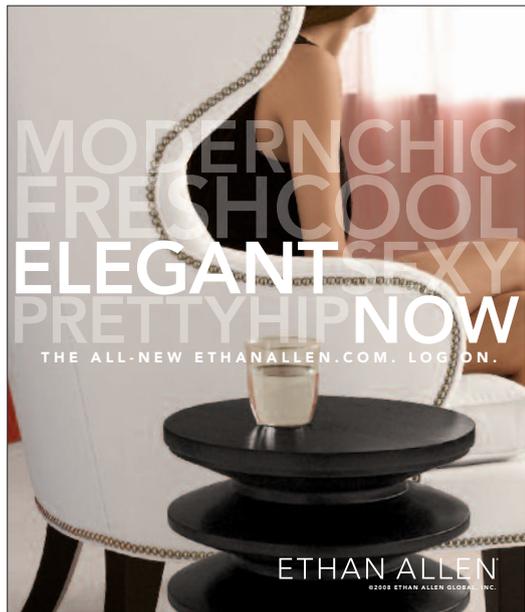


ETHAN ALLEN®

THE MARKET

In the home furnishings market, Ethan Allen stands out in three significant ways: it is both a manufacturer and a retailer, it is the world's leading interior design company, and it offers high quality at remarkable value.

Ethan Allen provides what savvy homeowners want: professional interior design solutions and service plus one-stop shopping to help them decorate their homes with quality and style at reasonable prices. With its unique, vertically integrated business model, the company exercises unrivaled control over all aspects of its business, from product design and manufacturing through retail, customization, interior design service, and delivery. Ethan Allen home furnishings are sold in a network of nearly 300 Design Centers and Design Studios around the world and at its new state-of-the-art website, ethanallen.com.



ACHIEVEMENTS

Ethan Allen is a trendsetting, award-winning, and widely imitated leader in home furnishings and interior design. It is a classic American brand with an updated attitude, international reach, and an excellent platform for global growth.

Ethan Allen has come of age as an interior design authority, sought after by the design media and clients alike. What began so humbly nearly 80 years ago has evolved into a standard that Ethan Allen calls New Modern Living: personal, practical, and confidently stylish.

Ethan Allen's seven branded Lifestyles form its interior design foundation. Ethan Allen's design team and product designers have created a signature, three-dimensional interior design manifesto: seven distinct stylish and eclectic vibes

that reflect the ways people live and want to live.

The goal is to make it possible — easy, even — for clients to find their design passion. Each Lifestyle, with its fabrics, furniture, and accessories, embodies Ethan Allen's fundamental design philosophy: Classic design. Modern perspective.

Ethan Allen values personal service. Every Design Center and Design Studio is staffed by a team of carefully chosen professionals — some 3,000 worldwide — who offer design expertise, service, and advice on the house. Ethan Allen clients who shop its new state-of-the-art website can get the same personal service if they choose to connect and collaborate with a design pro online.

Ethan Allen enjoys over 90 percent brand recognition and has successfully maintained its brand equity over the years, while aggressively expanding its consumer base to a younger — and younger-minded — demographic.

HISTORY

In 1932 in New York City, Theodore Baumritter and Nathan Ancell opened a wholesale business that specialized in trellises, garden swings, and — believe it or not — plaster gnomes. The partners went on to buy their first furniture factory, in Beecher Falls, Vermont, and began production on a 28-piece line of Early American-style wooden furniture named Ethan Allen, after the Revolutionary War hero whose courage, independence, and perseverance inspired them.

The Ethan Allen brand was a nearly instant hit, as the Early American themes of pioneering spirit and patriotism struck a deep chord.

After World War II, Ethan Allen became synonymous with well-built, historically faithful home furnishings. In 1954, the company shipped its one millionth piece of furniture, a maple chest of drawers, to the White House as a gift to President Dwight D. Eisenhower.

In 1962, Ethan Allen revolutionized the home furnishings industry by inventing the Ethan Allen Gallery — stores where furniture was displayed in room settings. By 1967, sales had rocketed to



\$50 million, and in 1969 the company went public as Ethan Allen Inc.

In the 1970s, Ethan Allen and Farooq Kathwari began their association and formed KEA, a home accessories company. Ethan Allen also went international, opening a store in Yokohama, Japan. In 1979, Interco, a St. Louis-based conglomerate, acquired Ethan Allen.

In 1985, Farooq Kathwari became president of the company and, in 1988, chairman and CEO. He instituted a “one landed cost” policy, making Ethan Allen value and advertising consistent nationwide. Ethan Allen retailers began to sell Ethan Allen furnishings exclusively. In 1989, Mr. Kathwari led a leveraged buyout and took Ethan Allen private again.

Throughout the 1990s, Ethan Allen rigorously reassessed and reinvented itself. By 1992, only one-eighth of the Ethan Allen furniture assortment was Early American, and in 1993, Ethan Allen was once more a public company.

