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**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): April 21, 2008

**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 under the Exchange Act (17 CFR 240.14a-12)
- 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))

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**INFORMATION TO BE INCLUDED IN REPORT**

**SECTION 2 – FINANCIAL INFORMATION**

**Item 2.02 Results of Operations and Financial Condition**

The information contained within Item 2.02 of this Form 8-K and the Exhibits attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

On April 21, 2008, Ethan Allen Interiors Inc. (“Ethan Allen” or the “Company”) issued a press release setting forth its operating results for the three and nine months ended March 31, 2008. A copy of the press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

On April 22, 2008 Ethan Allen conducted a conference call during which certain unaudited, non-GAAP financial information related to the Company's operations for the three and nine months ended March 31, 2008 and March 31, 2007 was disclosed. This information is set forth in the attached Exhibit 99.2.

Exhibits 99.1 and 99.2 include references to the Company's (i) consolidated operating profit, (ii) wholesale operating profit, (iii) net income, (iv) earnings per share, and (v) earnings before interest, taxes, depreciation and amortization (“EBITDA”), all excluding the effects of restructuring and

impairment charges recorded during the three months ended March 31, 2008 and the three and nine months ended March 31, 2007 as a result of the Company's decisions to consolidate retail and manufacturing facilities. A reconciliation of these financial measures to the most directly comparable financial measure reported in accordance with generally accepted accounting principles ("GAAP") is also provided in Exhibit 99.2.

Management believes that excluding items which are deemed to be non-recurring in nature from financial measures such as operating profit, wholesale operating profit, net income, and earnings per share, allows investors to more easily compare and evaluate the Company's financial performance relative to prior periods and industry comparables. These adjusted measures also aid investors in understanding the operating results of the Company absent such non-recurring or unusual events.

Management considers EBITDA an important indicator of the operational strength and performance of its business, including the ability of the Company to pay interest, service debt and fund capital expenditures. Given the nature of the Company's operations, including the tangible assets necessary to carry out its production and distribution activities, depreciation and amortization represent Ethan Allen's largest non-cash charges. As these non-cash charges do not affect the Company's ability to service debt or make capital expenditures, it is important to consider EBITDA in addition to, but not as a substitute for, operating income, net income and other measures of financial performance reported in accordance with GAAP, including cash flow measures such as operating cash flow. Further, EBITDA is one measure used to determine compliance with the Company's existing credit facility.

## **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 April 21, 2008
99.2	Reconciliation of non-GAAP financial information disclosed in April 21, 2008 press release and conference call to the most directly comparable GAAP financial measure

## 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: April 22, 2008

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 April 21, 2008
99.2	Reconciliation of non-GAAP financial information disclosed in April 21, 2008 press release and conference call to the most directly comparable GAAP financial measure

For Immediate Release

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

### ETHAN ALLEN ANNOUNCES THIRD QUARTER SALES AND EARNINGS

DANBURY, CT., April 21, 2008 – Ethan Allen Interiors Inc. (“Ethan Allen” or the “Company”) (NYSE:ETH) today reported operating results for the three and nine months ended March 31, 2008.

#### Three Month Results

Net delivered sales for the quarter ended March 31, 2008 decreased 4.3% to \$235.9 million as compared to \$246.5 million in the prior year quarter. Net delivered sales for the Company’s Retail division increased 3.0% to \$172.8 million. Wholesale sales decreased 9.1% to \$156.3 million during that same period. Comparable Ethan Allen design center delivered sales decreased 1.1% as compared to the prior year quarter.

During the quarter ended March 31, 2008, four Design Centers were converted to smaller size Design Studios better suited to the markets they serve. In addition, seven Design Centers and two retail Service Centers were closed and, for the most part, were consolidated into other existing operations resulting in a total pretax restructuring and impairment charge of \$4.0 million or \$2.5 million after tax and \$0.09 per diluted share.

For the quarter ended March 31, 2008, earnings per diluted share, which includes the aforementioned restructuring and impairment charge, amounted to \$0.30 on net income of \$8.8 million. This compares to earnings per diluted share and net income of \$0.54 and \$17.5 million, respectively, in the prior year comparable period which also included a restructuring and impairment charge. Excluding the impact of the restructuring and impairment charges on both periods, earnings per diluted share for the current quarter amounted to \$0.39 on net income of \$11.4 million and for the comparable prior year period \$0.54 per share on net income of \$17.4 million.

#### Nine Month Results

For the nine months ended March 31, 2008, net delivered sales decreased 0.4% to \$744.1 million as compared to \$746.8 million in the prior year comparable period. Net delivered sales for the Company’s Retail division increased 7.2% to \$548.1 million, while Wholesale sales decreased 5.0% to \$468.5 million during that same period. Comparable Ethan Allen design center delivered sales decreased 0.5% as compared to the prior year period.

