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): October 23, 2008

ETHAN ALLEN INTERIORS INC.
(Exact name of registrant as specified in its charter)

Delaware	**1-11692**	**06-1275288**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

Ethan Allen Drive	
Danbury, CT	**06811**
(Address of principal executive offices)	(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))

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 October 23, 2008, Ethan Allen Interiors Inc. (“Ethan Allen” or the “Company”) issued a press release setting forth its operating results for the three months ended September 30, 2008. A copy of the press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

On October 23, 2008 Ethan Allen will conduct a conference call during which certain unaudited, non-GAAP financial information related to the Company’s operations for the three months ended September 30, 2008 and September 30, 2007 will be 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 September 30, 2008 as a result of the Company's decisions to consolidate retail 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

Exhibit	Description
99.1	Press release dated October 23, 2008
99.2	Reconciliation of non-GAAP financial information disclosed in October 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: October 23, 2008

By: /s/ David R. Callen

David R. Callen

Vice President, Finance and Treasurer

EXHIBIT INDEX

Exhibit	Description
99.1	Press release dated October 23, 2008
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Ethan Allen Announces First Quarter Sales and Earnings

DANBURY, Conn.--(BUSINESS WIRE)--October 23, 2008--Ethan Allen Interiors Inc. (“Ethan Allen” or the “Company”) (NYSE:ETH) today reported operating results for the three months ended September 30, 2008.

Net delivered sales for the quarter ended September 30, 2008 were $205.8 million, representing a decline of 17.2% compared with $248.7 million in the prior year quarter. Net delivered sales for the Company’s Retail division were $155.9 million representing a decline of 14.7% from the prior year period. Wholesale sales were $121.3 million representing a decline of 22.4% from the prior year period. Comparable Ethan Allen design center delivered sales were down 19.0% compared to the prior year quarter.

As of September 30, 2008 there were a total of 292 retail location design centers of which 160 were Company owned compared with a total of 311 of which 159 were Company owned as of September 30, 2007.

For the quarter ended September 30, 2008, diluted earnings per share amounted to $0.26 on net income of $7.4 million, including a restructuring benefit of $1.0 million net of tax due to the gain on the sale of one of the properties closed last fiscal year. Excluding this net restructuring benefit, diluted earnings per share was $0.22 on $6.4 million in net income. This compares to diluted earnings per share and net income of $0.57 and $17.5 million, respectively, in the prior year comparable period.

During the quarter, the Company implemented the “Team Concept” in the Retail division whereby design associates are paid a base salary with an opportunity for the team to earn a bonus. There was an incremental one-time overlap of selling expenses as prepaid commissions of $4.6 million (or $0.10 per diluted share) were expensed. Also during the quarter, historical tax exposures were resolved resulting in a one-time tax benefit to the income statement of $0.8 million (or $0.03 per diluted share).

Farooq Kathwari, Chairman and CEO, commented, "We have been able to maintain decent profitability during these challenging times. While our sales have decreased, our gross margins increased due to many factors including maintaining our every day best price policy. In addition, our many initiatives during the last several years are also a major factor in reducing costs and improving our performance. These initiatives have included developing knowledgeable and motivated associates, the repositioning of our brand to project a modern attitude with a classic perspective, maintaining a consistent strong national advertising program, and continued structural changes in our retail, manufacturing and logistics network."

Mr. Kathwari added, “Our focus has also been to maintain liquidity. We are pleased that during the quarter we increased our cash position by $5.5 million with an ending balance of about $80 million. As we indicated previously, we have completed most of the repositioning of the retail network and expect a major reduction in capital expenditures in this fiscal year which should further help strengthen our cash position.”

Mr. Kathwari continued, “While the overall economic environment remains uncertain, we believe that we are well positioned during this period and also ready to grow our business as conditions improve.”

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 292 design centers in the United States and abroad, of which 160 are Company owned. Ethan Allen owns eight manufacturing facilities in the United States, which include 2 sawmills, and one cut and sew factory in Mexico.

