

Ethan Allen Interiors Inc.

Corporate Governance Guidelines

1. BOARD SIZE

The Company's Certificate of Incorporation provides that the number of directors shall be determined by the Board and may not be more than nine. The Board believes that a range of 7 to 9 directors is appropriate.

2. BOARD COMPOSITION

The Board shall at all times have two-third of its members be independent directors in accordance with the applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder and the applicable rules of the New York Stock Exchange. The Board also believes that it is useful and appropriate to have the Chief Executive Officer serve as a director.

3. DIRECTOR QUALIFICATION STANDARDS

The Corporate Governance/Nominations Committee shall review annually with the Board the requisite skills, qualifications and characteristics for the continuation of directors as members of the Board, the selection of new members of the Board and the composition of the Board, all in the context of the needs of the Company. These skills, qualifications and characteristics will include independence, diversity, age and experience. Prospective nominees for election as a director shall be recommended to the Board by the Corporate Governance/Nominations.

The Board shall not nominate a director after his 77th birthday (subject to waiver or extension). Directors shall advise the Chairman and the Lead Independent Director in advance of accepting any other public company directorship or any assignment to the Audit Committee or Compensation Committee of the board of directors of any public company of which such director is a member. No non-executive director shall serve on more than three public company boards, inclusive of the Company's Board. The CEO of the Company should not serve on more than two public company boards irrespective of whether he or she serves on the Company's Board.

A director will not serve as a director, executive, employee or consultant to any company that is a competitor to the Company, taking account of companies identified as competitors of the Company in the Company's public reports.

4. CHAIRMAN OF THE BOARD

It is the policy of the Company that the positions of Chairperson of the Board and the CEO are held by the same person. The function of the Board in monitoring the performance of the senior management of the Company is fulfilled by the presence of independent directors of stature who have a substantive knowledge of the Company's business.

5. TERMINATION OF DIRECTOR SERVICE

It is the policy of the Board that a director must tender his or her resignation as a director (a) in the case of a director who is also an executive of the Company, the effectiveness of his or her termination of employment and services to the Company and (b) in the case of any director upon the conclusion of the Nominations/Governance Committee that he or she no longer satisfies the requirements, expectations and standards for service as a director.

It is the policy of the Board that any director experiencing a significant change in his or her professional responsibilities, such as ceasing to hold the business position that he or she held upon initial election to the Board, must tender to the Board written notification of such change and an offer to resign from the Board. The Board need not accept such offer of resignation; however, the submission of such offer of resignation provides the opportunity for the Board to review the appropriateness of the continuation of such individual's membership on the Board and/or its committees.

6. DIRECTOR RESPONSIBILITIES

Under Delaware law, the business and affairs of the Company shall be managed by or under the direction of the Board and the directors shall act only as a board, and the individual directors shall have no power as such. Further, except as otherwise provided in the Certificate of Incorporation or the By-Laws, the Board may exercise any and all of the authority and power which are not by law, the Certificate of Incorporation or the By-Laws required to be exercised by the stockholders.

In addition, under applicable Delaware law, the basic responsibility of a director is the exercise of his or her duty of care, duty of undivided loyalty and duty of candor to the Company and its stockholders, which

includes the exercise of his or her business judgment in good faith, on a reasonably informed basis and in a manner he or she believes to be in the best interests of the Company and its stockholders. In discharging that responsibility, each director is entitled to:

- rely on the honesty and integrity of officers, employees, counsel, advisors and auditors;
- have the Company purchase adequate directors' and officers' liability insurance on his or her behalf;
- indemnification to the fullest extent permitted by law, the Certificate of Incorporation and the By-Laws; and
- exculpation to the fullest extent provided by law, the Certificate of Incorporation and the By-Laws.

Directors must disclose to the Board any potential conflicts of interest they may have with respect to any matter under discussion and, if appropriate, refrain from voting on a matter in which they may have a conflict.

7. EXECUTIVE SESSIONS

The Board will schedule regular executive sessions where non-management directors (i.e., directors who are not Company officers but who do not otherwise have to qualify as "independent" directors) meet without management participation. The independent members of the Board of Directors shall meet in executive session at least once each year. The Lead Independent Director, if such a director is serving, shall preside over executive sessions and, if not, the directors participating in the executive session shall either select an independent director to preside at each executive session or shall establish a procedure by which the presiding director for each executive session shall be selected. The Board or the Company will establish methods by which interested parties may communicate directly with the presiding director or with the non-management directors of the Board as a group and cause such methods to be disclosed.

