thereunto duly authorized and on surrender of the certificate or certificates for such shares properly endorsed. Every certificate surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation. Except as hereinafter provided, no new certificate shall be issued in exchange for one previously issued until the old certificate has been surrendered and cancelled.

(c) The holder of any shares of the Corporation shall immediately notify the Corporation of any loss, destruction or mutilation of the certificate therefor and the Corporation may issue a new certificate in the place of any certificate therefore issued by it alleged to have been lost, destroyed or mutilated. The Board of Directors may, in its discretion, as conditions to the issue of any such new certificate, require the owner of the lost or destroyed certificate or the owner's legal representatives to make proof satisfactory to the Board of Directors of the loss or destruction thereof and to give the Corporation a bond in such form, in such sum and with such surety or sureties as the Board of Directors may direct, to indemnify the Corporation against any claim that may be made against it on account of any such certificate so alleged to have been lost or destroyed.

Section 2. Fiscal Year. The fiscal year of the Corporation shall commence on July 1 and end on June 30 of each year, unless otherwise determined by the Board of Directors.

Section 3. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced.

Section 4. Voting of Stock Owned by the Corporation. The Board of Directors or a person designated by the Board is authorized, on behalf of the Corporation, to attend, vote at and grant proxies to be used at any meeting of stockholders of any corporation (except this Corporation) in which the Corporation may hold stock.

Section 5. Amendments. Subject to the Certificate of Incorporation, these By-Laws or any of them, may be altered, amended or repealed, or new By-Laws may be made, by the stockholders entitled to vote thereon at any annual or special meeting thereof or by the Board of Directors.

Section 6. Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfers officers or agencies and registry officers or agencies at such place or places as may be determined from time to time by the Board of Directors.

ARTICLE VII

SUBJECT TO CERTIFICATE OF INCORPORATION

These By-Laws will be subject to the Certificate of Incorporation, and in the event of any conflict between these By-Laws and the Certificate of Incorporation, the provisions of the Certificate of Incorporation will supersede and take precedence.



CERTIFICATE OF FORMATION  
OF  
ETHAN ALLEN REALTY, LLC

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Pursuant to

§ 18-201 of the Delaware Limited Liability Company Act

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The undersigned, being authorized to execute and file this Certificate of Formation, hereby certifies that:

FIRST: The name of the limited liability company is Ethan Allen Realty, LLC (the "Company").

SECOND: The address of the registered office of the Company in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, and the name and address of the registered agent for service of process on the Company in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

IN WITNESS WHEREOF, the undersigned has duly executed this Certificate of Formation of Ethan Allen Realty, LLC this 24th day of June, 2005.

/s/ Randi-Jean G. Hedin

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Randi-Jean G. Hedin  
Authorized Person

## ETHAN ALLEN REALTY, LLC

## LIMITED LIABILITY COMPANY OPERATING AGREEMENT

Limited Liability Company Operating Agreement (the "Agreement") dated as of June 24, 2005.

W I T N E S S E T H:

WHEREAS, Ethan Allen Inc., a Delaware corporation ("Inc.") desires to form a Delaware limited liability company pursuant to and in accordance with the Delaware Limited Liability Company Act, 6 Del. C. §§ 18-101 *et seq.* (the "Act") and hereby declares the following to be the Limited Liability Company Operating Agreement (the "Agreement") of such limited liability company.

WHEREAS, the Company's Certificate of Formation ("Certificate") has been filed with the Secretary of State of the State of Delaware;

WHEREAS, Inc. desires that the Company be governed by the terms and conditions of the Agreement;

NOW, THEREFORE, in consideration of the agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Member (as defined below) and the Company, intending to be legally bound, hereby agree as follows:

1. Name. The name of the company is "Ethan Allen Realty, LLC" or such other name as may from time to time be selected by the Member.
2. Purposes and Powers. The purpose of the Company is to engage in any activity for which limited liability companies may be organized in the State of Delaware. The Company shall possess and may exercise all of the powers and privileges granted by the Act or by any other law or by this Agreement together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the business purpose or activities of the Company.
3. Registered Office and Registered Agent. The Company's registered office in the State of Delaware shall be Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, and the registered agent of the Company for service of process at such address is The Corporation Trust Company.
4. Admission of Initial Member. Simultaneously with the execution and delivery of this Agreement and the filing of the Company's Certificate with the Office of the Secretary of State of the State of Delaware on even date herewith, Inc. (the "Member") is

admitted as the initial sole member of the Company and shall possess the entire legal and/or beneficial ownership interest in the Company.

5. Office. The principal place of business of the Company shall be located at Ethan Allen Drive, Danbury, CT 06813, or such other location as the Member may determine from time to time.
6. Term. The term of the Company commenced upon the effective time of the Certificate with the Office of the Secretary of State of the State of Delaware and shall continue perpetually, unless dissolved and terminated at an earlier date pursuant to Article 16.
7. Ownership of Company Property. All property now held or hereafter acquired by the Company, real or personal, tangible or intangible, shall be owned by the Company as an entity, and the Member, individually, shall not have any ownership interest therein. The Member hereby expressly waives the right to require partition of any Company property or any part thereof.
8. Capital Contributions. The Member may contribute cash or other property to the Company as it shall decide, from time to time.
9. Tax Characterization. It is the intention of the Company and the Member that the Company shall be treated as a disregarded entity for U.S. federal income tax purposes.
10. Management.
  - (a) The Company shall be managed, and the conduct of its day-to-day business affairs shall be controlled exclusively, by a Board of Managers (the "Board of Managers") in accordance with the terms and conditions of this Agreement. A Manager need not be a Member of the Company.
  - (b) Prior to conducting any business in any jurisdiction, the Board of Managers shall cause the Company either to comply with all requirements for the qualification of the Company to conduct business as a limited liability company in such jurisdiction or to conduct business in such jurisdiction through other entities, through a Manager as the Company's agent, or by such other means as the Board of Managers, upon the advice of counsel, deems appropriate to preserve the Members' limited liability.
  - (c) Each Manager and officer shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any of the other Managers, by the other officers or employees of the Company, by a committee of the Board of Managers or by any other Person as to matters the Manager or officer reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including without limitation information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits or losses of the Company or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.
  - (d) The initial Board of Managers shall consist of the following three individuals (each, a "Manager"):

M. Farooq Kathwari

Jeffrey Hoyt

Pamela A. Banks.

(c) Each Manager shall hold such office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Election of Managers shall require the consent of the Member. Any vacancy occurring in the office of a Manager shall be filled by the Member.

(f) The Board of Managers shall take all actions that may be necessary or appropriate for the conduct of the Company's business in accordance with the provisions of this Agreement and applicable laws and regulations. The Managers shall act at all times in good faith and in such manner as may be required to protect and promote the interest of the Company and the Members.

(g) Authority to Act for the Company. Each officer shall have the authority to act for and bind the Company, including with respect to the execution and delivery of any document or instrument on behalf of the Company, to the extent but only to the extent that the act has been taken in accordance with the terms and provisions of this Agreement.

11. Liability of the Board of Managers. No Manager and none of such Manager's agents, partners, employees, counsel or affiliates shall be liable, responsible or accountable in damages or otherwise to the Company or Member for any action taken or failure to act (even if such action or failure to act constituted gross negligence on such Person's part) on behalf of the Company within the scope of the authority conferred on the Board of Managers by this Agreement or by law.

12. Meetings.

(a) The Board of Managers may hold its meetings in such place or places in the State of Delaware or outside the State of Delaware as it shall determine from time to time.

(b) Subject to the anything to the contrary in the Act, a majority of the Managers shall constitute a quorum for the transaction of business. The act of a majority of the Managers present at a duly called meeting of the Board of Managers, at which a quorum is present, shall be the act of the Board of Managers. If at any meeting of the Board of Managers there is less than a quorum present, a majority of those present may adjourn the meeting from time to time.

(c) Managers may participate in a meeting of the Board of Managers by means of conference telephone or similar communications equipment by means of which all

Persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

(d) Any action required or permitted to be taken at any meeting of the Board of Managers thereof may be taken without a meeting if all Managers consent thereto in writing.

13. Indemnification. The Company shall indemnify and hold harmless, to the fullest extent permitted by law, each Manager (an "Indemnified Party"), as follows:

(a) The Company shall indemnify and hold harmless, to the fullest extent permitted by law, any Indemnified Party from and against any and all losses, claims, damages, liabilities, expenses (including reasonable legal fees and expenses), judgments, fines, settlements and other amounts ("Indemnified Costs") arising from all claims, demands, actions, suits or proceedings ("Actions"), whether civil, criminal, administrative or investigative, in which the Indemnified Party may be involved, or threatened to be involved, as a party or otherwise arising as a result of such Person's status as a Manager or officer or any affiliate of a Manager, regardless of whether such Indemnified Party continues in such capacity at the time any such liability or expense is paid or incurred, and regardless of whether any such Action is brought by a third party, a Member or by or in the right of the Company.

(b) The Company shall pay or reimburse, to the fullest extent allowed by law, in advance of the final disposition of such action, all Indemnified Costs as incurred by the Indemnified Party in connection with each Action; provided, that such Indemnified Party shall repay all amounts received from the Company pursuant hereto if it shall ultimately be determined at the final disposition of such action that such Indemnified Party is not entitled to be indemnified by the Company.

(c) Notwithstanding any other provision of this Article 13, the Company shall pay or reimburse Indemnified Costs incurred by an Indemnified Party in connection with such Person's appearance as a witness or other participation in a proceeding involving or affecting the Company at a time when the Indemnified Party is not a named defendant or respondent in the proceeding.

(d) The Board of Managers may cause the Company to purchase and maintain insurance or other arrangements on behalf of the Indemnified Parties and/or the Company against any liability asserted or incurred by reason of such Person's capacity or arising out of such Person's status as a Manager or officer, regardless of whether the Company would have the power to indemnify such Person against that liability under Section 13. The indemnification provided by this Section 13 shall be in addition to any other rights to which the Indemnified Parties may be entitled under any agreement, vote of the Members, as a matter of law, or otherwise, and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnified Parties.

14. Limited Liability. The Member will not be personally liable for any obligations of the Company and, except as otherwise provided herein or under the Act or any other

applicable law, will have no obligation to make contributions to the Company in excess of their respective Capital Contributions.

15. Transfers of Ownership Interests. The Member may assign all or any part of its membership interest in the Company at any time (an assignee of such interest is hereinafter referred to as a "Permitted Transferee"). Concurrently with or after such assignment, a Permitted Transferee shall become a substituted Member automatically upon the execution and delivery to the Company by such Permitted Transferee of an amendment to this Agreement agreeing to accept the terms of this Agreement.

16. Dissolution. Subject to the Act, the Company shall be dissolved and its affairs shall be wound up upon the earliest to occur of:

(a) the written consent of the Member to dissolve the Company; or

(b) the sale or distribution by the Company of all or substantially all of its assets.

