

ETHAN ALLEN INTERIORS INC  
Form 11-K  
June 28, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 11-K**

**FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS AND SIMILAR PLANS  
PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

For the fiscal year ended December 31, 2009

OR

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

For the transition period: N/A

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

**THE ETHAN ALLEN RETIREMENT SAVINGS PLAN**

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

**ETHAN ALLEN INTERIORS INC.**

**Ethan Allen Drive  
Danbury, Connecticut 06811**

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**THE ETHAN ALLEN  
RETIREMENT SAVINGS PLAN**

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All other schedules have been omitted as they are not applicable.

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**Report of Independent Registered Public Accounting Firm**

Ethan Allen Retirement Committee and Participants of

The Ethan Allen Retirement Savings Plan:

We have audited the accompanying statements of net assets available for plan benefits of The Ethan Allen Retirement Savings Plan (the Plan) as of December 31, 2009 and 2008, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2009 and 2008, and the changes in net assets available for plan benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental Schedule H, Line 4i Schedule of Assets (Held at End of Year), as of December 31, 2009, has been presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

June 28, 2010

Stamford, Connecticut

**THE ETHAN ALLEN  
RETIREMENT SAVINGS PLAN**

Statements of Net Assets Available for Plan Benefits

December 31, 2009 and 2008

	2009		2008
<b>Assets:</b>			
Investments, at fair value (notes 3 and 4):			
Mutual funds	\$ 93,939,688	\$	77,424,346
Collective trusts	1,470,898		1,125,849
Common stock	8,463,666		7,463,957
Interest and non-interest bearing cash	262,767		266,694
Benefit responsive investment contracts	26,211,995		27,084,593
Total investments at fair value	130,349,014		113,365,439
Participant loans	3,653,945		4,690,627
Total investments	134,002,959		118,056,066
Employer contributions receivable	2,202,166		2,131,666
Employee contributions receivable			328
Total assets	136,205,125		120,188,060
<b>Liabilities:</b>			
Refunds payable for excess contributions	8,133		160,446
Net assets reflecting investments at fair value	136,196,992		120,027,614
Adjustment from fair value to contract value for fully benefit-responsive investment contracts (note 2)	1,861,060		3,757,219
Net assets available for plan benefits	\$ 138,058,052	\$	123,784,833

See accompanying notes to financial statements.

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Statements of Changes in Net Assets Available for Plan Benefits

Years Ended December 31, 2009 and 2008

	2009	2008
<b>Additions (reductions) to net assets attributed to:</b>		
<b>Investment and interest income:</b>		
Net appreciation (depreciation) in fair value of investments	\$ 23,771,855	\$ (56,566,570)
Dividend income	1,684,221	4,133,959
Interest income	275,493	467,749
Total income (loss)	25,731,569	(51,964,862)
<b>Contributions:</b>		
<b>Employer contributions:</b>		
Cash		8,256
Noncash	2,202,166	2,131,666
Employee contributions	7,191,023	10,884,796
Total contributions	9,393,189	13,024,718
Total additions (reductions)	35,124,758	(38,940,144)
<b>Deductions from net assets attributed to:</b>		
Benefits paid to participants	(20,783,756)	(22,467,687)
Administrative expenses	(67,783)	(71,448)
Total deductions	(20,851,539)	(22,539,135)
Net increase (decrease)	14,273,219	(61,479,279)
<b>Net assets available for plan benefits:</b>		
Beginning of year	123,784,833	185,264,112
End of year	\$ 138,058,052	\$ 123,784,833

See accompanying notes to financial statements.

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Notes to Financial Statements

December 31, 2009 and 2008

**(1) Plan Description**

The Ethan Allen Retirement Savings Plan (the Plan) is a defined contribution savings plan sponsored and administered by Ethan Allen Global, Inc. and its subsidiaries (collectively, the Company, the Employer or the Plan Sponsor).

