As filed with the Securities and Exchange Commission on March 8, 2006

Registration No. 333-131539

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

Amendment No. 3
to
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	**Delaware**
(State or other jurisdiction of incorporation or organization)	(State or other jurisdiction of incorporation or organization)
2511	**2511**
(Primary Standard Industrial Classification Code Number)	(Primary Standard Industrial Classification Code Number)
20-2991357	**06-1275288**
(I.R.S. Employer Identification No.)	(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[2]
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 (3)	--	--	--	--
TOTAL (4)	$ 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) The registration fee has been previously paid.

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

(4) 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 MARCH 8, 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:

- The exchange offer will expire at 11:59 p.m., New York City time, on , 2006 unless extended.
- The exchange offer is subject to certain customary conditions, which we may waive.
- All outstanding Initial Notes that are validly tendered and not withdrawn will be exchanged.
- 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.
- Tenders of outstanding Initial Notes may be withdrawn at any time prior to the expiration of the exchange offer.

- 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

Table of Contents

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.

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," "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:

- Ethan Allen as a preferred brand;
- an international network of stores in which the brand and stores share the same name;
- a network of over 3,000 design consultants who are focused on providing the highest level of service;
- a full range of stylish, functional and coordinated products for one-stop shopping convenience; and
- a great value option for consumers, including our *everyday best pricing*, complementary design service and home delivery.

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:

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

- opening new stores in strategic areas, including relocating existing ones;
- leveraging our vertically-integrated structure to further differentiate ourselves as a preferred brand; and
- 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 structure and adhering to a solutions-based approach, we believe that we have an opportunity to further differentiate

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.

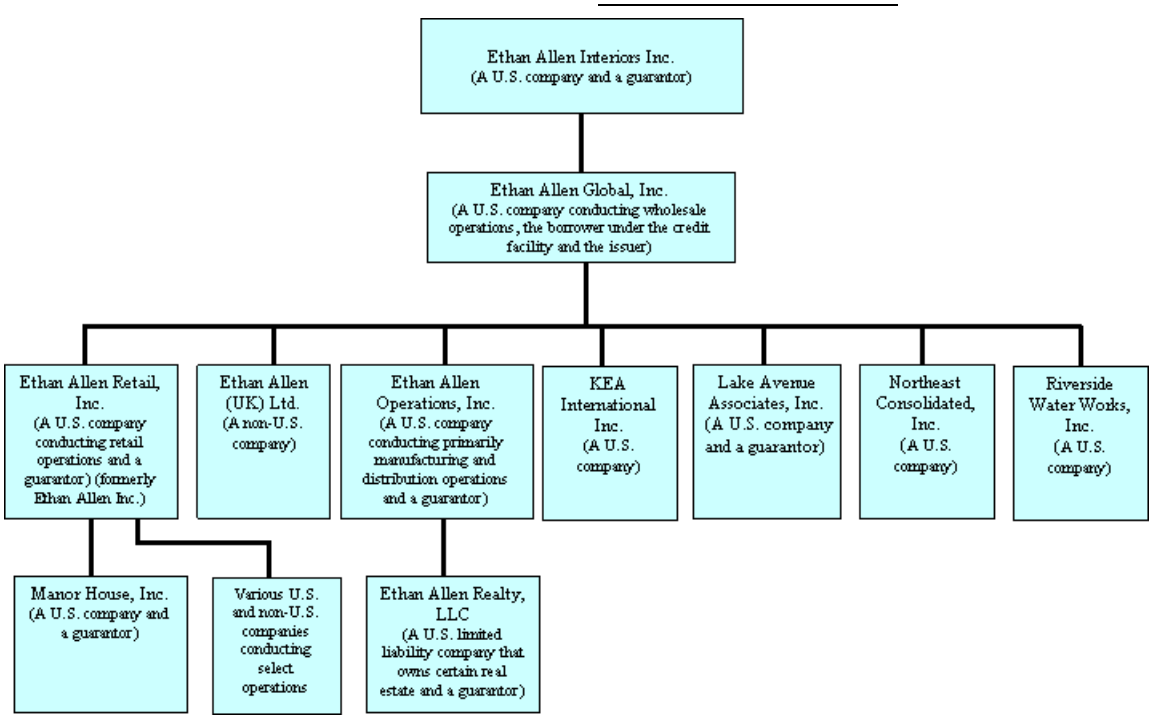
We have developed and implemented what we believe is the most coordinated national advertising campaign in the home furnishings industry using television, direct mail, newspapers, magazines and radio to market our products and services. Our direct mail magazine, which features our home furnishings collections 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 that 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.

Summary of the exchange offer

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 to third parties, 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 11:59 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 11:59 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 11:59 p.m., New York City time, on the Expiration Date.

Material 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 “Material 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.

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

	Ethan Allen Global and each of the guarantors.
Optional Redemption	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: o incur certain liens to secure indebtedness; o engage in sale-leaseback transactions; and o merge, amalgamate or consolidate or sell all or substantially all of such company’s assets. 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.”

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."

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 (as adjusted)	Six Months Ended December 31, 2004	Six Months Ended December 31, 2005
Statement of Operations Data:								
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
Balance Sheet Data (at end of period):								
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
Other Financial Data:								
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

(in thousands, except per share data, financial ratios and store count data)	2001	2002	2003	2004	2005	Fiscal Year Ended June 30, 2005 (as adjusted)	Six Months Ended December 31, 2004	Six Months Ended December 31, 2005
Cash dividends declared(4)	0.16	0.18	0.25	3.40	0.60	0.60	0.30	0.36
Other Operating Data:								
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.

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. 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,

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.

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

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

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).

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

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:

- the development of any market for the Exchange Notes;
- the liquidity of any such market that may develop;
- the ability of holders of Exchange Notes to sell their Exchange Notes; or
- 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. 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.

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.

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 J.P. Morgan Securities Inc. (the “Initial Purchaser”) pursuant to a Purchase Agreement dated September 22, 2005 (the “Purchase Agreement”). The Initial Purchaser subsequently resold the Initial Notes to:

- qualified institutional buyers, as defined in Rule 144A under the Securities Act in reliance on Rule 144A; and
- 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 Purchaser 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 the material 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:

- is acquiring the Exchange Notes in the ordinary course of its business;

- 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

- is not an affiliate (as defined in Rule 405 under the Securities Act) of Ethan Allen Global or any Guarantor.

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 reasonable judgment. 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:

- the Exchange Notes will have been registered under the Securities Act and, therefore, will not bear legends restricting their transfer; and

- 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

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:

- delay accepting any Initial Notes due to an extension of the exchange offer,

- extend the exchange offer, or

- 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. Any notice extending the exchange offer will disclose the number of securities tendered as of the notice's date as required by Rule 14e-1(d) under the Exchange Act. However, all conditions other than those dependent upon receipt of any required governmental approval must be satisfied or waived prior to the expiration of the exchange offer (as extended, if applicable), in order for us to complete the exchange offer.

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

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 11:59 p.m. New York City time on the Expiration Date. Alternatively, you may either:

- 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 11:59 p.m. on the Expiration Date; or

- 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:

- by a registered holder who has not completed the box titled "Special Delivery Instructions" on the Letter of Transmittal; or

- 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.

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 or irregularities 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 prior to the expiration of the exchange offer. 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. Tenders 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 the expiration of the exchange offer. However, all conditions other than those dependent upon receipt of any required governmental approval must be satisfied or waived prior to the expiration of the exchange offer (as extended, if applicable), in order for us to complete the exchange offer. 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-

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) promptly 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 11:59 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:

- you tender through an Eligible Institution;
- 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
- 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.

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 11:59 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 11:59 p.m., New York City time, on the Expiration Date. Any such notice of withdrawal must:

- specify the name of the person having deposited the Initial Notes to be withdrawn;
- identify the Initial Notes to be withdrawn (including the certificate number or numbers and principal amount of Initial Notes); and
- 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 expiration of the exchange offer, if:

- a change in laws or regulations occurs that, in our reasonable judgment, impairs our ability to proceed with the exchange offer;
- 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);

- 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;
- 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;
- a governmental approval is not obtained, which approval we deem, in our reasonable judgment, necessary for the consummation of the exchange offer; or
- a change, or a development involving a prospective change, in our business or financial affairs, in each case, which is not within our direct or indirect control, occurs that, in our reasonable 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, except that all conditions to this exchange offer must be satisfied or waived by us prior to the expiration of the exchange offer. However, after the expiration of the exchange offer, we may waive any condition to the exchange offer that is subject to governmental approval, which approval has not been received prior to the expiration of the exchange offer. We will give oral or written notice or public announcement of any waiver by us of any condition and any related amendment, termination or extension of this exchange offer. In the case of any extension, such oral or written notice or public announcement will be issued no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

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

- refuse to accept any Initial Notes and return to the holders thereof any Initial Notes that have been tendered;
- 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
- 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.

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:

- to us or any of our subsidiaries;
- 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;
- outside the U.S. to non-U.S. Persons in an offshore transaction in compliance with Rule 904 under the Securities Act;
- pursuant to an exemption from registration under the Securities Act in accordance with Rule 144 (if available);
- 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
- 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 to third parties, 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:

- you are acquiring the Exchange Notes in the ordinary course of your business;
- 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

- 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.

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.

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.

(Dollars in thousands)	**December 31, 2005**
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
Total capitalization(1)	$ 620,564

(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.

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, 2004	Six Months Ended December 31, 2005
						(as adjusted)		
Statement of Operations Data:								
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
Balance Sheet Data (at end of period):								
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
Other Financial Data:								
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

(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	Six Months Ended December 31, 2005
						(as adjusted)		
Cash dividends declared(4)	0.16	0.18	0.25	3.40	0.60	0.60	0.30	0.36
Other Operating Data:								
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.

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:

	Year Ended June 30,						Six Months Ended December 31,	
(Dollars in millions)	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.

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

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.

	Fiscal Year Ended June 30,			Six Months Ended December 31,	
	2005	2004	2003	2005	2004
Revenue:					
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
Operating Income:					
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.

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.

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

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,

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.

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,

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

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.

The credit facility contains various covenants which limit our ability to: incur debt, engage in mergers and consolidations, make restricted payments, sell certain assets, make investments, and issue stock. We are also required to meet certain financial covenants including a fixed charge coverage ratio, which shall not be less than 3.00 to 1 for any period of four consecutive fiscal quarters ended on or after June 30, 2005, and a leverage ratio, which shall not be greater than 3.00 to 1 at any time. As of December 31, 2005, we had satisfactorily complied with these covenants.

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

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 our Board of Directors to repurchase our 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

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

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

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

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.

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.

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:

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

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.

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. 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

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 ourself through strategies focused on customer credibility and excellence in service. In addition, *everyday best pricing* provides 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.

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.

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.

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.

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:

- will be issued under the indenture and will be limited to an aggregate principal amount of $200,000,000;
- will mature on October 1, 2015;
- will not be convertible into any other security or have the benefit of any sinking fund;
- will rank equally in right of payment with all of Ethan Allen Global's other existing and future unsecured and unsubordinated indebtedness;
- 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;
- will be issued in minimum denominations of $2,000 and integral multiples of $1,000; and
- 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:

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

- be payable in cash semiannually in arrears on April 1 and October 1 of each year, commencing on April 1, 2006;
- be payable to the holders of record on the March 15 and September 15 immediately preceding the relevant interest payment date; and
- 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 depositary or its nominee will be made in immediately available funds to the depositary 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:

- 100% of the principal amount of the Notes to be redeemed, and
- 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:

- 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

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

- 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.

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,

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

Under recent Delaware case law, the sale of substantially all of the corporation's assets involves the sale of assets that are quantitatively vital to the operation of the corporation and is out of the ordinary and substantially affects the existence and purpose of the corporation.

Definition of Certain Terms

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

- "consolidated net tangible assets" means the total assets less current liabilities and intangible assets of Ethan Allen Interiors Inc. and its consolidated subsidiaries;
- "guarantors" means Ethan Allen Interiors Inc. and each of the subsidiary guarantors, but does not include Riverside Water Works, Inc.;
- "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;

- "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;

- "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;

- "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

- "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;

(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:

- such holder has previously given the trustee written notice that an event of default under the indenture is continuing;

- holders of at least 25% in principal amount of the outstanding Notes have requested in writing that the trustee pursue the remedy;

- such holders have offered the trustee reasonable security or indemnity against any loss, liability or expense;

- 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

- 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:

- reduce the amount of Notes whose holders must consent to an amendment of the indenture or the Notes;

- reduce the stated rate of or extend the stated time for payment of interest on any Note;

- reduce the principal of or change the stated maturity of any Note;

- reduce the amount payable upon the redemption of any Note;

- make any Note payable in money other than that stated in the Note;

- 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;

- make any change in the amendment provisions which require each holder’s consent or in the waiver provisions; or

- 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:

- a limited purpose trust company organized under the laws of the State of New York;
- a "banking organization" within the meaning of the New York Banking Law;
- a member of the Federal Reserve System;
- a "clearing corporation" within the meaning of the Uniform Commercial Code, as amended; and
- 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:

- 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

- 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:

- will not be entitled to have Notes represented by the Global Note registered in their names;

- will not receive or be entitled to receive physical delivery of certificated notes in definitive form; and

- 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

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 depositary. 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 depositary 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 depositaries 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.

Certificated Notes

If:

- DTC notifies us that it is at any time unwilling or unable to continue as a depositary or DTC ceases to be registered as a clearing agency under the U.S. Securities Exchange Act of 1934 and a successor depositary is not appointed within 90 days of such notice or cessation;
- 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
- 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:

- 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;
- 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
- 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

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:

- 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;
- for any other reason this exchange offer is not consummated within 180 days after the date of issuance of the Initial Notes; or

- 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:

- the date on which that Note has been registered, exchanged or disposed of pursuant to a registration statement;
- 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
- 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

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:

- such action is required by the SEC or a state securities authority;
- 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
- 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:

- 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;
- 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
- 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.

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:

- any Exchange Notes to be received by it will be acquired in the ordinary course of its business;
- 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;
- 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
- 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.

Material 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:

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

- persons holding Exchange Notes as part of a hedge, straddle, conversion or other integrated transaction;
- certain U.S. expatriates;
- financial institutions;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- grantor trusts; or
- 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

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 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 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:

- 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;

- 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

- 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:

- IRS Form W-8BEN claiming an exemption from (or reduction to) withholding under the benefit of an applicable income tax treaty; or

- 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:

- 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;

- 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

- 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.

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:

- annual report on Form 10-K for the year ended June 30, 2005, except for Item 8 therein;
- quarterly reports on Form 10-Q for the three months ended September 30, 2005 and December 31, 2005;
- proxy statement on Schedule 14A, dated October 21, 2005; and
- 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.

(This page has been left blank intentionally.)

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.

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.

(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

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."

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.)

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

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 under Rule 24b-2 of the Securities Exchange Act of 1934 as to certain portions, which have been omitted and filed separately with the Commission)

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)*	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 granted under Rule 24b-2 of the Securities Exchange Act of 1934 as to certain portions, which have been omitted and filed separately with the Commission)
10(h)(29)	Amended and Restated 1992 Stock Option Plan
10(h)-1(30)	First Amendment to Amended and Restated 1992 Stock Option Plan
10(h)-2(31)	Second Amendment to Amended and Restated 1992 Stock Option Plan
10(h)-3(32)	Third Amendment to Amended and Restated 1992 Stock Option Plan

10(h)-4(33)	Form of Option Agreement for Grants to Independent Directors
10(h)-5(34)	Form of Option Agreement for Grants to Employees
10(i)(35)	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)(36)	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(37)	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

* Filed herewith

** Previously filed

(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

(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

(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 under Rule 24b-2 under the Securities Exchange Act of 1934 as to certain portions, which have been omitted and filed separately with the Commission)

(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 4(c)-2 to the Quarterly Report on Form 10-Q of Ethan Allen Interiors Inc. filed with the SEC on November 14, 1997

(30) 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

(31) 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

(32) 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

(33) 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

(34) 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

(35) 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

(36) 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

(37) 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) Each of the undersigned Registrants hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment 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.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the Registrants under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, each of the undersigned Registrants undertakes that in a primary offering of securities of such undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, such undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of such undersigned Registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of such undersigned Registrant or used or referred to by such undersigned Registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about such undersigned Registrant or its securities provided by or on behalf of such undersigned Registrant; and

(iv) Any other communication that is an offer in the offering made by such undersigned Registrant to the purchaser.

(b) The undersigned Registrants hereby undertake 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.

(c) 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.

(d) 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.

(e) Each of the undersigned Registrants hereby undertakes 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.

(f) Each of the undersigned Registrants hereby undertakes 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 Amendment No. 3 to the 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 8th day of March, 2006.

ETHAN ALLEN INTERIORS INC.

By: /s/ PAMELA A. BANKS
Pamela A. Banks
Vice President, General Counsel and Secretary

Pursuant to the requirements of the Securities Act, this Amendment No. 3 to the Registration Statement has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 8th day of March, 2006.

Signature	**Title(s)**
*	Chairman, President and Chief Executive Officer (Principal Executive Officer)
M. Farooq Kathwari	
/s/ JEFFREY HOYT	Vice President, Finance and Treasurer (Principal Financial Officer and Principal Accounting Officer)
Jeffrey Hoyt	
*	Director
Clinton A. Clark	
*	Director
Kristin Gamble	
*	Director
Horace G. McDonell	
*	Director
Edward H. Meyer	
*	Director
Richard A. Sandberg	
*	Director
Frank G. Wisner	
*/s/ PAMELA A. BANKS	
Pamela A. Banks Attorney-in-Fact	

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Amendment No. 3 to the 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 8th day of March, 2006.

ETHAN ALLEN GLOBAL, INC.

By:/s/ PAMELA A. BANKS
Pamela A. Banks
Vice President,General Counsel and Secretary

Pursuant to the requirements of the Securities Act, this Amendment No. 3 to the Registration Statement has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 8th day of March, 2006.

Signature	**Title(s)**
*	Chairman, President and Chief Executive Officer (Principal Executive Officer)
M. Farooq Kathwari	
/s/ JEFFREY HOYT	Vice President, Finance and Treasurer (Principal Financial Officer and Principal Accounting Officer)
Jeffrey Hoyt	
*	Director
Clinton A. Clark	
*	Director
Kristin Gamble	
*	Director
Horace G. McDonell	
*	Director
Edward H. Meyer	
*	Director
Richard A. Sandberg	
*	Director
Frank G. Wisner	
*/s/ PAMELA A. BANKS	
Pamela A. Banks Attorney-in-Fact	

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Amendment No. 3 to the 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 8th day of March, 2006.

ETHAN ALLEN RETAIL, INC.
ETHAN ALLEN OPERATIONS, INC.

By:/s/ PAMELA A. BANKS

Pamela A. Banks
Vice President,General Counsel and Secretary

Pursuant to the requirements of the Securities Act, this Amendment No. 3 to the Registration Statement has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 8th day of March, 2006.