The withdrawal, removal, Bankruptcy, insolvency, death, incompetence, termination, dissolution or distribution with respect to any Member will not effect a dissolution of the Company.

17. Amendment. This Agreement may be amended with (but only with) the written consent of the Member.



AMENDMENT NO. 1 TO  
OPERATING AGREEMENT  
OF  
ETHAN ALLEN REALTY, LLC

THIS AMENDMENT NO. 1 to the Operating Agreement of Ethan Allen Realty, LLC, a limited liability company organized pursuant to the Delaware Limited Liability Company Law (the "DELLCL"), with an office address at Ethan Allen Drive, Danbury, CT 06813 (the "Company") is made effective as of the 30<sup>th</sup> day of June, 2005. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Operating Agreement (as defined below).

WHEREAS, the Company was formed on June 24, 2005 pursuant to the DELCL; and

WHEREAS, Ethan Allen Retail, Inc. (formerly Ethan Allen Inc.), the sole Member of the Company ("Retail"), entered into an Operating Agreement, dated as of June 30, 2005, setting forth provisions governing the operation and management of the Company (the "Operating Agreement"); and

WHEREAS, Retail has determined that it is in its best interest to distribute its membership interest in the Company to Ethan Allen Operations, Inc., a Delaware corporation ("Operations"), and to transfer and assign all of its right, title and interest in and to the Company to Operations, effective as of June 30, 2005; and

WHEREAS, Retail wishes to amend the Operating Agreement to reflect the assignment and transfer of its interest in the Company to Operations.

NOW, THEREFORE, the Operating Agreement is hereby amended as follows:

1. In accordance with Section 15 of the Operating Agreement, Operations, as a Permitted Transferee thereunder, agrees to accept the terms of the Operating Agreement and is hereby substituted for Retail as sole Member of the Company.
2. Except as amended hereby, the Operating Agreement remains in full force and effect as of the date hereof.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, this Amendment No. 1 to the Operating Agreement has been duly executed as of the 30th day of June, 2005.

Ethan Allen Retail, Inc.

/s/ M. Farooq Kathwari  
By: \_\_\_\_\_  
Name: M. Farooq Kathwari  
Title: President

Ethan Allen Operations, Inc.

/s/ Jeffrey Hoyt  
By: \_\_\_\_\_  
Name: Jeffrey Hoyt  
Title:

**CERTIFICATE OF INCORPORATION  
STOCK CORPORATION**

STATE OF CONNECTICUT

SECRETARY OF THE STATE

The undersigned incorporator hereby form(s) a corporation under the Stock Corporation Act of the State of Connecticut:

1. The name of the corporation is LAKE AVENUE ASSOCIATES, INC.
2. The nature of the business to be transacted, or the purposes to be promoted or carried out by the corporation, are as follows:
  - (a) To purchase and otherwise acquire, own, build, lease either as lessor or lessee, erect, construct, alter, repair, improve, furnish, equip, hold, occupy, maintain, manage, operate, sell, and dispose of a motor hotel in the City of Danbury, State of Connecticut, including therein, as desired, one or more night clubs, cocktail lounges, restaurants, cafes, bars, cafeterias, garages, auditoriums and theatres, and the furniture, furnishings, fixtures and equipment thereof.
  - (b) In connection with the purposes set forth in paragraph (a) hereof, to engage in and carry on the business as lessor or lessee of, motor lodge proprietor, hotel keeper, innkeeper, hosteler, restaurateur, cafe keeper, cafeteria keeper, garageman, a tourist bureau, tobacconist, confectioner, barber, hairdresser, manicurist, druggist, florist, stationer, news agent, news, magazine and book dealer; and the buying and selling of wines, liquors, and beverages of alcoholic and non-alcoholic content.
  - (c) In connection with the purposes set forth in paragraph (a) hereof, to provide and conduct, sleeping, eating and recreational accommodations for the use of the public, and to do every act and thing necessary, convenient or desirable for the furnishing of food, drink, lodging and entertainment to guests, lodgers, travelers, and all others who may be received by the Corporation, and such other services, as are commonly rendered as a part of, or in connection with, or as incidental to, any of the business hereinbefore mentioned; and to give or grant to others the right or privilege to engage in any kind of business on premises owned, leased or managed by the Corporation.

Rider I to Certificate of Incorporation  
of Lake Avenue Associates, Inc.

paragraph 4 — (cont'd)

4. Except as otherwise expressly required by the laws of the State of Connecticut, all voting rights and all voting power shall be vested exclusively in the holders of the Class A Stock and the holders of the class B Stock, voting together without regard to class, as follows:
  - (a) At every meeting of the shareholders, each holder of the Class A Stock shall be entitled to three (3) votes for each share of such stock standing in his name on the record of shareholders, and each holder of the Class B Stock shall be entitled to one (1) vote for each share of such stock standing in his name on the record of shareholders.
  - (b) At every meeting of shareholders, the holders of the Class A Stock and the holders of the Class B Stock entitled to vote thereat, represented in person or by proxy, shall vote together without regard to class and their votes, determined as provided in subparagraph (a) hereof, shall be counted and totalled together upon each item of business to be voted upon thereat including all elections and all proceedings requiring the authorization of action by the shareholders; and, at any meeting of shareholders duly called and held at which a quorum is present, directors shall be elected by a plurality of the votes cast at such meeting (such votes being determined, counted and totalled as aforesaid) and, except as otherwise expressly provided by the provisions of the preceding subparagraph (a) or as otherwise expressly required by the laws of the State of Connecticut, any other action authorized by the affirmative vote of a majority of the votes cast at such meeting (such votes being determined, counted and totalled as aforesaid) shall constitute action of the shareholders.
  - (c) The Corporation shall not, except with the affirmative vote of the holders of a majority of the outstanding shares of the Class A Stock entitled to vote, given separately as a class, which vote shall be in addition to any other vote or action required under the certificate of incorporation of the Corporation or the laws of the State of Connecticut:
    - (i) Increase the authorized number of shares of the Class A Stock or the Class B stock or both; or
    - (ii) Amend in any respect the provisions of this paragraph 4; or
    - (iii) Effect any reduction by amendment of the certificate of incorporation or otherwise in the number of outstanding shares of the Class A Stock other than through the voluntary transfer or disposition thereof to the Corporation by a holder of the Class A Stock; or
    - (iv) Consolidate or merge with or into with any other corporation or permit any other corporation to consolidate or merge into or with the Corporation other than the merger into the Corporation of any corporation in which the Corporation owns at least ninety-five percent (95%) of the outstanding shares of each class; or
    - (v) Sell, lease, exchange or otherwise dispose of all or substantially all of the property and assets of the Corporation; or
    - (vi) Voluntarily dissolve or liquidate; or
    - (vii) Sell, transfer or otherwise dispose of the property and assets of the Corporation or any part thereof in whole or in part for shares, bonds or other securities to be distributed among the shareholders of the Corporation in accordance with their respective rights or interests therein.
  - (d) Nothing contained in this paragraph 4 is intended to give, or shall give, to the Class A Stock or the Class B Stock any rights or preferences as to dividends and distribution of assets upon liquidation which are prior or superior in rank to those of the other class.

The Board of Directors shall not have the powers specified in Section 33-341 (b) of the General Statutes of Connecticut (as amended by L. 1963, P.A. 614).

Rider II to Certificate of Incorporation  
of Lake Avenue Associates, Inc.

paragraph 6 (7) — Other provisions (cont'd)

6. (a) No holder of shares of the Class A Stock or the Class B Stock, or both, shall have any preemptive or other rights as such holder to purchase, subscribe for, or otherwise acquire any shares of any class of the Corporation, now or hereafter authorized, or any securities convertible into shares of any class whatsoever, or warrants, rights, or other instruments which carry the right to purchase shares of any class whatsoever, whether now or hereafter authorized, or whether issued for cash, property or services.
- (b) No holder of shares of the Class A Stock or the Class B Stock, or both, shall have the right to convert any or all shares of stock held by him into fully-paid and non-assessable shares of the other class of stock.
7. (a) The holders of stock of the Corporation issued and outstanding which represent a majority of the votes entitled to be cast at a meeting of shareholders, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business.
- (b) Except as otherwise expressly prohibited by the Statutes of Connecticut, any action required to be taken at a meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.
8. The Board of Directors shall not have the power to designate one or more committees.
3. The designation of each class of shares, the authorized number of shares of each such class, and the par value (if any) of each share thereof, are as follows:

The aggregate number of shares which the Corporation shall have authority to issue is 500 consisting of 250 shares of Class A Stock with a par value of \$10 each (herein called "Class A Stock") and 250 shares of Class B Stock with a par value of \$10 each (herein called "Class B Stock").

4. The terms, limitations and relative rights and preferences of each class of shares and series thereof (if any), or an express grant of authority to the board of directors pursuant to Section 33-341, 1959 Supp. Conn. G.S., are as follows:

See Rider I to the Certificate of  
Incorporation of Lake Avenue  
Associates, Inc. attached  
hereto and made a part hereof.

5. The minimum amount of stated capital with which the corporation shall commence business is

One Thousand dollars. (Not less than one thousand dollars)

6. Other provisions

See Rider II to the Certificate of  
Incorporation of Lake Avenue  
Associates, Inc. attached  
hereto and made a part hereof.

Dated at Danbury, Connecticut this 1<sup>st</sup> day of November, 1973.

I hereby declare, under the penalties of false statement, that the statements made in the foregoing certificate are true.

*This certificate of incorporation must be signed by one or more incorporators.*

/s/ Lewis M. Koss

FILED *State of Connecticut*  
NOV 2 - 1973 2:00PM

**APPOINTMENT OF STATUTORY AGENT FOR SERVICE  
DOMESTIC CORPORATION**

TO: The Secretary of the State of Connecticut  
NAME OF CORPORATION

**LAKE AVENUE ASSOCIATES INC.**

The above corporation appoints as its statutory agent for service, one of the following:

NAME OF NATURAL PERSON WHO IS RESIDENT OF CONNECTICUT

BUSINESS ADDRESS

RESIDENCE ADDRESS





\*\*\*\*\*

BY-LAWS  
OF  
LAKE AVENUE ASSOCIATES, INC.

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ARTICLE I  
OFFICES

Section 1. The principal office of the corporation shall be located in the City of Danbury, County of Fairfield, State of Connecticut.

Section 2. The corporation may also have offices at such other places both within and without the State of Connecticut as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II  
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held at such places, within or without the State of Connecticut as shall be fixed from time to time by the board of directors and stated in the notice of the meeting, or in a duly executed waiver of notice thereof.

Section 2. An annual meeting of the shareholders of the corporation shall be held on the second Thursday of December in each year commencing with the year 1974, if not a legal

holiday, or if a legal holiday, then on the next business day following, at 11:00 o'clock A.M. at which the shareholders entitled to vote thereat shall elect a board of directors by a plurality vote, and transact such other business as may properly come before the meeting.

