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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2001

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ------------------ to -------------------------

Commission File Number: 1-11692

Ethan Allen Interiors Inc.

(Exact name of registrant as specified in its charter)

<TABLE>
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<S>	<C>	<C>
	Delaware	06-1275288
(State or other jurisdiction of incorporation or organization)		(I.R.S. Employer ID No.)

Ethan Allen Drive, Danbury, Connecticut 06811

(Address of principal executive offices)

(203) 743-8000

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)
</TABLE>

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. [ ] Yes [ ] No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

38,670,073 at September 30, 2001

ETHAN ALLEN INTERIORS INC.
AND SUBSIDIARY
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ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

<TABLE>
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	September 30, 2001 (unaudited)	June 30, 2001
ASSETS		
Current assets:		
<S>	<C>	<C>
Cash and cash equivalents	$ 38,294	$ 48,112
Accounts receivable, less allowance of $2,314 and $2,679 at September 30, 2001 and June 30, 2001, respectively	30,410	33,055
Inventories	173,850	176,036
Prepaid expenses and other current assets	20,405	18,085
Deferred income taxes	14,308	14,789
Total current assets	277,267	290,077
Property, plant and equipment, net	275,227	268,659
Intangibles, net	59,246	52,863
Other assets	7,151	7,519
Total assets	$ 618,891	$ 619,118
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt and capital lease obligations	$ 133	$ 131
Accounts payable	71,703	63,788
Accrued compensation and benefits	26,063	27,766
Accrued expenses	14,190	16,169
Total current liabilities	112,089	107,854
Long-term debt	9,321	9,356
Other long-term liabilities	2,274	2,712

Deferred income taxes	35,791	34,413
Total liabilities	159,475	154,335
Shareholders' equity:		
Class A common stock, par value $.01, 150,000,000 shares authorized, 45,151,034 and 45,138,046 shares issued at September 30, 2001 and June 30, 2001, respectively	452	451
Preferred stock, par value $.01, 1,055,000 shares authorized, no shares issued and outstanding at September 30, 2001 and June 30, 2001	--	--
Additional paid-in capital	274,645	274,645
	275,097	275,096
Less: Treasury stock (at cost), 6,462,964 shares at September 30, 2001 and 5,735,284 shares at June 30, 2001	(150,119)	(129,562)
Retained earnings	334,438	319,249
Total shareholders' equity	459,416	464,783
Total liabilities and shareholders' equity	$ 618,891	$ 619,118

</TABLE>

See accompanying notes to consolidated financial statements

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(Amounts in thousands, except per share data)

	Three Months Ended September 30, 2001	2000
Net sales	$206,725	$211,231
Cost of sales	112,756	111,522
Gross profit	93,969	99,709
Operating expenses:		
Selling	38,838	37,970
General and administrative	28,596	28,437
Total operating expenses	67,434	66,407
Operating income	26,535	33,302
Interest and other miscellaneous income, net	512	173
Interest and other related financing costs	149	196
Income before income taxes	26,898	33,279
Income tax expense	10,167	12,579
Net income	$ 16,731	$ 20,700

Per share data:

Basic earnings per common share:

Net income per basic share	$ 0.43	$ 0.53

Basic weighted average common shares outstanding	38,670	39,405
Diluted earnings per common share:		
Net income per diluted share	$ 0.42	$ 0.52
Diluted weighted average common shares outstanding	40,271	40,190

See accompanying notes to consolidated financial statements.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in thousands)

<TABLE>
<CAPTION>

	Three Months Ended September 30, 2001	2000
Operating activities:		
<S>	<C>	<C>
Net income	$ 16,731	$ 20,700
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,679	4,570
Compensation expense related to restricted stock award	(404)	(330)
Provision for deferred income taxes	1,859	(605)
Other non-cash expense (income)	34	(636)
Change in assets and liabilities, net of the effects from acquired and divested businesses:		
Accounts receivable	580	(328)
Inventories	7,731	(4,369)
Prepaid and other current assets	(1,505)	(7,894)
Other assets	633	(223)
Accounts payable	(1,904)	9,300
Income taxes payable	6,442	11,364
Accrued expenses	(3,896)	1,322
Other liabilities	(438)	27
Net cash provided by operating activities	30,542	32,898
Investing activities:		
Proceeds from the disposal of property, plant and equipment	3	2,315
Capital expenditures	(8,131)	(9,185)
Acquisitions	(10,366)	--
Other	62	120
Net cash used in investing activities	(18,432)	(6,750)
Financing activities:		
Payments on revolving credit facilities	--	(8,000)
Other payments on long-term debt and capital leases	(32)	(79)
Net proceeds from issuance of common stock	232	51
Dividends paid	(1,571)	(1,570)
Payments to acquire treasury stock	(20,557)	(215)
Net cash used in financing activities	(21,928)	(9,813)
Net (decrease)/increase in cash and cash equivalents	(9,818)	16,335
Cash and cash equivalents at beginning of period	48,112	14,024