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

***General***

The Plan was formed effective July 1, 1994 through the merger of the Retirement Program of Ethan Allen Inc. (the Retirement Program) into the Ethan Allen 401(k) Employee Savings Plan (the 401(k) Plan). On January 1, 1999, the name of the Plan was changed from The Ethan Allen Profit Sharing and 401(k) Retirement Plan to The Ethan Allen Retirement Savings Plan.

The Plan, which is offered to all employees who have completed at least three consecutive months of service with the Company, is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The plan is a participant-directed defined contribution plan.

***Contributions and Vesting***

Participants may contribute from 1% to 100% of their compensation (as defined in the Plan), up to a maximum tax deferred contribution level of \$16,500 in 2009 and \$15,500 in 2008 to the 401(k) portion of the Plan. Participants may, in addition, contribute amounts in excess of their tax deferred contribution on an after-tax basis in the amount of 1% to 100% of their compensation. The participant's tax-deferred contribution and after-tax contribution, in the aggregate, may not exceed 100% of their compensation.

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The Company may elect to match participants' pre-tax contributions to the 401(k) portion of the Plan at its discretion. The Company's practice has been to match \$1.00 for \$1.00 on the first \$500 of pre-tax contributions. The Company elected to make an additional discretionary match for 2009, at \$0.50 on the \$1.00 on the next \$500 of pre-tax contributions. As such, the maximum annual Company match was \$750 for 2009 and \$500 for 2008. If Company matching contributions are paid in cash, they follow the participants' investment choices as of the date paid. In 2009, however, in lieu of making its matching contribution in cash, the Company elected to make its contribution in shares of common stock of Ethan Allen Interiors, Inc. ( Common Stock ). The Company transferred 148,795 shares of Common Stock, with a fair value of \$14.80 per share, to the Ethan Allen Interiors, Inc. Common Stock Fund under the Plan on February 12, 2010 in satisfaction of its matching contribution obligation of \$2,202,166 for allocation to the accounts of employee participants.

Employer contributions, if any, to the profit-sharing portion of the Plan on behalf of each participant are determined by the Company, although the maximum amount that can be contributed to a participant's account in any year is the lesser of (i) \$49,000 (as adjusted for each Plan Year to take into account any applicable cost-of-living adjustment for that year provided by the Secretary of the Treasury under section 415(d) of the Internal Revenue Code) or (ii) 100% of the participant's compensation for that Plan year. The actual contribution, if any, is made in the ensuing year. The Company declared no profit-sharing contributions for the Plan in 2009 or 2008.



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Participants who are employed by the Company on the last day of the Plan year are entitled to receive the Employer matching contributions, if any. Participant contributions, Employer matching contributions, and Employer profit-sharing contributions vest immediately.

*Investment of Funds*

At December 31, 2009, the amounts contributed to the Plan were invested in one or more of the following investment options at the direction of the participants. A brief description of each investment option is provided below.

**American Beacon Small Cap Value Fund** The American Beacon Small Cap Value Fund seeks to provide long-term capital appreciation and current income. The fund invests in a diversified portfolio of stocks, bonds, and money market securities with an emphasis on stocks of small market capitalization U.S. companies. These companies, whose stocks ordinarily account for at least 80% of the assets of the fund, generally have market capitalizations similar to the market capitalization of companies in the Russell 2000 index at the time of investment.

**American Funds AMCAP Fund** The American Funds AMCAP Fund seeks to provide long-term growth of capital. The fund invests in established growth companies of any size with proven records of steady, above-average earnings, and a growth rate faster than that of the general market. The fund primarily invests in U.S. common stocks, as well as convertible preferred stocks and cash and equivalents.

**American Funds Growth Fund of America** This fund seeks to invest in companies that appear to offer superior opportunities for long term growth, such as cyclical companies, those in depressed industries, and turnaround or value situations. Common stocks, convertibles, preferred stocks, U.S. government securities, bonds and cash are held by the fund. Up to 15% of the assets may be invested in securities of issuers located outside the United States and not included in the S&P 500. Up to 10% may be invested in debt securities rated below investment grade.