Section 3. Written or printed notice of the annual meeting, stating the time, place and objects thereof shall be given not less than seven nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

#### ARTICLE III

##### SPECIAL MEETING OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Connecticut as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of shareholders may be called at any time, for any purpose or purposes, by resolution of the board of directors, by the chairman of the board or by the president and shall be called by the president or secretary at the request in writing of holders of sixty percent or more of the voting power of all shares issued and outstanding and entitled to vote at such meeting. Such request shall state the purpose or purposes of the proposed meeting.

Section 3. Written or printed notice of a special meeting stating the time and place of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than seven nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the board of directors or the president, or the secretary, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice and to matters germane thereto.

#### ARTICLE IV

##### QUORUM AND VOTING OF STOCK

Section 1. The holders of stock of the corporation issued and outstanding which represent a majority of the votes entitled to be cast at a meeting of shareholders, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.

Section 2. The vote required at any meeting of shareholders to decide any question brought before such meeting shall be governed by the requirements of the certificate of incorporation, unless the question is one upon which by the express provisions of the statutes of Connecticut a greater or different vote shall be required, in which case such express provision shall govern and control the decision of such question.

Section 3. The voting power of each outstanding share of stock shall be governed by the express provisions of the certificate of incorporation. A shareholder may vote either in

person or by proxy executed in writing by the share-holder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed in accordance with the provisions of the certificate of incorporation or by all of the shareholders entitled to vote with respect to the subject matter of such action.

#### ARTICLE V

#### DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall be five. Directors need not be residents of the State of Connecticut or shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve, subject to the last sentence of this Section 1 of Article V, until the next succeeding annual meeting and until his successor shall have been elected and qualified or until his earlier resignation or removal. The first board of directors shall hold office until the first annual meeting of shareholders, subject to the next succeeding sentence. Any director may be removed with or without cause by the share-holders at any meeting called for that purpose.

Section 2. Any vacancy occurring in the board of directors (other than newly created directorships resulting from an increase in the authorized number of directors) may be filled by the shareholders at any meeting called for that purpose or by unanimous written consent of the directors or by the affirmative vote of a majority of the directors then in office though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office.

Any vacancy created by an increase in the authorized number of directors shall be filled for the unexpired term by action of shareholders. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders and until his successor shall have been elected and qualified.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Connecticut, at such place or places as they may from time to time determine.

Section 5. Unless otherwise restricted by the certificate of incorporation, the board of directors shall have the authority to fix the compensation of directors irrespective of any personal interest of any of its members. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

#### ARTICLE VI

##### MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Connecticut.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and 10 days' notice of such meeting shall be given to the newly elected directors in order legally to

constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the stock-holders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the chairman of the board of directors or the president on not less than two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of three directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at, or the purpose of, any regular or special meeting of the board of directors shall be specified in the notice or waiver of notice of such meeting.

Section 6. At all meetings of the board, the presence of three-fifths of the number of directors which shall constitute the whole board shall constitute a quorum for the transaction of business unless a greater number is required by law or by the certificate of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of directors, the

directors present thereat may adjourn the meeting from time to time, upon the notice required for a special meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

#### ARTICLE VII

##### COMMITTEES OF DIRECTORS

Section 1. Subject to the further action of the shareholders, the board of directors shall not have authority to designate any committee.

#### ARTICLE VIII

##### NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon, prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatever is required to be given under the provisions of the statutes or under the provisions of the certificate of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

#### ARTICLE IX

##### OFFICERS

Section 1. The officers of the corporation shall be appointed by the board of directors at its first meeting after each annual meeting of shareholders. The officers shall be a chairman of the board of directors, a president, a vice-president, a secretary and a treasurer. The board of directors may also appoint additional vice-presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, except those of the president and secretary, and no officer need be a member of the board.

Section 2. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 3. The compensation of all officers and agents of the corporation shall be fixed by the board of directors.

Section 4. The officers of the corporation shall hold office until their successors are appointed and qualify, provided, however, that any officer may be removed at any time with or without cause by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

#### THE CHAIRMAN OF THE BOARD OF DIRECTORS

Section 5. The chairman of the board of directors shall be the chief executive officer of the corporation, and shall have the general direction of the affairs of the corporation, except as otherwise prescribed by the board of directors. He shall preside as chairman at all meetings of the shareholders and of the board. He shall have the right to execute contracts in the name of the corporation and to appoint and discharge agents and employees.

#### THE PRESIDENT

Section 6. The president shall be the chief operating officer of the corporation, being responsible to the chairman of the board of directors and to the board of directors. He shall



have general and active management of the business of the corporation, except as otherwise prescribed by the board of directors. He shall perform such duties as may be prescribed by the board of directors and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. Subject to such limitations as the board of directors may from time to time prescribe, the chairman of the board of directors and the president shall each have the right to execute bonds, mortgages and other contracts, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation. The chairman of the board of directors and the president also shall each have the right to appoint and to discharge agents and employees.

#### THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence or disability of the president, or in the event of the president's refusal to act, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors or the chairman of the board or the president may from time to time prescribe.

#### THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of such meetings in a book to be kept for that purpose. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or the chairman of the board or the president, under whose

supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, (or if there be no such determination, then in the order of their election) shall, in the absence or disability of the secretary or in the event of the secretary's refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors or the chairman of the board or the president may from time to time prescribe.

#### THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the

corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence or disability of the treasurer, or the treasurer's refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors or the chairman of the board or the president may from time to time prescribe.

ARTICLE X  
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the president or a vice president and the secretary or an assistant secretary or the treasurer or an assistant treasurer of the corporation, and shall be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full or summary statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

#### LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

#### TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares, duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

#### CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of

directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, seventy days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days, immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting or to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

#### REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Connecticut.

#### LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall make, at least five days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of each and the number of shares held by each, which list, for a period of five days prior to such meeting, shall be kept on file at the principal office of the corporation and shall be subject to the inspection of any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of the shareholders.

#### ARTICLE XI

#### GENERAL PROVISIONS

#### DIVIDENDS

Section 1. Subject to the provisions of the certificate of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

#### CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall end on the Saturday nearest to September 30th in each year.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Connecticut." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XII

AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed or additional by-laws may be adopted at any regular or special meeting of shareholders at which a quorum is present or represented, by the affirmative vote of a majority of the voting power of shares entitled to vote thereon, provided notice of the proposed alteration, amendment, repeal or addition be contained in the notice of such meeting.

ARTICLE XIII

RATIFICATION

Section 1. Any transaction questioned in any suit based on lack of authority, defective or irregular execution, miscomputation, or the application of improper principles or practices of accounting may be ratified before judgment, by the board of directors or by the

shareholders and, if so ratified, the transaction shall have the same force and effect as if it has been originally duly authorized.

ARTICLE XIV

INDEMNIFICATION

Section 1. The board of directors shall have the power to indemnify and reimburse each director, officer or employee of the corporation, and his heirs, executors, or administrators to the fullest extent permitted by the laws of Connecticut.

ARTICLE XV

CORPORATE OPPORTUNITY

Section 1. The shareholders, directors and officers of the corporation may have other business interests and may engage in other activities including activities similar to the activities of the corporation. Competitive enterprises by the shareholders, directors and officers of the corporation or any other business activity in which any of them now or may hereafter have an interest which is directly or indirectly competitive with the corporation, shall not be wrong or improper, or a breach of fiduciary responsibility to the corporation or to any shareholder.

Section 2. No shareholder, director or officer of the corporation in his capacity as such shall be obligated to present any investment opportunity to the corporation, whether or not the same is directly or indirectly in competition with the corporation.



CERTIFICATE OF INCORPORATION

OF

MANOR HOUSE, INC.

1. The name of the corporation is

MANOR HOUSE, INC.

2. The address of its registered office in the State of Delaware is No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

3. The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

4. The total number of shares of stock which the corporation shall have authority to issue is one thousand (1,000) and the par value of each of such shares is One Hundred Dollars (\$100.00) amounting in the aggregate to One Hundred Thousand Dollars (\$100,000.00).

5. The name and mailing address of the incorporator is as follows:

Name

Mailing Address

C.L. Chillemi

2 Park Avenue, New York, N.Y. 10016

6. The corporation is to have perpetual existence. THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, makes this certificate, hereby declaring and

certifying that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand this 2<sup>nd</sup> day of October, 1974.

/s/ C.L. Chillemi

C. L. Chillemi - Incorporator

CERTIFICATE OF CHANGE OF LOCATION OF REGISTERED OFFICE  
AND OF REGISTERED AGENT

It is hereby certified that:

1. The name of the corporation (hereinafter call the "corporation") is

MANOR HOUSE, INC.

The registered officer of the corporation within the State of Delaware is hereby changed to 229 South State Street, City of Dover, County of Kent.

3. The registered agent of the corporation within the State of Delaware is hereby changed to The Prentice-Hall Corporation System, Inc., the registered office of the corporation as hereby changed.

4. The corporation has authorized the changes hereinbefore set forth by resolution of its Board of Directors.

Signed on July 29, 1980.

/s/President

Attest:

/s/Secretary

CERTIFICATE OF CHANGE OF REGISTERED AGENT  
AND  
REGISTERED OFFICE

\*\*\*\*\*

MANOR HOUSE, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware

DOES HEREBY CERTIFY:

That the registered office of the corporation in the state of Delaware is hereby changed to Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle.

That the registered agent of the corporation is hereby changed to THE CORPORATION TRUST COMPANY, the business address of which is identical to the aforementioned registered office as changed.

That the changes in the registered office and registered agent of the corporation as set forth herein were duly authorized by resolution of the Board of Directors of the corporation.

IN WITNESS WHEREOF, the corporation has caused this Certificate to be signed by an authorized officer, this 27<sup>th</sup> day of February, 2003.

MANOR HOUSE, INC.  
/s/ Pamela A. Banks

Pamela A. Banks, Secretary

MANOR HOUSE, INC.

RESTATED  
BY LAWS

ARTICLE I

OFFICERS

Section 1.1 The principal office shall be in the City of Wilmington, County of New Castle, State of Delaware, and the registered office shall be at 100 West Tenth Street, c/o The Corporation Trust Company.

Section 1.2 The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 2.1 Subject to the next succeeding sentence, all meetings of the stockholders shall be held in the City of Danbury, State of Connecticut, at such place as may be designated from time to time by the board of directors, or at such other place, within or without the State of Delaware, as the board of directors shall designate. Whenever the board shall fail to designate place, the meeting shall be held at the registered office of the Corporation in the State of Delaware.

Section 2.2 Annual Meetings of stockholders, commencing with the year 1975, shall be held on the third Friday of May if not a legal holiday, and if a legal holiday, then on the next business day following, at 10:00 a. m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 2.3 Written notice of the annual meeting shall be given, personally or by mail, to each stockholder entitled to vote thereat not less than 10 nor more than 60 days before the date of the meeting.