Signature	Title(s)
*	President, Chief Executive Officer and Sole Director (Principal Executive Officer)
M. Farooq Kathwari	
/s/ JEFFREY HOYT	Vice President, Finance and Treasurer (Principal Financial Officer and Principal Accounting Officer)
Jeffrey Hoyt	
* /s/ PAMELA A. BANKS	
Pamela A. Banks Attorney-in-Fact	

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Amendment No. 3 to the 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 8th day of March, 2006.

LAKE AVENUE ASSOCIATES, INC.
MANOR HOUSE, INC.

By: /s/ PAMELA A. BANKS
Pamela A. Banks
Secretary

Pursuant to the requirements of the Securities Act, this Amendment No. 3 to the Registration Statement has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 8th day of March, 2006.

Signature	Title(s)
*	President, Chief Executive Officer and Sole Director (Principal Executive Officer)
M. Farooq Kathwari	
/s/ JEFFREY HOYT	Vice President, Finance and Treasurer (Principal Financial Officer and Principal Accounting Officer)
Jeffrey Hoyt	
* /s/ PAMELA A. BANKS	
Pamela A. Banks Attorney-in-Fact	

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Amendment No. 3 to the 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 8th day of March, 2006.

ETHAN ALLEN REALTY, LLC

By: /s/ PAMELA A. BANKS
Pamela A. Banks
Vice President, General Counsel and Secretary

Pursuant to the requirements of the Securities Act, this Amendment No. 3 to the Registration Statement has been signed below by the following persons on behalf of the

Pursuant to the requirements of the Securities Act, this Amendment No. 3 to the Registration Statement has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 8th day of March, 2006.

Signature	Title(s)
*	President, Chief Executive Officer and Manager (Principal Executive Officer)
M. Farooq Kathwari	
* /s/ PAMELA A. BANKS	Manager, Vice President, General Counsel and Secretary
Pamela A. Banks	
/s/ JEFFREY HOYT	Manager, Vice President, Finance and Treasurer (Principal Financial Officer and Principal Accounting Officer)
Jeffrey Hoyt	
*/s/ PAMELA A. BANKS	
Pamela A. Banks Attorney-in-Fact	

INDEX OF EXHIBITS

Exhibit Number	Description
10(g)	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 granted under Rule 24b-2 of the Securities Exchange Act of 1934 as to certain portions, which have been omitted and filed separately with the Commission)
23(a)	Consent of KPMG LLP

ETHAN ALLEN INTERIORS INC. HAS BEEN GRANTED CONFIDENTIAL TREATMENT OF PORTIONS OF THIS DOCUMENT IN ACCORDANCE WITH RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934

Exhibit 10(g)

EXECUTION COPY

CREDIT AGREEMENT

dated as of

July 21, 2005

among

ETHAN ALLEN GLOBAL, INC.,
as Borrower

ETHAN ALLEN INTERIORS INC.,

The Lenders Party Hereto

and

JPMORGAN CHASE BANK, N. A.,
as Administrative Agent

J. P. MORGAN SECURITIES INC.,
as Sole Bookrunner and Sole Lead Arranger

CITIZENS BANK OF MASSACHUSETTS
and
WACHOVIA BANK NATIONAL ASSOCIATION
as Co-Syndication Agents

TABLE OF CONTENTS

ARTICLE VI
Negative Covenants

ARTICLE VII
Events of Default

ARTICLE VIII
The Administrative Agent

ARTICLE IX
Miscellaneous

SCHEDULES:

CREDIT AGREEMENT dated as of July 21, 2005, among ETHAN ALLEN GLOBAL, INC., ETHAN ALLEN INTERIORS INC., the LENDERS party hereto and JPMORGAN CHASE BANK, N. A., as Administrative Agent.

The parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Agent" means JPMorgan Chase Bank, N. A., in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus ½ of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate, respectively.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments and any Commitment Increases under Section 2.20(b).

"Applicable Rate" means, for any day, with respect to any Eurodollar Revolving Loan, or with respect to the facility fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "Facility Fee Rate", as the case may be, based upon the ratings by Moody's and S&P, respectively, applicable on such date to the Index Debt:

Index Debt Ratings	Eurodollar Spread	Facility Fee Rate
Category 1 A3 or A - or higher	0.270%	0.080%
Category 2 Baa1 or BBB+	0.300%	0.100%
Category 3 Baa2 or BBB	0.375%	0.125%
Category 4 Baa3 or BBB-	0.475%	0.150%
Category 5 Lower than Baa3 or BBB-	0.575%	0.175%

For purposes of the foregoing, (i) during the period from the Closing Date through September 30, 2005, so long as Moody's shall not have in effect a rating for the Index Debt, then the Applicable Rate shall be determined based on Category 2, (ii) after the earlier to occur of (A) the rating by Moody's described in clause (i) and (B) September 30, 2005, if either Moody's or S&P shall not have in effect a rating for the Index Debt, then the Applicable Rate shall be determined based on the rating established by the remaining rating agency; (iii) if at any time both Moody's and S&P shall not have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then such rating agency shall be deemed to have established a rating in Category 5; (iv) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall fall within different Categories, the Applicable Rate shall be based on the higher of the two ratings unless one of the two ratings is two or more Categories lower than the other, in which case the Applicable Rate shall be determined by reference to the Category next below that of the higher of the two ratings; and (v) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency, irrespective of when notice of such change shall have been furnished by the Borrower to the Agent and the Lenders pursuant to Section 5.01 or otherwise. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall

negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change or cessation.

"Approved Fund" has the meaning assigned to such term in Section 9.04.

"Assessment Rate" means, for any day, the annual assessment rate in effect on such day that is payable by a member of the Bank Insurance Fund classified as "well-capitalized" and within supervisory subgroup "B" (or a comparable successor risk classification) within the meaning of 12 C. F. R. Part 327 (or any successor provision) to the Federal Deposit Insurance Corporation for insurance by such Corporation of time deposits made in dollars at the offices of such member in the United States; provided that if, as a result of any change in any law, rule or regulation, it is no longer possible to determine the Assessment Rate as aforesaid, then the Assessment Rate shall be such annual rate as shall be determined by the Administrative Agent to be representative of the cost of such insurance to the Lenders.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"Augmenting Lender" has the meaning assigned to that term in Section 2.20.

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

"Base CD Rate" means the sum of (a) the Three-Month Secondary CD Rate multiplied by the Statutory Reserve Rate plus (b) the Assessment Rate.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Ethan Allen Global, Inc., a Delaware corporation.

"Borrowing" means (a) Revolving Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect, (b) a Competitive Loan or group of Competitive Loans of the same Type made on the same date and as to which a single Interest Period is in effect or (c) a Swingline Loan.

"Borrowing Request" means a request by the Borrower for a Revolving Borrowing in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

A "Change in Control" shall be deemed to have occurred if (a) Holdings shall cease to own 100% of the capital stock of the Borrower, (b) any Person or group (within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934 as in effect on the date hereof) shall own directly or indirectly, beneficially or of record, shares representing 30% or more of the aggregate ordinary voting power represented by the issued and outstanding capital stock of Holdings; (c) a majority of the seats (other than vacant seats) on the board of directors of Holdings shall at any time have been occupied by persons who were neither (i) nominated by the board of directors of Holdings, nor (ii) appointed by directors so nominated; or (d) any Person or group shall otherwise directly or indirectly Control Holdings.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or an Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender's or such Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Charges" has the meaning assigned to that term in Section 9.13.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Competitive Loans or Swingline Loans.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment Increase" has the meaning assigned to that term in Section 2.20.

"Commitment" means, with respect to each Lender, the commitment of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum

aggregate amount of such Lender's Revolving Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.09, (b) increased from time to time pursuant to Section 2.20 and (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender's Commitment is set forth on Schedule 2.01, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable. The initial aggregate amount of the Lenders' Commitments is $200,000,000.

"Competitive Bid" means an offer by a Lender to make a Competitive Loan in accordance with Section 2.04.

"Competitive Bid Rate" means, with respect to any Competitive Bid, the Margin or the Fixed Rate, as applicable, offered by the Lender making such Competitive Bid.

"Competitive Bid Request" means a request by the Borrower for Competitive Bids in accordance with Section 2.04.

"Competitive Loan" means a Loan made pursuant to Section 2.04.

"Consolidated Capital Expenditures" means, for any period, the sum of (a) the aggregate of all expenditures (whether paid in cash or other consideration or accrued as a liability) by the Borrower and its consolidated Subsidiaries during such period that, in conformity with GAAP, should be included in "additions to property, plant or equipment" or comparable items reflected in the consolidated statement of cash flows of the Borrower and its consolidated Subsidiaries; provided that "Consolidated Capital Expenditures" shall not include (i) any of the foregoing expenditures to the extent made with the proceeds from property or casualty insurance or compensation with respect to eminent domain or condemnation proceedings or (ii) any of the foregoing expenditures to the extent constituting an acquisition made in reliance upon clause (b) of Section 6.04; plus (b) the aggregate of all payments of Capital Lease Obligations during such period (except to the extent allocable to interest).

"Consolidated EBITDA" means, for any period, Consolidated Net Income for such period, before giving effect to any extraordinary gains or losses or any gains or losses resulting from sales of assets (other than sales of inventory in the ordinary course of business), plus, to the extent deducted in computing such Consolidated Net Income, the sum of (a) income tax expense (whether paid or deferred), (b) Consolidated Interest Expense, (c) depreciation and amortization and (d) any non-cash charges resulting from any restructuring or consolidation of operations or any grant, exercise or cancellation of stock options or warrants.

"Consolidated Fixed Charge Coverage Ratio" means, for any period, the ratio of (a) the sum of (i) Consolidated EBITDA plus (ii) Rental Expense to (b) the sum of (i) Consolidated Interest Expense plus (ii) Rental Expense, in each case for such period.

"Consolidated Interest Expense" means, for any period, the gross consolidated interest expense of the Borrower for such period determined on a consolidated basis in accordance with GAAP, and including, to the extent not otherwise included, Capital Lease Obligations (to the extent allocable to interest) and all commissions, discounts and other fees and charges with respect to letters of credit and bankers' acceptances and the net costs (i.e. costs minus benefits) under interest rate protection agreements and other interest hedging arrangements, but excluding amortization of deferred financing costs to the extent otherwise included.

"Consolidated Net Income" means, for any period, the consolidated net income or loss of the Borrower for such period determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Worth" means, as of any date of determination, the consolidated stockholders'equity of the Borrower determined on a consolidated basis in accordance with GAAP less the amount of any Indebtedness of Holdings to the Borrower included as an asset of the Borrower in determining such consolidated stockholders' equity.

"Consolidated Total Assets" means, as of any date of determination, the total assets which would properly be classified as consolidated assets of the Borrower and its Subsidiaries at such date in accordance with GAAP.

"Consolidated Total Debt" means, as of any date of determination, all Indebtedness (excluding (a) Guarantees of Indebtedness, to the extent the Guaranteed Indebtedness is already included, (b) Indebtedness of the type described in clause (i) of the definition of the term Indebtedness and (c) to the extent such Indebtedness is contingent in nature, Indebtedness of the type described in clause (j) of the definition of the term Indebtedness) of the Borrower and its consolidated Subsidiaries determined on a consolidated basis in accordance with GAAP.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"dollars" or "$" refers to lawful money of the United States of America.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

"Environmental Claim" means any written accusation, allegation, notice of violation, claim, demand, order, directive, cost recovery action or other cause of action by, or on behalf of, any Governmental Authority or any Person for damages, injunctive or

equitable relief, personal injury (including sickness, disease or death), Remedial Action costs, tangible or intangible property damage, natural resource damages, nuisance, pollution, any adverse effect on the environment caused by any Hazardous Material, or for fines, penalties or restrictions, resulting from or based upon: (a) the existence, or the continuation of the existence, of a Release (including sudden or non-sudden, accidental or non-accidental Releases); (b) exposure to any Hazardous Material; (c) the presence, use, handling, transportation, storage, treatment or disposal of any Hazardous Material; or (d) the violation or alleged violation of any Environmental Law or Environmental Permit.

"Environmental Law" means any and all applicable present and future treaties, laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices, permits or binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq. (collectively "CERCLA"), the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and Hazardous and Solid Amendments of 1984, 42 U.S.C. §§ 6901 et seq., the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq., the Clean Air Act of 1970, as amended 42 U.S.C. §§ 7401et seq., the Toxic Substances Control Act of 1976, 15 U.S.C. §§ 2601 et seq., the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq., the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001et seq., the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. §§ 300(f) et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 et seq., and any similar or implementing state or local law, and all amendments or regulations promulgated thereunder.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental investigation or remediation, injunctive or equitable relief, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) a violation or alleged violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release, presence or threatened Release of any Hazardous Materials into the environment or within any facility, building or fixture or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Environmental Permit" means any permit, approval, authorization, certificate, license, variance, filing or permission required by or from any Governmental Authority pursuant to any Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414 of the Code.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate (or, in the case of a Competitive Loan, the LIBO Rate).

"Event of Default" has the meaning assigned to such term in Article VII.

"Excluded Subsidiary" means, at any time, any Subsidiary of the Borrower identified on Schedule 3.08 as an "Excluded Subsidiary" and that has not ceased to be an "Excluded Subsidiary" as provided below; provided that such Subsidiary (a) does not own assets or properties that, together with the assets and properties owned by all other Subsidiaries that are treated as "Excluded Subsidiaries", have a fair market value, in the aggregate, in excess of $7,500,000, (b) did not, during the period of four consecutive fiscal quarters of the Borrower ended on the most recent date for which quarterly or annual financial statements of Holdings are available, have revenues that, together with the revenues of all other Subsidiaries that are treated as "Excluded Subsidiaries", accounted for more than 3% of the consolidated revenues of the Borrower and its Subsidiaries during such period, and (c) does not have any Indebtedness or any other material liabilities. At any time the Borrower may, and shall if one or more Excluded Subsidiaries fail to satisfy one or more of the conditions described in clauses (a) through (c) above, notify the Administrative Agent that one or more Excluded Subsidiaries shall cease to constitute an "Excluded Subsidiary", whereupon such Subsidiary or Subsidiaries shall cease to constitute an "Excluded Subsidiary" for all purposes hereof. The Borrower may not designate any Subsidiary that is not an Excluded Subsidiary as an Excluded Subsidiary.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender, any Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Lender's failure to comply with Section 2.17(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.17(a).

"Existing Credit Agreement" means the Credit Agreement dated as of June 30, 2004, among the Borrower, Holdings, the financial institutions from time to time parties thereto, and JPMorgan Chase Bank, N. A., formerly known as JPMorgan Chase Bank, administrative agent.

"Existing Letters of Credif" means any letters of credit issued under the Existing Credit Agreement that are outstanding on the Effective Date.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Officer" of any corporation means the chief financial officer, principal accounting officer, Treasurer or Controller of such corporation, and the Assistant Treasurer and Assistant Controller for the purpose of giving notice pursuant to Sections 2.03, 2.05, 2.06 and 2.11.

"Fixed Rate" means, with respect to any Competitive Loan (other than a Eurodollar Competitive Loan), the fixed rate of interest per annum specified by the Lender making such Competitive Loan in its related Competitive Bid.

"Fixed Rate Loan" means a Competitive Loan bearing interest at a Fixed Rate.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Subsidiary" means any Subsidiary organized outside of the United States.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any Person means any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing

any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness; provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantee Agreement" means the Guarantee Agreement, substantially in the form of Exhibit C, among the Guarantors and the Administrative Agent.

"Guarantors" means Holdings and the Subsidiary Guarantors.

"Hazardous Materials" means all explosive or radioactive substances or wastes, hazardous or toxic substances or wastes, pollutants, solid, liquid or gaseous wastes, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls ("PCBs") or PCB-containing materials or equipment, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Holdings" means Ethan Allen Interiors Inc., a Delaware corporation.

"Increase Effective Date" has the meaning assigned to that term in Section 2.20.

"Increasing Lender" has the meaning assigned to that term in Section 2.20.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services (excluding trade accounts payable and accrued obligations incurred in the ordinary or customary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations of such Person in respect of Rate Protection Agreements and (j) all obligations of such Person as an account party in respect of letters of credit and bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent

such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnity, Subrogation and Contribution Agreement" means the Indemnity, Subrogation and Contribution Agreement, substantially in the form of Exhibit D, among the Borrower, the Subsidiary Guarantors and the Administrative Agent.

"Index Debt" means senior, unsecured, long-term indebtedness for borrowed money of the Borrower that is not guaranteed by any other Person or subject to any other credit enhancement.

"Information Memorandum" means the Confidential Information Memorandum dated June 2005 relating to the Borrower, Holdings and the Transactions.

"Interest Election Request" means a request by the Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.08.

"Interest Payment Date" means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, (c) with respect to any Fixed Rate Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Fixed Rate Borrowing with an Interest Period of more than 90 days' duration (unless otherwise specified in the applicable Competitive Bid Request), each day prior to the last day of such Interest Period that occurs at intervals of 90 days' duration after the first day of such Interest Period, and any other dates that are specified in the applicable Competitive Bid Request as Interest Payment Dates with respect to such Borrowing and (d) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period" means (a) with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months (or, with the consent of each Lender, nine or twelve months) thereafter, as the Borrower may elect and (b) with respect to any Fixed Rate Borrowing, the period (which shall not be less than 7 days or more than 365 days) commencing on the date of such Borrowing and ending on the date specified in the applicable Competitive Bid Request; provided, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurodollar Borrowing that

commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Issuer" has the meaning assigned to such term in Section 6.03.

"Issuing Bank" means, as the context may require, (a) JPMorgan Chase Bank, N. A., with respect to Letters of Credit issued by it, (b) any other Lender that becomes an Issuing Bank pursuant to Sections 2.06(j), with respect to Letters of Credit issued by it, and (c) any Person that has issued an Existing Letter of Credit, with respect to such Existing Letter of Credit and, in each case, its successors in such capacity as provided in Section 2.06(i). An Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"LC Disbursement" means a payment made by an Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lenders" means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption or pursuant to Section 2.20, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement. Each Existing Letter of Credit shall be deemed to be a Letter of Credit issued pursuant to this Agreement as of the Effective Date.

"Leverage Ratio" shall mean, on any date, the ratio of (a) Consolidated Total Debt as of such date to (b) Consolidated EBITDA for the most recent period of four fiscal quarters ended prior to such date for which financial statements have been delivered pursuant to Section 5.04(a) or (b), as applicable.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Dow Jones Market Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for

purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11: 00 a. m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11: 00 a. m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan Documents" means this Agreement, the Guarantee Agreement and the Indemnity, Subrogation and Contribution Agreement.

"Loan Parties" means the Borrower and the Guarantors.

"Loans" means the loans made by the Lenders to the Borrower pursuant to this Agreement, including any Competitive Loans, Revolving Loans and Swingline Loans.

"Margin Stock" has the meaning assigned to such term in Regulation U.

"Margin" means, with respect to any Competitive Loan bearing interest at a rate based on the LIBO Rate, the marginal rate of interest, if any, to be added to or subtracted from the LIBO Rate to determine the rate of interest applicable to such Loan, as specified by the Lender making such Loan in its related Competitive Bid.