Cash and cash equivalents at end of period	$ 38,294	$ 30,359

</TABLE>

See accompanying notes to consolidated financial statements

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
THREE MONTHS ENDED SEPTEMBER 30, 2001
(Unaudited)
(Dollars in thousands)

<TABLE>
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	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total
<S>	<C>	<C>	<C>	<C>	<C>
Balance at June 30, 2001	$ 451	$ 274,645	$(129,562)	$ 319,249	$ 464,783
Issuance of 12,988 shares of common stock upon the exercise of stock options	1	(173)	--	--	(172)
Purchase of 727,680 treasury shares	--	--	(20,557)	--	(20,557)
Tax benefit associated with the exercise of employee stock options	--	88	--	--	88
Charge for early vesting of stock options	--	85	--	--	85
Dividends declared on common stock	--	--	--	(1,542)	(1,542)
Net income	--	--	--	16,731	16,731
Balance at September 30, 2001	$ 452	$ 274,645	$(150,119)	$ 334,438	$ 459,416

</TABLE>

See accompanying notes to consolidated financial statements.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

(1) BASIS OF PRESENTATION

Ethan Allen Interiors Inc. (the "Company") is a Delaware corporation incorporated on May 25, 1989. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Ethan Allen Inc. ("Ethan Allen") and Ethan Allen's subsidiaries. All of Ethan Allen's capital stock is owned by the Company. The Company has no other assets or operating results other than those associated with its investment in Ethan Allen.

(2) INTERIM FINANCIAL PRESENTATION

All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements. In the opinion of the Company, all adjustments, consisting only of normal recurring accruals necessary for fair presentation, have been included in the financial statements. The results of operations for the three months ended September 30, 2001, are not necessarily indicative of results for the fiscal year. It is suggested that the interim consolidated financial statements are read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended June 30, 2001.

Certain reclassifications have been made to prior year financial information in order to conform to the current year's presentation. These changes were made for disclosure purposes only and did not have an impact on previously reported results of operations or shareholders' equity.

(3) INVENTORIES

Inventories at September 30, 2001 and June 30, 2001 are summarized as follows (dollars in thousands):

	September 30, 2001	June 30, 2001
Finished goods	$118,114	$115,661
Work in process	17,375	19,521
Raw materials	38,361	40,854
	$173,850	$176,036

(4) GOODWILL AND OTHER INTANGIBLE ASSETS

On July 1, 2001, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets". As of September 30, 2001 the Company had goodwill (net of accumulated amortization) of $21.3 million and intangible assets (net of accumulated amortization) of $37.9 million. Goodwill in the wholesale and retail segments was $7.9 million and $13.4 million, respectively. The wholesale segment includes the intangible assets of $37.9 million. These assets include Ethan Allen trade names and product technology, which were formerly being amortized over 40 years. The Company has re-assessed the useful lives of goodwill and intangible assets and both were deemed to have indefinite useful lives. Amortization of these assets ceased on July 1, 2001. No impairment losses were recorded on these intangible assets due to the change in their estimated useful lives.

(4) GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

The requirements of this provision allow a six-month transitional period from the date of adoption for the Company to assess goodwill impairment. The Company is currently in the process of testing its reporting units for goodwill impairment and expects its valuations to be completed by December 31, 2001.

The following table reconciles the Company's reported net income and earnings per share with pro forma balances adjusted to exclude goodwill amortization, which is no longer recorded under SFAS No. 142. The current quarter's net income and earnings per share are presented for comparative purposes only.