8. DIRECTOR ATTENDANCE

The Board realizes that scheduling conflicts may arise from time to time which prevent a director from attending a particular meeting. However, it is the Board's explicit policy that each director shall give priority to his obligations to the Company. Directors are expected to attend at least 75% of Board meetings and meetings of Committees of the Board each year. If a director is absent from more than 25% of the official meetings of the Board or any committee of which the director is a member in any

year, the director will offer to resign from the Board. Directors are expected to attend the annual meeting of the Company's shareholders.

9. ROLE OF LEAD INDEPENDENT DIRECTOR

If the Chairman is not an independent director, the Board shall select a lead independent director ("Lead Independent Director") from among the members of the Board who are determined by the Board to be independent, as described below. The selection of the Lead Independent Director shall occur at the annual planning meeting of the Board of Directors. The duties of the Lead Independent Director shall include, but shall not be limited to, the following:

- presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the non-management or independent members of the Board;
- serving as liaison between the Chairman and the independent members of the Board;
- having the authority to call meetings of the independent members of the Board;
- if requested by a major shareholder, ensuring that he or she is available for consultation and direct communication; and
- performing such other duties as the Board of Directors may from time to time delegate to assist the Board of Directors in the fulfillment of its duties.

The Company shall appropriately disclose the name of the Lead Independent Director and the method by which interested parties may contact the independent directors. The Corporate Governance/Nominations Committee shall recommend, and the Board of Directors shall approve, the compensation for the Lead Independent Director, which compensation should reflect the commitment of time and energies necessary to properly discharge the duties of the Lead Independent Director while not compromising his or her independence.

10. COMMITTEES

The Board shall establish and at all times maintain three standing committees: the Audit Committee; the Corporate Governance/Nominations Committee; and the Compensation Committee. Each committee must operate in accordance with applicable law, their respective charters as adopted and amended from time to time, and the applicable rules of the Securities and Exchange Commission and the New York Stock Exchange. The Board may establish and maintain, at any time from time to time and for so long

as it shall deem necessary or appropriate, such other committees and delegate to such committees such authority permitted by applicable law and the Company's By-laws, as the Board sees fit.

If an Audit Committee member simultaneously serves on an audit committee of more than three public companies, the Board shall determine that such simultaneous service would not impair the ability of such member to effectively serve on the Audit Committee, which determination shall be disclosed in the Company's annual proxy statement or on its website. Each committee will have its own charter. All committee charters and changes thereto must be approved by the Board.

11. MATERIALS AND AGENDA

All materials, information and data that is relevant to the understanding by the members of the Board of Directors of matters to be discussed at its meetings, where feasible, should be distributed, either electronically or in writing, to all members of the Board of Directors a reasonable time in advance of the meeting. It is acknowledged that, in some situations, exigent circumstances or the need to protect confidential and proprietary information may make it impracticable to provide information in advance of a meeting, in which case adequate time shall be provided at such meeting for review and discussion of information not provided in advance.

The Chairman of the Board and Chief Executive Officer with the approval of the Lead Independent Director, if any, will establish the agenda for each Board meeting. Each Board member is free to suggest items for inclusion on the agenda.

12. DIRECTOR ACCESS TO MANAGEMENT AND INDEPENDENT ADVISORS

The Company shall provide each director with complete access to the management of the Company, subject to reasonable advance notice to the Chief Executive Officer and reasonable efforts to avoid disruption to the Company's management, business and operations. The Board and Board committees have the right to retain, consult and compensate independent legal and other advisors at the expense of the Company. The Board of Directors and each of its committees shall have the power and authority to engage outside advisers (including counsel) as they deem necessary or appropriate, without consulting, or obtaining the approval of, any members of the Company's management. The Board of Directors must assess the qualifications of, and the processes employed by, those upon whom it relies and should hold such advisors accountable for their decisions and recommendations.