**Artisan MidCap Growth Fund** The Artisan MidCap Growth Fund seeks long-term capital growth through a diversified portfolio of mid-sized companies.

**BlackRock S&P 500 Equity Index Fund** The BlackRock S&P 500 Equity Index Fund seeks to capture earnings and growth through investing in the same stocks held in the S&P 500 Index.

**Columbia Acorn Fund** The Columbia Acorn Fund seeks long-term growth of capital by investing primarily in the stocks of small and medium-sized companies. The fund generally invests in stocks of global companies with market capitalizations of less than \$5 billion with the intention of holding them as the issuing companies grow and divesting them when they become larger.

**Dodge & Cox International Stock Fund** This fund seeks long-term growth of principal and income. The fund invests primarily in a diversified portfolio of equity securities issued by non-U.S. companies from at least three different foreign countries including emerging markets. The fund focuses on countries whose economic and political systems appear more stable and are believed to provide some protection to foreign shareholders. The fund invests primarily in medium to large well established companies based on standards of the applicable market.

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**Ethan Allen Interiors, Inc. Common Stock** At December 31, 2009 and 2008, the Plan held unrestricted shares of common stock of the Company totaling 581,345 and 482,811 shares, respectively. Ethan Allen Interiors Inc. common stock is publicly traded and had a readily ascertainable market value of \$13.42 and \$14.37 per share at December 31, 2009 and 2008, respectively.

**JPMorgan Invest Self-Directed Brokerage Fund** The JPMorgan Invest Self-Directed Brokerage Fund allows investors to purchase mutual funds, stocks, and bonds offered through JPMorgan.

**JPMorgan MidCap Value Fund** The JPMorgan MidCap Value Fund seeks to provide long-term growth from mid-capitalization stocks. This fund invests in medium-sized U.S. companies with market capitalizations between \$1 billion and \$20 billion.

**JPMorgan Stable Value Fund** This fund seeks to protect principal from market fluctuations and produce relatively predictable returns that should typically exceed those of money market funds. The fund invests in a diversified portfolio of high quality intermediate-maturity fixed-income investments, as well as benefit responsive contracts that provide for principal and return stability.

**PIMCO Total Return - Inst** This fund seeks total return consistent with preservation of capital. The fund invests at least 65% of assets in debt securities, including U.S. government securities, corporate bonds, and mortgage-related securities. It may invest up to 30% of assets in securities denominated in foreign currencies. The portfolio duration generally ranges from three to six years.

**T. Rowe Price Retirement Income Adv** The fund seeks the highest total return over time consistent with an emphasis on both capital growth and income. It pursues this objective by investing in a diversified portfolio of T. Rowe Price mutual funds consisting of approximately 40% stocks and 60% bonds and short-term income funds.

**T. Rowe Price Retirement 2010 Adv** The fund seeks the highest total return over time consistent with an emphasis on both capital growth and income. It is managed to a specific retirement year (target date) as included in its name. The fund pursues its objective by investing in a diversified portfolio of T. Rowe Price stock and bond funds. The allocation between T. Rowe Price stock and bond funds will change to be more conservative over time.

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**T. Rowe Price Retirement 2020 Adv** The fund seeks the highest total return over time consistent with an emphasis on both capital growth and income. It is managed to a specific retirement year (target date) as included in its name. The fund pursues its objective by investing in a diversified portfolio of T. Rowe Price stock and bond funds. The allocation between T. Rowe Price stock and bond funds will change to be more conservative over time.

**T. Rowe Price Retirement 2030 Adv** The fund seeks the highest total return over time consistent with an emphasis on both capital growth and income. It is managed to a specific retirement year (target date) as included in its name. The fund pursues its objective by investing in a diversified portfolio of T. Rowe Price stock and bond funds. The allocation between T. Rowe Price stock and bond funds will change to be more conservative over time.