<TABLE>
<CAPTION>

	Three Months Ended September 30, 2001	2000
Net Income:		
<S>	<C>	<C>
Reported net income	$ 16,731	$ 20,700
Add back: Goodwill amortization after-tax	--	72
Add back: Intangible asset amortization after-tax	--	211
Adjusted Net Income	$ 16,731	$ 20,983
Basic Earnings per Share:		
Reported earnings per share	$ 0.43	$ 0.52
Goodwill amortization	--	--
Intangible asset amortization	--	0.01

Adjusted Earnings per Share	$ 0.43	$ 0.53
Diluted Earnings per Share:		
Reported earnings per share	$ 0.42	$ 0.51
Goodwill amortization	--	--
Intangible asset amortization	--	0.01
Adjusted Earnings per Share	$ 0.42	$ 0.52

</TABLE>

(5) RESTRUCTURING AND IMPAIRMENT CHARGE

In the fourth quarter of fiscal year 2001, the Company announced the closure of three of its manufacturing facilities and the elimination of approximately 350 employees effective August 6, 2001. A pre-tax restructuring and impairment charge of $6.9 million was recorded in the fourth quarter for costs associated with the plant closings, of which $3.3 million principally relates to employee severance and benefits costs and plant exit costs, and $3.6 million relates to a fixed asset impairment charge primarily for properties and machinery and equipment of the closed facilities. As of September 30, 2001, the remaining restructuring reserve of $0.5 million was included in the Consolidated Balance Sheets as an accrued expense in current liabilities.

(5) RESTRUCTURING AND IMPAIRMENT CHARGE (continued)

Activity in the Company's restructuring reserve is summarized as follows (dollars in thousands):

Employee severance and other related payroll and benefit costs

<TABLE>
<CAPTION>

	Original Charges	Cash Payments	Non-cash Utilized	Total
<S>	<C>	<C>	<C>	<C>
Employee severance and other elated payroll and benefit costs	$2,974	$(2,603)	$ -	$ 371
Plant exit costs and other	332	(202)	-	130
Write-down of long-term assets	3,600	-	(3,600)	-
Balance as of September 30, 2001	$ 6,906	$(2,805)	$(3,600)	$ 501

</TABLE>

(6) CONTINGENCIES

The Company has been named as a Potentially Responsible Party ("PRP") for the cleanup of four sites currently listed or proposed for inclusion on the National Priorities List ("NPL") under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"). The Company has resolved its liability at two of these sites by completing remedial action activities or through legal settlement. With regards to the third site, the Company does not anticipate incurring significant cost. The Company believes it is not a major contributor based on the very small volume of waste generated by the Company in relation to total volume at the site; however, liability under CERCLA may be joint and several. In relation to the fourth site, the Company has been notified that it may be a potentially responsible party for a disposal site to which waste material was sent. The extent of any financial impact upon the Company cannot be reasonably estimated at this time.

(7) EARNINGS PER SHARE

Basic and diluted earnings per share are calculated using the following share data (amounts in thousands):

	Three Months Ended September 30, 2001	2000
Weighted average common shares outstanding for basic calculation	38,670	39,390
Add: Effect of stock options and warrants	1,601	800
Weighted average common shares outstanding for diluted calculation	40,271	40,190

As of September 30, 2001 and 2000, stock options to purchase 19,000 shares and 895,000 shares of common stock, respectively, had an exercise price in excess of the average market price. These options have been excluded from the diluted earnings per share calculation since their effect is anti-dilutive.

(8) SEGMENT INFORMATION

The Company's reportable segments are strategic business areas that are managed separately and offer different products and services. The Company's operations are classified into two main segments: wholesale and retail home furnishings.

The wholesale home furnishings segment is principally involved in the manufacture, sale and distribution of home furnishing products to a network of independently owned and Ethan Allen-owned stores. Wholesale profitability includes the wholesale gross margin, which is earned on wholesale sales to all retail stores, including Ethan Allen-owned stores.

The retail home furnishings segment sells home furnishing products through a network of Ethan Allen-owned stores. Retail profitability includes the retail gross margin, which is earned based on purchases from the wholesale segment.

The operating segments follow the same accounting policies. The Company evaluates performance of the respective segments based upon revenues and operating income. Inter-segment eliminations primarily comprise the wholesale sales and profit on the transfer of inventory between segments. Inter-segment eliminations also include items not allocated to reportable segments.