For the nine months ended March 31, 2008, which includes the aforementioned restructuring and impairment charge, earnings per diluted share amounted to \$1.58 on net income of \$47.0 million. This compares to earnings per diluted share and net income of \$1.50 and \$48.7 million, respectively, in the prior year comparable period which also included a restructuring and impairment charge. Excluding the impact of these charges in both periods, earnings per diluted share for the current year amounted to \$1.67 on net income of \$49.5 million, from \$1.76 per share, on net income of \$57.2 million in the prior year comparable period.

Farooq Kathwari, Chairman and CEO, commented, “Despite the challenges of a weak economy, we are pleased with the major progress we are making in positioning Ethan Allen as a provider of design solutions and service. Our results in the third quarter ended March 31, 2008, were impacted by a weaker economy and costs associated with the many initiatives we have implemented to strengthen our business.”

Mr. Kathwari continued, “Sales in March particularly slowed down due to broader economic concerns raised by the extraordinary intervention of the Federal Reserve to stabilize financial institutions, and to some extent due to Easter falling in March this year. With a relatively calmer economic environment in April, and Easter behind us, the decline in sales so far has been considerably reduced.”

Mr. Kathwari stated, “During the March quarter we continued to reposition our retail network. We opened four new relocated design centers, converted four into design studios, consolidated or closed seven design centers and two retail service centers, and substantially completed the implementation of Lifestyle presentations in nearly all of our 153 company-owned design centers. During the quarter that will end June 30, 2008, we expect to consolidate the two remaining Design Centers located in New York City with the opening of the new flagship Design Center in Manhattan located at 3rd Avenue and 60th Street. The company expects to take a \$3 to \$4 million pretax restructuring charge or \$1.9 to \$2.5 million after tax, during the fourth quarter. We also expect to open five or six additional new design centers during the fourth quarter.”

Mr. Kathwari continued, “As we stated in our April 10, 2008, press release, we have absorbed costs related to all of these initiatives, especially in the third quarter, and we should see benefits in our next fiscal year. Most of the major relocation of our design centers is expected to be completed this fiscal year, and we expect our capital expenditures for the next fiscal year to be reduced by about 30% to 50% from the current annual expenditure level of about \$70 million.”

Commenting on the outlook, Mr. Kathwari said: “While the near term economic environment remains uncertain, we remain confident that the many initiatives we have taken will help us to continue to do relatively well in the near term, and more importantly, that we are positioned to do well as the over all economy starts to move in a positive direction.” Ethan Allen Interiors Inc. is a leading manufacturer and retailer of quality home furnishings. The Company sells a full range of furniture products and decorative accessories through a network of 291 design centers in the United States and abroad, of which 153 are Company-owned. Ethan Allen has nine manufacturing facilities, which include two sawmills, located throughout the United States and one facility located in Mexico.

The Company will conduct a Conference Call at 8:30 a.m. (Eastern) on Tuesday, April 22nd. The live webcast and replay are accessible via the Company’s website at [www.ethanallen.com/investors](http://www.ethanallen.com/investors).

This press release should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended June 30, 2007 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 the 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.

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**Ethan Allen Interiors Inc.**  
**Selected Financial Information**  
**Unaudited**  
**(In millions)**

Selected Consolidated Financial Data:

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>3/31/08</u>	<u>3/31/07</u>	<u>3/31/08</u>	<u>3/31/07</u>
Net Sales	235.9	\$246.5	\$744.1	\$746.8
Gross Margin	53.1%	52.1%	53.5%	52.0%
Operating Margin	6.6%	11.4%	10.3%	10.6%
Operating Margin (ex restructuring & impairment charge (credit))	8.3%	11.3%	10.9%	12.4%
Net Income	\$8.8	\$17.5	\$47.0	\$48.7
Net Income (ex restructuring & impairment charge (credit))	\$11.4	\$17.4	\$49.5	\$57.2
Operating Cash Flow	\$19.9	\$13.7	\$67.3	\$69.9
Capital Expenditures	\$16.0	\$12.5	\$46.3	\$47.5
Treasury Stock Repurchases (settlement date basis)	8.4	16.9	73.2	34.6
EBITDA	\$22.2	\$34.5	\$97.9	\$97.3
EBITDA as % of Net Sales	9.4%	14.0%	13.2%	13.0%
EBITDA (ex restructuring & impairment charge (credit))	\$26.2	\$34.3	\$101.9	\$110.8
EBITDA as % of Net Sales (ex restructuring & impairment charge (credit))	11.1%	13.9%	13.7%	14.8%

Selected Financial Data by Business Segment:

<i>Retail</i>	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>3/31/08</u>	<u>3/31/07</u>	<u>3/31/08</u>	<u>3/31/07</u>
Net Sales	\$ 172.8	\$ 167.7	\$ 548.1	\$ 511.1
Operating Margin	(4.9%)	(0.1%)	(0.2%)	1.7%
Operating Margin (ex restructuring & impairment charge (credit))	(2.6%)	(0.1%)	0.5%	1.7%

<i>Wholesale</i>	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>3/31/08</u>	<u>3/31/07</u>	<u>3/31/08</u>	<u>3/31/07</u>
Net Sales	\$ 156.3	\$ 171.9	\$ 468.5	\$ 493.2
Operating Margin	17.1%	18.5%	17.0%	14.9%
Operating Margin (ex restructuring & impairment charge (credit))	17.1%	18.4%	17.0%	17.6%

**Ethan Allen Interiors Inc.**  
**Condensed Consolidated Statements of Operations**  
(In thousands, except per share amounts)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2008	2007	2008	2007
	<u>(unaudited)</u>		<u>(unaudited)</u>	
Net sales	\$235,901	\$246,539	\$744,138	\$746,781
Cost of sales	110,714	118,023	346,041	358,186
Gross profit	125,187	128,516	398,097	388,595
Operating expenses:				
Selling	56,112	54,880	171,290	164,093
General & administrative	49,502	45,729	145,940	132,214
Restructuring & impairment charge (credit)	3,993	(180)	3,993	13,442
Total operating expenses	109,607	100,429	321,223	309,749
Operating income	15,580	28,087	76,874	78,846
Interest & other miscellaneous income	1,375	2,339	6,478	7,146
Interest & other related financing costs	2,914	2,927	8,793	8,780
Income before income tax expense	14,041	27,499	74,559	77,212
Income tax expense	5,195	10,000	27,587	28,469
Net income	\$8,846	\$17,499	\$46,972	\$48,743

Basic earnings per share:

Net income per share	\$0.31	\$0.55	\$1.59	\$1.54
Basic weighted average shares outstanding	28,909	31,656	29,461	31,736

Diluted earnings per share:

Net income per share	<u>\$0.30</u>	<u>\$0.54</u>	<u>\$1.58</u>	<u>\$1.50</u>
Diluted weighted average shares outstanding	29,049	32,352	29,685	32,495

**Ethan Allen Interiors Inc.**  
**Condensed Consolidated Balance Sheets**  
**Unaudited**  
**(In thousands)**

<b>Assets</b>	<u>March 31,</u> <u>2008</u>	<u>June 30,</u> <u>2007</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 77,011	\$ 147,879
Accounts receivable, net	12,551	14,602
Inventories	186,357	181,884
Prepaid expenses and other current assets	39,117	33,104
Deferred income taxes	2,327	4,960
Total current assets	317,363	382,429
Property, plant, and equipment, net	343,160	322,185
Intangible assets, net	94,045	92,500
Other assets	4,823	5,484
Total Assets	<u>\$ 759,391</u>	<u>\$ 802,598</u>

**Liabilities and Shareholders' Equity**

<b>Current Liabilities:</b>		
Current maturities of long-term debt	\$ 41	\$ 40
Customer deposits	46,363	52,072
Accounts payable	22,934	26,650
Accrued expenses and other current liabilities	68,841	68,677
Total current liabilities	138,179	147,439
Long-term debt	202,958	202,868
Other long-term liabilities	20,515	12,003
Deferred income taxes	28,067	30,646
Total liabilities	389,719	392,956
Shareholders' equity	<u>369,672</u>	409,642
Total Liabilities and Shareholders' Equity	<u>\$ 759,391</u>	<u>\$ 802,598</u>

**Ethan Allen Interiors Inc.**  
**GAAP Reconciliation**  
**Three and Nine Months Ended March 31, 2008 and 2007**  
**(in thousands, except per share amounts)**