Section 2.4 The officer who has charge of the stock ledger of the corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where said meeting is to be held. The list shall be produced and kept at the time and place of meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 2.5 Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the board of directors or by the president and shall be called by the president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purpose of purposes of the proposed meeting.

Section 2.6 Written notice of a special meeting of stockholders, stating the time, place and object thereof, shall be given, personally or by mail, to each stockholder entitled to vote thereat, not less than 10 nor more 60 days before the date fixed for the meeting.

Section 2.7 Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 2.8 The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented, those present or represent by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2.9 When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is on upon which, by express provision of the statutes or of the certificate of incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 2.10 At every meeting of the stockholders, each stockholder shall be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder. Every stockholder may authorize another person or persons to act for him by proxy in all matters in which a stockholder is entitled to participate, whether by waiving notice of any meeting, voting or participating at a meeting, or expressing consent or dissent without a meeting. Every proxy must be signed by the stockholder or by his attorney in fact. No

proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 2.11 Any action required by the General Corporation Law to be taken at any meeting of stockholders, or any action which may be taken at any meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

### ARTICLE III

#### DIRECTORS

Section 3.1 The number of directors which shall constitute the whole board shall be one. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 3.2 hereof, and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

Section 3.2 Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office through less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If at any time, by reason of death or resignation or other cause, the corporation shall have no directors in office, then any officer or any stockholder or an executor, administrator, trustee or guardian of a stockholder, or other fiduciary entrusted with like responsibility for the person or estate of stockholder, may call a special meeting of



stockholders in accordance with the provisions of the certificate of incorporation and these by-laws, or may apply to the Court of Chancery of the State of Delaware for a decree summarily ordering an election as provided in the General Corporation Law of said State.

Section 3.3 The business of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

Section 3.4 Any one or more of the directors may be removed, either with or without cause, at any time (a) by the holders of a majority of the stock issued and outstanding and entitled to vote, present in person or by proxy at any meeting of the stockholders, at which a quorum is present, or (b) in the manner specified in Section 2.11 of these by-laws.

#### MEETING OF THE BOARD OF DIRECTORS

Section 3.5 The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 3.6 The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the new elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

Section 3.7 Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

Section 3.8 Special meetings of the board may be called by the president on two days' notice to each directors, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of a majority of the directors.

Section 3.9 At all meetings of the board a majority of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 3.10 Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board or of such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the board of directors or of any committee may participate in a meeting of such board of committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 3.10 shall constitute presence in person at such meeting.

## COMMITTEES OF DIRECTORS

Section 3.11 Whenever its number consists of 3 or more, the board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of 2 or more of the directors of the corporation, which, to the extent provided in the resolution, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation and may authorized the seal of the corporation to be affixed to all papers which may require it; provided, in the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors. Any such committee, to the extent provided in the resolution of the board, shall have any may exercise the powers and authority of the board of directors in the management of business and affairs of the corporation with the exception of any authority the delegation of which is prohibited by the General Corporation Law of the State of Delaware, and may authorize the seal of the corporation to be affixed to all papers which may require it.

## COMPENSATION OF DIRECTORS

Section 3.13 The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be a paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation

therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

#### ARTICLE IV

##### NOTICES

Section 4.1 Notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the corporation. Notice by mail shall be deemed to be given at the time when the same shall be mailed. Notice to directors may also be given by telegram.

Section 4.2 Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

#### ARTICLE V

##### OFFICERS

Section 5.1 The officers of the corporation shall be chosen and appointed by the board of directors and shall be a president, one or more vice-presidents, a secretary and a treasurer. The board may also choose and appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board or by the president. Any two or more offices, except those of the president and secretary, may be filled by the same person.

Section 5.2 The board of directors at its first meeting after each annual meeting of stockholders shall choose and appoint the officers and agents.

Section 5.3 The president shall be the chief executive officer of the corporation, shall preside at all meetings of the stockholders and the board of directors, shall

have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 5.6 The president shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

#### THE VICE PRESIDENTS

Section 5.7 Executive Vice Presidents (if any be appointed), and vice presidents, in such order as may be determined by the board of directors or by the President, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and, furthermore, shall perform such other duties and have such other powers as the board of directors or the president may from time to time prescribe.

#### THE SECRETARY AND ASSISTANT SECRETARIES

Section 5.8 The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 5.9 The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

#### THE TREASURER AND ASSISTANT TREASURER

Section 5.10 The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 5.11 The treasurer shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 5.12 If required by the board of directors, the treasurer shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 5.13 The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or

disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE VI  
CERTIFICATES OF STOCK

Section 6.1 Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of, the corporation by the chairman or vice-chairman of the board of directors, if any, or by the president or a vice president and the treasurer or an assistant treasurer or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by him in the corporation.

Section 6.2 Where a certificate is countersigned by a transfer agent other than the corporation or its employee and be a registrar other than the corporation or its employee, the signature of any such chairman or vice-chairman of the board of directors, president, vice-president, treasurer, assistant treasurer, secretary or assistant secretary may be facsimile. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the corporation, whether because of death, resignation or otherwise, before such certificate or certificates have been delivered by the corporation, such certificate or certificates may nevertheless be adopted by the corporation and be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the corporation.

LOST CERTIFICATES

Section 6.3 The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged

to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

#### TRANSFERS OF STOCK

Section 6.4 Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and upon compliance with provisions restricting the transfer or registration of transfer of shares of stock, if any, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

#### RECORD DATE

Section 6.5 For the purpose of determining the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or the allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date which shall not be more than 60 days nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action. If no record date is fixed, the record date for determining stockholders entitled to notice



of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is give or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the board of directors is necessary, shall be the day on which the first written consent is expressed, and the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at any meeting of stockholders shall apply to any adjournment of the meeting, provided, however, that the board may fix a new record date for the adjourned meeting.

#### REGISTERED STOCKHOLDERS

Section 6.6 The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to received dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

#### ARTICLE III

#### GENERAL PROVISIONS

#### DIVIDENDS

Section 7.1 Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 7.2 Before payment of any dividend, the board of directors may set apart out of any of the funds of the corporation available for dividends a reserve or abolish any such reserve.

#### ANNUAL STATEMENT

Section 7.3 The board of directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the corporation.

Section 7.4 All checks or demands for money and notes of the corporations shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

#### FISCAL YEAR

Section 7.5 The fiscal year of the corporation shall end at the close of business on the Saturday closest to June 30 in each calendar year.

#### SEAL

Section 7.6 The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

#### ARTICLE VIII

#### AMENDMENTS

Section 8.1 These by-laws may be altered or repealed by the stockholders. No change of the time or place of the meeting for the election of directors shall be made within sixty days next before the day on which such meeting is to be held, and in case of any change of such

time or place, notice thereof shall be given to each stockholder in person or by letter mailed to his last know post office address at least twenty days before the meeting is held.

**Form of Exchange Note**

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

CUSIP No. \_\_\_\_\_  
ISIN \_\_\_\_\_

No. R-1

Principal amount \$200,000,000  
as revised by the Schedule of Increases and  
Decreases in Global Note attached hereto

5.375% Senior Note due 2015

Ethan Allen Global, Inc., a Delaware corporation, promises to pay to Cede & Co., or registered assigns, the principal sum of Two Hundred Million Dollars on October 1, 2015.

Interest Payment Dates: April 1 and October 1

Record Dates: March 15 and September 15

Additional provisions of this Note are set forth on the other side hereof.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

ETHAN ALLEN GLOBAL, INC.

By: \_\_\_\_\_  
Name:  
Title:

Each of the undersigned hereby acknowledges its obligation as a Guarantor under the Indenture.

ETHAN ALLEN INTERIORS INC.,  
as Guarantor

By: \_\_\_\_\_  
Name:  
Title:

ETHAN ALLEN OPERATIONS, INC.,  
as Guarantor

By: \_\_\_\_\_  
Name:  
Title:

ETHAN ALLEN REALTY, LLC,  
as Guarantor

By: \_\_\_\_\_  
Name:  
Title:

ETHAN ALLEN RETAIL, INC.,  
as Guarantor

By: \_\_\_\_\_  
Name:  
Title:

LAKE AVENUE ASSOCIATES, INC.,  
as Guarantor

By: \_\_\_\_\_  
Name:  
Title:

MANOR HOUSE, INC.,  
as Guarantor

By: \_\_\_\_\_  
Name:  
Title:

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TRUSTEE'S CERTIFICATE OF  
AUTHENTICATION

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee, certifies that this is one of  
the Notes referred to in the Indenture.

By: \_\_\_\_\_  
Authorized Signatory

Date: \_\_\_\_\_, 2006

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5.375% Senior Note due 2015

1. General

Ethan Allen Global, Inc., a Delaware corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), issued the Notes under an Indenture, dated as of September 27, 2005, among the Company, each Guarantor and the Trustee (as such Indenture may be amended or supplemented from time to time in accordance with the terms thereof, the "Indenture"). The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the U.S. Trust Indenture Act of 1939 as in effect on the date of the Indenture (the "Trust Indenture Act"). Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Indenture. The Notes are subject to all such terms, and Noteholders are referred to the Indenture and the Trust Indenture Act for a statement of those terms.

The Notes are general unsecured senior obligations of the Company, including \$200,000,000 in aggregate principal amount of Notes being offered on the Issue Date (subject to Section 2.09 of the Indenture). The Notes rank equally with all other unsecured and unsubordinated indebtedness of the Company. This Note is one of the Notes referred to in the Indenture.

The Notes and the Exchange Notes will be treated as a single class of securities under the Indenture. The Indenture includes various covenants that impose certain limitations on, among other things, (i) the incurrence of Liens to secure Indebtedness by Holdings or any Restricted Subsidiary, (ii) Sale and Lease-Back Transactions by Holdings or any Restricted Subsidiary and (iii) consolidations, mergers, amalgamations and sales of assets of Holdings or any Significant Subsidiary.

To guarantee the due and punctual payment of the principal of and premium, if any, and interest on the Notes and all other amounts payable by the Company under the Indenture and the Notes when and as the same shall be due and payable, whether at maturity, by acceleration or otherwise, according to the terms of the Notes and the Indenture, each Guarantor has unconditionally guaranteed such obligations pursuant to the terms of the Indenture. The Guarantee is an unsecured and unsubordinated obligation of each Guarantor and ranks equally with all other unsecured and unsubordinated indebtedness and obligations of each Guarantor.

2. Interest

The Company promises to pay interest on the principal amount of this Note at the rate per annum shown above.