"Material Adverse Effect" means (a) a materially adverse effect on the business, assets, operations, prospects or condition, financial or otherwise, of Holdings, or the Borrower, or the Borrower and the Subsidiaries taken as a whole, (b) material impairment of the ability of any Loan Party to perform any of its obligations under any Loan Document to which it is or will be a party or (c) material impairment of the rights of or benefits available to the Lenders under any Loan Document.

"Maturity Date" means July 21, 2010.

"Maximum Rate" has the meaning assigned to that term in Section 9.13.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a) (3) of ERISA to which the Borrower or any ERISA Affiliate (other than

one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414) is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Obligations" means all obligations defined as "Obligations" in the Guarantee Agreement.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement; provided, however, that Other Taxes shall not include Excluded Taxes.

"Participant" has the meaning assigned to such term in Section 9.04.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code that is maintained for current or former employees, or any beneficiary thereof, of the Borrower or any ERISA Affiliate.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N. A. as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Properties" has the meaning assigned to that term in Section 3.17.

"Rate Protection Agreements" means interest rate protection agreements, foreign currency exchange agreements, commodity price protection agreements and other interest or currency exchange rate or commodity price hedging arrangements.

"Register" has the meaning assigned to that term in Section 9.04.

"Regulation T" means Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation U" means Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation X" means Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, dispersing, emanating or migrating of any Hazardous Material in, into, onto or through the environment.

"Remedial Action" means (a) "remedial action" as such term is defined in CERCLA, 42 U.S.C. Section 9601(24), or (b) all other actions required by any Governmental Authority or voluntarily undertaken to: (i) cleanup, remove, treat, abate or in any other way address any Hazardous Material in the environment; (ii) prevent the Release or threat of Release, or minimize the further Release of any Hazardous Material so it does not migrate or endanger or threaten to endanger public health, welfare or the environment; or (iii) perform studies and investigations in connection with, or as a precondition to, (i) or (ii) above.

"Rental Expense" means, for any period, all payment obligations of Borrower and its consolidated Subsidiaries accrued during such period under agreements for rent, lease, hire or use of any real or personal property, including obligations in the nature of operating leases but excluding Capital Lease Obligations.

"Reportable Event" means any reportable event as defined in Section 4043(b) of ERISA or the regulations issued thereunder with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414).

"Required Lenders" means, at any time, Lenders having Revolving Credit Exposures and unused Commitments representing more than 50% of the sum of the total Revolving Credit Exposures and unused Commitments at such time; provided that, for purposes of declaring the Loans to be due and payable pursuant to Article VII, and for all purposes after the Loans become due and payable pursuant to Article VII or the Commitments expire or terminate, the outstanding Competitive Loans of the Lenders shall be included in their respective Revolving Credit Exposures in determining the Required Lenders.

"Responsible Officer" of any corporation means any executive officer or Financial Officer of such corporation and any other officer or similar official thereof responsible for the administration of the obligations of such corporation in respect of this Agreement.

"Revolving Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure and Swingline Exposure at such time.

"Revolving Loan" means a Loan made pursuant to Section 2.03.

"S&P" means Standard & Poor's.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject (a) with respect to the Base CD Rate, for new negotiable nonpersonal time deposits in dollars of over $100,000 with maturities approximately equal to three months and (b) with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" means any subsidiary of the Borrower.

"Subsidiary Guarantor" means each Subsidiary that is not a Foreign Subsidiary or an Excluded Subsidiary.

"Swingline Exposure" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

"Swingline Lender" means JPMorgan Chase Bank, N.A., in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" means a Loan made pursuant to Section 2.05.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Three-Month Secondary CD Rate" means, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day is not a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H. 15(519) during the week following such day) or, if such rate is not so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10: 00 a. m., New York City time, on such day (or, if such day is not a Business Day, on the next preceding Business Day) by the Administrative Agent from three negotiable certificate of deposit dealers of recognized standing selected by it.

"Transactions" has the meaning assigned to that term in Section 3.02.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate, the Alternate Base Rate or, in the case of a Competitive Loan or Borrowing, the LIBO Rate or a Fixed Rate.

"Wholly Owned Subsidiary" means a Subsidiary of which securities (except for directors' qualifying shares) or other ownership interests representing 100% of the equity, including 100% of the ordinary voting power, are, at the time any determination is being made, owned by the Borrower, either directly or indirectly through other Subsidiaries that satisfy the requirements of this definition.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Borrowing").

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein),

(b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property " shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Revolving Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (a) such Lender's Revolving Credit Exposure exceeding such Lender's Commitment or (b) the sum of the total Revolving Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans exceeding the total Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans.

SECTION 2.02. Loans and Borrowings. (a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments. Each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.04. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments and Competitive Bids of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14, (i) each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in

accordance herewith, and (ii) each Competitive Borrowing shall be comprised entirely of Eurodollar Loans or Fixed Rate Loans as the Borrower may request in accordance herewith. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $5,000,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $5,000,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e). Each Competitive Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $5,000,000. Each Swingline Loan shall be in an amount that is an integral multiple of $500,000 and not less than $1,000,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of 10 Eurodollar Revolving Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Revolving Borrowings. To request a Revolving Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 12: 00 noon, New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11: 00 a. m., New York City time, one Business Day before the date of the proposed Borrowing; provided that any such notice of an ABR Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e) may be given not later than 10: 00 a. m., New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period" and

(v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.07.

If no election as to the Type of Revolving Borrowing is specified, then the requested Revolving Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Revolving Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Competitive Bid Procedure. (a) Subject to the terms and conditions set forth herein, from time to time during the Availability Period the Borrower may request Competitive Bids and may (but shall not have any obligation to) accept Competitive Bids and borrow Competitive Loans; provided that the sum of the total Revolving Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans at any time shall not exceed the total Commitments. To request Competitive Bids, the Borrower shall notify the Administrative Agent of such request by telephone, in the case of a Eurodollar Borrowing, not later than 11: 00 a. m., New York City time, four Business Days before the date of the proposed Borrowing and, in the case of a Fixed Rate Borrowing, not later than 10: 00 a. m., New York City time, one Business Day before the date of the proposed Borrowing; provided that the Borrower may submit up to (but not more than) three Competitive Bid Requests on the same day, but a Competitive Bid Request shall not be made within five Business Days after the date of any previous Competitive Bid Request, unless any and all such previous Competitive Bid Requests shall have been withdrawn or all Competitive Bids received in response thereto rejected. Each such telephonic Competitive Bid Request shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Competitive Bid Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Competitive Bid Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be a Eurodollar Borrowing or a Fixed Rate Borrowing;

(iv) the Interest Period to be applicable to such Borrowing, which shall be a period contemplated by the definition of the term "Interest Period" and

(v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.07.

Promptly following receipt of a Competitive Bid Request in accordance with this Section, the Administrative Agent shall notify the Lenders of the details thereof by telecopy, inviting the Lenders to submit Competitive Bids.

(b) Each Lender may (but shall not have any obligation to) make one or more Competitive Bids to the Borrower in response to a Competitive Bid Request. Each Competitive Bid by a Lender must be in a form approved by the Administrative Agent and must be received by the Administrative Agent by telecopy, in the case of a Eurodollar Competitive Borrowing, not later than 9: 30 a. m., New York City time, three Business Days before the proposed date of such Competitive Borrowing, and in the case of a Fixed Rate Borrowing, not later than 9: 30 a. m., New York City time, on the proposed date of such Competitive Borrowing. Competitive Bids that do not conform substantially to the form approved by the Administrative Agent may be rejected by the Administrative Agent, and the Administrative Agent shall notify the applicable Lender as promptly as practicable. Each Competitive Bid shall specify (i) the principal amount (which shall be a minimum of $5,000,000 and an integral multiple of $1,000,000 and which may equal the entire principal amount of the Competitive Borrowing requested by the Borrower) of the Competitive Loan or Loans that the Lender is willing to make, the Competitive Bid Rate or Rates at which the Lender is prepared to make such Loan or Loans (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) and (iii) the Interest Period applicable to each such Loan and the last day thereof.

(c) The Administrative Agent shall promptly notify the Borrower by telecopy of the Competitive Bid Rate and the principal amount specified in each Competitive Bid and the identity of the Lender that shall have made such Competitive Bid.

(d) Subject only to the provisions of this paragraph, the Borrower may accept or reject any Competitive Bid. The Borrower shall notify the Administrative Agent by telephone, confirmed by telecopy in a form approved by the Administrative Agent, whether and to what extent it has decided to accept or reject each Competitive Bid, in the case of a Eurodollar Competitive Borrowing, not later than 10: 30 a. m., New York City time, three Business Days before the date of the proposed Competitive Borrowing, and in the case of a Fixed Rate Borrowing, not later than 10: 30 a. m., New York City time, on the proposed date of the Competitive Borrowing; provided that (i) the failure of the Borrower to give such notice shall be deemed to be a rejection of each Competitive Bid, (ii) the Borrower shall not accept a Competitive Bid made at a particular Competitive Bid Rate if the Borrower rejects a Competitive Bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by the Borrower shall not exceed the aggregate amount of the requested Competitive Borrowing specified in the related Competitive Bid Request, (iv) to the extent necessary to comply with clause (iii) above, the Borrower may accept Competitive Bids at the same Competitive Bid Rate in part, which acceptance, in the case of multiple Competitive Bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such Competitive Bid, and (v) except pursuant to clause (iv) above, no Competitive Bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a

minimum principal amount of $5,000,000 and an integral multiple of $1,000,000; provided further that if a Competitive Loan must be in an amount less than $5,000,000 because of the provisions of clause (iv) above, such Competitive Loan may be for a minimum of $1,000,000 or any integral multiple thereof, and in calculating the pro rata allocation of acceptances of portions of multiple Competitive Bids at a particular Competitive Bid Rate pursuant to clause (iv) the amounts shall be rounded to integral multiples of $1,000,000 in a manner determined by the Borrower. A notice given by the Borrower pursuant to this paragraph shall be irrevocable.

(e) The Administrative Agent shall promptly notify each bidding Lender by telecopy whether or not its Competitive Bid has been accepted (and, if so, the amount and Competitive Bid Rate so accepted), and each successful bidder will thereupon become bound, subject to the terms and conditions hereof, to make the Competitive Loan in respect of which its Competitive Bid has been accepted.

(f) If the Administrative Agent shall elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such Competitive Bid directly to the Borrower at least one quarter of an hour earlier than the time by which the other Lenders are required to submit their Competitive Bids to the Administrative Agent pursuant to paragraph (b) of this Section.

SECTION 2.05. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding $5,000,000 or (ii) the sum of the total Revolving Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans exceeding the total Commitments; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), not later than 12: 00 noon, New York City time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Borrower. The Swingline Lender shall make each Swingline Loan available to the Borrower by means of a credit to the general deposit account of the Borrower with the Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e), by remittance to the appropriate Issuing Bank) by 3: 00 p. m., New York City time, on the requested date of such Swingline Loan.

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 10: 00 a. m., New York City time, on any Business

Day require the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

SECTION 2.06. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit for its own account, in a form reasonably acceptable to the Administrative Agent and the applicable Issuing Bank, at any time and from time to time during the Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, any Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the applicable Issuing Bank) to the relevant Issuing Bank and the

Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the applicable Issuing Bank, the Borrower also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the LC Exposure shall not exceed $100,000,000 and (ii) the sum of the total Revolving Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans shall not exceed the total Commitments.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five Business Days prior to the Maturity Date.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, the Issuing Bank in respect of such Letter of Credit hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the applicable Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If an Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 12: 00 noon, New York City time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 10: 00 a. m.,

New York City time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 12: 00 noon, New York City time, on (i) the Business Day that the Borrower receives such notice, if such notice is received prior to 10: 00 a. m., New York City time, on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that, if such LC Disbursement is not less than the applicable minimum borrowing amount set forth in Section 2.02(c), the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.05 that such payment be financed with an ABR Revolving Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing or Swingline Loan. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the applicable Issuing Bank the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse such Issuing Bank, then to such Lenders and such Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse an Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by an Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor any Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission,

interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of such Issuing Bank; provided that the foregoing shall not be construed to excuse any Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of an Issuing Bank (as finally determined by a court of competent jurisdiction), such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, in the absence of gross negligence or wilful misconduct on the part of an Issuing Bank (as finally determined by a court of competent jurisdiction), with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, such Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. An Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Such Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy) of such demand for payment and whether such Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If an Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.13(d) shall apply. Interest accrued pursuant to this paragraph shall be for the account of such Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse such Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of an Issuing Bank. Any Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall

notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Addition of Issuing Bank. The Borrower may, at any time and from time to time with the consent of the Administrative Agent (which consent shall not be unreasonably withheld) and such Lender, designate one or more additional Lenders to act as an issuing bank under the terms of this Agreement. Any Lender designated as an Issuing Bank pursuant to this paragraph (j) shall be deemed to be an "Issuing Bank" for the purposes of this Agreement (in addition to being a Lender) with respect to Letters of Credit issued by such Lender.

(k) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders, an amount in cash equal to the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (g) or (h) of Article VII. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse any Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral

hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

(l) Existing Letters of Credit. All Existing Letters of Credit shall be deemed to be Letters of Credit issued under this Agreement as of the Effective Date and shall constitute Letters of Credit for all purposes of the Loan Documents.

SECTION 2.07. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12: 00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that Swingline Loans shall be made as provided in Section 2.05. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in New York City and designated by the Borrower in the applicable Borrowing Request or Competitive Bid Request; provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.08. Interest Elections. (a) Each Revolving Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Revolving Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Revolving Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans

comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Competitive Borrowings or Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term “Interest Period”.

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month’s duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender’s portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Revolving Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Revolving Borrowing may be converted to or continued as a Eurodollar

Borrowing and (ii) unless repaid, each Eurodollar Revolving Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.09. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of $1,000,000 and not less than $1,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, the sum of the Revolving Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans would exceed the total Commitments.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.10. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Maturity Date, (ii) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Competitive Loan on the last day of the Interest Period applicable to such Loan and (iii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Swingline Loan is made; provided that on each date that a Revolving Borrowing or Competitive Borrowing is made, the Borrower shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the

Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11. Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section; provided that the Borrower shall not have the right to prepay any Competitive Loan without the prior consent of the Lender thereof.

(b) The Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Revolving Borrowing, not later than 11: 00 a. m., New York City time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Revolving Borrowing, not later than 11: 00 a. m., New York City time, one Business Day before the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 12: 00 noon, New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.09, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.09. Promptly following receipt of any such notice relating to a Revolving Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in

the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13.

SECTION 2.12. Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a facility fee, which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Effective Date to but excluding the date on which such Commitment terminates; provided that, if such Lender continues to have any Revolving Credit Exposure after its Commitment terminates, then such facility fee shall continue to accrue on the daily amount of such Lender's Revolving Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued facility fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof; provided that any facility fees accruing after the date on which the Commitments terminate shall be payable on demand. All facility fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to Eurodollar Revolving Loans on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure, and (ii) to each Issuing Bank (for its own account) a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the LC Exposure attributable to Letters of Credit issued by such Issuing Bank (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as such Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to an Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) For any day on which the outstanding principal amount of Loans and LC Exposure shall be greater than 50% of the total Commitments, the Borrower shall pay to the Administrative Agent for the account of each Lender a utilization fee equal to 0.125% per annum on the aggregate amount of such Lender's outstanding Loans and LC Exposure on such day. Accrued utilization fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof; provided that any utilization fees accruing after the date on which the Commitments terminate shall be payable on demand. All utilization fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(d) The Borrower agrees to pay to the Administrative Agent, for its own account, a competitive loan fee for each Competitive Bid Request and an annual administrative fee payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(e) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the applicable Issuing Bank, in the case of fees payable to it) for distribution, in the case of facility fees, participation fees and utilization fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest (i) in the case of a Eurodollar Revolving Loan, at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate, or (ii) in the case of a Eurodollar Competitive Loan, at the LIBO Rate for the Interest Period in effect for such Borrowing plus (or minus, as applicable) the Margin applicable to such Loan.

(c) Each Fixed Rate Loan shall bear interest at the Fixed Rate applicable to such Loan.

(d) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(e) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon

termination of the Commitments; provided that (i) interest accrued pursuant to paragraph (d) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(f) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders (or, in the case of a Eurodollar Competitive Loan, the Lender that is required to make such Loan) that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective, (ii) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an ABR Borrowing and (iii) any request by the Borrower for a Eurodollar Competitive Borrowing shall be ineffective; provided that (A) if the circumstances giving rise to such notice do not affect all the Lenders, then requests by the Borrower for Eurodollar Competitive Borrowings may be made to Lenders that are not affected thereby and (B) if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.15 Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or any Issuing Bank; or

(ii) impose on any Lender or any Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans or Fixed Rate Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan or Fixed Rate Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or any Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or Issuing Bank determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or such Issuing Bank's capital or on the capital of such Lender's or such Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender's or such Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Bank's policies and the policies of such Lender's or such Issuing Bank's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or Issuing Bank or such Lender's or such Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or an Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender or Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or an Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that such

Lender or Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

(e) Notwithstanding the foregoing provisions of this Section, a Lender shall not be entitled to compensation pursuant to this Section in respect of any Competitive Loan if the Change in Law that would otherwise entitle it to such compensation shall have been publicly announced prior to submission of the Competitive Bid pursuant to which such Loan was made.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan or Fixed Rate Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurodollar Loan or Fixed Rate Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(b) and is revoked in accordance therewith), (d) the failure to borrow any Competitive Loan after accepting the Competitive Bid to make such Loan, or (e) the assignment of any Eurodollar Loan or Fixed Rate Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional

sums payable under this Section) the Administrative Agent, Lender or Issuing Bank (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent, each Lender and Issuing Bank, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender or such Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder or under any other Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or an Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or an Issuing Bank, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate.

(f) If the Administrative Agent or a Lender determines that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.17 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrower, upon the request of the Administrative

Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 12: 00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 270 Park Avenue, New York, New York or at such other address as directed by the Administrative Agent, except payments to be made directly to an Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder or under any other Loan Document shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder or under any other Loan Document shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Loans or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans and participations in LC Disbursements and

Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or an Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or any Issuing Bank, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or each Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05(c), 2.06(d) or (e), 2.07(b) or 2.18(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the

future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement (other than any outstanding Competitive Loans held by it) to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans (other than Competitive Loans) and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.20. Increase in Commitments. (a) The Borrower may, by written notice to the Administrative Agent (which shall promptly deliver a copy to each of the Lenders), request that the total Commitments be increased by an amount not less than $25,000,000 for any such increase; provided that after giving effect to any such increase the sum of the total Commitments shall not exceed $300,000,000 minus any amount by which the Commitments shall have been reduced pursuant to Section 2.09. Such notice shall set forth the amount of the requested increase in the total Commitments and the date on which such increase is requested to become effective (which shall be not less than 10 Business Days or more than 60 days after the date of such notice), and shall offer each Lender the opportunity to increase its Commitment by its Applicable Percentage of the proposed increased amount. Each Lender shall, by notice to the Borrower and the Administrative Agent given not more than 10 days after the date of the Borrower's notice, either agree to increase its Commitment by all or a portion of the offered amount (each Lender so agreeing being an "Increasing Lender") or decline to increase its Commitment (and any Lender that does not deliver such a notice within such period of 10 days shall be deemed to have declined to increase its Commitment). In the event that, on the 10th day after the Borrower shall have delivered a notice pursuant to the first sentence of this paragraph, the Lenders shall have agreed pursuant to the preceding sentence to increase their Commitments by an aggregate amount less than the

increase in the total Commitments requested by the Borrower, the Borrower may arrange for one or more banks or other financial institutions (any such bank or other financial institution referred to in this clause (a) being called an "Augmenting Lender"), which may include any Lender, to extend Commitments or increase their existing Commitments in an aggregate amount equal to the unsubscribed amount; provided that each Augmenting Lender, if not already a Lender hereunder, shall be subject to the approval of the Administrative Agent and each Issuing Bank (which approvals shall not be unreasonably withheld) and the Borrower and each Augmenting Lender shall execute all such documentation as the Administrative Agent shall reasonably specify to evidence its Commitment and/or its status as a Lender hereunder. Any increase in the total Commitments may be made in an amount which is less than the increase requested by the Borrower if the Borrower is unable to arrange for, or chooses not to arrange for, Augmenting Lenders.

