

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

Current Report
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 6, 2006

ETHAN ALLEN INTERIORS INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

1-11692
(Commission File Number)

06-1275288
(I.R.S. Employer Identification No.)

Ethan Allen Drive
Danbury, CT
(Address of principal executive offices)

06811
(Zip Code)

Registrant's telephone number, including area code: **(203) 743-8000**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12(b) under the Exchange Act (17 CFR 240.14a-12(b))
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

INFORMATION TO BE INCLUDED IN REPORT

SECTION 2 – FINANCIAL INFORMATION

Item 2.05 Costs Associated with Exit or Disposal Activities

On September 6, 2006, Ethan Allen Interiors Inc. (“Ethan Allen” or the “Company”) issued a press release announcing a plan to close its Spruce Pine, North Carolina case goods manufacturing facility and convert its Atoka, Oklahoma upholstery manufacturing facility into a regional distribution center. In connection with this initiative, the Company will permanently cease production at both locations, allocating production among its remaining domestic manufacturing locations and selected offshore vendors. A copy of the press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

The decision impacts approximately 465 employees with the reduction in headcount anticipated to occur throughout the second and third quarters of fiscal 2007. The Company will record a pre-tax restructuring and impairment charge of approximately \$13.5 to \$14.5 million (\$8.4 to \$9.1 million, after-tax) for costs associated with this initiative, of which approximately \$3.7 million will result in future cash expenditures relating to employee severance and benefits and other plant exit costs, and approximately \$9.8 to \$10.8 million, which is non-cash in nature, relating to fixed asset impairment charges, primarily for real property and machinery and equipment.

Item 2.06 Material Impairments

The information set forth above in Item 2.05 is hereby incorporated into Item 2.06 by reference.

SECTION 7 – REGULATION FD

Item 7.01 Regulation FD Disclosure

The information set forth above in Item 2.05 is hereby incorporated into Item 7.01 by reference.

SECTION 9 – FINANCIAL STATEMENTS AND EXHIBITS

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit</u>	<u>Description</u>
99.1	Press release dated September 6, 2006

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SIGNATURES

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

ETHAN ALLEN INTERIORS INC.

Date: September 6, 2006

By: /s/ M. Farooq Kathwari
M. Farooq Kathwari
*Chairman, President and
Chief Executive Officer*

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
99.1	Press release dated September 6, 2006

FOR IMMEDIATE RELEASE

Ethan Allen Interiors Inc.
Investor/Media Contact: Peg Lupton
(203) 743-8234

**Ethan Allen Announces Plan to Close and Convert
Two Existing Manufacturing Facilities**

DANBURY, Conn., September 6, 2006 — Ethan Allen Interiors Inc. (NYSE:ETH) (“Ethan Allen” or the “Company”) today announced a plan to close its Spruce Pine, North Carolina case goods manufacturing facility and convert its Atoka, Oklahoma upholstery manufacturing facility into a regional distribution center. In connection with this initiative, the Company will permanently cease production at both locations, allocating production among its remaining domestic manufacturing locations and selected offshore vendors. The decision impacts approximately 465 employees.

The Spruce Pine facility, which totals approximately 280,000 square feet, was built by the Company in 1989. The Atoka facility, which totals approximately 256,000 square feet, was built by the Company in 1973 and currently utilizes approximately 159,000 square feet in the production of upholstery manufacturing with the remaining 97,000 square feet utilized as part of the Company’s existing distribution operations. Ethan Allen has 9 remaining plant locations, including 4 case goods plants, 4 upholstery plants, and 1 accessory plant. These facilities total nearly 3.0 million square feet and employ approximately 2,300 people.

Farooq Kathwari, Chairman and CEO, commented, “We sincerely regret the impact that this decision will have on many of our employees. We believe, however, that this action will strengthen our logistical capabilities and improve the Company’s remaining U.S. manufacturing operations.”

The Company will record a pre-tax restructuring and impairment charge of approximately \$13.5 to \$14.5 million (\$8.4 to \$9.1 million, after-tax), or \$0.26 to \$0.28 per share, the majority of which will be non-cash in nature. Most of the earnings impact is expected to occur in the Company’s first fiscal quarter ended September 30, 2006.

Mr. Kathwari, will be making a presentation at the Goldman Sachs Global Retail Conference on September 7, 2006. The presentation, which will include a question and answer session, is scheduled to begin at 11:55 am Eastern time. The audio portion of this presentation will be webcast and can be accessed at <http://www.ethanallen.com/investors>.

Ethan Allen Interiors Inc. is a leading manufacturer and retailer of quality home furnishings, selling a full range of products through an exclusive network of more than 300 interior design centers located in the United States, Canada, and overseas. The Company is vertically integrated with manufacturing facilities and sawmills located throughout the United States.

This press release should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended June 30, 2005 and other reports filed with the Securities and Exchange Commission. This press release and related discussions contain forward-looking statements made pursuant to the safe harbor provisions of Private Securities Litigation Reform Act of 1995. Such forward-looking statements reflect management’s current expectations concerning future events and results of the Company, and are subject to various assumptions, risks and uncertainties. Accordingly, actual future events or results could differ materially from those contemplated by the forward-looking statements. The Company assumes no obligation to update or provide revision to any forward-looking statement at any time for any reason.