

**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): **July 23, 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(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 2.02 Results of Operations and Financial Condition

The information contained within Item 2.02 of this Form 8-K and the Exhibit 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 July 23 2008, Ethan Allen Interiors Inc. ("Ethan Allen" or the "Company") issued a press release which contained certain preliminary operating results for the quarter and year ended June 30, 2008. A copy of the press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

Also on July 23 2008, Ethan Allen conducted a conference call during which certain unaudited, non-GAAP financial information related to the Company's operations for the twelve months ended June 30, 2008 and June 30, 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 fiscal 2008 as a result of the decision to consolidate retail facilities, and during fiscal 2007 as a result of the decision to consolidate 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 July 23, 2008
99.2	Reconciliation of non-GAAP financial information disclosed in July 23, 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: July 23, 2008

By: /s/ David R. Callen
David R. Callen
*Vice President, Finance and
Treasurer*

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
99.1	Press release dated July 23, 2008
99.2	Reconciliation of non-GAAP financial information disclosed in July 23, 2008 press release and conference call to the most directly comparable GAAP financial measure.

Ethan Allen Interiors Inc.
Investor/ Media Contact:

Peg Lupton
(203) 743-8234

**ETHAN ALLEN REPORTS RESULTS FOR QUARTER
AND FISCAL YEAR ENDED JUNE 30, 2008**

DANBURY, CT., July 23, 2008 – Ethan Allen Interiors Inc. (“Ethan Allen” or the “Company”) (NYSE:ETH) today reported operating results for the three and twelve months ended June 30, 2008.

Three Months Ended June 30, 2008

Net delivered sales for the quarter ended June 30, 2008 amounted to \$235.9 million as compared to \$258.5 million in the prior year quarter. Net delivered sales for the Company’s Retail division were \$176.5 million, down 5.9% from the prior year quarter. Wholesale sales were \$147.7 million, down 9.3% from the prior year quarter. Comparable Ethan Allen design center delivered sales were down 11.1% as compared to the prior year quarter.

For the quarter ended June 30, 2008, diluted earnings per share amounted to \$0.39 on net income of \$11.1 million, which includes a \$2.8 million Retail division restructuring charge relating to the plan announced on January 10, 2008. Excluding the restructuring charge, diluted earnings per share amounted to \$0.45. This compares to diluted earnings per share and net income of \$0.65 and \$20.5 million, respectively, in the prior year comparable period.

Year Ended June 30, 2008

For the twelve months ended June 30, 2008, net delivered sales totaled \$980 million as compared to \$1.0 billion in the prior year comparable period. Net delivered sales for the Company’s Retail division were \$724.6 million, up 3.7% from the prior year. Wholesale sales were \$616.2 million, down 6.1% from the prior year. Comparable Ethan Allen design center delivered sales were down 3.2% as compared to the prior year comparable period.

For the twelve months ended June 30, 2008, which includes a \$6.8 million restructuring and impairment charge, diluted earnings per share amounted to \$1.97 on net income of \$58.1 million. This compares to diluted earnings per share and net income of \$2.15 and \$69.2 million respectively, for the prior year, which included a \$13.4 million restructuring and impairment charge. Excluding the impact of the impairment and restructuring charges in both periods, diluted

earnings per share amounted to \$2.12 in the current year period as compared to \$2.41 in the prior year comparable period.

Farooq Kathwari, Chairman and CEO, commented, “We are pleased with the progress we have made during the fiscal year. We are gratified with our superior financial performance in a very challenging economic environment. More importantly, we have undertaken numerous initiatives to position us for growth as an interior design based enterprise. In our Retail Division, initiatives include the implementation of the design team concept, the conversion of twelve design centers to design studios, the restructuring of the retail design service center network, closing of twelve Retail Division design centers in underperforming markets, and opening of a record number of eighteen new design centers, including relocations. In other areas of our vertically integrated structure, we have improved our product offerings; launched a major national and regional advertising campaign relating to our interior design services; made major improvements to our information systems including development of a new website, and strengthened our manufacturing and logistics base.”

Commenting on the outlook for fiscal 2009, Mr. Kathwari stated, “In these challenging times it makes sense to be prepared for further softening of the economy and also be ready for the next upturn. The initiatives we have taken position us well. As far as our financial performance is concerned, we expect to continue to do relatively well.”

Ethan Allen Interiors Inc. (NYSE: ETH) is an interior design business providing complimentary design service and one-stop shopping convenience through a dedicated international network of 295 retail locations, which are referred to as design centers and design studios. Ethan Allen owns nine manufacturing facilities, including two saw mills, in the United States and one in Mexico.