**EXHIBIT 99.2**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>March</b>		<b>March</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b><u>Net Income / Earnings Per Share</u></b>				
Net income	\$ 8,846	\$ 17,499	\$ 46,972	\$ 48,743
Add: restructuring and impairment charge (credit), net of related tax effect	2,516	(115)	2,516	8,486
Net income (excluding restructuring and impairment charge (credit))	<u>\$ 11,362</u>	<u>\$ 17,384</u>	<u>\$ 49,488</u>	<u>\$ 57,229</u>
Earnings per basic share	<u>\$ 0.31</u>	<u>\$ 0.55</u>	<u>\$ 1.59</u>	<u>\$ 1.54</u>
Earnings per basic share (excluding restructuring and impairment charge (credit))	<u>\$ 0.39</u>	<u>\$ 0.55</u>	<u>\$ 1.68</u>	<u>\$ 1.80</u>
Basic weighted average shares outstanding	28,909	31,656	29,461	31,736
Earnings per diluted share	<u>\$ 0.30</u>	<u>\$ 0.54</u>	<u>\$ 1.58</u>	<u>\$ 1.50</u>
Earnings per diluted share (excluding restructuring and impairment charge (credit))	<u>\$ 0.39</u>	<u>\$ 0.54</u>	<u>\$ 1.67</u>	<u>\$ 1.76</u>
Diluted weighted average shares outstanding	29,049	32,352	29,685	32,495
<b><u>Consolidated Operating Income / Operating Margin</u></b>				
Operating income	\$ 15,580	\$ 28,087	\$ 76,874	\$ 78,846
Add: restructuring and impairment charge (credit)	3,993	(180)	3,993	13,442
Operating income (excluding restructuring and impairment charge (credit))	<u>\$ 19,573</u>	<u>\$ 27,907</u>	<u>\$ 80,867</u>	<u>\$ 92,288</u>
Net sales	<u>\$ 235,901</u>	<u>\$ 246,539</u>	<u>\$ 744,138</u>	<u>\$ 746,781</u>
Operating margin	<u>6.6%</u>	<u>11.4%</u>	<u>10.3%</u>	<u>10.6%</u>
Operating margin (excluding restructuring and impairment charge (credit))	<u>8.3%</u>	<u>11.3%</u>	<u>10.9%</u>	<u>12.4%</u>
<b><u>Wholesale Operating Income / Operating Margin</u></b>				
Wholesale operating income	\$ 26,676	\$ 31,862	\$ 79,832	\$ 73,423
Add: restructuring and impairment charge (credit)	-	(180)	-	13,442
Wholesale operating income (excluding restructuring and impairment charge (credit))	<u>\$ 26,676</u>	<u>\$ 31,682</u>	<u>\$ 79,832</u>	<u>\$ 86,865</u>
Wholesale net sales	<u>\$ 156,269</u>	<u>\$ 171,906</u>	<u>\$ 468,522</u>	<u>\$ 493,208</u>
Wholesale operating margin	<u>17.1%</u>	<u>18.5%</u>	<u>17.0%</u>	<u>14.9%</u>
Wholesale operating margin (excluding restructuring and impairment charge (credit))	<u>17.1%</u>	<u>18.4%</u>	<u>17.0%</u>	<u>17.6%</u>
<b><u>Retail Operating Income / Operating Margin</u></b>				
Retail operating income (loss)	\$ (8,544)	\$ (94)	\$ (1,294)	\$ 8,540
Add: restructuring and impairment charge (credit)	3,993	-	3,993	-
Retail operating income (excluding restructuring and impairment charge (credit))	<u>\$ (4,551)</u>	<u>\$ (94)</u>	<u>\$ 2,699</u>	<u>\$ 8,540</u>
Retail net sales	<u>\$ 172,779</u>	<u>\$ 167,724</u>	<u>\$ 548,112</u>	<u>\$ 511,104</u>
Retail operating margin	<u>-4.9%</u>	<u>-0.1%</u>	<u>-0.2%</u>	<u>1.7%</u>
Retail operating margin (excluding restructuring and impairment charge (credit))	<u>-2.6%</u>	<u>-0.1%</u>	<u>0.5%</u>	<u>1.7%</u>
<b><u>EBITDA</u></b>				
Net income	\$ 8,846	\$ 17,499	\$ 46,972	\$ 48,743
Add: interest expense (income), net	2,173	1,158	5,256	2,876
Add: income tax expense	5,195	10,000	27,587	28,469
Add: depreciation and amortization	5,991	5,818	18,077	17,241
EBITDA	<u>\$ 22,205</u>	<u>\$ 34,475</u>	<u>\$ 97,892</u>	<u>\$ 97,329</u>
Net sales	<u>\$ 235,901</u>	<u>\$ 246,539</u>	<u>\$ 744,138</u>	<u>\$ 746,781</u>



EBITDA as % of net sales	9.4%	14.0%	13.2%	13.0%
EBITDA	\$ 22,205	\$ 34,475	\$ 97,892	\$ 97,329
Add: restructuring and impairment charge (credit)	3,993	(180)	3,993	13,442
EBITDA (excluding restructuring and impairment charge (credit))	\$ 26,198	\$ 34,295	\$ 101,885	\$ 110,771
Net sales	\$ 235,901	\$ 246,539	\$ 744,138	\$ 746,781
EBITDA as % of net sales (excluding restructuring and impairment charge (credit))	11.1%	13.9%	13.7%	14.8%