13. DIRECTOR COMPENSATION

The Compensation Committee will review, make determinations and recommend to the Board the form and amount of director compensation, including cash, equity-based awards and other director compensation. In connection with director compensation, the Board is aware that questions may be raised when directors' fees and benefits exceed what is customary. Similarly, the Board is aware that the independence of directors could be questioned if substantial charitable contributions are made to organizations with which a director is affiliated or if the Company enters into consulting contracts with, or provides other indirect compensation to, a director. The Corporate Governance/Nominations Committee will critically evaluate each of these matters when determining the form and amount of director compensation and the independence of a director.

14. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

The Company will establish, or identify and provide access to, appropriate orientation programs, sessions or materials for newly elected directors either prior to or within a reasonable period of time after their nomination or election as a director. Orientation programs should include presentations by senior management to familiarize new directors with strategic plans, significant financial, accounting and risk management issues, compliance programs, principal officers, and internal and independent auditors. In addition, orientation programs should include visits to headquarters and, to the extent practical, certain significant facilities. Directors are encouraged to periodically participate in continuing education programs as to the responsibilities of directors of publicly-traded companies, and the Company shall reimburse directors for reasonable costs associated therewith.

15. POLICY GOVERNING LOANS

The Company shall not make personal loans or credit advances to directors; provided, however that the following are not considered personal loans or credit advances and are therefore permitted: ordinary travel and expense advances (limited to directors who reside outside the New York metropolitan area), advance director fee payments, and advances and other payments as may be necessary to comply with director indemnification requirements pursuant to the Company's Certificate of Incorporation, By-laws, applicable law or otherwise.

16. ANNUAL PERFORMANCE EVALUATION OF THE BOARD

Under leadership of the Corporate Governance/Nominations Committee, the Board will conduct a self-evaluation annually to determine whether it and its committees are functioning effectively. The Board will discuss the evaluation report to determine what, if any, action could improve Board and Board committee performance. Under leadership of the Corporate Governance/Nominations Committee, the Board shall review these Guidelines on an annual basis to determinate whether any changes are appropriate.

17. CHIEF EXECUTIVE OFFICER PERFORMANCE GOALS, EVALUATION AND COMPENSATION; MANAGEMENT SUCCESSION PLANNING

The Compensation Committee of the Board shall review and approve corporate goals and objectives relevant to compensation of the Chief Executive Officer, conduct an annual review and evaluation of the performance of the Chief Executive Officer in light of those goals and objectives, with input from the other members of the Board of Directors, and set the compensation level of the Chief Executive Officer based on such evaluation. The Compensation Committee shall take into account any recommendations of the Board of Directors regarding such review and evaluation process and the specific criteria on which the performance of the Chief Executive Officer is evaluated. Under leadership of the Corporate Governance/Nominations Committee and in consultation with the Chief Executive Officer, the Board will establish and review policies and procedures regarding succession to the Chief Executive Officer. To assist the Board, the Chief Executive Officer shall also provide the Board with an assessment of persons considered potential successors to certain other senior management positions.

18. POLICY RESTRICTING EMPLOYMENT AGREEMENTS WITH EXECUTIVE OFFICERS

The Board shall approve any employment agreements with, or grants of equity based compensation to, executive officers, except for equity grants under the Company's equity based compensation plans.

19. POLICY REQUIRING DIRECTORS AND EXECUTIVE OFFICERS TO HOLD COMPANY STOCK

In order to more fully align the financial interests of directors and executive officers with stockholders, it is the policy of the Company that directors and executive officers should hold Company stock acquired

under equity based compensation plans for one year following exercise or vesting, as applicable, except to the extent necessary to pay income and other taxes assessed upon exercise of the option or vesting of that stock or to provide for funds for the exercise of the options (including any “cashless” exercise of the options).

20. POLICY GOVERNING VALUE OF COMPANY STOCK TO BE OWNED BY DIRECTORS AND EXECUTIVE OFFICERS

In order to more fully align the financial interests of directors and executive officers with stockholders, it is the policy of the Company that directors and executive officers should acquire over five years and maintain ownership of an amount of Company stock with a value equal to a multiple of the base salary (three times annual cash compensation for directors, five times salary for the Chief Executive Officer, and two times salary for the other executive officers). Pledged shares shall not be considered when determining compliance with these Guidelines. These standards shall be reviewed on an annual basis and may be modified from time to time as necessary after a significant increase or decrease in share price.

21. POLICY PROHIBITING HEDGING AND/OR PLEDGING OF COMPANY STOCK

In order to more fully align the financial interests of directors and executive officers with stockholders, the Company prohibits directors and executive officers from hedging or pledging Company stock.