The Company will conduct a Conference Call at 11:00 AM (Eastern) on Wednesday, July 23rd. The live webcast and replay are accessible via the Company’s website at http://ethanallen.com/investors_

The webcast and transcript of the July 9, 2008 Investor Conference presentation is also available at <http://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.

#####

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

Selected Consolidated Financial Data:

	Three Months Ended		Twelve Months Ended	
	6/30/08	6/30/07	6/30/08	6/30/07
Net Sales	\$ 235.9	\$ 258.5	\$ 980.0	\$ 1,005.3
Gross Margin	54.2%	53.4%	53.7%	52.4%
Operating Margin	8.1%	12.5%	9.8%	11.1%

Operating Margin (ex restructuring & impairment charge)		9.3%		12.5%		10.5%		12.4%
Net Income	\$	11.1	\$	20.5	\$	58.1	\$	69.2
Net Income (ex restructuring & impairment charge)	\$	12.9	\$	20.5	\$	62.4	\$	77.7
Operating Cash Flow	\$	18.9	\$	49.3	\$	86.1	\$	119.2
Capital Expenditures	\$	13.7	\$	11.6	\$	60.0	\$	59.1
Acquisitions	\$	1.0	\$	3.9	\$	7.8	\$	15.3
Treasury Stock Repurchases (settlement date basis)	\$	—	\$	17.0	\$	73.2	\$	51.6
EBITDA	\$	26.6	\$	39.5	\$	124.5	\$	136.9
EBITDA as % of Net Sales		11.3%		15.3%		12.7%		13.6%
EBITDA (ex restructuring & impairment charge)	\$	29.4	\$	39.5	\$	131.3	\$	150.3
EBITDA as % of Net Sales (ex restructuring & impairment charge)		12.5%		15.3%		13.4%		15.0%

Selected Financial Data by Business Segment:

	Three Months Ended		Twelve Months Ended					
	6/30/08	6/30/07	6/30/08	6/30/07				
<i>Retail</i>								
Net Sales	\$	176.5	\$	187.5	\$	724.6	\$	698.6
Operating Margin		(0.9)%		3.5%		(0.4)%		2.2%
Operating Margin (ex restructuring & impairment charge)		0.8%		3.5%		0.6%		2.2%

	Three Months Ended		Twelve Months Ended					
	6/30/08	6/30/07	6/30/08	6/30/07				
<i>Wholesale</i>								
Net Sales	\$	147.7	\$	162.8	\$	616.2	\$	656.0
Operating Margin		13.9%		15.8%		16.3%		15.1%
Operating Margin (ex restructuring & impairment charge)		13.9%		15.8%		16.3%		17.2%

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

	Three Months Ended June 30,		Twelve Months Ended June 30,					
	2008	2007	2008	2007				
	(unaudited)		(unaudited)					
Net sales	\$	235,907	\$	258,531	\$	980,045	\$	1,005,312
Cost of sales		107,939		120,543		453,980		478,729
Gross profit		127,968		137,988		526,065		526,583
Operating expenses:								
Selling		58,300		59,053		229,590		223,146
General & administrative		47,699		46,662		193,639		178,876
Restructuring & impairment charges		2,843		—		6,836		13,442
Total operating expenses		108,842		105,715		430,065		415,464
Operating income		19,126		32,273		96,000		111,119
Interest & other miscellaneous income		1,413		3,223		7,891		10,369
Interest & other related financing costs		2,920		2,982		11,713		11,762
Income before income tax expense		17,619		32,514		92,178		109,726
Income tax expense		6,519		12,030		34,106		40,499
Net income	\$	11,100	\$	20,484	\$	58,072	\$	69,227
Basic earnings per share:								
Net income per share	\$	0.39	\$	0.66	\$	1.98	\$	2.19
Basic weighted average shares outstanding		28,686		31,056		29,267		31,566
Diluted earnings per share:								
Net income per share	\$	0.39	\$	0.65	\$	1.97	\$	2.15
Diluted weighted average shares outstanding		28,826		31,556		29,470		32,261

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

	June 30, 2008	June 30, 2007
Assets		
Current Assets:		
Cash and cash equivalents	\$	74,376
Accounts receivable, net		12,672
Inventories		186,265
Prepaid expenses and other current assets		32,860
Deferred income taxes		4,005

Total current assets	310,178	382,429
Property, plant, and equipment, net	350,432	322,185
Intangible assets, net	96,823	92,500
Other assets	4,540	5,484
Total Assets	761,973	802,598

Liabilities and Shareholders' Equity

Current Liabilities:

Current maturities of long-term debt	\$ 41	\$ 40
Customer deposits	47,297	52,072
Accounts payable	26,444	26,650
Accrued expenses and other current liabilities	61,720	68,677
Total current liabilities	135,502	147,439