The following table presents segment information for the three months ended September 30, 2001 and 2000 (dollars in thousands):

	Three Months Ended September 30, 2001	2000
Net Sales:		
Wholesale segment	$ 154,884	$ 161,955

Retail segment	98,840	98,526
Elimination of inter-company sales	(46,999)	(49,250)
Consolidated Total	$ 206,725	$ 211,231
Operating Income:		
Wholesale segment	$ 23,264	$ 26,234
Retail segment	3,002	6,035
Elimination (1)	269	1,033
Consolidated Total	$ 26,535	$ 33,302
Capital Expenditures:		
Wholesale segment	$ 4,254	$ 5,728
Retail segment	3,877	3,457
Acquisition of retail businesses	10,366	--
Consolidated Total	$ 18,497	$ 9,185
Total Assets:		
Wholesale segment	$ 437,218	$ 417,679
Retail segment	206,313	184,256
Inventory profit elimination(2)	(24,640)	(26,486)
Consolidated Total	$ 618,891	$ 575,449

(8) SEGMENT INFORMATION (CONTINUED)

(1) The adjustment reflects the change in the elimination entry for profit in ending inventory.

(2) Inventory profit elimination reflects the embedded wholesale profit in the Company-owned store inventory that has not been realized. These profits will be recorded when shipped to the retail customer.

There are 29 independent retail stores located outside the United States. Approximately 2.4% of the Company's net sales for the three months ended September 30, 2001 and 2000 are derived from sales to these retail stores.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussions set forth in this form 10-Q should be read in conjunction with the financial information included herein and the Company's Annual Report on Form 10-K for the year ended June 30, 2001. Management's discussion and analysis of financial condition and results of operations and other sections of this report contain forward-looking statements relating to future results of the Company. Such forward-looking statements are identified by use of forward-looking words such as "anticipates", "believes", "plans", "estimates", "expects", and "intends" or words or phrases of similar expression. These forward-looking statements are subject to various assumptions, risk and uncertainties, including but not limited to, changes in political and economic conditions, demand for the Company's products, acceptance of new products, conditions in the various geographical markets where the Company does business, developments affecting the Company's products and to those discussed in the Company's filings with the Securities and Exchange Commission. Accordingly, actual results could differ materially from those contemplated by the forward-looking statements.

RESULTS OF OPERATIONS:

Ethan Allen's revenues are comprised of wholesale sales to dealer-owned and company-owned retail stores and retail sales of company-owned stores. See Note 8 to the Company's Consolidated Financial Statements for the three months ended September 30, 2001 and 2000. The components of consolidated revenues and operating income are as follows (dollars in millions):

	Three Months Ended September 30, 2001	2000
Revenue:		
Wholesale segment	$ 154.9	$ 161.9
Retail segment	98.8	98.5
Elimination of inter-segment sales	(47.0)	(49.2)
Consolidated Revenue	$ 206.7	$ 211.2
Operating Income:		
Wholesale segment	$ 23.2	$ 26.2
Retail segment	3.0	6.1
Eliminations	0.3	1.0
Consolidated Operating Income	$ 26.5	$ 33.3

THREE MONTHS ENDED SEPTEMBER 30, 2001 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2000

Consolidated revenue for the three months ended September 30, 2001 decreased by $4.5 million or 2.1% to $206.7 million from $211.2 million for the three months ended September 30, 2000. Sales have been negatively impacted this quarter due to slowing demand caused by a weaker economy.

Total wholesale revenue for the first quarter of fiscal year 2002 decreased by $7.0 million or 4.3% to $154.9 million from $161.9 million in the first quarter of fiscal year 2001 due to softening demand.

Total retail revenue from Ethan Allen-owned stores for the three months ended September 30, 2001 increased by $0.3 million or 0.3% to $98.8 million from $98.5 million for the three months ended September 30, 2000. The increase in retail sales by Ethan Allen owned stores was attributable to an increase in sales generated by newly opened or acquired stores of $5.7 million, partially offset by a decrease in comparable store sales of $3.8 million, or 4.0%, and by a decrease from closed stores, which generated $0.7 million less sales in fiscal year 2002 as compared to fiscal year 2001. The prior year quarter also included a gain of $0.9 million on the sale of a company-owned retail store to an independent dealer. The number of Ethan Allen-owned stores increased to 93 as of September 30, 2001 as compared to 80 as of September 30, 2000. The Company acquired 11 stores from independent dealers, sold 1 company-owed store

to an independent dealer, relocated 2 stores, closed 1 store, and opened 4 new stores.

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 dealers by Ethan Allen are included in comparable store sales in their 13th full month of Ethan Allen-owned operations. Of the 10 stores acquired during the quarter, 6 stores were purchased from Mr. Edward D. Teplitz, who subsequently joined the Company as Vice President of Finance (see Part II, Item 5).