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**T. Rowe Price Retirement 2040 Adv** The fund seeks the highest total return over time consistent with an emphasis on both capital growth and income. It is managed to a specific retirement year (target date) as included in its name. The fund pursues its objective by investing in a diversified portfolio of T. Rowe Price stock and bond funds. The allocation between T. Rowe Price stock and bond funds will change to be more conservative over time.

**T. Rowe Price Retirement 2050 Adv** The fund seeks the highest total return over time consistent with an emphasis on both capital growth and income. It is managed to a specific retirement year (target date) as included in its name. The fund pursues its objective by investing in a diversified portfolio of T. Rowe Price stock and bond funds. The allocation between T. Rowe Price stock and bond funds will change to be more conservative over time.

**Van Kampen Growth and Income Fund** The Van Kampen Growth and Income Fund seeks income and long-term growth of capital. The fund invests primarily in income producing equity securities, including common stocks and convertible securities, although investments are also made in nonconvertible preferred stocks and debt securities. The fund may invest up to 25% of its total assets in securities of foreign issuers.

***Loans***

The Loan Fund is a noncontributory fund used to account for and administer loans to participants. Each participant may apply to JP Morgan Retirement Plan Services (the Recordkeeper) for a loan against the 401(k) portion of that participant's account. The maximum amount which may be borrowed by the participant is limited to the lesser of (a) \$50,000 or (b) 50% of the 401(k) portion of such participant's account at the time of such loan. The term of these loans generally shall not exceed the earlier of five years or such participant's termination of service, and in certain circumstances, greater than five years as defined in the Plan document.

Loans are processed by the Recordkeeper upon approval of the application. The Plan Sponsor has determined that loans shall bear interest equal to the Prime Rate as of the preceding month's close plus 1%. Loan rates on outstanding loans ranged from 5.00% to 10.50% during both 2009 and 2008 with maturities ranging from 1/1/2010 to 8/18/2017. Loans to participants are stated at cost (equal to their outstanding balances on the last day of the year) which approximates fair value.

***Participants Accounts***

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A separate account is maintained for each participant. Net investment income (loss) is comprised of interest income, dividend income, and net appreciation (depreciation) in fair value of investments and is allocated daily to each participant's account on a proportional basis according to account balances so that each account bears its proportionate share of income or loss. Employer profit-sharing contributions are allocated to each participant based on each participant's compensation to total compensation of all participants during the year.

### *Distributions and Withdrawals*

Participants may elect to receive their benefits when they reach 59½, or when they leave the Company. The Plan also provides death benefits to the designated beneficiary of eligible participants. An employee

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may withdraw any or all of his after-tax 401(k) contribution and participant rollover contributions at any time; early withdrawal of pre-tax and Company match 401(k) contributions may only be made by a participant upon attaining the age of 59½ or because of serious financial hardship, subject to limitations. Distributions are usually made in cash. If a participant's account includes shares of Company stock, a participant can elect to receive a distribution in cash or stock. Unless a participant elects otherwise, in no event shall distributions commence later than sixty days after the close of the Plan year in which the latest of the following events occurs: the participant's attainment of age 65; the tenth anniversary of the date on which the employee began participating in the plan; the participant's termination date. Participants (active or otherwise) must commence distributions from the Plan no later than within a year of attaining the age of 70½.

**(2) Summary of Significant Accounting Policies**

***Basis of Accounting***

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

***Use of Estimates***

The preparation of financial statements in conformity with U.S generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

***Risks and Uncertainties***

The Plan provides participants with various investment options that invest in any combination of stocks, bonds, fixed income securities and other investment securities. Such investment securities are exposed to various risks and uncertainties, including interest rate risk, credit risk, market volatility, changes in the economic and political environment, regulatory changes and foreign currency risk. The Plan invests in securities with contractual cash flows, such as asset backed securities, collateralized mortgage obligations and commercial mortgage backed securities, including securities backed by subprime mortgage loans. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's

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perception of the issuers and changes in interest rates. Due to significant market volatility in 2008 and 2009 that was, in part, a result of a global economic conditions, the net fair value of investments depreciated by \$56.6 million during the year ended December 31, 2008, and appreciated by \$23.8 million during the year ended December 31, 2009. Due to the level of risk and uncertainty associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statement of Net Assets Available for Plan Benefits and the Statement of Changes in Net Assets Available for Plan Benefits.