The Company will pay interest semi-annually on April 1 and October 1 of each year commencing April 1, 2006. Interest on the Notes will accrue from the most recent date to which interest has been paid on the Notes or, if no interest has been paid, from September 27, 2005. The Company shall pay interest on overdue principal or premium, if any, plus interest on such interest to the extent lawful, at the rate borne by the Notes to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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3. Method of Payment

By at least 10:00 a.m. (New York City time) on the date on which any principal of and premium, if any, or interest on any Note is due and payable, the Company shall irrevocably deposit with the Trustee or the Paying Agent money sufficient to pay such principal, premium, if any, and/or interest. The Company will pay interest (except Defaulted Interest) to the Persons who are registered Holders of Notes at the close of business on the March 15 or September 15 next preceding the interest payment date even if Notes are cancelled, repurchased or redeemed after the record date and on or before the interest payment date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company will pay principal, premium, if any, and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Except as described in the succeeding two sentences, the principal of and premium, if any, and interest on the Notes shall be payable at the office or agency of the Company maintained for such purpose in The City of New York, or at such other office or agency of the Company as may be maintained for such purpose pursuant to Section 2.03 of the Indenture; *provided, however*, that, at the option of the Company, each installment of interest may be paid by check mailed to addresses of the Persons entitled thereto as such addresses shall appear on the Note Register. Payments in respect of Notes represented by a Global Note (including principal, premium and interest) will be made by wire transfer of immediately available funds to the account specified by The Depository Trust Company. Payments in respect of Notes represented by Definitive Notes (including principal, premium, if any, and interest) held by a Holder of at least \$1,000,000 aggregate principal amount of Notes will be made by wire transfer

to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than the March 15 or September 15 next preceding the relevant interest payment date (or such other date as the Trustee may accept in its discretion).

#### 4. Paying Agent and Registrar

Initially, U.S. Bank National Association (the "Trustee") will act as Trustee, Paying Agent and Registrar. The Company may appoint and change any Paying Agent, Registrar or co-registrar without notice to any Noteholder. Holdings, the Company or any other Restricted Subsidiary may act as Paying Agent, Registrar or co-registrar.

#### 5. Optional Redemption by the Company

The Notes will be redeemable at the option of the Company, in whole at any time or in part from time to time, on at least 30 days but not more than 60 days' prior notice mailed to the registered address of each Holder of Notes to be so redeemed, at a redemption price equal to (a) the greater of (i) 100% of their principal amount to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon from the date of redemption to the date of maturity (except for currently accrued but unpaid interest) discounted to the date of redemption, on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), at the applicable Treasury Rate (as defined below), plus twenty basis points (such greater amount, the "Redemption Price"), plus (b) accrued and unpaid interest, if any, to the date of redemption.

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For purposes of determining the Redemption Price, the following definitions are applicable:

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"Comparable Treasury Price" means, with respect to any Redemption Date, (a) the average of five Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (b) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means J.P. Morgan Securities Inc. or, if the foregoing is unwilling or unable to select the applicable Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Company.

"Reference Treasury Dealer" means (a) J.P. Morgan Securities Inc. and its successors, *provided, however*, that if the foregoing shall cease to be a primary U.S. government securities dealer in New York City (a "Primary Treasury Dealer"), the Company will substitute another Primary Treasury Dealer; and (b) any four other Primary Treasury Dealers selected by the Company after consultation with the Independent Investment Banker.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date, an average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue for the Notes (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

"Treasury Rate" means, with respect to any Redemption Date, (a) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the comparable treasury issue (if no maturity is within three months before or after the remaining life (as defined below), yields for the two published maturities most closely corresponding to the comparable treasury issue will be determined and the treasury rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or (b) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the comparable treasury issue, calculated using a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for

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such redemption date. The treasury rate will be calculated on the third business day preceding the date fixed for redemption.

In the case of any partial redemption, selection of the Notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not listed, then on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion shall deem to be fair and appropriate, although no Notes of \$2,000 in original principal amount or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note shall state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original Note. On and after the Redemption Date, interest will cease to accrue on Notes or portions thereof called for redemption as long as the Company has deposited with the Paying Agent funds in satisfaction of the applicable Redemption Price pursuant to the Indenture.

#### 6. Additional Amounts

The Company and each Guarantor will, subject to certain limitations set forth in the Indenture, pay to the Holder of any Note additional amounts as necessary so that every net payment made by the Company and each Guarantor of principal of and premium, if any, and interest on such Note, after deducting or withholding for or on account of any present or future tax, duty, fee, assessment or other governmental charge imposed on that Holder by any foreign jurisdiction, will not be less than the amount provided in the Note to be then due and payable.

#### 7. Denominations; Transfer; Exchange

The Notes are in registered form without coupons in denominations of principal amount of \$2,000 and integral multiples of \$1,000. A Holder may transfer or exchange Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange (i) any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) for a period beginning 15 days before the mailing of a notice of Notes to be redeemed and ending on the date of such mailing or (ii) any Notes for a period beginning 15 days before an interest payment date and ending on such interest payment date.

#### 8. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of it for all purposes.

#### 9. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request unless an

abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

#### 10. Defeasance

Subject to certain conditions set forth in the Indenture, the Company at any time may terminate some or all of its obligations under the Notes and the Indenture if the Company deposits with the Trustee money or U.S. Government Securities for the payment of principal and interest on the Notes to redemption or maturity, as the case may be.

#### 11. Amendment, Waiver

The Indenture or the Notes may be amended with the written consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes; *provided, however*, that the consent of each Noteholder affected is required to (i) reduce the amount of Notes whose Holders must consent to an amendment of the Indenture or the Notes, (ii) reduce the stated rate of or extend the stated time for payment of interest on any Note, (iii) reduce the principal of or change the Stated Maturity of any Note, (iv) reduce the amount payable upon the redemption of any Note, (v) make any Note payable in money other than that stated herein, (vi) impair the right of any Holder to receive payment of principal of and premium, if any, and interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes, (vii) make any change in the amendment provisions which require each Holder's consent or in the waiver provisions, or (viii) release any of the Guarantors or modify the Guarantees other than in accordance with the Indenture.

Subject to certain exceptions set forth in the Indenture, without the consent of any Noteholder, the Company and the Trustee may modify or amend the Indenture to, among other things (i) cure any ambiguity, omission, defect or inconsistency, (ii) to provide for successor Guarantors, (iii) provide for uncertificated Notes in addition to or in place of certificated Notes, (iv) add additional guarantees, (v) secure the Notes, (vi) add to the covenants of the Company or any Guarantor for the benefit of the Holders or surrender any right or power conferred on the Company or the Guarantors, (vii) make any change that does not adversely affect the interest of any Noteholder, (viii) provide for the issuance of the Exchange Notes, and (ix) comply with any requirement of the SEC in connection with qualifying the Indenture under the Trust Indenture Act.

Subject to certain exceptions set forth in the Indenture, any default (other than with respect to nonpayment or in respect of a provision that cannot be amended without the written consent of each Noteholder affected) or noncompliance with any provision may be waived with the written consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes.

#### 12. Defaults and Remedies

Under the Indenture, Events of Default include (1) default by the Company in any payment of interest or additional interest (as required by the registration rights agreement) on any Note when due, continued for 30 days; (2) default by the Company in the payment of principal

of, or premium, if any, on any Note when due at its Stated Maturity, upon optional redemption, upon declaration of acceleration or otherwise; (3) the failure by Holdings, the Company or any Subsidiary Guarantor to comply with its covenants under the Indenture for 60 days after written notice from the Trustee or the holders of 25% or more in aggregate principal amount of the outstanding Notes (other than those referred to in (1) or (2) above); (4) the failure of Holdings, the Company or any of their Subsidiaries (a) to pay the principal of any indebtedness for borrowed money, including obligations evidenced by any mortgage, indenture, bond, debenture, note, guarantee or other similar instruments, on the scheduled or original date due; (b) to pay interest on any such indebtedness beyond any provided grace period; or (c) to observe or perform any agreement or condition relating to such indebtedness, that has caused such indebtedness to become due prior to its stated maturity and such acceleration has not been cured within 15 days after notice of acceleration; *provided, however*, that an event described in subclause (a), (b) or (c) above shall not constitute an Event of Default unless, at such time, one or more events of the type described in subclauses (a), (b) or (c) shall have occurred or be continuing with respect to indebtedness in an amount exceeding \$20,000,000; or (5) certain events of bankruptcy, insolvency or reorganization of Holdings, the Company or any Significant Subsidiary (the "bankruptcy events"). However, a default under clause (3) will not constitute an Event of Default until the Trustee or the Holders of at least 25% in aggregate principal amount of the outstanding Notes notify the Company or the Guarantors, as the case may be, of the default and the Company or any Guarantor, as the case may be, does not cure such default within the time specified in clause (3) hereof after receipt of such notice.

If an Event of Default other than a bankruptcy event occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Notes may declare all the Notes by written notice to the Company to be due and payable immediately. If an Event of Default in connection with a bankruptcy event occurs and is continuing, the principal amount of the Notes, the premium, if any, and all accrued and unpaid interest shall be immediately due and payable without any action or other act on the part of the Trustee or the Noteholders.

Noteholders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes unless it receives reasonable indemnity or security. Subject to certain limitations, Holders of a majority in aggregate principal amount of the Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Noteholders notice of any continuing Default or Event of Default (except a Default or Event of Default in payment of principal or interest) if it determines that withholding notice is in their interest.

#### 13. Trustee Dealings with the Company

Subject to certain limitations set forth in the Indenture or imposed by the Trust Indenture Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

#### 14. No Recourse Against Others

An incorporator, director, officer, employee, affiliate or stockholder of the Company or any Guarantor, solely by reason of this status, shall not have any liability for any obligations of the Company under the Notes, the Indenture or any Guarantee or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Noteholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

#### 15. No Petition

By its acquisition of this Note, each Holder hereof agrees that neither it nor the Trustee on its behalf may commence, or join with any other person in the commencement of, a bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding with respect to the Company under any applicable insolvency laws until one year and one day after the Notes and all other indebtedness of the Company ranking equal with or junior to the Notes in right of payment, including all interest and premium thereon, if any, are paid in full.

16. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an authenticating agent acting on its behalf) manually signs the certificate of authentication appearing on this Note.

17. Abbreviations

Customary abbreviations may be used in the name of a Noteholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entirety), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian) and U/G/M/A (=Uniform Gifts to Minors Act).

18. CUSIP and ISIN Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures the Company has caused CUSIP and/or ISIN numbers to be printed on the Notes and has directed the Trustee to use CUSIP and/or ISIN numbers in notices of redemption as a convenience to Noteholders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

19. Governing Law

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

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The Company will furnish to any Noteholder upon written request and without charge to the Noteholder a copy of the Indenture. Requests may be made to:

Ethan Allen Drive  
Danbury, CT 06811  
Attention: Pamela A. Banks,  
Vice President, General Counsel and Secretary

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ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

\_\_\_\_\_  
(Print or type assignee's name, address and zip code)

\_\_\_\_\_  
(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint \_\_\_\_\_ agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Your Signature: \_\_\_\_\_

Signature Guarantee: \_\_\_\_\_  
(Signature must be guaranteed)

\_\_\_\_\_  
Sign exactly as your name appears on the other side of this Note.

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to SEC Rule 17Ad-15.

