

Ethan Allen Interiors Inc. Compensation Committee Charter

This Charter governs the Compensation Committee. The Committee shall review and reassess this Charter at least annually and recommend changes as appropriate for the approval by the Board of Directors.

Statement of Policy

The Committee is a committee of the Board. Its primary purpose is to assist the Board in discharging the Board's responsibilities relating to compensation of the Company's directors and executive officers as well as the Company's compensation, benefit and incentive arrangements, plans, policies and programs.

Committee Membership and Procedure

The Committee shall consist of no fewer than three members appointed by the Board. The members of the Committee shall serve until their respective successors are duly appointed by the Board or, if earlier, they cease to be directors or their resignation or removal as Committee members. The Board shall designate the Chair of the Committee. The members of the Committee shall meet the independence requirements of the New York Stock Exchange, the definition of "non-employee director" under Rule 16b-3 under the Securities Exchange Act of 1934 (the "Exchange Act"), and meet the definition of "outside-director" for purposes of Section 162(m) of the Internal Revenue Code of 1986.

The Board shall have the power at any time to change the membership of the Compensation Committee and to fill vacancies in it.

Meetings

The Committee shall generally meet at least two times per year. Members may attend meetings in person, telephonically or by video conference and such attendance shall constitute presence at the meetings. The presence of a majority of the members of the Committee at the meeting shall constitute a quorum entitled to conduct business at the meeting. Action of a majority of the Committee members then serving, at a meeting at which a quorum is then present, shall constitute the action of the Committee. Any action which may be taken at a meeting may be taken without a meeting and without notice by unanimous written consent of all Committee members. Notice of regular and special meetings of the Committee shall be given to the members of the Committee in the same manner and at least as far in advance as notice of such meetings of the Board are required to be given to directors. The Chair of the Committee, in consultation

with management and the other Committee members, shall establish the agenda for regular meetings. Special meetings may be called by management, the Board or any Committee member, in which case the agenda for the meeting shall be limited to the purposes for which it is called and such purposes shall be described in the notice of the meeting. Any or all Committee members may waive notice of any meeting, in writing (including by email), before or after the meeting. The Committee will maintain copies of minutes of each meeting of the Committee, as well as each written consent to action taken without a meeting, in the Company's minute book. The Committee may invite such members of management to its meetings as it deems appropriate. However, the Committee shall meet regularly without such members present, and in all cases the Chief Executive Officer and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined.

Authority and Responsibility

The Committee has the right to exercise any and all power and authority of the Board with respect to matters within the scope of this Charter, subject to the ultimate power and authority of the Board. The Board shall continue to have the ultimate duty and responsibility to manage or direct the management of the business and affairs of the Corporation.

The Committee has the authority to contact directly the human resources department and other employees and advisors and request any and all information and advice it deems necessary or appropriate in connection with performance of its responsibilities and, in its sole discretion, retain or obtain the advice of any compensation consultant, legal counsel, human resource advisor or other advisors it deems necessary or appropriate. The Committee shall have the sole authority and be directly responsible for the appointment, termination, compensation, retention terms and oversight of the work of any compensation consultant, accounting, legal counsel or other advisor retained by the Committee. The advisors retained by the Committee shall report directly to the Committee, and shall be accountable to the Committee, for their services.

The Committee may select a compensation consultant, legal counsel or other advisor to the Committee (other than in-house legal counsel) only after taking into consideration all factors relevant to that person's independence from management, including, without limitation: the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other advisor, the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other advisor, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other advisor, the policies and procedures of the person that employs the

compensation consultant, legal counsel or other advisor that are designed to prevent conflicts of interest, any business or personal relationship of the compensation consultant, legal counsel or other advisor with a member of the Committee, any securities of the Company owned by the compensation consultant, legal counsel or other advisor, and any business or personal relationship of the compensation consultant, legal counsel, other advisor or the person employing the advisor with an executive officer of the Company. The Committee may retain, or receive advice from, any compensation advisor they prefer, including ones that are not independent, after considering the specified factors. While the Committee must consider the foregoing independence factors before selecting or receiving advice from a compensation consultant, legal counsel or other advisor, such person is not required to be independent and the Committee shall not be required to implement or act consistently with the advice or recommendations of a compensation consultant, legal counsel or other advisor.

The Committee shall oversee and annually review the Company's overall compensation policies, programs and practices for all employees, including as they relate to risk management and risk taking incentives, and their effectiveness to attract, motivate, retain and appropriately reward individuals in order to motivate their performance in the achievement in the Company's business objectives and align their interests with the long-term interest of the Company's stockholders. Without limiting the foregoing, the Committee:

- Shall adopt, approve and ratify awards under the Company's equity incentive plans, including amendments to the awards made under any such plans, and review and monitor awards under such plans. Review and approve changes to the Company's equity incentive plans whether subject to shareholder approval or not.
- Shall provide oversight of the Company's executive compensation plans and benefits programs and make recommendations to the Board with respect to any changes to such plans or the adoption of new plans when appropriate.
- Shall review and make determinations with regard to the employment arrangements, compensation, bonuses, equity awards and other compensation matters for the Chief Executive Officer. In determining the long-term incentive component of Chief Executive Officer compensation, shall consider all relevant information, as the Committee deems appropriate, including by way of example the Company's performance and relative stockholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Company's Chief Executive Officer in past years. Shall review and approve corporate goals and objectives relevant to Chief Executive Officer compensation and evaluate the Chief Executive Officer's performance in light of those goals and

objectives. In evaluating and determining the compensation of the Chief Executive Officers and other executive officers, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation (“Say on Pay Vote”), if and when required by Section 14A of the Exchange Act.

- Shall make recommendations to the Board with respect to all other executive officers regarding such officers’ employment arrangements, compensation, bonuses, equity awards and other compensation matters.
- Shall evaluate and recommend to the Board appropriate compensation for the Company's directors, including compensation and expense reimbursement policies for attendance at Board and committee meetings.
- Shall review, and make recommendations to the Board regarding any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the Chief Executive Officer and other executive officers, which includes the ability to adopt, amend and terminate such agreements, arrangements or plans.
- Shall review and as appropriate approve the “compensation discussion and analysis” and the report to stockholders to be included in the Company’s annual report on Form 10-K or the annual proxy statement as required by the rules of the Securities and Exchange Commission.
- Shall review and recommend to the Board for approval the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement.
- Shall review the Company’s incentive compensation arrangements to determine whether they encourage excessive risk-taking, to review and discuss at least annually the relationship between risk management policies and practices and compensation and evaluate compensation policies and practices that could mitigate any such risk.
- Shall perform such other duties and responsibilities as may be delegated to the Committee under the provisions of any compensation or benefit plan maintained by the Company.
- Shall make regular reports to the Board regarding its activities.
- Shall annually assess the Committee’s performance.

It is the policy of the Committee that any compensation consultant retained by the Committee in accordance herewith shall be prohibited from providing consulting or other services to management of the Company.

The Board recognizes that meeting these responsibilities requires a degree of flexibility. To the extent that procedures included in this Charter go beyond what is required of a compensation committee by existing law and regulation, such procedures are meant to serve as guidelines rather than requirements and the Committee is encouraged to follow such different or additional procedures as it deems necessary from time to time.