### *Valuation of Investments Held in Trust and Income Recognition*

Under the terms of a trust agreement between JP Morgan Chase Bank (the Trustee) and the Company, the Trustee administers a trust fund on behalf of the Plan. The value of the investments and changes therein of this trust have been reported to the Plan by the Trustee.



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Shares of mutual funds and Company common stock are reported at fair value as determined based on quoted market prices. Plan interests in benefit responsive investment contracts are stated at fair value, with a corresponding adjustment to contract value for investment contracts that are deemed to be fully benefit-responsive. Contract value represents contributions made under the contract plus earnings on the underlying investments, less Plan withdrawals and administrative expenses. Shares in the collective Trust are valued at fair value based on the net asset value as reported by the fund investment manager.

Purchases and sales of securities are recorded on a trade date basis. Dividends are recorded on the ex-dividend date and interest is accrued as earned.

***Payment of Benefits***

Benefits are recorded when paid.

**(3) Fair Value Measurements**

The reporting of fair value measurements was adopted in accordance with Accounting Standards Codification Topic (ASC) 820, *Fair value measurements and disclosures* on January 1, 2008 for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

In addition to defining fair value, ASC 820 established a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels

are:

- Level 1 inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

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The following section describes the valuation methodologies we use to measure different financial assets and liabilities at fair value.

***Mutual Funds***

Valued at the Net Asset Value ( NAV ) of shares held by the plan at year end based on the closing price reported on the active market on which the individual mutual funds are traded.

***Collective Trusts or Commingled Funds***

Valued at the NAV per unit as determined by the administrator of the fund. The NAV is based on the fair value of the underlying assets owned by the fund, minus its liabilities and then divided by the number of units outstanding.

***Common Stock***

Valued at the closing price reported on the active market on which the individual securities are traded.

***Interest Bearing and Non-Interest Bearing Cash***

The fair values are based on net asset values of the short-term investment funds.

***Benefit responsive investment contracts***

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Benefit responsive contracts consists of collective trust funds and a wrap agreement (See note 4). The collective trust funds are valued at the NAV per unit as determined by the administrator of the fund. The NAV is based on the value of the underlying securities owned by the fund. The wrap contracts are valued at fair value by the fund administrator.

### *Assets and Liabilities Measured at Fair Value on a Recurring Basis*

The following table presents the Plan's assets and liabilities measured at fair value on a recurring basis at December 31, 2009:

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	Fair Value Measurements Using Input Type			Total
	Level 1	Level 2	Level 3	
<b>Mutual funds:</b>				
Large cap growth equity	\$ 31,365,240	\$	\$	\$ 31,365,240
Large cap value equity	1,065,082			1,065,082
Mid cap growth equity	11,851,261			11,851,261
Mid cap value equity	7,179,259			7,179,259
Small cap value equity	961,135			961,135
Target date blended	26,840,422			26,840,422
Participant directed blended	596,227			596,227
Foreign large value equity	7,909,701			7,909,701
Multi-sector bonds	6,171,361			6,171,361
Collective trusts		1,470,898		1,470,898
<b>Common stock:</b>				
Ethan Allen	7,801,655			7,801,655
Other	662,011			662,011
Interest and non-interest bearing cash	262,767			262,767
Benefit responsive investment contracts		26,211,995		26,211,995
<b>Total investments measured at fair value</b>	<b>\$ 102,666,121</b>	<b>\$ 27,682,893</b>	<b>\$</b>	<b>\$ 130,349,014</b>

The following table presents the Plan's assets and liabilities measured at fair value on a recurring basis at December 31, 2008:

	Fair Value Measurements Using Input Type			Total
	Level 1	Level 2	Level 3	
Mutual funds	\$ 77,424,346	\$	\$	\$ 77,424,346
Collective trusts		1,125,849		1,125,849
Common stock	7,463,957			7,463,957
Interest and non-interest bearing cash	266,694			266,694
Benefit responsive investment contracts		27,084,593		27,084,593
<b>Total investments measured at fair value</b>	<b>\$ 85,154,997</b>	<b>\$ 28,210,442</b>	<b>\$</b>	<b>\$ 113,365,439</b>

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**(4) Investments**

The following table presents, at fair value, Plan investments which represent 5% or more of the Plan's net assets available for plan benefits at December 31:

	2009	2008
Mutual funds:		
American Funds Growth Fund of America	\$ 17,881,854	\$ 15,317,364
American Funds AMCAP Fund	13,483,386	11,909,525
T Rowe Price Retirement 2020 - Adv	9,923,534	8,029,478
Dodge & Cox International Stock Fund	7,909,701	**
JPMorgan MidCap Value Fund	7,179,259	6,568,234
Artisan MidCap Growth Fund	7,375,784	**
Common stock:		
Ethan Allen Interiors, Inc. Common Stock	7,801,655	6,938,803
Benefit responsive investment contracts: *		
JPMorgan Intermediate Bond Fund	25,626,577	24,921,955

\*\* Balance did not represent 5% or more of the Plan's net assets on the respective date.

\* These underlying assets are backed by three equally divided wrap contracts with State Street Bank and Trust Company, Natixis Financial Products Inc. and AEGON Institutional Markets, Inc., each with a crediting rate yield of 1.94%. The Plan's JP Morgan Stable Value Fund is comprised of these investment contracts.

During 2009 and 2008, the Plan's investments (including realized gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

	2009	2008
Mutual funds	\$ 22,988,200	\$ (50,452,735)
Common stock	(39,390)	(6,645,246)
Benefit responsive investments	534,175	1,188,614
Collective trusts	288,870	(657,203)

Net appreciation (depreciation) in fair value of investments	\$	23,771,855	\$	(56,566,570)
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***Benefit Responsive Investment Contracts***

The JP Morgan Stable Value Fund holds investments in Synthetic Guaranteed Investment Contracts ( GICs ) as direct investments.

A Synthetic GIC is an investment contract issued by an insurance company or other financial institution (wrap agreement), backed by a portfolio of bonds or other fixed income securities held by collective trust

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funds. The assets underlying the contract are maintained separate from the issuer's general assets, usually by a third party custodian. The contract provides an interest rate not less than zero. Such contracts typically provide that realized and unrealized gains and losses on the underlying assets are not reflected immediately in the value of the contract, but rather are amortized, usually over the time to maturity or the duration of the underlying investments, through adjustments to the future interest crediting rate.

Primary variables impacting future crediting rates of the Synthetic GICs include current yield of the assets within the contract, duration of the assets covered by the contract, and existing difference between the market value and contract value of the assets within the contract. Synthetic GICs are designed to reset the respective crediting rate, typically on a quarterly basis. The crediting rate of Synthetic GICs will track current market yields on a trailing basis. The rate reset allows the contract value of the wrapped portfolio to converge to the market value over time, assuming the market value continues to earn the current portfolio yield for a period of time equal to the current portfolio duration. The issuer guarantees that all qualified participant withdrawals will occur at contract value.

Certain events limit the ability of the Plan to transact at contract value with the issuer. While the events may differ from contract to contract, the events typically include: (i) amendments to the Plan documents; (ii) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions; (iii) complete or partial termination of the Plan or its merger with another plan; (iv) the failure of the Plan or its trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA; (v) unless made in accordance with the withdrawal provisions of the Plan, the withdrawal from the wrap contract at the direction of the Company, including withdrawals due to the removal of a specifically identifiable group of employees from coverage under the Plan (such as a group layoff or early retirement incentive program), or the closing or sale of a subsidiary, employing unit or affiliate, the bankruptcy or insolvency of the Company, or the Company's establishment of another tax qualified defined contribution plan; (vi) any change in law, regulation, ruling, administrative or judicial position or accounting requirement, in any case applicable to the Plan or Fund, and (vii) the delivery of any communication to Plan participants designed to influence a participant not to invest in the Fund. The Company does not believe that the occurrence of any events, such as those described above, which would limit the Plan's ability to transact at contract value with participants, are probable.