In the 2000s, Ethan Allen reinvigorated itself again, thoroughly projecting the attitude of the design professional. The company renewed its dedication to craftsmanship, quality, and attention to detail, and the goal became making excellent interior design attainable.

THE PRODUCT

Ethan Allen is committed to high-quality craftsmanship — because one's home is a very important



investment. This level of quality, combined with in-depth interior design service, makes Ethan Allen products a value and keeps clients coming back.

Ethan Allen's more than 3,000 products include nearly everything for the well-designed and distinctive home: beautifully articulated furniture and coordinating accessories, including mirrors, window treatments, lighting, bedding, artwork, rugs, decorative objects, functional finishing touches, and more. The company also makes outdoor/indoor furniture and all the necessities for a fully decorated outdoor room.

A tremendous number of Ethan Allen products can be customized. For upholstered pieces, there are hundreds of fabrics to choose from, a big selection of leathers, and myriad trims. For wood furniture, there are finish and hardware options. Bedcoverings, window treatments, and other soft goods can be customized as well; Ethan Allen even offers limited-edition artwork and one-of-a-kind handmade rugs.

As a world-class design company, Ethan Allen offers styles from modern to traditional, from international to classic American, and from casual to formal; the value of well-made, stylish products (60 percent are crafted in the company's own factories in the United States); and the assistance of a well-trained team of talented professionals. Design consultants are there to help their clients whether they

need one perfect piece, a room full of furniture, or a design for the whole house. The design team offers room planning, advice, and house calls — all on the house.

RECENT DEVELOPMENTS

In 2009, Ethan Allen launched its state-of-the-art website, ethanallen.com, an innovative combination of personal service and technology. With a fresh, modern attitude and look, the new ethanallen.com provides a whole new way to shop for Ethan Allen and is designed to engage, amaze, and inspire.

Ethan Allen has long been known for its free professional design service. Now, that same service is available online. Ethanallen.com offers an interactive design tool, *my projects*, that puts a professional design tool kit at a visitor's fingertips. Visitors can use *my projects* to create idea boards, build room plans, and organize their design projects. Visitors can also get feedback online from a local design consultant and an optional complete design review of their cart before they make their final purchase.

Visitors can also take a fun, quick style quiz; explore the seven Lifestyles (and all the Ethan Allen products) in depth and in detail; and shop the furnishings featured in fully designed rooms.

The website's *Inspire* section includes editorial features, design trends, design solutions, and a collection of creative films. Ethan Allen's direct mail magazines are also replicated online with full browsing and shopping capabilities.

In 2009, the company launched Ethan Allen Contract to fulfill the needs of the hospitality industry and other commercial enterprises.

Also in 2009, Ethan Allen introduced American Artisan, a collection



of furniture crafted of responsibly harvested Appalachian lumber and treated with an environmentally friendly water-based finish. For years, the company has worked behind the scenes to limit its energy consumption and shrink its carbon footprint. Now Ethan Allen proudly offers products that illustrate that commitment.

In 2008, Ethan Allen launched its flagship Design Center at 1010 Third Avenue, on the Upper East Side of Manhattan, in the heart of the design and decorating district, making a splash with one of the freshest shopping and design destinations around.

PROMOTION

In 2008, Ethan Allen repositioned the brand with a bold, new, modern look in its logo, Design Centers, and Design Studios. The new attitude is projected in marketing initiatives ranging from a prominent prime-time television broadcast and cable presence to healthy direct mail, national print, and email blasts. The in-house team creates notable and exciting TV ads, style films, and print ads that convey the personality of Ethan Allen today: Modern. Chic. Fresh. Elegant.

Sexy. Cool. Pretty. Hip. They also produce and mail millions of copies of the company's evocative and inspiring magazines.

BRAND VALUES

Ethan Allen stands for style, quality, value, and service. Above all, Ethan Allen is client-focused. The goal is always to answer the question: What do our clients need to be comfortable and happy at home?

Quality has been the cornerstone of the brand for nearly 80 years. Ethan Allen protects its reputation for quality by constantly seeking to improve its methods. As a result, the company has an entrepreneurial,

flexible, and forward-thinking spirit that allows it to keep defining and creating spaces that are smart, personal, livable, and attainable.



THINGS YOU DIDN'T KNOW ABOUT ETHAN ALLEN

- In 1994, Prime Ministers Yitzhak Rabin and Abdul-Salam Majali each signed the historic Israel-Jordan Peace Treaty while seated in Ethan Allen's Spiderback chair.
- Ethan Allen earned three "E" for excellence awards from the U.S. Navy in 1945 for its contribution to the national effort during World War II.
- Sixty percent of Ethan Allen's furniture and accessories are made in America; the rest come from the other best places on earth.