(b) On the effective date (the "Increase Effective Date") of any increase in the total Commitments pursuant to this Section 2.20 (the "Commitment Increase"), if any Revolving Loans are outstanding, the Borrower (i) shall prepay all Revolving Loans then outstanding (including all accrued but unpaid interest thereon) and (ii) may, at its option, fund such prepayment by simultaneously borrowing Revolving Loans of the Types and for the Interest Periods specified in a Borrowing Request delivered pursuant to Section 2.03, which Revolving Loans shall be made by the Lenders (including the Increasing Lenders and the Augmenting Lenders, if any) ratably in accordance with their respective Commitments (calculated after giving effect to the Commitment Increase). The payments made pursuant to clause (i) above in respect of each Eurodollar Loan shall be subject to indemnification by the Borrower pursuant to the provisions of Section 2.16 if the Increase Effective Date occurs other than on the last day of the Interest Period relating thereto.

(c) Increases and new Commitments created pursuant to this Section 2.20 shall become effective on the date specified in the notice delivered by the Borrower pursuant to the first sentence of paragraph (a) above; provided that the Borrower may, with the consent of the Administrative Agent (such consent not to be unreasonably withheld), extend such date by up to 30 days by delivering written notice to the Administrative Agent no less than three Business Days prior to the date specified in the notice delivered by the Borrower pursuant to the first sentence of paragraph (a) above.

(d) Notwithstanding the foregoing, no increase in the total Commitments (or in the Commitment of any Lender) or addition of an Augmenting Lender shall become effective under this Section unless, (i) on the date of such increase, the conditions set forth in paragraphs (a) and (b) of Section 4.02 shall be satisfied and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Financial Officer of the Borrower, and (ii) the Administrative Agent shall have received (with sufficient copies for each of the Lenders) documents consistent with those delivered on the Effective Date under clauses (b) and (c) of Section 4.01.

ARTICLE III

Representations and Warranties

Each of Holdings and the Borrower represents and warrants to each of the Lenders that:

SECTION 3.01. Organization; Powers. Each of Holdings and the Borrower and each of the Subsidiaries (other than the Excluded Subsidiaries) (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted, (c) is qualified to do business in every jurisdiction where such qualification is required, except where the failure so to qualify could not reasonably be expected to result in a Material Adverse Effect, and (d) has the corporate power and authority to execute, deliver and perform its obligations under each of the Loan Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and, in the case of the Borrower, to borrow hereunder.

SECTION 3.02. Authorization. The execution, delivery and performance by each Loan Party of each of the Loan Documents to which it is or will be a party and, in the case of the Borrower, the borrowings hereunder (collectively, the "Transactions") (a) have been duly authorized by all requisite corporate and, if required, stockholder action and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation or other constitutive documents or by-laws of Holdings, the Borrower or any Subsidiary, (B) any order of any Governmental Authority or (C) any provision of any indenture, agreement or other instrument to which Holdings, the Borrower or any Subsidiary is a party or by which any of them or any of their property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument, where any such conflict, violation, breach or default referred to in clause (i) or (ii) of this Section 3.02, individually or in the aggregate could reasonably be expected to have a Material Adverse Effect, or (iii) result in the creation or imposition of any Lien upon or with respect to any property or assets now owned or hereafter acquired by Holdings, the Borrower or any Subsidiary.

SECTION 3.03. Enforceability. This Agreement has been duly executed and delivered by Holdings and the Borrower and constitutes, and each other Loan Document when executed and delivered by each Loan Party that is a party thereto will constitute, a legal, valid and binding obligation of Holdings and the Borrower and such Loan Party enforceable against Holdings and the Borrower and such Loan Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally and except as enforceability may be limited by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 3.04. Governmental Approvals. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the Transactions, except for (a) such as have been made or obtained and are in full force and effect and (b) such actions, consents, registrations, filings and approvals the failure to obtain or make which could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.05. Financial Statements. Holdings has heretofore furnished to the Lenders its consolidated and consolidating balance sheet and statement of operations and consolidated statement of cash flows as of and for the fiscal year ended June 30, 2004, which consolidated statements were audited by and accompanied by the opinion of KPMG LLP, independent public accountants, and its unaudited consolidated and consolidating balance sheet and statement of operations and consolidated statement of cash flows as of and for the nine month period ended March 31, 2005. Such financial statements present fairly the financial condition and results of operations and cash flows of Holdings and its consolidated subsidiaries as of such dates and for such periods. Each such balance sheet and the notes thereto disclose all material liabilities, direct or contingent, of Holdings on a consolidated basis as of the date thereof. Such financial statements were prepared in accordance with GAAP applied on a consistent basis.

SECTION 3.06. No Material Adverse Change. As of the Effective Date, there has been no material adverse change in the business, assets, operations, prospects or condition, financial or otherwise, of the Borrower and the Subsidiaries, taken as a whole, since June 30, 2004.

SECTION 3.07. Title to Properties; Possession Under Leases. (a) Each of Holdings, the Borrower and the Subsidiaries (other than the Excluded Subsidiaries) has good and marketable title to, or valid leasehold interests in, all its material properties and assets, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties and assets for their intended purposes. All such material properties and assets are free and clear of Liens, other than Liens expressly permitted by Section 6.02.

(b) Each of Holdings, the Borrower and the Subsidiaries (other than the Excluded Subsidiaries) has complied with all obligations under all leases to which it is a party as a lessee and all such leases are in full force and effect, except leases in respect of which the failure to be in full force and effect could not reasonably be expected to have a Material Adverse Effect. Each of Holdings, the Borrower and the Subsidiaries (other than the Excluded Subsidiaries) enjoys peaceful and undisturbed possession under all such leases to which it is a party, other than leases which, individually or in the aggregate, are not material to Holdings, the Borrower and the Subsidiaries (other than the Excluded Subsidiaries), taken as a whole, and in respect of which the failure to enjoy peaceful and undisturbed possession could not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect.

SECTION 3.08. Subsidiaries. Schedule 3.08 sets forth as of the Effective Date a list of all Subsidiaries of the Borrower and the percentage ownership interest of

the Borrower therein. Each Subsidiary that is an "Excluded Subsidiary" satisfies the conditions set forth in the definition of the term "Excluded Subsidiary".

SECTION 3.09. Litigation; Compliance with Laws. (a) Except as set forth in Schedule 3.09, there are not any actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of Holdings or the Borrower, threatened against or affecting Holdings or the Borrower or any Subsidiary or any business, property or rights of any such Person (i) which involve any Loan Document or the Transactions or (ii) as to which there is a reasonable possibility of an adverse determination and which (A) if adversely determined, would individually result in a loss of greater than $300,000 or (B) if adversely determined (excluding any actions, suits or proceedings at law or in equity or by or before any Governmental Authority that would individually result in a loss of $300,000 or less), in the aggregate could reasonably be expected to result in a Material Adverse Effect.

(b) None of Holdings, the Borrower or any of the Subsidiaries or any of their respective material properties or assets is in violation of, nor will the continued operation of their material properties and assets as currently conducted violate, any law, rule or regulation (including any zoning, building, Environmental Law, ordinance, code or approval or any building permits), or is in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, except any such violations or defaults that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. Agreements. (a) None of Holdings, the Borrower or any of the Subsidiaries is a party to any agreement or instrument or subject to any corporate restriction that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(b) None of Holdings, the Borrower or any of the Subsidiaries is in default in any manner under any provision of any indenture or other agreement or instrument evidencing Indebtedness, or any other material agreement or instrument to which it is a party or by which it or any of its properties or assets are or may be bound, in either case, where such default could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.11. Federal Reserve Regulations. (a) None of Holdings, the Borrower or any of the Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, (i) to purchase or carry Margin Stock or to extend credit to others for the purpose of purchasing or carrying Margin Stock or to refund indebtedness originally incurred for such purpose, or (ii) for any purpose which entails a violation of, or which is inconsistent with, the provisions of the Regulations of the Board, including Regulation T, U or X.

SECTION 3.12. Investment Company Act; Public Utility Holding Company Act. None of Holdings, the Borrower or any Subsidiary is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.13. Use of Proceeds. The Borrower will use the proceeds of the Loans and will request the issuance of Letters of Credit only for the purposes specified in Section 5.08 of this Agreement.

SECTION 3.14. Tax Returns. Each of Holdings, the Borrower and the Subsidiaries has filed or caused to be filed all Federal, and all material state and local tax returns required to have been filed by it and has paid or caused to be paid all taxes shown thereon to be due and payable by it and all material assessments received by it, except for taxes and assessments that are being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP.

SECTION 3.15. No Material Misstatements. (a) No factual information, including factual information contained in the Information Memorandum or in any report, financial statement, exhibit or schedule, furnished by or on behalf of Holdings or the Borrower to the Administrative Agent or any Lender in connection with the negotiation of any Loan Document or included therein or delivered pursuant thereto (when considered as a whole with all other factual information so furnished) contained, contains or will contain, as of the date so furnished, any material misstatement of fact or omitted, omits or will omit to state, as of the date so furnished, any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not misleading.

(b) All financial projections furnished by or on behalf of Holdings or the Borrower to the Administrative Agent or any Lender in connection with the negotiation of any Loan Document have been prepared in good faith based upon estimates and assumptions believed by management of the Borrower to be reasonable at the time of preparation thereof (except as otherwise disclosed in writing therein), it being understood that projections as to future performance are not to be viewed as facts and that actual results may differ from projected results and such differences may be material.

SECTION 3.16. Employee Benefit Plans. Each of the Borrower and its ERISA Affiliates is in compliance with the applicable provisions of ERISA and the Code and the regulations and published interpretations thereunder, except for such noncompliance which could not reasonably be expected to result in a Material Adverse Effect. No Reportable Event has occurred in respect of any Plan of the Borrower or any ERISA Affiliate as to which Borrower or any ERISA Affiliate was required to file a report with the PBGC, other than reports for which the 30 day notice requirement is waived, reports that have been filed and reports the failure of which to file could not reasonably be expected to result in a Material Adverse Effect. The present value of all benefit liabilities under each Plan (based on those assumptions used to fund such Plan) did not, as of the last annual valuation date applicable thereto, exceed the value of the

assets of such Plan by an amount that, if required to be funded, could reasonably be expected to result in a Material Adverse Effect. Neither the Borrower nor any ERISA Affiliate has incurred any Withdrawal Liability that could reasonably be expected to materially adversely affect the financial condition of the Borrower and its ERISA Affiliates taken as a whole. Neither the Borrower nor any ERISA Affiliate has received any written notification that any Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and no Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, where such reorganization or termination has resulted or can reasonably be expected to result in an increase in the contributions required to be made to such Plan that would materially and adversely affect the financial condition of the Borrower and its ERISA Affiliates taken as a whole.

SECTION 3.17. Environmental Matters. Except as set forth in Schedule 3.17:

(a) The soils and groundwater beneath the properties and facilities owned or operated by Holdings, the Borrower and the Subsidiaries (the "Properties") do not contain any Hazardous Materials in amounts or concentrations which (i) constitute a violation of, or (ii) give rise to liability under, Environmental Laws, which violations and liabilities, in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

(b) The Properties and all operations of the Borrower and the Subsidiaries are in compliance, and in the last three years have been in compliance, with all Environmental Laws and all necessary Environmental Permits have been obtained and are in effect, except to the extent that such non-compliance or failure to obtain any necessary permits, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(c) There have been no Releases or threatened Releases at, from, under or proximate to the Properties or otherwise in connection with the operations of the Borrower or the Subsidiaries, which Releases or threatened Releases, in the aggregate, could reasonably be anticipated to result in a Material Adverse Effect.

(d) None of Holdings, the Borrower or any of the Subsidiaries has received any written notice of an Environmental Claim in connection with the Properties or the operations of the Borrower or the Subsidiaries or with regard to any person whose liabilities for environmental matters Holdings, the Borrower or the Subsidiaries has retained or assumed, in whole or in part, contractually, by operation of law or otherwise, which, in the aggregate, could reasonably be anticipated to result in a Material Adverse Effect, nor do Holdings, the Borrower or the Subsidiaries have reason to believe that any such notice will be received or is being threatened.

SECTION 3.18. Insurance. Schedule 3.18 sets forth a true, complete and correct description of all insurance maintained by the Borrower or by the Borrower for its Subsidiaries as of the Effective Date. As of each such date, such insurance is in full force

and effect and all premiums have been duly paid. The Borrower and its Subsidiaries have insurance in such amounts and covering such risks and liabilities as are in accordance with normal industry practice.

SECTION 3.19. Labor Matters. There are no significant strikes, lockouts, slowdowns or other labor disputes against Holdings, the Borrower or any of its Subsidiaries pending or, to the knowledge of Holdings or the Borrower, threatened that could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect. The hours worked by and payment made to employees of Holdings, the Borrower or any of its Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters, where such violations could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect. The consummation of the Transactions will not give rise to a right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which Holdings, the Borrower or any of its Subsidiaries is a party or by which Holdings, the Borrower or any of its Subsidiaries is bound, other than collective bargaining agreements which, individually or in the aggregate, are not material to Holdings, the Borrower and the Subsidiaries taken as a whole.

SECTION 3.20. Patents, Trademarks, etc. Each of the Borrower and each of its Subsidiaries owns, or is licensed to use, all patents, trademarks, trade names, copyrights, technology, know-how and processes, service marks and rights with respect to the foregoing that are (a) used in or necessary for the conduct of their respective businesses as currently conducted and (b) material to the business, assets, operations, properties, prospects or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole. The use of such patents, trademarks, trade names, copyrights, technology, know-how, processes and rights with respect to the foregoing by the Borrower and its Subsidiaries does not materially infringe on the rights of any Person. Holdings and the Excluded Subsidiaries do not own or license any such patents, trademarks, trade names, copyrights, technology, know-how or processes, service marks or rights.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. The obligations of the Lenders to make Loans and of the Issuing Banks to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which

may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of Pamela Banks, Esq., counsel for the Loan Parties, substantially in the form of Exhibit B, and covering such other matters relating to the Loan Parties, the Loan Documents or the Transactions as the Required Lenders shall reasonably request. The Borrower hereby requests such counsel to deliver such opinion.

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Loan Parties, the authorization of the Transactions and any other legal matters relating to the Loan Parties, the Loan Documents or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel.

(d) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Borrower, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.02.

(e) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(f) The Administrative Agent shall have received from each Loan Party a counterpart of each of the Guarantee Agreement and the Indemnity, Subrogation and Contribution Agreement duly executed and delivered on behalf of such Loan Party.

(g) All outstanding Loans, accrued and unpaid interest thereon and accrued and unpaid fees and other amounts accrued and owing under the Existing Credit Agreement shall be paid in full (without prejudice to the Borrower's right to borrow hereunder in order to finance such payment) and all commitments under the Existing Credit Agreement shall have been terminated.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the Issuing Banks to issue Letters of Credit hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 9.02) at or prior to 3: 00 p. m., New York City time, on July 22, 2005 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

SECTION 4.02. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing (other than those in which a Loan is being continued or converted without any increase in the aggregate principal amount thereof), and of any Issuing Banks to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower set forth in this Agreement shall be true and correct in all material respects on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

Each Borrowing (other than those in which a Loan is being continued or converted without any increase in the aggregate principal amount thereof) and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed, each of Holdings and the Borrower covenants and agrees with the Lenders that:

SECTION 5.01. Existence; Businesses and Properties. (a) It will do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except as otherwise expressly permitted under Section 6.04 and except that the foregoing shall not apply to Excluded Subsidiaries.

(b) It will do or cause to be done all things necessary to (i) obtain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, franchises, authorizations, patents, copyrights, trademarks and trade names material to the conduct of its business; (ii) maintain and operate such business in substantially the manner in which it is presently conducted and operated; (iii) comply in all material respects with all applicable laws, rules, regulations and orders of any Governmental Authority, whether now in effect or hereafter enacted; and (iv) at all times maintain and preserve all property material to the conduct of such business and keep such property in

good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times; provided that (A) clauses (i), (ii), and (iv) above shall not apply to Excluded Subsidiaries, (B) the foregoing shall not prevent any transaction expressly permitted under Section 6.04, (C) the foregoing shall not prevent Holdings, the Borrower or any Subsidiary from withdrawing its qualification as a foreign corporation in any jurisdiction and (D) the foregoing clause (i) shall not prevent Holdings, the Borrower or any Subsidiary from taking or failing to take any action respecting any right, license, permit, franchise, authorization, patent, copyright, trademark or trade name determined by it to be in the best interest of the Borrower and the Subsidiaries; provided further that the foregoing clauses (C) and (D) shall not be construed to permit the taking of, or failure to take, any action that could reasonably be expected to result in a Material Adverse Effect.

SECTION 5.02. Insurance. It will, and will cause each of the Subsidiaries (excluding Excluded Subsidiaries) to, keep its insurable properties adequately insured at all times by financially sound and reputable insurers; maintain such other insurance, to such extent and against such risks, including fire and other risks insured against by extended coverage, as is customary with companies in the same or similar businesses, including public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any properties owned, occupied or controlled by it; and maintain such other insurance as may be required by law.

SECTION 5.03. Obligations and Taxes. It will, and will cause the Subsidiaries to, pay its material Indebtedness and other material obligations promptly and in accordance with their terms and it will, and will cause each of the Subsidiaries (excluding Excluded Subsidiaries) to pay and discharge promptly when due all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise which, if unpaid, might give rise to a Lien upon such properties or any part thereof; provided, however, that such payment and discharge shall not be required with respect to any such obligation, tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Borrower shall have set aside on its books adequate reserves with respect thereto and such contest operates to suspend collection of the contested obligation, tax, assessment charge, levy or claim and enforcement of a Lien.