Booked orders for the quarter were lower than the prior year quarter by 7.7% due to a weaker economy. Total orders include wholesale orders and written business of company-owned retail stores. Wholesale orders were down 8.1% and company-owned stores were down 6.4%. Comparable company-owned store sales were down 11.9% from last year's first quarter.

Gross profit decreased during the quarter to $94.0 million from $99.7 million in the first quarter of the prior year. The $5.7 million decrease in gross profit was mainly due to lower sales volume and a decline in the wholesale gross margin. Consolidated gross margin decreased to 45.5% in the first quarter of fiscal year 2002 from 47.2% in the prior year first quarter principally from a lower wholesale gross margin resulting from the production of more affordably priced products manufactured at lower margins and from costs associated with manufacturing improvements and process initiatives at various facilities, including the case goods plants in Dublin, Virginia and Andover, Maine.

Operating expenses increased $1.0 million or 1.5% to $67.4 million or 32.6% of net sales in the current quarter as compared to $66.4 million or 31.4% of net sales for the first quarter of fiscal year 2001. This increase was due to the expansion of the retail segment with the addition of 13 net new Ethan Allen-owned stores since September 2000. As a result, the retail segment incurred higher occupancy and warehousing costs this quarter.

Operating income for the three months ended September 30, 2001 was $26.5 million or 12.8% of net sales compared to $33.3 million or 15.8% of net sales for the three months ended September 30, 2000. Operating income decreased $6.8 million or 20.4% primarily due to a lower wholesale gross margin as noted above, and greater operating expenses resulting from the growth of the retail segment.

Total wholesale operating income for the first quarter of fiscal year 2002 was $23.2 million or 15.0% of net sales compared to $26.2 million or 16.2% of net sales in the first quarter of fiscal year 2001. Wholesale operating income decreased $3.0 million or 11.5% this quarter primarily attributable to lower sales volume caused by softening demand.

Operating income for the retail segment decreased by $3.1 million for the three months ended September 30, 2001 to $3.0 million or 3.0% of net sales from $6.1 million or 6.1% of net sales for the three months ended September 30, 2000. The decrease in retail operating income was primarily attributable to higher operating expenses related to the addition of 13 net new stores since September 2000.

Interest and other miscellaneous income of $0.5 million increased $0.3 million over the prior year first quarter due to an increase in interest income from cash investments.

Income tax expense of $10.1 million was recorded for the three months ended September 30, 2001 as compared to $12.6 million for the same period in the prior year. The Company's effective tax rate was 37.8% in the current year and prior year first quarter.

For the three months ended September 30, 2001, the Company recorded net income of $16.7 million, a decrease of 19.3%, compared to $20.7 million for the three months ended

September 30, 2000. Earnings per diluted share of $0.42 decreased 19.2% or $0.10 per diluted share in the quarter from $0.52 per diluted share in the prior year quarter.

FINANCIAL CONDITION AND LIQUIDITY

The Company's principal sources of liquidity are cash flow from operations and borrowing capacity under a revolving credit facility. Net cash provided by operating activities totaled $30.5 million for the three months ended September 30, 2001 as compared to $32.9 million for the three months ended September 30, 2000. The decrease of $2.4 million in net cash provided by operating activities principally resulted from lower earnings and from changes in working capital requirements for the three months ended September 30, 2001 as compared to the same period in the prior year. Net cash used in investing activities increased $11.7 million to $18.4 million resulting from the retail store acquisitions made this quarter.

During the three months ended September 30, 2001, capital spending, exclusive of acquisitions, totaled $8.1 million as compared to $9.2 million for the three months ended September 30, 2000. Capital expenditures made during the quarter primarily include (i) new retail store construction and store interior redesigns, (ii) manufacturing capital equipment purchases and upgrades, and (iii) a plant expansion project in Andover, Maine. Capital expenditures for fiscal year 2002, exclusive of acquisitions, are anticipated to be approximately $30.0 million. In addition, the Company expects to incur expenditures for retail and other acquisitions during fiscal year 2002. The Company anticipates that cash from operations will be sufficient to fund this level of capital expenditures and acquisitions.

Net cash used in financing activities of $21.9 million increased by $12.1 million due to the repurchase of the Company's common stock during the quarter. Total debt outstanding at September 30, 2001 was $9.5 million. At September 30, 2001, there were no revolving loans outstanding. The Company had $19.2 million of trade and standby letters of credit outstanding, leaving $105.8 million available under its revolving credit facility at September 30, 2001.