In connection with any transfer or exchange of any of the Notes evidenced by this certificate occurring prior to the date that is two years after the later of the date of original issuance of such Notes and the last date, if any, on which such Notes were owned by the Company or any Affiliate of the Company, the undersigned confirms that such Notes are being transferred in accordance with their terms.

Signature Guarantee:

\_\_\_\_\_  
Signature  
Dated:

\_\_\_\_\_  
(Signature must be guaranteed)

\_\_\_\_\_  
Signature  
Dated:



SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The following increases or decreases in this Global Note have been made:

<b>Date of Exchange</b>	<b>Amount of decrease in Principal Amount of this Global Note</b>	<b>Amount of increase in Principal Amount of this Global Note</b>	<b>Principal Amount of this Global Note following such decrease or increase</b>	<b>Signature of authorized signatory of Trustee or Securities Custodian</b>
_____	_____	_____	_____	_____
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KELLEY DRYE & WARREN LLP  
 Two Stamford Plaza  
 281 Tresser Boulevard  
 Stamford, Connecticut 06901-3229

February 3, 2006

The Board of Directors of Each of  
 Ethan Allen Global, Inc.  
 Ethan Allen Interiors Inc.  
 Ethan Allen Retail, Inc.  
 Ethan Allen Operations, Inc.  
 Ethan Allen Realty, LLC  
 Lake Avenue Associates, Inc.  
 Manor House, Inc.  
 c/o Ethan Allen Interiors Inc.  
 Ethan Allen Drive  
 Danbury, CT 06811

Ladies and Gentlemen:

We have acted as special counsel to Ethan Allen Global, Inc., a Delaware corporation (the "Company") and the issuer of the Initial Notes and the Exchange Notes (as each term is defined below), Ethan Allen Interiors Inc., a Delaware corporation ("Ethan Allen"), Ethan Allen Retail, Inc., a Delaware corporation ("Retail"), Ethan Allen Operations, Inc., a Delaware corporation ("Operations"), Ethan Allen Realty, LLC, a Delaware limited liability company ("Realty"), Lake Avenue Associates, Inc., a Connecticut corporation ("Lake Avenue"), and Manor House, Inc., a Delaware corporation ("Manor House" and, together with Ethan Allen, Retail, Operations, Realty, Lake Avenue and Manor House, the "Guarantors"), in connection with the preparation and filing of a Registration Statement on Form S-4 (the "Registration Statement"), with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Act of 1933, as amended (the "Act"), with respect to the proposed offer to exchange (the "Exchange Offer") \$200,000,000 principal amount of 5.375% Senior Notes due 2015 issued by the Company (the "Exchange Notes") and guaranteed by the Guarantors (the "Guarantees") for a like aggregate principal amount of 5.375% Senior Notes due 2015 issued by the Company (the "Initial Notes") and guaranteed by the Guarantors in transactions exempt from or not subject to registration under the Act. The Exchange Notes will be issued pursuant to the Indenture, dated as of September 27, 2005, among the Company, the Guarantors and U.S. Bank National Association, as Trustee, pursuant to which the Existing Notes were originally issued (the "Indenture"). As such counsel, you have requested our opinion as to the matters described herein relating to the issuance of the Exchange Notes and the Guarantees in the Exchange Offer.

We have examined the Certificate or Articles of Incorporation and By-Laws or other comparable organizational or governing documents, of the Company and each of the Guarantors, in each case as amended and restated through the date hereof, as certified or otherwise identified to our satisfaction; minutes of the corporate proceedings of the Company and each of the Guarantors through the date hereof, in each case as made available to us by officers of the Company and the Guarantors; an executed copy of the Registration Statement and all exhibits thereto in the form to be filed with the Commission; executed copies of each of (i) the Indenture and (ii) the Registration Rights Agreement dated September 27, 2005 among the Company, the Guarantors and J.P. Morgan Securities Inc.; specimen forms of the Exchange Notes and the Guarantees; and such matters of law deemed necessary by us in order to deliver this opinion. In the course of our examination, we have assumed that all documents required to be duly authorized, executed and delivered by a party or parties other than the Company and each of the Guarantors have been duly authorized, executed and delivered by such party or parties. In addition, we have assumed the genuineness of all signatures, the authenticity of all originals, the conformity to originals of all copies, the authenticity of the originals of such copies and the legal capacity of all natural persons. As to certain factual matters, we have relied upon information furnished to us by officers of the Company and each of the Guarantors.

We express no opinion with respect to the enforceability of any agreement, contract or document or any provision thereof: (i) to the extent that such enforceability may be subject to, or affected by, applicable bankruptcy, insolvency, reorganization, receivership, moratorium, arrangement, assignment for the benefit of creditors, fraudulent transfer or conveyance or similar state or federal laws, by judicially developed doctrines affecting the rights and remedies of creditors generally or general principles of equity (including commercial reasonableness, good faith and fair dealing and the requirement that the right, remedy or penalty sought be proportionate to the breach, default or injury), regardless of whether enforceability is sought in a proceeding at law or in equity; (ii) providing for specific performance, injunctive relief or other equitable remedies (including any provision that limits the availability of such equitable remedies), regardless of whether such enforceability is sought in a proceeding in equity or at law; (iii) providing for indemnification and contribution, which provisions may be limited by federal and state securities laws or policies underlying such laws; (iv) requiring any waiver of stay or extension laws, diligent performance or other acts that may be unenforceable under principles of public policy; (v) to the extent that such enforceability may be subject to, or affected by, compliance with, and limitations imposed by, procedural requirements relating to the exercise of remedies; or (vi) providing for a choice of law, jurisdiction or venue (and we have assumed that such provisions will be enforced).

We express no opinion concerning any law of any jurisdiction other than (i) the laws of the States of New York and Connecticut, (ii) the federal laws of the United States of America and (iii) with respect to the Company and the Guarantors (except for Realty and Lake Avenue), the General Corporation Law of the State of Delaware, with respect to Realty, the Delaware Limited Liability Company Act, and, with respect to Lake Avenue, the Connecticut Business Corporation Act. Without limiting the foregoing, we express no opinion with respect to the applicability or the effect of the laws of any other state, municipality or jurisdiction or any rules, regulations or orders of any agencies within any other state, municipality or jurisdiction.

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Based upon and subject to the foregoing, we are of the opinion that when (i) the Registration Statement becomes effective, (ii) the Indenture has been qualified under the Trust Indenture Act of 1939, as amended, and (iii) the Exchange Notes and the Guarantees have been duly executed and, in the case of the Exchange Notes, authenticated in accordance with the terms of the Indenture and delivered to the purchasers thereof in exchange for the Initial Notes as described in the Registration Statement, the Exchange Notes and the Guarantees will be valid and binding obligations of the Company or the Guarantor party thereto, enforceable against the Company or the Guarantor party thereto in accordance with its respective terms.

We hereby consent to the filing of this letter as an exhibit to the Registration Statement and to the reference to it in the prospectus included therein under the caption "Legal Matters." In giving such consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Act. We have no obligation to update this opinion for events or changes in law or fact occurring after the date hereof.

Very truly yours,

By: /s/ Randi-Jean G. Hedin  
 a Partner

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**RATIO OF EARNINGS TO FIXED CHARGES**  
**(dollars in thousands)**

	FY2001	FY2002	FY2003	FY2004	FY2005	Six Months Ended December 31,	
						2004	2005
<b>Earnings:</b>							
Income before income taxes	\$ 127,051	\$ 131,603	\$ 119,974	\$ 129,095	\$ 129,420	\$ 68,489	\$70,283
Unconsolidated affiliates' interests, net	35	134	797	714	1,067	652	490
Amortization of capitalized interest	46	48	45	25	25	12	12
Interest expense and other related financing costs	758	640	645	641	761	287	3,402
Interest portion of rent expense (1)	6,801	7,709	9,138	10,052	10,661	5,265	5,958
Adjusted earnings, as defined	\$ 134,691	\$ 140,134	\$ 130,599	\$ 140,527	\$ 141,934	\$ 74,705	\$80,145
<b>Fixed Charges:</b>							
Interest expense and other related financing costs	\$ 758	\$ 640	\$ 645	\$ 641	\$ 761	\$ 287	\$ 3,402
Interest portion of rent expense (1)	6,801	7,709	9,138	10,052	10,661	5,265	5,958
Total fixed charges	\$ 7,559	\$ 8,349	\$ 9,783	\$ 10,693	\$ 11,422	\$ 5,552	\$ 9,360
<b>Ratio of earnings to fixed charges</b>	17.82	16.79	13.35	13.14	12.43	13.45	8.56

(1) One-third of rent expense is considered representative of the interest factor within rent expense.

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors  
Ethan Allen Interiors Inc.:

We consent to the incorporation by reference in this registration statement on Form S-4 of Ethan Allen Interiors Inc. and Subsidiaries of our report dated September 8, 2005, except as to note 19, which is as of February 2, 2006, with respect to the consolidated balance sheets of Ethan Allen Interiors Inc. and Subsidiaries as of June 30, 2005 and 2004, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended June 30, 2005, which report appears in the Form 8-K of Ethan Allen Interiors Inc. filed on February 3, 2006; and our reports dated September 8, 2005 with respect to management's assessment of the effectiveness of internal control over financial reporting as of June 30, 2005, and the effectiveness of internal control over financial reporting as of June 30, 2005, and the financial statement schedule, which reports appear in the June 30, 2005 annual report on Form 10-K of Ethan Allen Interiors Inc.

We also consent to the reference to our firm under the heading "Experts" in the prospectus.

(signed) KPMG LLP

Stamford, Connecticut  
February 3, 2006

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM T-1**

**STATEMENT OF ELIGIBILITY UNDER  
THE TRUST INDENTURE ACT OF 1939 OF A  
CORPORATION DESIGNATED TO ACT AS TRUSTEE**

Check if an Application to Determine Eligibility of  
a Trustee Pursuant to Section 305(b)(2)

**U.S. BANK NATIONAL ASSOCIATION**

(Exact name of Trustee as specified in its charter)

**31-0841368**

I.R.S. Employer Identification No.

800 Nicollet Mall  
Minneapolis, Minnesota  
(Address of principal executive offices)

55402  
(Zip Code)

John A. Brennan  
U.S. Bank National Association  
One Federal Street  
Boston, MA 02110  
(617) 603-6576

(Name, address and telephone number of agent for service)

**ETHAN ALLEN GLOBAL, INC.**

(Issuer with respect to the Securities)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**20-2991357**  
(I.R.S. Employer Identification No.)

**Ethan Allen Drive**  
**Danbury, Connecticut**  
(Address of Principal Executive Offices)

**06811**  
(Zip Code)

**ETHAN ALLEN INTERIORS INC.**

(Issuer with respect to the Securities)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**06-1275288**  
(I.R.S. Employer Identification No.)

**Ethan Allen Drive**  
**Danbury, Connecticut**  
(Address of Principal Executive Offices)

**06811**  
(Zip Code)

**ETHAN ALLEN RETAIL, INC.**

(Issuer with respect to the Securities)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**06-1273300**  
(I.R.S. Employer Identification No.)