SECTION 5.04. Financial Statements, Reports, etc. It will furnish to the Administrative Agent and each Lender:

(a) as soon as available, but within 95 days after the end of each fiscal year, its consolidated and consolidating balance sheets and related consolidated and consolidating statements of operations and consolidated statements of shareholders' equity and cash flows showing the financial condition of Holdings

and its consolidated subsidiaries as of the close of such fiscal year and the results of its operations and the operations of such subsidiaries during such year, all audited (in the case of such consolidated and consolidating statements) by any of Deloitte &Touche LLP, KPMG LLP, PricewaterhouseCoopers LLP, Ernst & Young LLP, or other independent public accountants of recognized national standing and accompanied by an opinion of such accountants (which shall not contain any "going concern" or other materially adverse qualification) to the effect that such consolidated financial statements fairly present the financial condition and results of operations of Holdings on a consolidated basis in accordance with GAAP consistently applied;

(b) as soon as available, but within 50 days after the end of each of the first three fiscal quarters of each fiscal year, its consolidated and consolidating balance sheets and related consolidated and consolidating statements of operations and consolidated statements of shareholders'equity and cash flows showing the financial condition of Holdings and its consolidated subsidiaries as of the close of such fiscal quarter and the results of its operations and the operations of such subsidiaries during such fiscal quarter and the then elapsed portion of the fiscal year, all certified by one of its Financial Officers as fairly presenting the financial condition and results of operations of Holdings on a consolidated basis in accordance with GAAP consistently applied, subject to the absence of footnotes and normal year-end reserves, accruals and audit adjustments;

(c) concurrently with any delivery of financial statements under (a) or above, a certificate of a Financial Officer (i) certifying that no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (ii) setting forth computations in reasonable detail satisfactory to the Administrative Agent demonstrating compliance with the covenants contained in Sections 6.06 and 6.07;

(d) concurrently with any delivery of financial statements under paragraph (a) above, a certificate of the accounting firm opining on such statements (which certificate may be limited to accounting matters and disclaim responsibility for legal interpretations) certifying (i) whether in connection with its audit examination any Default or Event of Default has come to its attention and, if such event has come to its attention, the nature and extent thereof and (ii) that based on its audit examination and its review of the computations referred to in clause (ii) of paragraph (c) above, nothing has come to its attention that leads it to believe that the information contained in the certificate delivered therewith pursuant to paragraph (c) above is not correct; provided that the requirements of this clause (d) shall be subject to any limitations and qualifications adopted after the date hereof by any professional association or organization or any Governmental Authority, in each case that affects the content of, or ability of accounting firms to deliver, certificates of the type contemplated by this paragraph;

(e) promptly after the same become publicly available or are filed or distributed, as applicable, copies of all periodic and other material reports, proxy statements and other materials filed by Holdings or the Borrower or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any of or all the functions of said Commission, or with any national securities exchange, or distributed to the holders of any Indebtedness with a then outstanding principal amount of $15,000,000 or more (or any trustee, agent or representative for any such holders) or to Holdings' shareholders, as the case may be;

(f) promptly upon the occurrence of any change of rating of the Index Debt by Moody's or S&P, a certificate of a Financial Officer setting forth the new rating, the effective date thereof and, if applicable, notice of any change in the Applicable Rate as a result thereof; and

(g) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of Holdings and the Borrower or any Subsidiary, or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.05. Litigation and Other Notices. It will, and will cause the Subsidiaries to, furnish to the Administrative Agent and each Lender written notice of the following promptly after any Responsible Officer of Borrower obtains actual knowledge thereof:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written threat or notice of intention of any Person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority, against the Borrower or any Affiliate thereof which could reasonably be expected to result in a Material Adverse Effect; and

(c) any other development specific to Borrower, Holdings or the Subsidiaries that is not a matter of general public knowledge and that has resulted in, or could reasonably be expected to result in, a Material Adverse Effect.

SECTION 5.06. Employee Benefits. (a) It will, and will cause the Subsidiaries to, comply in all material respects with the applicable provisions of ERISA and the Code and (b) furnish to the Administrative Agent (i) as soon as possible after, and in any event within 30 days after any Responsible Officer of the Borrower or any ERISA Affiliate knows or has reason to know that, any Reportable Event has occurred, a statement of a Financial Officer setting forth details as to such Reportable Event and the action that the Borrower proposes to take with respect thereto, together with a copy of the notice, if any, of such Reportable Event given to the PBGC, (ii) promptly after receipt

thereof, a copy of any notice that the Borrower or any ERISA Affiliate may receive from the PBGC relating to the intention of the PBGC to terminate any Plan or Plans (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414) or to appoint a trustee to administer any such Plan, (iii) within 30 days after the due date for filing with the PBGC pursuant to Section 412(n) of the Code a notice of failure to make a required installment or other payment with respect to a Plan, a statement of a Financial Officer setting forth details as to such failure and the action that the Borrower proposes to take with respect thereto, together with a copy of any such notice given to the PBGC and (iv) promptly and in any event within 30 days after receipt thereof by the Borrower or any ERISA Affiliate from the sponsor of a Multiemployer Plan, a copy of each notice received by the Borrower or any ERISA Affiliate concerning (A) the imposition of Withdrawal Liability or (B) a determination that a Multiemployer Plan is, or is expected to be, terminated or in reorganization, both within the meaning of Title IV of ERISA, provided that in the case of each of clauses (i) through (iv) above, notice to the Administrative Agent shall only be required if such event or condition, together with all other events or conditions referred to in clauses (i) through (iv) above, could reasonably be expected to result in a liability of the Borrower in an aggregate amount exceeding $7,500,000.

SECTION 5.07. Maintaining Records; Access to Properties and Inspections. It will, and will cause the Subsidiaries to, maintain all financial records in accordance with GAAP and permit any representatives designated by any Lender, upon reasonable prior notice (except that no prior notice shall be required if an Event of Default has occurred and is continuing) to visit and inspect the financial records and the properties of Holdings, the Borrower or any Subsidiary at reasonable times (during normal business hours) and as often as requested and to make extracts from and copies of such financial records, and permit any representatives designated by any Lender to discuss the affairs, finances and condition of Holdings, the Borrower or any Subsidiary with the officers thereof and independent accountants therefor; provided that any such visitation and inspection rights shall be exercised in a reasonable manner that does not disrupt the business activities of the Borrower and its Subsidiaries.

SECTION 5.08. Use of Proceeds. It will, and will cause each Subsidiary to, use the proceeds of the Loans and request the issuance of Letters of Credit only for (i) working capital purposes of the Borrower and its Subsidiaries or (ii) general corporate purposes (including all proper and legitimate business purposes) of the Borrower and its Subsidiaries.

SECTION 5.09. Further Assurances. It will cause each Subsidiary (including any Subsidiary that becomes a Subsidiary after the date hereof, but excluding (i) any Foreign Subsidiary so long as such Foreign Subsidiary has not entered into any Guarantee with respect to any other Indebtedness of the Borrower and (ii) any Excluded Subsidiary that has not ceased to qualify as an "Excluded Subsidiary") to undertake the obligations of and to become a Subsidiary Guarantor pursuant to the Guarantee Agreement and a party to the Indemnity, Subrogation and Contribution Agreement pursuant to one or more instruments or agreements satisfactory in form and substance to the Administrative Agent.

SECTION 5.10. Environmental Matters. (a) It will, and will cause the Subsidiaries to, promptly give notice to the Administrative Agent upon becoming aware of (i) any violation of any Environmental Law, (ii) any claim, inquiry, proceeding, investigation or other action, including a request for information or a notice of an actual or threatened Environmental Claim or (iii) the discovery of the Release of any Hazardous Material at, on, under or from any of the Properties owned or operated by the Borrower or any Subsidiary in excess of reportable or allowable standards, threshold amounts or levels under any Environmental Law, or in a manner or amount that could reasonably be expected to result in liability under any Environmental Law; provided that in the case of each of clauses (i) through (iii) above, notice to the Administrative Agent shall only be required if such event or condition, together with all other events or conditions referred to in clauses (i) through (iii) above, could reasonably be expected to result in a liability of the Borrower in an aggregate amount exceeding $7,500,000.

(b) It will, and will cause the Subsidiaries to, upon discovery of the presence on any of the Properties owned or operated by the Borrower or any Subsidiary of any Hazardous Material that is in violation of, or that could reasonably be expected to result in liability under, any Environmental Law, which violations or liabilities could reasonably be expected to result in a liability to the Borrower in an aggregate amount exceeding $7,500,000 take all necessary steps to initiate and expeditiously complete all Remedial Action to eliminate any such adverse effect, and keep the Administrative Agent informed of such actions and the results thereof.

ARTICLE VI

Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees hereunder have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed, each of Holdings and the Borrower covenants and agrees with the Lenders that:

SECTION 6.01. Indebtedness. (a) The Borrower will not permit any Subsidiary to incur, create, assume or permit to exist any Indebtedness, except:

(i) intercompany Indebtedness, including open accounts, incurred by Subsidiaries from the Borrower or from other Subsidiaries;

(ii) unsecured Indebtedness in an aggregate principal amount at any time outstanding (for all Subsidiaries combined) not to exceed 10% of Consolidated Net Worth; and

(iii) Indebtedness consisting of Guarantees of the Obligations.

(b) The Borrower will not incur, create, assume or permit to exist any Indebtedness in respect of letters of credit or bankers' acceptances other than

(i) Indebtedness in respect of Letters of Credit and (ii) Indebtedness in respect thereof in an aggregate principal amount not to exceed $15,000,000 at any one time outstanding.

SECTION 6.02. Liens. Neither Holdings nor the Borrower will, nor will they permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or assets (including stock or other securities of any Person, including any Subsidiary) now owned or hereafter acquired by it or on any income or revenues or rights in respect of any thereof, except:

(a) Liens on property or assets of the Borrower and its Subsidiaries existing on the Effective Date and set forth in Schedule 6.02;

(b) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition, and (ii) such Lien does not apply to any other property or assets of the Borrower or any Subsidiary;

(c) Liens for taxes, assessments or governmental charges or levies not yet due or which are being contested in compliance with Section 5.03;

(d) Liens imposed by law that do not secure Indebtedness for borrowed money and were incurred in the ordinary course of business, such as carriers', warehousemen's, mechanic's, materialmen's, repairmen's or other like Liens arising in the ordinary course of business; provided that such Liens either (i) do not in the aggregate materially detract from the value of the property or assets to which such Liens apply or materially impair the use thereof in the operation of the business of Holdings, the Borrower and the Subsidiaries or (ii) are being contested in compliance with Section 5.03;

(e) Liens upon equipment, machinery or real property (including improvements thereto and fixtures thereon), assets subject to Capital Lease Obligations and assets financed with industrial revenue bonds; provided that such Liens only secure Indebtedness incurred (A) to finance the acquisition of such equipment, machinery or real property, or the improvement of such real property, (B) in respect of Capital Lease Obligations or (C) in respect of industrial revenue bonds, (ii) such Liens (other than Liens securing Capital Lease Obligations) are incurred, and the related Indebtedness is created, within 180 days after the acquisition or construction of the assets financed thereby and (iii) in each case, such Liens do not encumber any other assets or properties;

(f) leases or subleases granted to other Persons not materially interfering with the conduct of the business of the Borrower and its Subsidiaries taken as a whole;

(g) easements, licenses, rights-of-way, zoning or other restrictions, encroachments and other similar charges or encumbrances, and minor title deficiencies, statutory and common law landlords' liens under leases to which

Holdings, the Borrower or any of its Subsidiaries is a party, in each case not securing Indebtedness and not materially interfering with the conduct of the business of Holdings, the Borrower or any of its Subsidiaries;

(h) Liens (other than any Lien imposed by ERISA) for worker's compensation, unemployment compensation and other forms of government insurance incurred in the ordinary course of business;

(i) Liens to secure (i) performance of tenders, statutory obligations, bids, leases and contracts or other similar obligations (other than for borrowed money) entered into in the ordinary course of business or (ii) obligations on surety or appeal bonds, provided that the obligations secured by such Liens (and, to the extent (without duplication) the value of cash or property (other than Letters of Credit) forming a part of the security with respect to such surety or appeal bonds exceeds the obligations so secured, the amount of such excess) do not exceed in the aggregate $7,500,000;

(j) Liens arising from precautionary Uniform Commercial Code financing statement filings regarding operating leases otherwise permitted hereunder;

(k) any interest or title of a lessor under any operating lease of property to, or of any consignor of goods consigned to, or any creditor of any consignee in goods consigned to such consignee by, the Borrower or any of its Subsidiaries, in each case in the ordinary course of business;

(l) Liens arising out of judgments or awards, which have been in existence for less than 45 days from the date of creation thereof or which have been stayed or bonded pending appeal or fully covered by insurance (subject to applicable deductibles) and for which no enforcement action has been commenced, provided that the aggregate amount of all such judgments or awards (and, to the extent (without duplication) the value of cash or property (other than Letters of Credit) forming a part of the security with respect to such judgment or award exceeds the obligations so secured, the amount of such excess) does not exceed $7,500,000 at any time outstanding; and

(m) Liens securing obligations under any Rate Protection Agreement consisting solely of an assignment of the Borrower's rights under such Rate Protection Agreement.

SECTION 6.03. Certain Acquisitions. Neither Holdings nor the Borrower will, nor will they permit any Subsidiary to, purchase, lease or otherwise acquire (in one transaction or a series of related transactions) any property or assets outside the ordinary course of business, except acquisitions by the Borrower of the capital stock of a Person (the "Issuer") or of property or assets outside the ordinary course of business, provided that (i) the aggregate consideration paid in connection with all such acquisitions does not exceed $450,000,000; (ii) the Issuer shall be engaged in, or the property and assets acquired shall be used in connection with, the same or related

(ancillary or complementary) line of business as the Borrower; (iii) all necessary governmental approvals and third party consents for the acquisition have been obtained without imposing burdensome conditions, all appeal periods have expired and there shall be no governmental or judicial action, pending or threatened, restraining or imposing burdensome conditions on such acquisition; (iv) after giving effect to the acquisition, and on a pro forma basis (including the financial results of the Borrower and the Subsidiaries and the Issuer or the property and assets to be acquired, as the case may be, and giving pro forma effect to any Indebtedness to be incurred in connection with such acquisition) for the period of four consecutive fiscal quarters ending immediately prior to such acquisition, no Event of Default or Default shall have occurred and be continuing and the Borrower shall have delivered to the Administrative Agent a certificate of a Financial Officer certifying compliance with the conditions set forth in this clause (iv) and setting forth pro forma calculations demonstrating such compliance; and (v) in the case of any such acquisition of capital stock, the Issuer shall become a Subsidiary Guarantor under the Guarantee Agreement.

SECTION 6.04. Mergers, Consolidations and Sales of Assets. (a) Neither Holdings nor the Borrower will, nor will they permit any Subsidiary to, 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 any substantial part of its assets (whether now owned or hereafter acquired), including any capital stock of any Subsidiary; provided, however, that if at the time thereof and immediately after giving effect thereto no Default or Event of Default shall have occurred and be continuing, (i) any Person may be liquidated into or may merge into or with the Borrower in a transaction in which the Borrower is the surviving corporation, (ii) any Person may merge into or with or consolidate with any Wholly Owned Subsidiary of the Borrower in a transaction in which the surviving entity is a Wholly Owned Subsidiary of the Borrower, provided in each case that (x) no Person other than the Borrower or a Wholly Owned Subsidiary of the Borrower receives any consideration (except in the case of a merger or consolidation that is permitted by Section 6.03) and (y) in the event that any Loan Party is a party to such merger or consolidation and is not the surviving entity, the surviving entity shall, simultaneously with such merger or consolidation, assume all the obligations of such Loan Party hereunder and under the other Loan Documents, and (iii) any Excluded Subsidiary may be liquidated or may sell, transfer or otherwise dispose of its assets to the Borrower or to another Subsidiary.

(b) Notwithstanding the provisions of paragraph (a) above:

(i) the Borrower and its Subsidiaries may sell, transfer or otherwise dispose of assets to each other; and

(ii) the Borrower and its Subsidiaries may sell, transfer or otherwise dispose of assets; provided that (A) such dispositions are made for fair value and (B) after giving effect to any such sale, transfer or disposition the aggregate fair market value of all assets disposed of on and after the Effective Date in reliance upon this clause (ii) would not exceed 15% of the Consolidated Total Assets

determined by reference to the most recent quarterly or annual balance sheet of the Borrower which precedes such sale, transfer or disposition that is delivered to the Administrative Agent pursuant to Section 5.04.

SECTION 6.05. Business of Holdings, Borrower and Subsidiaries. Neither Holdings nor the Borrower will, nor will they permit any Subsidiary to, engage at any time in any business or business activity other than the business currently conducted by the Borrower and its Subsidiaries as of the Effective Date and business activities reasonably related, supportive or incidental thereto. Without limiting the generality of the foregoing, Holdings will not engage in any business or business activity other than (i) the ownership of the capital stock of the Borrower together with activities related thereto, (ii) actions required by law to maintain its status as a corporation and as a public company and (iii) other non-material business activities to promote and support the business activities of the Borrower and its Subsidiaries.

SECTION 6.06. Consolidated Fixed Charge Coverage Ratio. Neither Holdings nor the Borrower will, nor will they permit any Subsidiary to, permit the Consolidated Fixed Charge Coverage Ratio for any period of four consecutive fiscal quarters of the Borrower ended on or after June 30, 2005, to be less than 3.00 to 1.

SECTION 6.07. Leverage Ratio. Neither Holdings nor the Borrower will, nor will they permit any Subsidiary to, permit the Leverage Ratio at any time to be greater than 3.00 to 1.

SECTION 6.08. Restrictive Agreements. Neither Holdings nor the Borrower will, nor will they permit any Subsidiary to, enter into, incur or permit to exist, directly or indirectly, any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of Holdings, the Borrower or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Borrower or any other Subsidiary or to Guarantee Indebtedness of the Borrower or any other Subsidiary, provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by any Loan Document, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.08 (but shall apply to any extension or renewal of, or any amendment or modification if it expands the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness and (v) clause (a) of the foregoing shall not apply to customary provisions in leases or other contracts entered into in the ordinary course of business restricting the assignment thereof.