22. POLICY LIMITING COMPENSATION TO “QUALIFIED PERFORMANCE-BASED COMPENSATION”

In an effort to preserve tax deductibility to the Company, it is the policy of the Company that compensation paid to the Chief Executive Officer and four other most highly compensated officers be within the limits (and exceptions thereto) prescribed by Section 162(m) of the Internal Revenue Code unless granted specific approval by the Compensation Committee, noting that deductibility will not be the sole factor used in determining appropriate levels or methods of compensation and that the Company’s objectives may not always be consistent with the requirements for full deductibility.

23. RECOUPMENT POLICY

It is the policy of the Company that, to the extent permitted by governing law, it will seek to recoup any incentive compensation (cash or equity) paid or payable by the Company to any executive officer of the

Company where the payment is predicated upon the achievement of specified financial results that are the subject of a subsequent financial restatement required to correct one or more errors that are material to those financial statements to the extent such executive officer's misconduct contributed to such financial restatement of the Company's financial statements. The Compensation Committee also may, if permitted by law, make retroactive adjustments to any cash- or equity-based incentive compensation paid to any other executive officers where a payment is predicated upon the achievement of specified financial results that are the subject of a subsequent financial restatement required to correct one or more errors that are material to those financial statements. The Board shall regularly review best practices in governance and executive compensation, and when necessary, shall revise the Company's practices and plans to effect to this policy.

24. POLICY REQUIRING CHANGE-IN-CONTROL AGREEMENTS TO CONTAIN A "DOUBLE TRIGGER"

It is the policy of the Company that any employment agreement between the Company and an executive shall contain a "double trigger" mechanism which mandates that, in the event of a change-of-control, a termination without cause by the Company or with good reason by the executive must occur before the Company's exposure for any service to the executive.

25. INSIDER TRADING POLICIES.

A director and executive officer will comply in all respects with the Company's Statement of Policy Concerning Trading in the Company's Securities.

26. COMMUNICATING WITH THE BOARD OF DIRECTORS

The Board of Directors has established policies and procedures for shareholders wishing to communicate with the Board of Directors. Any shareholder may send communications to the Board of Directors as a whole, the non-management or independent directors as a group, the Chairman (or Lead Independent Director) or any other individual member of the Board or any Board committee by submitting those communications to the appropriate person or group at the following address:

Ethan Allen Interiors Inc.
c/o Corporate Secretary
25 Lake Avenue Extension
Danbury, CT 06811-5286

Shareholders may also electronically submit their communications to the following e-mail address: ETHBoard@ethanallen.com.

Each such communication should state the full name of the shareholder and, if shareholder is not a record holder of the Company's stock, should be accompanied by appropriate evidence of stock ownership (such as an accounting statement showing ownership of Company stock).

Interested parties who wish to submit a communication to the Chairman (or Lead Independent Director) or to the non-management directors as a group may also submit communications to addresses set forth above. If the person submitting the communication is not a security holder and is submitting the communication as an interested party, the communication must state the nature of the person's interest in the Company.

The Secretary shall review any such correspondence and regularly forwards to the Board a summary of all such correspondence and copies of all correspondence that, in the opinion of the Secretary, deals with the functions of the Board or committees thereof or that the Secretary otherwise determines requires their attention. Directors may at any time review a log of all correspondence received by the Company that is addressed to members of the Board and request copies of any such correspondence. Typically, the Secretary would not forward to the Board communications of a personal nature or not related to the duties and responsibilities of the Board, including junk mail, mass mailings, advertisements, magazines, solicitations, job inquiries, opinion surveys or polls.

Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of the Company's internal audit department and handled in accordance with procedures established by the Audit Committee with respect to such matters.

27. AMENDMENT, MODIFICATION AND WAIVER

These Guidelines may be amended, modified or waived by the Board and waivers of these Guidelines may also be granted by the Corporate Governance/Nominations Committee.

28. WEBSITE

These Guidelines and the charters of the Compensation Committee, the Audit Committee, and the Corporate Governance/Nominations Committee shall be published and accessible by the stockholders on the "Governance Documents" page, under the "Governance" heading, on the Company's investor relations website at <https://ir.ethanallen.com/corporate-governance/governance-documents>.