**Ethan Allen Drive**  
**Danbury, Connecticut**  
(Address of Principal Executive Offices)

**06811**  
(Zip Code)

**ETHAN ALLEN OPERATIONS, INC.**

(Issuer with respect to the Securities)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**06-1420986**  
(I.R.S. Employer Identification No.)

**Ethan Allen Drive**  
**Danbury, Connecticut**  
(Address of Principal Executive Offices)

**06811**  
(Zip Code)

**ETHAN ALLEN REALTY, I.I.C.**

(Issuer with respect to the Securities)

**Delaware** **06-1753714**  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

**Ethan Allen Drive** **06811**  
**Danbury, Connecticut**  
(Address of Principal Executive Offices) (Zip Code)

**LAKE AVENUE ASSOCIATES, INC.**  
(Issuer with respect to the Securities)

**Delaware** **06-0901325**  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

**Ethan Allen Drive** **06811**  
**Danbury, Connecticut**  
(Address of Principal Executive Offices) (Zip Code)

**MANOR HOUSE, INC.**  
(Issuer with respect to the Securities)

**Delaware** **06-0919150**  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

**Ethan Allen Drive** **06811**  
**Danbury, Connecticut**  
(Address of Principal Executive Offices) (Zip Code)

**5.375% Senior Notes due 2015**

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**FORM T-1**

**Item 1. GENERAL INFORMATION.** Furnish the following information as to the Trustee.

- a) *Name and address of each examining or supervising authority to which it is subject.*  
Comptroller of the Currency  
Washington, D.C.
- b) *Whether it is authorized to exercise corporate trust powers.*  
Yes

**Item 2. AFFILIATIONS WITH OBLIGOR.** *If the obligor is an affiliate of the Trustee, describe each such affiliation.*  
None.

**Items 3-15.** *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

**Item 16. LIST OF EXHIBITS:** *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee.\*
2. A copy of the certificate of authority of the Trustee to commence business.\*
3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers.\*
4. A copy of the existing bylaws of the Trustee.\*
5. A copy of each Indenture referred to in Item 4. Not applicable.
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
7. Report of Condition of the Trustee as of September 30, 2005, published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

\* Incorporated by reference to Registration Number 333-67188.

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**NOTE**

The answers to this statement insofar as such answers relate to what persons have been underwriters for any securities of the obligors within three years prior to the date of filing this statement, or what persons are owners of 10% or more of the voting securities of the obligors, or affiliates, are based upon information furnished to the Trustee by the obligors. While the Trustee has no reason to doubt the accuracy of any such information, it cannot accept any responsibility therefor.

**SIGNATURE**

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Boston, Commonwealth of Massachusetts on the 20th of January, 2006.

**U.S. BANK NATIONAL ASSOCIATION**

By: /s/ John A. Brennan  
John A. Brennan  
Officer

By: /s/ Todd R. DiNezza  
Todd R. DiNezza  
Assistant Vice President

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**Exhibit 6**

**CONSENT**

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: January 30, 2006

**U.S. BANK NATIONAL ASSOCIATION**

By: /s/ John A. Brennan  
John A. Brennan  
Officer

By: /s/ Todd R. DiNezza  
Todd R. DiNezza  
Assistant Vice President

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**Exhibit 7**

**U.S. Bank National Association  
Statement of Financial Condition  
As of 9/30/2005**

(\$000's)

9/30/2005

**Assets**

Cash and Due From Depository Institutions	\$6,913,461
Securities	41,305,628
Federal Funds	3,300,808
Loans & Lease Financing Receivables	132,797,940
Fixed Assets	1,767,618
Intangible Assets	10,366,321
Other Assets	10,215,546

**Total Assets** **\$206,667,322**

**Liabilities**

Deposits	<b>\$130,337,423</b>
Fed Funds	17,257,962
Treasury Demand Notes	0
Trading Liabilities	176,079
Other Borrowed Money	25,506,397
Acceptances	85,177
Subordinated Notes and Debentures	6,661,982
Other Liabilities	5,968,944

<b>Total Liabilities</b>	<b>\$185,993,964</b>
<b>Equity</b>	
Minority Interest in Subsidiaries	\$1,029,440
Common and Preferred Stock	18,200
Surplus	11,804,040
Undivided Profits	7,821,678
<b>Total Equity Capital</b>	<b>\$20,673,358</b>
<b>Total Liabilities and Equity Capital</b>	<b>\$206,667,322</b>

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To the best of the undersigned's determination, as of the date hereof, the above financial information is true and correct.

**U.S. Bank National Association**

By: /s/ John A. Brennan  
 John A. Brennan, Officer

Date: February 1, 2006





\* Need not be completed by book-entry holders.

\*\* Unless otherwise indicated, the holder will be deemed to have tendered the full aggregate principal amount represented by such Notes. See Instruction 2.

This Letter of Transmittal is to be used either if certificates of Notes are to be forwarded herewith or if delivery of Notes is to be made by book-entry transfer to an account maintained by the Exchange Agent at The Depository Trust Company, pursuant to the procedures set forth in "The Exchange Offer—Procedures for tendering" in the Prospectus. Delivery of documents to the book-entry transfer facility does not constitute delivery to the Exchange Agent.

Holders whose Notes are not immediately available or who cannot deliver their Notes and all other documents required hereby to the Exchange Agent on or prior to the Expiration Date must tender their Notes according to the guaranteed delivery procedure set forth in the Prospectus under the caption "The Exchange Offer— Guaranteed delivery procedures."

**CHECK HERE IF TENDERED NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO AN ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING:**

Name of Tendering Institution \_\_\_\_\_

The Depository Trust Company

Account Number \_\_\_\_\_

Transaction Code Number \_\_\_\_\_

**CHECK HERE IF TENDERED NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY AND COMPLETE THE FOLLOWING:**

Name of Registered Holder(s) \_\_\_\_\_

Name of Eligible Institution that Guaranteed Delivery \_\_\_\_\_

Date of Execution of Notice of Guaranteed Delivery \_\_\_\_\_

Account Number \_\_\_\_\_

**CHECK HERE IF EXCHANGE NOTES ARE TO BE DELIVERED TO THE PERSON OTHER THAN THE PERSON SIGNING THIS LETTER OF TRANSMITTAL:**

Name

\_\_\_\_\_  
(Please Print)

Address

\_\_\_\_\_  
(Including Zip Code)

**CHECK HERE IF EXCHANGE NOTES ARE TO BE DELIVERED TO ADDRESS DIFFERENT FROM THAT LISTED ELSEWHERE IN THIS LETTER OF TRANSMITTAL:**

Address

\_\_\_\_\_  
(Including Zip Code)

**CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO:**

Name

\_\_\_\_\_  
Address

**PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY**

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to Ethan Allen the above-described principal amount of the Notes indicated above. Subject to, and effective upon, the acceptance for exchange of the Notes tendered herewith, the undersigned hereby exchanges, assigns and transfers to, or upon the order of, Ethan Allen all right, title and interest in and to such Notes. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent the true and lawful agent and attorney-in-fact of the undersigned (with full knowledge that said the Exchange Agent acts as the agent of Ethan Allen, in connection with the Exchange Offer) to cause the Notes to be assigned, transferred and exchanged. The undersigned represents and warrants that it has full power and authority to tender, exchange, assign and transfer the Notes and to acquire Exchange Notes issuable upon the exchange of such tendered Notes, and that, when the same are accepted for exchange, Ethan Allen will acquire good and unencumbered title to the tendered Notes, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim. The undersigned also warrants that it will, upon request, execute and deliver any additional documents deemed by the Exchange Agent or Ethan Allen to be necessary or desirable to complete the exchange, assignment and transfer of tendered Notes or transfer ownership of such Notes on the account books maintained by the book-entry transfer facility. The undersigned further agrees that acceptance of any and all validly tendered Notes by Ethan Allen and the issuance of Exchange Notes in exchange therefor shall constitute

performance in full by Ethan Allen of its obligations under the Registration Rights Agreement (as defined in the Prospectus) and that Ethan Allen shall have no further obligations or liabilities thereunder except as provided in Section 2(b) of the Registration Rights Agreement.

The Exchange Offer is subject to certain conditions as set forth in the Prospectus under the caption "The Exchange Offer—Conditions of the Exchange Offer." The undersigned recognizes that as a result of these conditions (which may be waived, in whole or in part, by Ethan Allen), as more particularly set forth in the Prospectus, Ethan Allen may not be required to exchange any of the Notes tendered hereby and, in such event, the Notes not exchanged will be returned to the undersigned at the address shown above.

By tendering, each holder of Notes represents that Exchange Notes acquired in the exchange will be obtained in the ordinary course of such holder's business, that such holder has no arrangement with any person to participate in the distribution of such Exchange Notes, that such holder is not an "affiliate" of Ethan Allen within the meaning of Rule 405 under the Securities Act and that such holder is not engaged in (and does not intend to engage in) a distribution of the Exchange Notes. Any holder of Notes using the Exchange Offer to participate in a distribution of the Exchange Notes (i) cannot rely on the position of the staff of the Securities and Exchange Commission (the "Commission") enunciated in its interpretive letter with respect to Exxon Capital Holdings Corporation (April 13, 1988) or similar letters and (ii) must comply with the registration and prospectus requirements of the Securities Act in connection with a secondary resale transaction.

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in (and does not intend to engage in) a distribution of Exchange Notes. If the undersigned is a broker-dealer that will receive Exchange Notes for its own account in exchange for Notes that were acquired as a result of market-making activities or other trading as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus in connection with any resale of such Exchange Notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned, and every obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Tendered Notes may be withdrawn at any time prior to \_\_\_\_\_, 2006 in accordance with the terms of the Letter of Transmittal.

Certificates for all Exchange Notes delivered in exchange for tendered Notes and any Notes delivered herewith but not exchanged, and registered in the name of the undersigned, shall be delivered to the undersigned at the address shown below the signature of the undersigned.

**TENDERING HOLDER(S) SIGN HERE**  
(Complete accompanying Form W-9)

\_\_\_\_\_  
\_\_\_\_\_  
Signature(s) of Holder(s)

Dated \_\_\_\_\_ Area Code and Telephone No: \_\_\_\_\_

(Must be signed by registered holder(s) exactly as name(s) appear(s) on certificate(s) of Notes. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please set forth the full title of such person and enclose proper evidence of authority to act.) See Instruction 3.