ARTICLE VII

Events of Default

In case of the happening of any of the following events ("Events of Default"):

(a) any representation or warranty made or deemed made in or in connection with any Loan Document or the borrowings or issuances of Letters of Credit hereunder, or any representation, warranty, statement or information contained in any report, certificate, financial statement or other instrument furnished in connection with or pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(b) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the reimbursement with respect to any LC Disbursement or the payment of any fee pursuant to Section 2.12 or any interest on any Loan or on LC Disbursement or any other amount (other than an amount referred to in (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of three Business Days after such default occurs;

(d) default shall be made in the due observance or performance by Holdings, the Borrower or any Subsidiary of any covenant, condition or agreement contained in Section 5.01(a), or 5.08 or in Article VI;

(e) default shall be made in the due observance or performance by Holdings, the Borrower or any Subsidiary of any covenant, condition or agreement contained in any Loan Document (other than those specified in (b), (c) or (d) above) and such default shall continue unremedied for a period of (i) in the case of a default under Section 5.05, three Business Days after any Responsible Officer of the Borrower has actual knowledge of any matter required to be disclosed to the Administrative Agent and the Lenders pursuant to such Section that has not been so disclosed or (ii) in the case of any other such default, 30 days after notice thereof from the Administrative Agent or any Lender to the Borrower;

(f) Holdings, the Borrower or any Subsidiary shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness in a principal amount in excess of $7,500,000, when and as the same shall become due and payable, or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing

any such Indebtedness referred to in clause (i) if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such Indebtedness or a trustee on its or their behalf (with or without the giving of notice, the lapse of time or both) to cause, such Indebtedness to become due prior to its stated maturity;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of Holdings, the Borrower or any Subsidiary (other than an Excluded Subsidiary), or of a substantial part of the property or assets of Holdings, the Borrower or a Subsidiary (other than an Excluded Subsidiary), under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings, the Borrower or any Subsidiary (other than an Excluded Subsidiary) or for a substantial part of the property or assets of Holdings, the Borrower or a Subsidiary (other than an Excluded Subsidiary) or (iii) the windingup or liquidation of Holdings, the Borrower or any Subsidiary (other than an Excluded Subsidiary); and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) Holdings, the Borrower or any Subsidiary (other than an Excluded Subsidiary) shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings, the Borrower or any Subsidiary (other than an Excluded Subsidiary) or for a substantial part of the property or assets of Holdings, the Borrower or any Subsidiary (other than an Excluded Subsidiary), (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any corporate action for the purpose of effecting any of the foregoing;

(i) one or more judgments for the payment of money in an aggregate amount in excess of $7,500,000 shall be rendered against Holdings, the Borrower, any Subsidiary (other than an Excluded Subsidiary) or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of Holdings, the Borrower or any Subsidiary (other than an Excluded Subsidiary) to enforce any such judgment;

(j) (i) a Reportable Event or Reportable Events, or a failure to make a required installment or other payment (within the meaning of Section 412(n)(1) of the Code), shall have occurred with respect to any Plan or Plans that reasonably could be expected to result in liability of the Borrower to the PBGC or to a Plan in an aggregate amount exceeding $7,500,000 and, within 30 days after the reporting of any such Reportable Event to the Administrative Agent or after the receipt by the Administrative Agent of a statement required pursuant to Section 5.06(b)(iii) hereof, the Administrative Agent shall have notified the Borrower in writing that (A) the Required Lenders have made a determination that, on the basis of such Reportable Event or Reportable Events or the failure to make a required payment, there are reasonable grounds for the termination of such Plan or Plans by the PBGC, the appointment by the appropriate United States district court of a trustee to administer such Plan or Plans or the imposition of a lien in favor of a Plan and (B) as a result thereof an Event of Default exists hereunder; or (ii) a trustee shall be appointed by a United States district court to administer any such Plan or Plans; or (iii) the PBGC shall institute proceedings (including giving notice of intent thereof) to terminate any such Plan or Plans;

(k) (i) the Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan, (ii) the Borrower or such ERISA Affiliate does not have reasonable grounds for contesting such Withdrawal Liability or is not contesting such Withdrawal Liability in a timely and appropriate manner and (iii) the amount of such Withdrawal Liability specified in such notice, when aggregated with all other amounts required to be paid to Multiemployer Plans in connection with Withdrawal Liabilities (determined as of the date or dates of such notification), either (A) exceeds $7,500,000 or requires payments exceeding $1,000,000 in any year or (B) is less than $7,500,000 but any Withdrawal Liability payment remains unpaid 30 days after such payment is due;

(l) the Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if solely as a result of such reorganization or termination the aggregate annual contributions of the Borrower and its ERISA Affiliates to all Multiemployer Plans that are then in reorganization or have been or are being terminated have been or will be increased over the amounts required to be contributed to such Multiemployer Plans for their most recently completed plan years by an amount exceeding $1,000,000;

(m) at any time after the Effective Date, the Guarantee Agreement shall cease to be, or shall be asserted by any Guarantor not to be, a valid, binding and enforceable agreement, or any Guarantor shall be in breach of the terms and conditions of the Guarantee Agreement, in each case upon 30 days after notice thereof from the Administrative Agent or any Lender to the Borrower; or

(n) there shall have occurred a Change in Control;

then, and in every such event (other than an event with respect to the Borrower described in clause (g) or (h) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued under the Loan Documents, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in clause (g) or (h) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

ARTICLE VIII

The Administrative Agent

Each of the Lenders and the Issuing Banks hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have

any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or wilful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document executed in connection with the Transactions, or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Banks and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Banks, appoint a successor Administrative Agent

which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document, any related agreement or any document furnished hereunder or thereunder.

The parties identified on the cover page hereto as Syndication Agent, Sole Bookrunner and Sole Lead Arranger and Co-Documentation Agents shall not have any duties or obligations in such capacities under this Agreement or any other Loan Document nor shall such parties incur any liability under this Agreement or any other Loan Document except in each case in their capacities as Lenders (and only so long as such party is a Lender).

ARTICLE IX

Miscellaneous

SECTION 9.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Borrower or Holdings, to it at Ethan Allen Drive, Danbury, CT 06811, Attention of Chief Financial Officer or Treasurer (Telecopy No. (203) 743-8341), with copies to, in the case of any notice or communication other than routine notices and communications under Article II, the attention of General Counsel at the aforesaid address (Telecopy No. (203) 743-8254);

(ii) if to the Administrative Agent, to it at JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 1111 Fannin Street, 10th Floor, Houston, TX 77002, Attention of Clifford Trapani (Telecopy No. (713) 750-2938);

(iii) if to JPMorgan Chase Bank, N. A. as Issuing Bank, to it at JPMorgan Chase Bank, N.A., Letters of Credit Department, 10420 Highland Manor Drive, Building 2, 4th Floor, Tampa, FL 33610, Attention of Joe Borello, (Telecopy No. (813) 432-5162); with a copy to JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 1111 Fannin Street, 10th Floor, Houston, TX 77002, Attention of Clifford Trapani (Telecopy No. (713) 750-2938);

(iv) if to the Swingline Lender, to it at JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 1111 Fannin Street, 10th Floor, Houston, TX 77002, Attention of Clifford Trapani (Telecopy No. (713) 750-2938); and

(v) if to any other Lender or Issuing Bank, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, any Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks and the Lenders hereunder and under any other Loan Document are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by Holdings or the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default,

regardless of whether the Administrative Agent, any Lender or any Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision thereof may be waived, amended or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by the Borrower, Holdings and the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Loan Parties or Loan Parties that are parties thereto, in each case with the consent of the Required Lenders; provided, however, that no such agreement shall (i) decrease the principal amount of, or extend the maturity of or any scheduled principal payment date or date for the payment of any interest on any Loan or any date for reimbursement of an LC Disbursement, or waive or excuse any such payment or any part thereof, or decrease the rate of interest on any Loan or LC Disbursement, without the prior written consent of each Lender affected thereby, (ii) increase or extend the Commitment or decrease or extend the date for payment of any of the fees of any Lender without the prior written consent of such Lender, or (iii) amend or modify the provisions of Section 2.18(b) and (c), the provisions of this Section, the definition of "Required Lenders" or any provision of any Loan Document that by its terms expressly requires the consent or approval of all the Lenders, without the prior written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, an Issuing Bank or the Swingline Lender hereunder or under any other Loan Document without the prior written consent of the Administrative Agent, such Issuing Bank or the Swingline Lender.

SECTION 9.03. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement and the Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereto (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by any Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Issuing Bank or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent, any Issuing Bank or any Lender, in connection with the enforcement or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Borrower shall indemnify the Administrative Agent, each Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against third party claims, and hold each

Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee from such third parties arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any agreement or instrument contemplated hereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by an Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on, at, to or from any Property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses resulted from the gross negligence or wilful misconduct of such Indemnitee.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent, an Issuing Bank or the Swingline Lender under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent, such Issuing Bank or the Swingline Lender, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, such Issuing Bank or the Swingline Lender in its capacity as such.

(d) To the extent permitted by applicable law, each of Holdings, the Borrower and the Indemnitees shall not assert, and each hereby waives, any claim against, in the case of Holdings and the Borrower, any Indemnitee or, in the case of any Indemnitee, Holdings or the Borrower, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, the Loan Documents or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof; provided that the provisions of this clause (d) shall not be construed to affect in any way any Indemnitee's rights under Section 9.03(b).

(e) All amounts due under this Section shall be payable on written demand therefor.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of an Issuing Bank that issues any Letter of Credit), except that (i) neither Holdings or the Borrower

may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by Holdings or the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of an Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Banks and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b) (ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower; provided that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee;

(B) the Administrative Agent; and

(C) each Issuing Bank.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment or Competitive Loans, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent; provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement; provided that this clause shall not apply to rights in respect of outstanding Competitive Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

For purposes of this Section 9.04(b), the term "Approved Fund" has the following meaning:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by a Lender, an Affiliate of a Lender or an entity or an Affiliate of an entity that administers or manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b) (iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of Holdings and the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and Holdings, the Borrower, the Administrative Agent, the Issuing Banks and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, any Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for

purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of the Borrower, the Administrative Agent, the Issuing Banks or the Swingline Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (c) (ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(c) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05. Survival. All covenants, agreements, representations and warranties made by Holdings, the Borrower or any Subsidiary Guarantor in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this

Agreement and the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, any Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any of the Loan Documents or any provision hereof or thereof.

SECTION 9.06. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.07. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the obligations of Holdings and the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09.Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each of Holdings and the Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any Loan Document shall affect any right that the Administrative Agent, any Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) Each of Holdings and the Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent, the Issuing Banks and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section, "Information" means all information received from Holdings, the Borrower or any Subsidiary relating to Holdings, the Borrower or its business or any Subsidiary or its business, other than any such information that is available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis prior to disclosure by the Borrower; provided that, in the case of information received from Holdings, the Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not

above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.14. USA Patriot Act. Each Lender hereby notifies Holdings and the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), (the "Act"), it is required to obtain, verify and record information that identifies Holdings and the Borrower, which information includes the name and address of Holdings and the Borrower and other information that will allow such Lender to identify Holdings and the Borrower in accordance with the Act.

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

ETHAN ALLEN GLOBAL INC.,

by

/s/ M. Farooq Kathwari
Name:
Title:

Principal Place of Business:
TIN:

ETHAN ALLEN INTERIORS INC.,

by

/s/ M. Farooq Kathwari
Name:
Title:

Principal Place of Business:
TIN:

JPMORGAN CHASE BANK, N.A.
individually and as
Administrative Agent,

by

/s/ James A. Knight
Name: James A. Knight
Title: Vice President

SIGNATURE PAGE TO 2005 ETHAN ALLEN 5-YEAR CREDIT AGREEMENT

CITIZENS BANK OF MASSACHUSETTS, individually and as Co-Syndication Agent,

by
/s/ R. Jane Westrich
Name: R. Jane Westrich
Title: Senior Vice President

SIGNATURE PAGE TO 2005 ETHAN ALLEN 5-YEAR CREDIT AGREEMENT

WACHOVIA BANK NATIONAL ASSOCIATION,
individually and as Co-Syndication Agent,

by
/s/ Anthony D. Braxton
Name: Anthony D. Braxton
Title: Director

SIGNATURE PAGE TO 2005 ETHAN ALLEN 5-YEAR CREDIT AGREEMENT

Name of Institution:
BANK OF AMERICA

by
/s/ John Pocalyko
Name: John Pocalyko
Title: Senior Vice President

SIGNATURE PAGE TO 2005 ETHAN ALLEN 5-YEAR CREDIT AGREEMENT

Name of Institution:

PNC Bank, National Association

by
/s/ Timothy J. Hornickle
Name: Timothy J. Hornickle
Title: Vice President

SIGNATURE PAGE TO 2005 ETHAN ALLEN 5-YEAR CREDIT AGREEMENT

Name of Institution:

U.S. Bank National Association

by

/s/ Jennifer L. Thurston
Jennifer L. Thurston
Title: Assistant Vice President

SCHEDULE 2.01

Commitments

Name of Lender	Commitment
JPMorgan Chase Bank, N.A	$ 45,000,000
Citizens Bank	$ 40,000,000
Wachovia Bank National Association	$ 40.000,000
Bank of America, N.A	$ 25,000,000
PNC Bank, National Association	$ 25,000,000
U. S. Bank	$ 25,000,000
Total	$200,000,000

Schedule 3.08

Subsidiaries and Excluded Subsidiaries

Ethan Allen Interiors Inc. and Ethan Allen Global, Inc.

Baumritter Corporation (DE) (**)(***)
EA-DV, Inc.(**) (***)
Ethan Allen (Canada) Inc. (**) (***)
Ethan Allen (UK) Limited (*) (**)
Ethan Allen Carriage House, Inc. (**) (***)
Ethan Allen Marketing Corporation (**) (***)
Ethan Allen Operations, Inc. (formerly Ethan Allen Manufacturing Corporation) (*)
Ethan Allen Realty, LLC (wholly owned by Ethan Allen Operations, Inc.)
Ethan Allen Retail, Inc. (formerly Ethan Allen Inc.) (*)
Ethan Allen.com Inc. (**) (***)
KEA International, Inc.(*) (**)
Lake Avenue Associates, Inc. (*)
Manor House, Inc. (***)
Northeast Consolidated, Inc. (*) (**)
Riverside Water Works, Inc. (*)

* Wholly owned by Ethan Allen Global, Inc.
** *Excluded Subsidiaries*
*** Wholly owned by Ethan Allen Retail, Inc.

Schedule 3.09

Litigation/Actions/Proceedings

General

1. French Heritage: An action was filed in State of Connecticut Superior Court against Ethan Allen alleging, in part, tortuous interference with contract/joint venture agreement/business relations, fraudulent misrepresentation, unfair competition and unfair trade practices, for an undisclosed amount. While Ethan Allen denies any wrong doing, there has been limited discovery to date and it is impossible to determine what affect, if any, this action will have on the financials of Holdings or Borrower.

2. Alfreida Hogan: Plaintiff brought action in Alabama Federal Court alleging misrepresentation/negligence in advertising the material content of certain furniture and seeking status as representative of a class of similarly situated parties. Most of Plaintiff's causes of action have been dismissed, and discovery is set to be completed and submitted for class certification by early fall. While Ethan Allen denies any wrong doing, it is impossible to determine what affect, if any this action will have on the financials of Holdings or Borrower. However, Ethan Allen has established a reserve for this item.

3. Lemelson: Plaintiff (Lemelson an alleged patent holder) brought an action against a class of users (of which Ethan Allen is included) of bar code technology. Plaintiff also brought companion case against bar code manufacturers/vendors alleging sole right to all bar code technology and seeking royalty for use. Action against Ethan Allen and other users is on hold, pending final resolution of action against manufacturers/vendors of bar code systems.

Environmental

1. Parker Landfill: Ethan Allen believes it has substantially completed its obligations under agreement with other potentially responsible parties (PRP's), has received a conditional certificate of corporation and is awaiting receipt of final completion certificate from EPA. This project has continued operations and maintenance obligations, which is the contractual obligation of another PRP. Ethan Allen believes that it no longer has any material obligations at this site, but continues to be jointly and severally liable at this superfund site.

2. Carroll Town Landfill: Ethan Allen was notified by the EPA in or around 2002, that it may be a PRP at this site; however, no formal notice or action has been received. There is insufficient information to determine what affect if any this site might have.

3. Seaboard (NC): Ethan Allen is a deminimus party at this site. We do not anticipate any material adverse affects from this site, but as additional information becomes available, this position may change.

4. SRS (CT): Ethan Allen is a deminimus party at this site. We do not anticipate any material adverse affects from this site, but as additional information becomes available, this position may change.

Schedule 3.17

Environmental

None

ETHAN ALLEN INTERIORS INC. HAS BEEN GRANTED CONFIDENTIAL TREATMENT OF PORTIONS OF THIS DOCUMENT IN ACCORDANCE WITH RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934

Schedule 3.18 – Insurance

ETHAN ALLEN U.S/CANADA. POLICY SCHEDULE

Type of Coverage	Coverage Territory	Coverage	Valuation	Effective Date	Expiration Date	Insurer	Policy Number	Policy Limit*
Factory - Property/Boiler	U.S.	"All Risk" including Flood & Earthquake. Includes Real & Personal Property, Business Interruption, Boiler & Machinery and Transit	Property - Replacement Cost (generally) Business Interruption - Actual Loss Sustained	7/1/2005	7/1/2006	Zurich	ERP930494502	*
Retail - Property/Boiler	U.S.	"All Risk" including Flood & Earthquake. Includes Real & Personal Property, Business Interruption, Boiler & Machinery and Transit	Property - Replacement Cost (generally) Business Interruption - Actual Loss Sustained	7/1/2005	7/1/2006	Travelers	KTJ-CMB-123D544-4-04	*
Property - Excess Earthquake	California	Earthquake	Property - Replacement Cost (generally) Business Interruption - Actual Loss Sustained	7/1/2005	7/1/2006	Insurance Company of the West	XCH206202402	*
National Flood	27 Railroad Ave. Rub & Pack Building Orleans, VT	Flood	Least of: Amount of Insurance, ACV or cost to repair or replace	6/20/2005	6/20/2006	American Bankers	2042856400	*
National Flood	27 Railroad Ave. Rough Mill Orleans, VT	Flood	Least of: Amount of Insurance, ACV or cost to repair or replace	6/20/2005	6/20/2006	American Bankers	2042856500	*

National Flood	27 Railroad Ave. Boiler House Orleans, VT	Flood	Least of: Amount of Insurance, ACV or cost to repair or replace	6/20/2005	6/20/2006	American Bankers	2042853000	*
National Flood	217 Main St.. Main Building Beecher Falls, VT	Flood	Least of: Amount of Insurance, ACV or cost to repair or replace	6/20/2005	6/20/2006	American Bankers	2042853100	*
National Flood	217 Main St.. Saw Mill Beecher Falls, VT	Flood	Least of: Amount of Insurance, ACV or cost to repair or replace	6/20/2005	6/20/2006	American Bankers	2042853200	*

National Flood	5139 Manheim Pike East Petersburg, PA	Flood	Least of: Amount of Insurance, ACV or cost to repair or replace	7/1/2005	7/1/2006	American Bankers	2042912700	*
National Flood	200 Murray East Rutherford, NJ	Flood	Least of: Amount of Insurance, ACV or cost to repair or replace	11/14/2004	11/14/2005	American Bankers	2044564300	*
National Flood	1800 Banks Road Margate, FL	Flood	Least of: Amount of Insurance, ACV or cost to repair or replace	6/28/2005	6/28/2006	American Bankers	1011110194	*
National Flood	13680 Pines Blvd. Pembroke Pines, FL	Flood	Least of: Amount of Insurance, ACV or cost to repair or replace	6/28/2005	6/28/2006	American Bankers	1011110195	*
National Flood	27 Railroad Ave. Finish Mill Orleans, VT	Flood	Least of: Amount of Insurance, ACV or cost to repair or replace	9/30/2004	9/30/2005	American Bankers	1011112456	*
Cargo	Worldwide	All risks of physical loss or damage from any external cause, except those risks as may be excluded.	The total amount of invoice including any prepaid or advanced or guaranteed freight, if any, plus 10%	7/1/2005	7/1/2006	Continental	OC9800025	*
Automobile	United States, its territories and possessions, Puerto Rico and Canada	Commercial Automobile Liability, all states except Texas	N/A	7/1/2005	7/1/2006	Travelers	TC2J-CAP-185K9364-TIL-04	*
Automobile	United States, its territories and possessions, Puerto Rico and Canada	Commercial Automobile Liability, Texas Only	N/A	7/1/2005	7/1/2006	Travelers	TC2E-CAP-281D3001-TCT-03	*