Long-term debt	202,988	202,868
Other long-term liabilities	20,383	12,003
Deferred income taxes	27,327	30,646
Total liabilities	386,200	392,956

Shareholders' equity	375,773	409,642
Total Liabilities and Shareholders' Equity	\$ 761,973	\$ 802,598

Ethan Allen Interiors Inc.
GAAP Reconciliation
Three and Twelve Months Ended June 30, 2008 and 2007
(in thousands, except per share amounts)

	Three Months Ended June		Twelve Months Ended June	
	2008	2007	2008	2007
Net Income / Earnings Per Share				
Net income	\$ 11,100	\$ 20,484	\$ 58,072	\$ 69,227
Add: restructuring and impairment charge, net of related tax effect	1,791	—	4,307	8,481
Net income (excluding restructuring and impairment charge)	\$ 12,891	\$ 20,484	\$ 62,379	\$ 77,708
Earnings per basic share	\$ 0.39	\$ 0.66	\$ 1.98	\$ 2.19
Earnings per basic share (excluding restructuring and impairment charge)	\$ 0.45	\$ 0.66	\$ 2.13	\$ 2.46
Basic weighted average shares outstanding	28,686	31,056	29,267	31,566
Earnings per diluted share	\$ 0.39	\$ 0.65	\$ 1.97	\$ 2.15
Earnings per diluted share (excluding restructuring and impairment charge)	\$ 0.45	\$ 0.65	\$ 2.12	\$ 2.41
Diluted weighted average shares outstanding	28,826	31,556	29,470	32,261
Consolidated Operating Income / Operating Margin				
Operating income	\$ 19,126	\$ 32,273	\$ 96,000	\$ 111,119
Add: restructuring and impairment charge	2,843	—	6,836	13,442
Operating income (excluding restructuring and impairment charge)	\$ 21,969	\$ 32,273	\$ 102,836	\$ 124,561
Net sales	\$ 235,907	\$ 258,531	\$ 980,045	\$ 1,005,312
Operating margin	8.1%	12.5%	9.8%	11.1%
Operating margin (excluding restructuring and impairment charge)	9.3%	12.5%	10.5%	12.4%
Wholesale Operating Income / Operating Margin				
Wholesale operating income	\$ 20,492	\$ 25,792	\$ 100,324	\$ 99,215
Add: restructuring and impairment charge	—	—	—	13,442
Wholesale operating income (excluding restructuring and impairment charge)	\$ 20,492	\$ 25,792	\$ 100,324	\$ 112,657
Wholesale net sales	\$ 147,708	\$ 162,827	\$ 616,230	\$ 656,035
Wholesale operating margin	13.9%	15.8%	16.3%	15.1%
Wholesale operating margin (excluding restructuring and impairment charge)	13.9%	15.8%	16.3%	17.2%
Retail Operating Income / Operating Margin				
Retail operating income (loss)	\$ (1,506)	\$ 6,622	\$ (2,800)	\$ 15,162
Add: restructuring and impairment charge	2,843	—	6,836	—
Retail operating income (excluding restructuring and impairment charge)	\$ 1,337	\$ 6,622	\$ 4,036	\$ 15,162
Retail net sales	\$ 176,474	\$ 187,507	\$ 724,586	\$ 698,611
Retail operating margin	-0.9%	3.5%	-0.4%	2.2%
Retail operating margin (excluding restructuring and impairment charge)	0.8%	3.5%	0.6%	2.2%
EBITDA				
Net income	\$ 11,100	\$ 20,484	\$ 58,072	\$ 69,227
Add: interest expense (income), net	2,357	1,251	7,613	4,127
Add: income tax expense	6,519	12,030	34,106	40,499
Add: depreciation and amortization	6,593	5,772	24,670	23,013
EBITDA	\$ 26,569	\$ 39,537	\$ 124,461	\$ 136,866
Net sales	\$ 235,907	\$ 258,531	\$ 980,045	\$ 1,005,312
EBITDA as % of net sales	11.3%	15.3%	12.7%	13.6%
EBITDA	\$ 26,569	\$ 39,537	\$ 124,461	\$ 136,866
Add: restructuring and impairment charge	2,843	—	6,836	13,442
EBITDA (excluding restructuring and impairment charge)	\$ 29,412	\$ 39,537	\$ 131,297	\$ 150,308
Net sales	\$ 235,907	\$ 258,531	\$ 980,045	\$ 1,005,312
EBITDA as % of net sales excluding restructuring and impairment charge)	12.5%	15.3%	13.4%	15.0%