The Company has been authorized by its Board of Directors to repurchase its common stock from time to time, either directly or through agents, in the open market at prices and on terms satisfactory to the Company. The Company also repurchases shares of common stock from terminated or retiring employee's accounts in the Ethan Allen Retirement Saving Plan. The Company's common stock repurchases are recorded as treasury stock and result in a reduction of shareholders' equity. During the first quarter of fiscal year 2002 and 2001, the Company repurchased the following shares of its common stock:

	First Quarter 2001	First Quarter 2000
Common shares repurchased	727,680	7,919
Cost to repurchase common shares	$20,556,471	$215,983
Average price per share	$ 28.25	$ 27.27

The Company funded its common stock repurchases through available cash and cash from operations. As of September 30, 2001, the Company had a remaining Board authorization to purchase 0.7 million shares.

As of September 30, 2001, aggregate scheduled maturities of long-term debt for each of the next five fiscal years are $0.1 million, $0.1 million, $4.7 million, $0.1 million and $0.1 million, respectively. Management believes that its cash flow from operations, together with its other available sources of liquidity, will be adequate to make all required payments of principal and interest on its debt, to permit anticipated capital expenditures and to fund working capital and other cash requirements over the next twelve months. As of September 30, 2001, the Company had working capital of $165.2 million and a current ratio of 2.47 to 1.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company is exposed to interest rate risk primarily through its borrowing activities. The Company's policy has been to utilize United States dollar denominated borrowings to fund its working capital and investment needs. Short-term debt, if required, is used to meet working capital requirements and long-term debt is generally used to finance long-term investments. There is inherent rollover risk for borrowings as they mature and are renewed at current market rates. The extent of this risk is not quantifiable or predictable because of the variability of future interest rates and the Company's future financing requirements. Although the Company did not have any revolving loans outstanding under the Credit Agreement as of September 30, 2001, the Company had $0.1 million of short-term debt outstanding and $9.4 million of total long-term debt outstanding.

The Company has one long-term debt instrument outstanding with a variable interest rate. This debt instrument has a principal balance of $4.6 million, which matures in 2004. Based on the principal balance outstanding, a one percentage point increase in the variable interest rate would not have had a significant impact on the Company's interest expense.

The Company is not currently exposed to foreign currency exchange, commodity price, price, or other relevant market rate or price risks. Ethan Allen does not enter into financial instrument transactions for trading or other speculative purposes or to manage interest rate exposure.

PART II. OTHER INFORMATION

ITEM 1. - LEGAL PROCEEDINGS

There has been no change to matters discussed in Business-Legal Proceedings in the Company's Form 10-K as filed with the Securities and Exchange Commission on September 17, 2001.

ITEM 2. - CHANGES IN SECURITIES

There has been no change to matters discussed in Description and Ownership of Capital Stock in the Company's Form 10-K as filed with the Securities and Exchange Commission on September 17, 2001.

ITEM 3. - DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. - OTHER INFORMATION

On August 31, 2001, the Company acquired certain assets associated with the retail operations of 6 Ethan Allen Home Interiors stores in the Pittsburgh and Cleveland metropolitan areas from two entities owned and controlled by Mr. Edward Teplitz. The total purchase price for the assets was $10.1 million, net of the assumption of certain liabilities and subject to post-closing adjustments. Approximately $3.5 million of the purchase price was allocated to the two real estate properties acquired in the transaction with the remaining $6.6 million allocated to other assets. The purchase price was determined by mutual negotiation and was based upon the latest balance sheets of the two selling entities. Subsequent to the closing, Mr. Teplitz joined the Company as Vice President of Finance.

ITEM 6. - EXHIBITS AND REPORTS ON FORM 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ETHAN ALLEN INTERIORS INC.
(Registrant)

DATE: 11/15/01 BY: /s/ M. Farooq Kathwari

M. Farooq Kathwari
Chairman of the Board
President and Chief
Executive Officer
(Principal Executive Officer)

DATE: 11/15/01 BY: /s/ Edward D. Teplitz

Edward D. Teplitz
Vice President, Finance
(Principal Financial Officer)

DATE: 11/15/01 BY: /s/ Michele Bateson

Michele Bateson
Corporate Controller
(Principal Accounting Officer)