General Liability	United States, Puerto Rico and Canada, Restrictive Worldwide	Commercial General Liability	N/A	7/1/2005	7/1/2006	Travelers	TC2J-GLSA-185K9432-TIL-04	*
Workers Compensation	Statutory	Deductible Workers Compensation	N/A	7/1/2005	7/1/2006	Travelers	TC2JUB-185K935-2-04	*
Workers Compensation	Statutory	Retro Workers Compensation (AZ, MA, WI)	N/A	7/1/2005	7/1/2006	Travelers	TRJUB-177D745-4-04	*
Umbrella Liability	Worldwide	Commercial Umbrella Excess Liability	N/A	7/1/2005	7/1/2006	St. Paul	QK09000765	*
Excess Liability	Worldwide	Commercial Excess Liability	N/A	7/1/2005	7/1/2006	Great American	EXC 5165982	*
Canadian Property	Canada	All Risk Property	Replacement Cost	6/30/2005	6/30/2006	Economial Mutual	4704324	*
Canadian General Liabilty	Canada	General Liability	N/A	6/30/2005	6/30/2006	Economial Mutual	4704324	*
Canadian Automobile Liability	Canada	Commercial Automobile Liability	N/A	6/30/2005	6/30/2006	Economial Mutual	6305873	*
Canadian Umbrella Liability	Canada	Umbrella Liability	N/A	6/30/2005	6/30/2006	Economial Mutual	4704324	*
Customs Bond	US	US Customs Bond	N/A	7/9/2005	7/9/2006	Washington International	170664-21	*

Utility Payment Bond	Georgia	Utility Payment	N/A	8/12/2004	8/12/2005	Travelers	103904559	*
Directors & Officers Liability	Worldwide	Directors & Officers Liability	N/A	7/1/2005	7/1/2006	Chubb Group	8146-37-26	*
Employment Practices Liability	Worldwide	Employment Practices Liability	N/A	7/1/2005	7/1/2006	Chubb Group	8146-37-26	*
Fiduciary Liability	Worldwide	Fiduciary Liability	N/A	7/1/2005	7/1/2006	Chubb Group	8146-37-26	*
Commercial Crime	Worldwide	Commercial Crime	N/A	7/1/2005	7/1/2006	AIG	167-47-45	*
Special Coverage	Worldwide	Special Coverage	N/A	7/1/2005	7/1/2008	Professional Indemnity	077387-012	*

*CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND FURNISHED SEPARATELY TO THE COMMISSION

SCHEDULE 6.02 – JP MORGAN CHASE BANK – ETHAN ALLEN CREDIT AGREEMENT – July ____, 2005

EXISTING LIEN DISCLOSURE — BALANCE AS OF 5/31/05

	5/31/04	**Maturity**
1. Ethan Allen Inn - IRB	$3,855,000	6/1/11
2. Beecher Falls (Town of Canaan) (Building)	$ 268,920	10/15/26
3. Beecher Falls (Town of Canaan) (M&E)	$ 222,912	10/15/11
4. Beecher Falls (VEDA)	$ 212,386	6/26/06

Schedule 6.08

Restrictions

None

EXHIBIT A
to the Credit Agreement

[FORM OF]
ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [Insert name of Assignor] (the "Assignor") and [Insert name of Assignee] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee:_____
[and is an Affiliate/Approved Fund of [Identify Lender]][1]

3. Borrower: Ethan Allen Global, Inc.

_____

[1] Select as applicable.

4. Administrative Agent: JPMorgan Chase Bank, N.A., as the Administrative Agent under the Credit Agreement

5. Credit Agreement: The Credit Agreement dated as of July 21, 2005 among Ethan Allen Global, Inc., as Borrower, Ethan Allen Interiors Inc., the Lenders parties thereto and JPMorgan Chase Bank, as Administrative Agent.

6. Assigned Interest:

Effective Date: _____ ___, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR].

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR [NAME OF ASSIGNOR],

by _____
Title:

ASSIGNEE [NAME OF ASSIGNEE],

by _____
Title:

Consented to and Accepted:

JPMORGAN CHASE BANK, N.A., as
Administrative Agent,

by _____
Title:

Consented to:

ETHAN ALLEN GLOBAL, INC., if required,

by _____
Title:

[ISSUING BANK(S)]

by _____
Title:

ANNEX 1
to the Assignment and Assumption

STANDARD TERMS AND CONDITIONS FOR

ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.04 thereof, as applicable, and

such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached to this Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of Section 2.17(e) of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have

accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT B
to the Credit Agreement

[FORM OF]
OPINION OF COUNSEL FOR THE BORROWER

July 21, 2005

To the Lenders and the Administrative
Agent Referred to Below
c/o JP Morgan Chase Bank N.A., as
Administrative Agent
270 Park Avenue
New York, New York 10017

Ladies and Gentlemen:

This opinion is furnished to you pursuant to paragraph (b) of Section 4.01 of the Credit Agreement, dated as of July 21, 2005 (the "Credit Agreement"), among Ethan Allen Interiors Inc., a Delaware corporation ("Holdings"), Ethan Allen Global, Inc., a Delaware corporation (the "Borrower"), the banks and other financial institutions identified therein as Lenders, and JP Morgan Chase Bank, as Administrative Agent. Unless otherwise defined herein, terms used herein have the meanings provided in the Credit Agreement.

I am general counsel of Holdings and the Borrower and, in that capacity, have acted as counsel for the Loan Parties in connection with the Credit Agreement and the other Loan Documents. For purposes of this opinion, I have examined originals or copies, certified or otherwise identified to my satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as I have deemed necessary or advisable.

Upon the basis of the foregoing, I am of the opinion that:

1. Each Loan Party (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted, (c) is qualified to do business in every jurisdiction where such qualification is required, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect, and (d) has the corporate power and authority to execute, deliver and perform its obligations under each of the Loan Documents and, in the case of the Borrower, to borrow under the Credit Agreement.

2. The execution, delivery and performance by each Loan Party of each of the Loan Documents to which it is or will be a party and, in the case of the Borrower, the borrowings under the Credit Agreement (collectively, the "Transactions") (a) have been duly authorized by all requisite corporate and, if required, stockholder action and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation or other constitutive documents or by-laws of any Loan Party, (B) any order of any Governmental Authority or (C) any provision of any indenture, agreement or other instrument to which Holdings, the Borrower or any Subsidiary is a party or by which any of them or any of their property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument, where any such conflict, violation, breach or default referred to in clause (i) or (ii) of this paragraph 2, individually or in the aggregate could reasonably be expected to have a Material Adverse Effect, or (iii) result in the creation or imposition of any Lien upon or with respect to any property or assets now owned or hereafter acquired by Holdings, the Borrower or any Subsidiary.

3. The Credit Agreement has been duly executed and delivered by each of Holdings and the Borrower. The Guarantee Agreement has been duly executed and delivered by each of the Guarantors. The Indemnity, Subrogation and Contribution Agreement has been duly executed and delivered by each of the Borrower and the Subsidiary Guarantors. Each Loan Document constitutes a legal, valid and binding obligation of each Loan Party that is a party thereto, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally and except as enforceability may be limited by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).[1]

4. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the Transactions, except for (a) such as have been made or obtained and are in full force and effect and (b) such actions, consents, registrations, filings and approvals the failure to obtain or make which could not reasonably be expected to result in a Material Adverse Effect.

5. Except as set forth in Schedule 3.09, to the Credit Agreement, there are not any actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or, to my knowledge, threatened against or affecting Holdings, the Borrower or any Subsidiary or any business, property or rights of any such Person (i)

which involve any Loan Document or the Transactions or (ii) as to which there is a

---

[1] The enforceability opinion set forth in the last sentence of paragraph 3 is a New York law opinion. If counsel cannot opine regarding New York law, it will be necessary for the Borrower to retain New York counsel to render the enforceability opinion.

reasonable possibility of an adverse determination and which, in either case, (A) if adversely determined, would, individually result in a loss of greater than $300,000 or (B) if adversely determined (excluding an actions, suits or proceedings at law or in equity or by or before any Governmental Authority that would individually result in a loss of $300,000 or less), in the aggregate could reasonably be expected to result in a Material Adverse Effect.

6. None of the Loan Parties is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

I am a member of the bar of the State of New York and the foregoing opinion is limited to the laws of the State of New York, the General Corporation Law of the State of Delaware and the Federal laws of the United States of America. This opinion is rendered solely to you in connection with the above matter. This opinion may not be relied upon by you for any other purpose or relied upon by any other Person (other than your successors and assigns as Lenders and Persons that acquire participations in your Loans) without my prior written consent.

Very truly yours,

Pamela A. Banks
Vice President, General Counsel
and Secretary

EXHIBIT C
to the Credit Agreement

[FORM OF]

GUARANTEE AGREEMENT dated as of July 21, 2005, among ETHAN ALLEN INTERIORS INC., a Delaware corporation ("Holdings"), each of the subsidiaries of ETHAN ALLEN GLOBAL, INC., a Delaware corporation (the "Borrower"), listed on Schedule I hereto (individually, a "Subsidiary Guarantor" and collectively, the "Subsidiary Guarantors"; the Subsidiary Guarantors together with Holdings are referred to individually as a "Guarantor" and collectively as the "Guarantors") and JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the "Administrative Agent") for the Lenders (as defined herein).

Reference is made to the Credit Agreement dated as of July 21, 2005 (as amended, supplemented or modified from time to time, the "Credit Agreement"), among Holdings, the Borrower, the financial institutions party thereto, as lenders (the "Lenders") and the Administrative Agent. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Lenders have agreed to extend credit to, and each Issuing Bank has agreed to issue Letters of Credit for the account of, the Borrower pursuant to, and subject to the terms specified in, the Credit Agreement. The obligations of the Lenders to extend credit and of each Issuing Bank to issue Letters of Credit under the Credit Agreement are conditioned on, among other things, the execution and delivery by the Guarantors of a guarantee agreement in the form hereof. As the owner of all the issued and outstanding capital stock of the Borrower, Holdings acknowledges that it will, and as Subsidiaries, the Subsidiary Guarantors acknowledge that they will, derive substantial benefits from the extension of credit to the Borrower under the Credit Agreement. As consideration therefor and in order to induce the Lenders to continue to extend credit and each Issuing Bank to issue Letters of Credit under the Credit Agreement, the Guarantors are willing to execute and deliver this Agreement. Accordingly, the parties hereto agree as follows:

SECTION 1. Each of the Guarantors unconditionally guarantees, jointly with the other Guarantors and severally, as a primary obligor and not merely as a surety, (a) the due and punctual payment by the Borrower of (i) the principal of and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by the Borrower under the Credit Agreement in respect of any Letter or Letters of Credit, when and as due, including payments in respect of reimbursement of disbursements, interest thereon and obligations to provide cash collateral, and (iii) all other monetary obligations of the Borrower to

the Lenders, each Issuing Bank and the Administrative Agent under the Credit Agreement and the other Loan Documents to which the Borrower is or is to be a party, (b) the due and punctual performance of all other obligations of the Borrower under the Credit Agreement and the other Loan Documents, (c) the due and punctual payment and performance of all obligations of the Borrower under each Rate Protection Agreement entered into with any counterparty that was a Lender at the time such Rate Protection Agreement was entered into and (d) the due and punctual payment and performance of all obligations of each of Holdings and the other Subsidiaries, in the case of any Subsidiary Guarantor, or of each Subsidiary, in the case of Holdings, under the Loan Documents to which it is or is to be a party (all the foregoing obligations being collectively called the "Obligations"). Each of the Guarantors further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any extension or renewal of any Obligation.

SECTION 2. Each of the Guarantors waives presentment to, demand of payment from and protest to Holdings, the Borrower or any Subsidiary of any of the Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment. The obligations of each Guarantor hereunder shall not be affected by (a) the failure of the Administrative Agent, any Issuing Bank or any Lender to assert any claim or demand or to enforce any right or remedy against Holdings, the Borrower or any Subsidiary under the provisions of any Loan Document or otherwise; (b) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of, any Loan Document, any guarantee or any other agreement, including with respect to any other Guarantor under this Agreement; or (c) the failure of the Administrative Agent, any Issuing Bank or any Lender to exercise any right or remedy against any other Guarantor or guarantor of the Obligations.

SECTION 3. Each of the Guarantors further agrees that its guarantee hereunder constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Administrative Agent, any Issuing Bank or any Lender to any security held for payment of the Obligations or to any balance of any deposit account or credit on the books of the Administrative Agent, any Issuing Bank or any Lender in favor of the Borrower or any other person.

SECTION 4. The obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent, any Issuing Bank or any Lender to assert any claim or

demand or to enforce any remedy under any Loan Document, any guarantee or any other agreement, by any waiver or modification of

any thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or omission which may or might in any manner or to any extent vary the risk of any Guarantor or otherwise operate as a discharge of any Guarantor as a matter of law or equity (other than the indefeasible payment in full of all the Obligations).

SECTION 5. Each of the Guarantors waives any defense based on or arising out of any defense of the Borrower or the unenforceability of the Obligations or

any part thereof from any cause, or the cessation from any cause of the liability of the Borrower, other than the final and indefeasible payment in full in cash of the Obligations. The Administrative Agent may, at its election, compromise or adjust any part of the Obligations, make any other accommodation with the Borrower or any other guarantor or exercise any other right or remedy available to it against the Borrower or any other guarantor, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Obligations have been fully, finally and indefeasibly paid in cash. Pursuant to applicable law, each of the Guarantors waives any defense arising out of any such election even though such election operates pursuant to applicable law to impair or to extinguish any right of reimbursement or subrogration or other right or remedy of such Guarantor against the Borrower or any other Guarantor or guarantor, as the case may be.

SECTION 6. Each of the Guarantors further agrees that its guarantee shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by the Administrative Agent, any Issuing Bank or any Lender upon the bankruptcy or reorganization of the Borrower, any other Guarantor or otherwise.

SECTION 7. In furtherance of the foregoing and not in limitation of any other right which the Administrative Agent, any Issuing Bank or any Lender has at law or in equity against any Guarantor by virtue hereof, upon the failure of Holdings, the Borrower or any Subsidiary to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each of the Guarantors hereby promises to and will, upon receipt of written demand by the Administrative Agent, forthwith pay, or cause to be paid, to the Administrative Agent for distribution to the Lenders and each Issuing Bank, if and as appropriate, in cash the amount of such unpaid Obligation, and thereupon each of the Administrative Agent, any Issuing Bank and any Lender that shall have received any part of such payment shall, in a reasonable manner, assign the amount of the Obligations owed to it and paid by such Guarantor pursuant to this guarantee to such Guarantor, such assignment to be pro tanto to the extent to which the Obligations in question were discharged by such Guarantor, or make such other disposition thereof as such Guarantor shall direct (all without recourse to the Administrative Agent, such Issuing Bank or such Lender and without any representation or warranty by the Administrative Agent, such Issuing Bank or such Lender); provided, however, that until the indefeasible payment in full of all the Obligations, none of the Guarantors shall have any right by way of subrogation or otherwise as a result of the payment of any sums hereunder.

SECTION 8. Each of the Guarantors jointly and severally represents and warrants that all representations and warranties contained in the Credit Agreement which relate to the Guarantors are true and correct.

SECTION 9. The guarantees made hereunder shall survive and be in full force and effect so long as any Obligation is outstanding and has not been indefeasibly paid and so long as any of the Lenders have any further commitment to extend credit or any Issuing Bank has any further obligation to issue Letters of Credit under the Credit

Agreement or any Letter of Credit is outstanding, and shall be reinstated to the extent provided in Section 6. Each Subsidiary Guarantor shall be released from its guarantee hereunder in the event that (a) it ceases to be a Subsidiary or (b) all the capital stock of such Subsidiary Guarantor shall be sold, transferred or otherwise disposed of, in accordance with the terms of the Credit Agreement, by the Borrower to a person that is not an Affiliate of Holdings or the Borrower.

SECTION 10. This Agreement and the terms, covenants and conditions hereof shall be binding upon each Guarantor and its successors and shall inure to the benefit of the Administrative Agent, the Collateral Agent, each Issuing Bank and the Lenders and their respective successors and assigns. None of the Guarantors shall be permitted to assign or transfer any of its rights or obligations under this Agreement, except as expressly contemplated by this Agreement or the Credit Agreement.

SECTION 11. No failure on the part of the Administrative Agent to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy by the Administrative Agent, any Issuing Bank or any Lender preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder and under the other Loan Documents are cumulative and are not exclusive of any other remedies provided by law. Except as provided in the Credit Agreement, none of the Administrative Agent, any Issuing Bank or the Lenders shall be deemed to have waived any rights hereunder or under any other agreement or instrument unless such waiver shall be in writing and signed by such parties.

SECTION 12. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 13. All communications and notices hereunder shall be in writing and given as provided in Section 9.01 of the Credit Agreement. All communications and notices hereunder to each Subsidiary Guarantor shall be given to it at its address set forth in Schedule I hereto with a copy to the Borrower.

SECTION 14. In case any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect with respect to any Guarantor, no party hereto shall be required to comply with such

provision with respect to such Guarantor for so long as such provision is held to be invalid, illegal or unenforceable and the validity, legality and enforceability of the remaining provisions contained herein, and of such provision with respect to any other Guarantor, shall not in any way be affected or impaired. The parties shall endeavor in good-faith negotiations to replace any invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 15. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument; provided that this Agreement shall be construed as a separate agreement with respect to each Guarantor and may be amended, modified, supplemented, waived or released with respect to any Guarantor without the approval of any other Guarantor and without affecting the obligations of any other Guarantor hereunder. This Agreement shall be effective with respect to any Guarantor when a counterpart which bears the signature of such Guarantor shall have been delivered (by electronic transmission or otherwise) to the Administrative Agent.