The wrap agreements generally are evergreen contracts that permit termination upon notice at any time, and provide for automatic termination if the contract value or the market value of the contract equals zero. If the market value of the contract equals zero, the issuer is not excused from paying the excess above contract value. If the Plan defaults in its obligations under the contract, and the default is not cured within a cure period, the issuer may terminate the contract, and the Plan will receive the market value as of the date of termination.

The assets underlying the contracts primarily consist of collective trust funds sponsored by JP Morgan Chase Bank, NA. The fair value of those funds at December 31, 2009 were \$25,626,577 for the JP Morgan Intermediate Bond Fund and \$585,418 for the JP Morgan Liquidity Fund.

The Synthetic GICs are placed with financial institutions whose Standard & Poors credit rating is A or higher.





**THE ETHAN ALLEN  
RETIREMENT SAVINGS PLAN**

Notes to Financial Statements

December 31, 2009 and 2008

The average yield earned by the JP Morgan Stable Asset Fund for all fully benefit-responsive investment contracts at December 31, 2009 and 2008 is presented in the following table, and is included in net appreciation (depreciation) in fair value of investments in the statements of changes in net assets available for plan benefits.

	2009	2008
Weighted average yield earned	4.21%	6.50%
Weighted average yield credited to participants accounts	2.04%	2.99%

**(5) Plan Termination**

Although the Company has not expressed any intent to do so, it has the right under the Plan, to the extent permitted by law, to discontinue its contributions, and to terminate the Plan in accordance with the provisions of ERISA. If the Plan is terminated, each participant's interest will be payable in full according to the Plan provisions. The Company also has the right under the Plan, to the extent permitted by law, to amend or replace it for any reason.

**(6) Parties-in-Interest**

Certain Plan investments represent shares of commingled and mutual funds managed by JP Morgan Chase & Co. ( JP Morgan ), whose affiliates serve as both Trustee and Recordkeeper of the Plan. Therefore, transactions involving these mutual funds qualify as party-in-interest transactions.

At December 31, 2009, approximately 6% of Plan assets are held in the form of shares of the Company's common stock. Transactions involving the Company's common stock qualify as party-in-interest transactions under the provisions of ERISA. During 2009 and 2008, the Plan received dividend income on Company common stock totaling \$243,831 and \$437,379, respectively.

**(7) Administrative Expenses**

In 2009 and 2008, administrative expenses, other than (i) certain transaction fees borne by the participants and (ii) audit, legal and investment advisory fees borne by the Company, were paid by the Plan, in accordance with Plan provisions, and allocated to participant accounts based upon their account balances. Fees paid to JP Morgan for recordkeeping and trust services amounted to \$67,783 and \$71,448 for the years ended December 31, 2009 and 2008, respectively. The investment funds offered by the Plan have investment fees and expenses that are indirectly borne by the Plan and charged against the related funds' net asset values.

**(8) Tax Status**

The Company has received a determination letter from the Internal Revenue Service dated May 21, 2002 stating that the Plan is a qualified plan under Section 401(a) of the Internal Revenue Code and the corresponding trust is exempt from income tax under Section 501(a) of the Internal Revenue Code. The

**THE ETHAN ALLEN**  
**RETIREMENT SAVINGS PLAN**

Notes to Financial Statements

December 31, 2009 and 2008

Plan has been amended since receiving the determination letter. However, the Plan Sponsor and legal counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

**(9) Reconciliation of Financial Statements to Form 5500**

The following is a reconciliation of net assets available for plan benefits per the financial statements to the Form 5500:

	<b>Years Ended December 31,</b>	
	<b>2009</b>	<b>2008</b>
Net assets available for plan benefits per the financial statements	\$ 138,058,052	\$ 123,784,833
Less: Adjustment from fair value to contract value for fully benefit-responsive investment contracts held by collective trust	(1,861,060)	(3,757,219)
Net assets available for plan benefits per the Form 5500	\$ 136,196,992	\$ 120,027,614

The following is a reconciliation of investment income per the financial statements to the Form 5500:

	<b>Years Ended December 31,</b>	
	<b>2009</b>	<b>2008</b>
Total investment income (loss) per the financial statements	\$ 25,731,569	\$ (51,964,862)
Less: Adjustment from fair value to contract value for fully benefit-responsive investment contracts - current year	(1,861,060)	(3,757,219)
Add: Adjustment from fair value to contract value for fully benefit-responsive investment contracts - prior year	3,757,219	824,690
Total investment income (loss) per the Form 5500	\$ 27,627,728	\$ (54,897,391)

**THE ETHAN ALLEN**  
**RETIREMENT SAVINGS PLAN**

Schedule H, Line 4i Schedule of Assets (Held at End of Year)

December 31, 2009

Identity of issue, borrower, lessor, or similar party	Number of Shares/Units	Current Value
<b>Mutual Funds:</b>		
American Beacon Small Cap Value Fund	62,009	\$ 961,135
American Funds AMCAP Fund	815,597	13,483,386
American Funds Growth Fund of America	659,485	17,881,854
Artisan MidCap Growth Fund	288,567	7,375,784
Columbia Acorn Fund	181,340	4,475,477
Dodge & Cox International Stock Fund	248,311	7,909,701
JPMorgan Invest Self-Directed Brokerage Fund	n/a	596,227
* JPMorgan MidCap Value Fund	375,484	7,179,259
PIMCO Total Return - Inst	571,422	6,171,361
T Rowe Price Retirement 2010 - Adv	388,002	5,393,230
T Rowe Price Retirement 2020 - Adv	682,970	9,923,534
T Rowe Price Retirement 2030 - Adv	417,549	6,290,002
T Rowe Price Retirement 2040 - Adv	224,080	3,376,886
T Rowe Price Retirement 2050 - Adv	105,501	892,542
T Rowe Price Retirement Income - Adv	78,906	964,228
Van Kampen Growth and Income Fund	61,637	1,065,082
<b>Common Stock:</b>		
* Ethan Allen Interiors, Inc. Common Stock	581,345	7,801,655
JP Morgan Invest Self-Directed Brokerage Fund	n/a	662,011
<b>Collective Trusts:</b>		
BlackRock S&P 500 Equity Index Fund	40,112	1,470,898
<b>Fully Benefit Responsive Investment Contracts:</b>		
* JPMorgan Intermediate Bond Fund (1)	2,034,139	25,626,577
* JP Morgan Liquidity Fund (1)	611,054	585,418
Cash	n/a	262,767
* Participant Loans	n/a	3,653,945
		134,002,959

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

(1) These underlying assets are backed by three equally divided wrap contracts with State Street bank and Trust Company, Natixis Financial Products Inc. and AEGON Institutional Markets, Inc., each with a crediting rate yield of 1.94% The Plan's JP Morgan Stable Value Fund is comprised of these investments and wrap contracts.

(2) 1,067 loans made to Plan participants; rates range from 5.00% to 10.5%; maturities from 1/1/2010 to 8/18/2017  
n/a Not applicable

See accompanying Report of Independent Registered Public Accounting Firm.



SIGNATURES

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

THE ETHAN ALLEN RETIREMENT SAVINGS PLAN

By: Ethan Allen Interiors Inc.

Date: June 28, 2010

By: /s/ David R. Callen

Name: David R. Callen

Title: Vice President, Finance & Treasurer

EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Description</b>
23	Consent of KPMG LLP.

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