Name(s) \_\_\_\_\_

\_\_\_\_\_  
(Please Print)

Capacity (full title) \_\_\_\_\_

Address \_\_\_\_\_  
(Including Zip Code)

Area Code and Telephone No. \_\_\_\_\_

Taxpayer Identification No. \_\_\_\_\_

**GUARANTEE OF SIGNATURE(S)**  
(If Required – See Instruction 3)

Authorized Signature \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Address \_\_\_\_\_

Name of Firm \_\_\_\_\_

Area Code and Telephone No. \_\_\_\_\_

Dated \_\_\_\_\_

## FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

### 1. Delivery of this Letter of Transmittal and Certificates.

Certificates for all physically delivered Notes or confirmation of any book-entry transfer to the Exchange Agent's or its agent's account at a book-entry transfer facility of Notes tendered by book-entry transfer, as well as a properly completed and duly executed copy of this Letter of Transmittal or facsimile thereof, and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at any of its addresses set forth herein on or prior to the Expiration Date (as defined in the Prospectus).

**The method of delivery of this Letter of Transmittal, the Notes and any other required document is at the election and risk of the holder, and (except as otherwise provided below), the delivery will be deemed made only when actually received or confirmed by the Exchange Agent. If such delivery is by mail, it is suggested that registered mail with return receipt requested, properly insured, be used. In all cases, sufficient time should be allowed to permit timely delivery.**

Holders whose Notes are not immediately available or who cannot deliver their Notes and all other required documents to the Exchange Agent on or prior to the Expiration Date or comply with book-entry transfer procedures on a timely basis must tender their Notes pursuant to the guaranteed delivery procedure set forth in that Prospectus under "The Exchange Offer—Guaranteed delivery procedures." Pursuant to such procedure: (i) such tender must be made through an Eligible Institution; (ii) on or prior to the Expiration Date, the Exchange Agent must have received from such Eligible Institution a properly completed and duly executed Letter of Transmittal and Notice of Guaranteed Delivery, substantially in the form provided by us (by facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Notes and the amount of Notes tendered, stating that the tender is being made thereby and guaranteeing that within five business days after the Expiration Date, a Book-Entry Confirmation or the certificates relating to the Notes, and all other documents required by the Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent; and (iii) a Book-Entry Confirmation or the certificates for all tendered Notes, and all other documents required by the Letter of Transmittal, are received by the Exchange Agent within five business days after the Expiration Date, all as provided in the Prospectus under the caption "The Exchange Offer—Guaranteed delivery procedures." Upon request to the Exchange Agent, a Notice of Guaranteed Delivery will be sent to holders who wish to tender their Notes according to these guaranteed delivery procedures. No alternative, conditional, irregular or contingent tenders will be accepted. All tendering holders, by execution of this Letter of Transmittal (or facsimile thereof), shall waive any right to receive notice of the acceptance of the Notes for exchange.

### 2. Partial Tenders; Withdrawals.

If less than the entire principal amount of Notes evidenced by a submitted certificate is tendered, the tendering holder should fill in the principal amount tendered in the box entitled "Principal Amount Tendered." A newly issued certificate for the principal amount of Notes submitted but not tendered will be sent to such holder as soon as practicable after the Expiration Date. All Notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise clearly indicated.

Tenders of Notes pursuant to the Exchange Offer are irrevocable, except that Notes tendered pursuant to the Exchange Offer may be withdrawn at any time prior to the Expiration Date. To be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be received by the Exchange Agent by 5:00 P.M., New York City time, on the Expiration Date unless extended by Ethan Allen. Any such notice of withdrawal must specify the person named in the Letter of Transmittal as having tendered Notes to be withdrawn, the certificate numbers of the Notes to be withdrawn, the principal amount of Notes delivered for exchange, a statement that such holder is withdrawing his or her election to have such Notes exchanged, and the name of the registered holder of such Notes, and must be signed by the holder in the same manner as the original signature on the Letter of Transmittal (including any required signature guarantees) or be accompanied by evidence satisfactory to Ethan Allen that the person withdrawing the tender has succeeded to the beneficial ownership of the Notes being

withdrawn. The Exchange Agent will return the properly withdrawn Notes promptly following receipt of notice of withdrawal. If Notes have been tendered pursuant to the procedure for book-entry transfer, any notice of withdrawal must specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn Notes or otherwise comply with the book-entry transfer facility's procedures. All questions as to the validity of notices of withdrawals, including time of receipt, will be determined by Ethan Allen, and such determination will be final and binding on all parties.

### 3. Signature on this Letter of Transmittal; Written Instruments and Endorsements; Guarantee of Signatures.

If this Letter of Transmittal is signed by the registered holder(s) of the Notes tendered hereby, the signature must correspond with the name(s) as written on the face of the certificates without alteration, enlargement or any change whatsoever.

If any of the Notes tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If a number of Notes registered in different names are tendered, it will be necessary to complete, sign and submit as many separate copies of this Letter of Transmittal as there are different registrations of Notes.

When this Letter of Transmittal is signed by the registered holder or holders (which term, for the purposes described herein, shall include the book-entry transfer facility whose name appears on a security listing as the owner of the Notes) of Notes listed and tendered hereby, no endorsements of certificates or separate written instruments of transfer or exchange are required.

If this Letter of Transmittal is signed by a person other than the registered holder or holders of the Notes listed, such Notes must be endorsed or accompanied by separate written instruments of transfer or exchange in form satisfactory to Ethan Allen and duly executed by the registered holder, in either case signed exactly as the name or names of the registered holder or holders appear(s) on the Notes.

If this Letter of Transmittal, any certificates or separate written instruments of transfer or exchange are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by Ethan Allen, proper evidence satisfactory to Ethan Allen of their authority so to act must be submitted.

Endorsements on certificates or signatures on separate written instruments of transfer or exchange required by this Instruction 3 must be guaranteed by an Eligible Institution.

Signatures on this Letter of Transmittal need not be guaranteed by an Eligible Institution, provided the Notes are tendered (i) by a registered holder of such Notes, for the holder of such Notes or (ii) for the account of an Eligible Institution.

### 4. Transfer Taxes.

Ethan Allen shall pay all transfer taxes, if any, applicable to the transfer and exchange of Notes to it or its order pursuant to the Exchange Offer. If a transfer tax is imposed for any reason other than the transfer and exchange of Notes to Ethan Allen or its order pursuant to the Exchange Offer, the amount of any such transfer taxes (whether imposed on the registered holder or any other person) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exception therefrom is not submitted herewith the amount of such transfer taxes will be billed directly to such tendering holder.

Except as provided in this Instruction 4, it will not be necessary for transfer tax stamps to be affixed to the Notes listed in this Letter of Transmittal.

**5. Waiver of Condition**

Ethan Allen reserves the right to waive in its reasonable judgment, in whole or in part, any of the conditions to the Exchange Offer set forth in the Prospectus.

**6. Mutilated, Lost, Stolen or Destroyed Notes**

Any holder whose Notes have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated below for further instructions.

**7. Requests for Assistance or Additional Copies.**

Questions relating to the procedure for tendering, as well as requests for additional copies of the Prospectus and this Letter of Transmittal, may be directed to the Exchange Agent at the addresses and telephone number set forth above. In addition, all questions relating to the Exchange Offer, as well as requests for assistance or additional copies of the Prospectus and this Letter of Transmittal, may be directed to Ethan Allen at Ethan Allen Drive, P.O. Box 1966, Danbury, CT 06813-1966, Attention: [Peg Lupton] (telephone: [(203) 743-8234].

**IMPORTANT:** This Letter of Transmittal or a facsimile thereof (together with certificates of Notes or confirmation of book-entry transfer and all other required documents) or a Notice of Guaranteed Delivery must be received by the Exchange Agent on or prior to the Expiration Date.

**NOTICE OF GUARANTEED DELIVERY**

for

**Tender of all Outstanding  
5.375% Senior Notes due 2015  
in Exchange for  
New 5.375% Senior Notes due 2015**

of

**ETHAN ALLEN GLOBAL, INC.  
Unconditionally Guaranteed by Ethan Allen Interiors Inc.  
and certain subsidiaries of Ethan Allen Interiors Inc.**

Registered holders of outstanding 5.375% Senior Notes due 2015 (the "Notes") who wish to tender their Notes in exchange for a like principal amount of new 5.375% Senior Notes due 2015 (the "Exchange Notes") and whose Notes are not immediately available or who cannot deliver their Notes and Letter of Transmittal (and any other documents required by the Letter of Transmittal) to U.S. Bank National Association (the "Exchange Agent") prior to the Expiration Date, may use this Notice of Guaranteed Delivery or one substantially equivalent hereto. This Notice of Guaranteed Delivery may be delivered by hand or sent by facsimile transmission (receipt confirmed by telephone and an original delivered by guaranteed overnight delivery) or mail to the Exchange Agent. See "The Exchange Offer—Guaranteed delivery procedures" in the Prospectus.

THE EXCHANGE AGENT FOR THE EXCHANGE OFFER IS:

U.S. BANK NATIONAL ASSOCIATION

*By Mail:*  
U.S. Bank National Association  
[One Federal Street, 3rd Floor]  
Boston, MA [02110]

*By Hand or Overnight Courier:*  
U.S. Bank National Association  
[One Federal Street, 3rd Floor]  
Boston, MA [02110]

*By Facsimile:*  
U.S. Bank National Association  
[(617) 603-6668]  
Attn: [Corporate Trust Services]

*Confirm by Telephone:*  
[(617) 603-6576]

**Delivery of this Notice of Guaranteed Delivery to an address other than as set forth above, or transmission of instructions via a facsimile number other than as set forth above, will not constitute a valid delivery.**

This Notice of Guaranteed Delivery is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an Eligible Institution (as defined in the Prospectus), such signature guarantee must appear in the applicable space provided on the Letter of Transmittal for Guarantee of Signatures.

Ladies and Gentlemen:

The undersigned hereby tenders the principal amount of Notes indicated below, upon the terms and subject to the conditions contained in the Prospectus dated \_\_\_\_\_, 2006 of Ethan Allen Global, Inc. (the "Prospectus"), receipt of which is hereby acknowledged.

**DESCRIPTION OF SECURITIES TENDERED**

<b>Name and address of registered holder as it appears on the 5.375% Senior Notes due 2015 ("Notes") (Please Print)</b>	<b>Certificate Number(s) of Notes Tendered</b>	<b>Principal Amount of Notes Tendered</b>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**THE FOLLOWING GUARANTEE MUST BE COMPLETED**

**GUARANTEE OF DELIVERY**

(Not to be used for signature guarantee)

The undersigned, a firm that is a member of a registered national securities exchange or a member of The National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office, branch, agency or correspondent in the United States, hereby guarantees to deliver to the Exchange Agent at one of its addresses set forth above, the certificates representing the Notes, together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees, and any other documents required by the Letter of Transmittal within five New York Stock Exchange, Inc. trading days after the date of execution of this Notice of Guaranteed Delivery.

Name of Firm: \_\_\_\_\_

\_\_\_\_\_  
(Authorized Signature)

Address: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_ (Zip Code)

Name: \_\_\_\_\_  
(Please type or print)

Area Code and Telephone Number:

\_\_\_\_\_

**NOTE: DO NOT SEND NOTES WITH THIS NOTICE OF GUARANTEED DELIVERY. NOTES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.**