SECTION 16. Upon execution and delivery by the Administrative Agent and a Subsidiary of an instrument in the form of Annex 1 attached hereto, such Subsidiary shall become a Subsidiary Guarantor hereunder with the same force and effect as if originally named as a Subsidiary Guarantor herein. The execution and delivery of any such instrument shall not require the consent of any Guarantor hereunder. The rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Subsidiary Guarantor as a party to this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

ETHAN ALLEN INTERIORS, INC.,

by _____

Name:
Title:

EACH SUBSIDIARY GUARANTOR
LISTED ON SCHEDULE I HERETO,

by _____

Name:
Title:

JPMORGAN CHASE BANK, N.A., as
Administrative Agent,

by _____

Name:
Title:

SCHEDULE I
to the Guarantee Agreement

Subsidiary Guarantors

1.	Ethan Allen Operations, Inc.	Ethan Allen Drive Danbury, Connecticut 06811
2.	Lake Avenue Associates, Inc.	Ethan Allen Drive Danbury, Connecticut 06811
3.	Manor House, Inc.	Ethan Allen Drive Danbury, Connecticut 06811
4.	Riverside Water Works, Inc.	Ethan Allen Drive Danbury, Connecticut 06811
5.	Ethan Allen Realty LLC	Ethan Allen Drive Danbury, Connecticut 06811
6.	Ethan Allen Retail, Inc.	Ethan Allen Drive Danbury, Connecticut 06811

ANNEX 1
to the Guarantee Agreement

SUPPLEMENT NO. dated as of , 200_, to the Guarantee Agreement dated as of July 21, 2005 (as amended and supplemented through the date hereof, the "Guarantee Agreement"), among ETHAN ALLEN INTERIORS INC., a Delaware corporation ("Holdings"), certain subsidiaries of Ethan Allen Inc. (collectively, the "Subsidiary Guarantors", and together with Holdings, the "Guarantors") and JPMORGAN CHASE BANK, N.A., as administrative agent (the "Administrative Agent") for the Lenders, as defined therein.

A. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Guarantee Agreement.

B. Holdings and the Subsidiary Guarantors have entered into the Guarantee Agreement in order to induce the Lenders to extend credit to, and to induce each Issuing Bank to issue Letters of Credit for the account of, the Borrower pursuant to the Credit Agreement. The Guarantee Agreement provides that additional Subsidiaries may become Subsidiary Guarantors under the Guarantee Agreement by execution and delivery of an instrument in the form of this Supplement. Pursuant to the Credit Agreement, the undersigned Subsidiary (the "New Subsidiary Guarantor") is required to become a Subsidiary Guarantor under the Guarantee Agreement. The New Subsidiary Guarantor desires to become a Subsidiary Guarantor and Guarantor under the Guarantee Agreement in order to induce the Lenders to continue to extend credit and each Issuing Bank to issue Letters of Credit under the Credit Agreement and as consideration therefor.

Accordingly, the Administrative Agent and the New Subsidiary Guarantor agree as follows:

SECTION 1. In accordance with the Guarantee Agreement, the New Subsidiary Guarantor by its signature hereto shall become a Subsidiary Guarantor and Guarantor under the Guarantee Agreement with the same force and effect as if originally named therein as a Subsidiary Guarantor and Guarantor and the New Subsidiary Guarantor hereby agrees to all the terms and provisions of the Guarantee Agreement applicable to it as a Subsidiary Guarantor and Guarantor thereunder. Each reference to a "Guarantor" or a "Subsidiary Guarantor" in the Guarantee Agreement shall be deemed to include the New Subsidiary Guarantor. The Guarantee Agreement is hereby incorporated herein by reference.

SECTION 2. This Supplement shall become effective when the Administrative Agent shall have received a counterpart (by electronic transmission or otherwise) of this

Supplement executed on behalf of the New Subsidiary Guarantor.

SECTION 3. The New Subsidiary Guarantor hereby represents and warrants that (i) this Supplement has been duly authorized, executed and delivered by the New Subsidiary Guarantor and constitutes a legal, valid and binding obligation of the New Subsidiary Guarantor, enforceable against it in accordance with its terms, and (ii) set forth under its signature hereto is its address for purposes of notices under the Guarantee

Agreement, which information supplements Schedule I to the Guarantee Agreement and shall be deemed a part thereof for all purposes of the Guarantee Agreement.

SECTION 4. Except as expressly supplemented hereby, the Guarantee Agreement shall remain in full force and effect in accordance with its terms.

SECTION 5. THIS SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Guarantee Agreement shall not in any way be affected or impaired. The parties hereto shall endeavor in good-faith negotiations to replace any invalid, illegal or unenforceable provisions herein with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. This Supplement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument.

SECTION 8. The New Subsidiary Guarantor agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees and expenses of counsel for the Administrative Agent.

IN WITNESS WHEREOF, the New Subsidiary Guarantor and the Administrative Agent have duly executed this Supplement to the Guarantee Agreement as of the day and year first above written.

[NAME OF NEW SUBSIDIARY GUARANTOR],

by _____

Name:
Title:

Address _____
_____
_____

JPMORGAN CHASE BANK, N.A., as Administrative Agent,

by _____

Name:
Title:

EXHIBIT D
to the Credit Agreement

[FORM OF]

INDEMNITY, SUBROGATION AND CONTRIBUTION AGREEMENT dated as of July 21, 2005, among ETHAN ALLEN GLOBAL, INC., a Delaware corporation, (the "Borrower"), each Subsidiary of the Borrower party hereto (collectively, the "Subsidiary Guarantors"), and JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the "Administrative Agent") for the Lenders (as defined herein).

Reference is made to the Credit Agreement dated as of July 21, 2005 (as amended, supplemented or modified from time to time, the "Credit Agreement"), among the Borrower, Ethan Allen Interiors Inc. ("Holdings"), the financial institutions from time to time party thereto, as lenders (the "Lenders") and the Administrative Agent. Capitalized terms used and not defined herein shall have the meanings assigned in the Credit Agreement.

The Lenders have agreed to extend credit to, and each Issuing Bank has agreed to issue Letters of Credit for the account of, the Borrower, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. The Subsidiary Guarantors have guaranteed the obligations of the Borrower pursuant to the Guarantee Agreement. The obligations of the Lenders to extend credit and of each Issuing Bank to issue Letters of Credit under the Credit Agreement are conditioned upon, among other things, the execution and delivery by the Borrower and the Subsidiary Guarantors of an indemnity, subrogation and contribution agreement in the form hereof.

Accordingly, the Borrower, each Subsidiary Guarantor and the Administrative Agent agree as follows:

SECTION 1. Indemnity and Subrogation. In addition to all such rights of indemnity and subrogation as the Subsidiary Guarantors may have under applicable law (but subject to Section 3), the Borrower agrees that in the event a payment shall be made by any Subsidiary Guarantor under the Guarantee Agreement, the

Borrower shall indemnify such Subsidiary Guarantor for the full amount of such payment and such Subsidiary Guarantor shall be subrogated to the rights of the Person to whom such payment shall have been made to the extent of such payment.

SECTION 2. Contribution and Subrogation. Each Subsidiary Guarantor (a "Contributing Guarantor") agrees (subject to Section 3) that, in the event a payment shall be made by any other Subsidiary Guarantor under the Guarantee Agreement and such other Subsidiary Guarantor (the "Claiming Guarantor") shall not have been fully indemnified by the Borrower as provided in Section 1, the Contributing Guarantor shall indemnify the Claiming Guarantor in an amount equal to the amount of such payment multiplied by a fraction, the numerator of which shall be the net worth of the Contributing Guarantor on the date hereof (or, in the case of any Subsidiary Guarantor becoming a party hereto pursuant to Section 14, the date

of the Supplement hereto executed and delivered by such Subsidiary Guarantor) and the denominator of which shall be the aggregate net worth of all the Subsidiary Guarantors on the date hereof (or the date of execution and delivery of such Supplement). Any Contributing Guarantor making any payment to a Claiming Guarantor pursuant to this Section 2 shall be subrogated to the rights of such Claiming Guarantor under Section 1 to the extent of such payment.

SECTION 3. Subrogation. Notwithstanding any provision of this Agreement to the contrary, all rights of the Subsidiary Guarantors under Sections 1 and 2 and all other rights of indemnity, contribution or subrogation under applicable law or otherwise shall be fully subordinated to the indefeasible payment in full of the Obligations. No failure on the part of the Borrower or any Subsidiary Guarantor to make the payments required by Sections 1 and 2 (or any other payments required under applicable law or otherwise) shall in any respect limit the obligations and liabilities of any Subsidiary Guarantor with respect to any Guarantee, and each Subsidiary Guarantor shall remain liable for the full amount of the obligations of such Guarantor under each such Guarantee.

SECTION 4. Termination. This Agreement shall terminate when all Obligations have been indefeasibly paid in full, no Letters of Credit are outstanding and the Lenders and each Issuing Bank have no further Commitments under the Credit Agreement.

SECTION 5. Continued Effectiveness. This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by any Lender or Issuing Bank or any Subsidiary Guarantor upon the bankruptcy or reorganization of the Borrower, any Subsidiary Guarantor or otherwise.

SECTION 6. **GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.**

SECTION 7. Waivers; Amendment. Except for the operation of Section 14 of this Agreement, neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Subsidiary Guarantors and the Administrative Agent, with the prior written consent of the Required Lenders.

SECTION 8. Notices. All communications and notice hereunder shall be in writing and given as provided in the Credit Agreement, except that to any Subsidiary Guarantor, communication and notice shall be directed to the address set forth in or pursuant to the Guarantee Agreement.

SECTION 9. Binding Agreement; Assignments. This Agreement shall become effective as to each of the Borrower or any Subsidiary Guarantor when a counterpart hereof executed on behalf of the Borrower or such Subsidiary Guarantor shall have been delivered (by electronic transmission or otherwise) to the Administrative Agent and a counterpart hereof shall have been executed on behalf of the Administrative Agent, and thereafter shall be binding upon each of the Borrower or such Subsidiary Guarantor and the Administrative Agent and their

respective successors and permitted assigns, and shall inure to the benefit of such Subsidiary Guarantor and the Lenders and their respective successors and assigns, except that no Subsidiary Guarantor shall have the right to assign its rights or obligations hereunder or any interest herein (and any such attempted assignment shall be void), except as expressly contemplated by this Agreement or the other Loan Documents. Notwithstanding the foregoing, at the time any Subsidiary Guarantor is released from its obligations under the Guarantee Agreement in accordance with such Guarantee Agreement and the Credit Agreement, such Subsidiary Guarantor shall cease to have any rights or obligations under this Agreement.

SECTION 10. Successors and Assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and permitted assigns of such party, and all covenants, promises and agreements by or on behalf of each of the Borrower or any Subsidiary Guarantor that are contained in this Agreement shall bind and inure to the benefit of their respective successors and permitted assigns.

SECTION 11. Survival of Agreement; Severability. (a) All covenants, agreements and representations and warranties made by the Borrower and each Subsidiary Guarantor herein and in the certificates or other instruments prepared or delivered in connection with this Agreement shall be considered to have been relied upon by the Lenders and each Subsidiary Guarantor and shall survive the making by the Lenders of the Loans and the issuance of Letters of Credit by any Issuing Bank, and shall continue in full force and effect as long as any Obligation is outstanding and unpaid and as long as the Commitments have not been terminated.

(b) In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, no party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 12. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument.

SECTION 13. Rules of Interpretation. The rules of interpretation specified in Section 1.03 of the Credit Agreement shall be applicable to this Agreement.

SECTION 14. Additional Guarantors. Pursuant to the Credit Agreement, certain Subsidiaries of the Borrower that were not in existence or not Subsidiaries on the date of the Credit Agreement are required to enter into the Guarantee Agreement as Guarantors upon becoming Subsidiaries. Upon execution and delivery, after the date hereof, by the Administrative Agent and such a Subsidiary of an instrument in the form of Annex 1 to this Agreement, such Subsidiary shall become a Subsidiary Guarantor hereunder with the same force and effect as if

originally named as a Subsidiary Guarantor hereunder. The execution and delivery of any instrument adding an additional Subsidiary Guarantor as a party to this Agreement shall not require the consent of the Borrower or any Subsidiary Guarantor hereunder. The rights and obligations of the Borrower and each Subsidiary Guarantor as a party to this Agreement shall remain in full force and effect notwithstanding the addition of any new Subsidiary Guarantor as a party to this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized offers as of the date first appearing

above.

ETHAN ALLEN GLOBAL, INC.,

by _____

Name:
Title:

EACH SUBSIDIARY GUARANTOR
LISTED ON SCHEDULE I HERETO,

by _____

Name:
Title:

JPMORGAN CHASE BANK, N.A., as
Administrative Agent,

by _____

Name:
Title:

SCHEDULE I
to the Indemnity, Subrogation and
Contribution Agreement

Subsidiary Guarantors

1.	Ethan Allen Operations, Inc.	Ethan Allen Drive Danbury, Connecticut 06811
2.	Lake Avenue Associates, Inc.	Ethan Allen Drive Danbury, Connecticut 06811
3.	Manor House, Inc.	Ethan Allen Drive Danbury, Connecticut 06811
4.	Riverside Water Works, Inc.	Ethan Allen Drive Danbury, Connecticut 06811
5.	Ethan Allen Realty LLC	Ethan Allen Drive Danbury, Connecticut 06811
6.	Ethan Allen Retail, Inc.	Ethan Allen Drive Danbury, Connecticut 06811

ANNEX I
to the Indemnity, Subrogation and
Contribution Agreement

SUPPLEMENT NO. dated as of , 200_, to the Indemnity, Subrogation and Contribution Agreement dated as of July 21, 2005 (as amended and supplemented through the date hereof, the "Indemnity, Subrogation and Contribution Agreement"), among ETHAN ALLEN GLOBAL, INC., a Delaware corporation (the "Borrower"), certain subsidiaries of the Borrower (the "Subsidiary Guarantors") and JPMORGAN CHASE BANK, N.A., as administrative agent (the "Administrative Agent").

A. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Guarantee Agreement.

B. The Borrower and the Subsidiary Guarantors have entered into the Indemnity, Subrogation and Contribution Agreement in order to induce the Lenders to extend credit to, and to induce each Issuing Bank to issue Letters of Credit for the account of, the Borrower pursuant to the Credit Agreement. The Indemnity, Subrogation and Contribution Agreement provides that additional Subsidiaries may become Subsidiary Guarantors under the Indemnity, Subrogation and Contribution Agreement by execution and delivery of an instrument in the form of this Supplement. Pursuant to the Credit Agreement, the undersigned Subsidiary (the "New Subsidiary Guarantor") is required to become a Subsidiary Guarantor under the Indemnity, Subrogation and Contribution Agreement. The New Subsidiary Guarantor desires to become a Subsidiary Guarantor and Guarantor under the Indemnity, Subrogation and Contribution Agreement in order to induce the Lenders to continue to extend credit and the Issuing Bank to issue Letters of Credit under the Credit Agreement and as consideration therefor.

Accordingly, the Administrative Agent and the New Subsidiary Guarantor agree as follows:

SECTION 1. In accordance with the Indemnity, Subrogation and Contribution Agreement, the New Subsidiary Guarantor by its signature hereto shall become a Subsidiary Guarantor and Guarantor under the Indemnity, Subrogation and Contribution Agreement with the same force and effect as if originally named therein as a Subsidiary Guarantor and Guarantor and the New Subsidiary Guarantor hereby agrees to all the terms and provisions of the Indemnity, Subrogation and Contribution Agreement applicable to it as a Subsidiary Guarantor and Guarantor thereunder. Each reference to a "Guarantor" or a "Subsidiary Guarantor" in the Indemnity, Subrogation and Contribution Agreement shall

be deemed to include the New Subsidiary Guarantor. The Indemnity, Subrogation and Contribution Agreement is hereby incorporated herein by reference.

SECTION 2. This Supplement shall become effective when the Administrative Agent shall have received (by electronic transmission or otherwise) a counterpart of this Supplement executed on behalf of the New Subsidiary Guarantor.

SECTION 3. The New Subsidiary Guarantor hereby represents and warrants that (i) this Supplement has been duly authorized, executed and delivered by the New Subsidiary Guarantor and constitutes a legal, valid and binding obligation of the New Subsidiary Guarantor, enforceable against it in accordance with its terms, and (ii) set forth under its signature hereto is its address for purposes of notices under the Indemnity, Subrogation and Contribution Agreement, which information supplements Schedule I to the Indemnity, Subrogation and Contribution Agreement and shall be deemed a part thereof for all purposes of the Indemnity, Subrogation and Contribution Agreement.

SECTION 4. Except as expressly supplemented hereby, the Indemnity, Subrogation and Contribution Agreement shall remain in full force and effect in accordance with its terms.

SECTION 5. THIS SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Indemnity, Subrogation and Contribution Agreement shall not in any way be affected or impaired. The parties hereto shall endeavor in good-faith negotiations to replace any invalid, illegal or unenforceable provisions herein with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. This Supplement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument.

SECTION 8. The New Subsidiary Guarantor agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees and expenses of counsel for the Administrative Agent.

IN WITNESS WHEREOF, the New Subsidiary Guarantor and the Administrative Agent have duly executed this Supplement to the Indemnity, Subrogation and Contribution Agreement as of the day and year first above written.

[NAME OF NEW SUBSIDIARY GUARANTOR],

by _____

Name:
Title:

Address _____
_____
_____

JPMORGAN CHASE BANK, N.A., as Administrative Agent,

by _____

Name:
Title:

EXHIBIT 23(a)

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 Amendment No. 3 to 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
March 8, 2006

Ethan Allen Global, Inc.
Ethan Allen Drive
Danbury, Connecticut 06811
(203) 743-8000

March 8, 2006

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Registration Statement on Form S-4 of Ethan Allen Global, Inc. and the Other Co-Registrants

Dear Sir or Madam:

Pursuant to Rule 461 of the General Rules and Regulations under the Securities Act of 1933, as amended, Ethan Allen Global, Inc., a Delaware corporation, Ethan Allen Interiors Inc., a Delaware corporation, Ethan Allen Retail, Inc., a Delaware corporation, Ethan Allen Realty, LLC, a Delaware limited liability company, Ethan Allen Operations, Inc., a Delaware corporation, Manor House, Inc., a Delaware corporation, and Lake Avenue Associates, Inc. a Connecticut corporation, hereby request that the effectiveness of their Registration Statement on Form S-4 (Registration No. 333-131539) be accelerated so that it will become effective at 12:00 p.m., New York City time, on March 9, 2006, or as soon thereafter as practicable.

In connection with this acceleration request, we hereby acknowledge that:

- should the Commission or the staff, acting by delegated authority, declare the registration statement effective, it does not foreclose the Securities and Exchange Commission (the "Commission") from taking any action on the filing.
- The action of the Commission or the staff, acting by delegated authority, in declaring the registration statement effective does not relieve us from our full responsibility for the adequacy and accuracy of the registration statement's disclosures.
- We may not assert the staff's comments or the declaration of the registration statement's effectiveness as a defense in any proceeding initiated by the Commission or any person under the United States federal securities laws.

Very truly yours,

ETHAN ALLEN GLOBAL, INC.
ETHAN ALLEN INTERIORS INC.
ETHAN ALLEN RETAIL, INC.
ETHAN ALLEN REALTY, LLC.
ETHAN ALLEN OPERATIONS, INC.
MANOR HOUSE, INC.
LAKE AVENUE ASSOCIATES, INC.

By: /s/Pamela A. Banks
Vice President, General Counsel &
Secretary