The Company will conduct a Conference Call at 11:00 AM (Eastern) on Thursday, October 23rd. The live webcast and replay are accessible via the Company’s website at 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, 2008 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. and Subsidiaries
Selected Financial Information (Unaudited)
(In millions)

Selected Consolidated Financial Data:

	Three Months Ended September 30, 2008		Three Months Ended September 30, 2007	
Net Sales	$	205.8	$	248.7
Gross Margin		54.4%		53.7%
Operating Margin		5.9%		11.2%
Operating Margin (ex restructuring & impairment charge (credit))		5.1%		11.2%
Net Income	$	7.4	$	17.5
Net Income (ex restructuring & impairment charge (credit))	$	6.4	$	17.5
Operating Cash Flow	$	18.1	$	41.5
Capital Expenditures	$	11.1	$	12.5
Acquisitions	$	0.4	$	0.7
Treasury Stock Repurchases (settlement date basis)	$	-	$	41.7
EBITDA	$	19.2	$	35.1
EBITDA as % of Net Sales		9.3%		14.1%
EBITDA (ex restructuring & impairment Charge (credit))	$	17.6	$	35.1
EBITDA as % of Net Sales (ex restructuring & impairment charge (credit))		8.6%		14.1%

Selected Financial Data by Business Segment:

Retail	Three Months Ended September 30, 2008		Three Months Ended September 30, 2007	
Net Sales	$	155.9	$	182.8
Operating Margin		(2.0%)		0.5%
Operating Margin (ex restructuring & impairment charge (credit))		(3.3%)		0.5%

Wholesale	Three Months Ended September 30, 2008		Three Months Ended September 30, 2007	
Net Sales	$	121.3	$	156.3
Operating Margin		9.8%		17.1%
Operating Margin (ex restructuring & impairment charge)		10.1%		17.1%

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

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007
Net sales	$ 205,841	$ 248,727
Cost of sales	93,900	115,270
Gross profit	111,941	133,457
Operating expenses:		
Selling	55,302	57,578
General & administrative	46,058	48,082
Restructuring & impairment charges (credit)	(1,630)	-
Total operating expenses	99,730	105,660
Operating income	12,211	27,797
Interest & other miscellaneous income	1,100	2,922
Interest & other related financing costs	2,901	2,935
Income before income tax expense	10,410	27,784
Income tax expense	2,988	10,280
Net income	$ 7,422	$ 17,504
Basic earnings per common share:		
Net income per basic share	$ 0.26	$ 0.58
Basic weighted average common shares	28,703	30,084
Diluted earnings per common share:		
Net income per diluted share	$ 0.26	$ 0.57
Diluted weighted average common shares	28,847	30,464

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

	September 30, 2008 (unaudited)	June 30, 2008
Assets		
Current Assets:		
Cash and cash equivalents	$ 79,917	$ 74,376
Accounts receivable, net	11,549	12,672
Inventories	187,495	186,265
Prepaid expenses and other current assets	22,016	32,860
Deferred income taxes	4,188	4,005
Total current assets	305,165	310,178
Property, plant, and equipment, net	355,036	350,432
Intangible assets, net	94,633	96,823
Other assets	4,423	4,540
Total Assets	$ 759,257	$ 761,973
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current maturities of long-term debt	$ 41	$ 41
Customer deposits	42,640	47,297
Accounts payable	25,894	26,444
Accrued expenses and other current liabilities	68,056	61,720
Total current liabilities	136,631	135,502
Long-term debt	203,018	202,988
Other long-term liabilities	20,661	20,383
Deferred income taxes	22,948	27,327
Total liabilities	383,258	386,200
Shareholders' equity	375,999	375,773
Total Liabilities and Shareholders' Equity	$ 759,257	$ 761,973

CONTACT:
Ethan Allen Interiors Inc.
Investor/ Media:
Peg Lupton, 203-743-8234

Ethan Allen Interiors Inc. **EXHIBIT 99.2**
GAAP Reconciliation
Three Months Ended September 30, 2008 and 2007
(in thousands, except per share amounts)

	Three Months Ended September 30,	
	2008	**2007**
Net Income / Earnings Per Share		
Net income	$ 7,422	$ 17,504
Add: restructuring and impairment charge (credit), net of related tax effect	(1,037)	-
Net income (excluding restructuring and impairment charge (credit))	$ 6,385	$ 17,504
Earnings per basic share	$ 0.26	$ 0.58
Earnings per basic share (excluding restructuring and impairment charge (credit))	$ 0.22	$ 0.58
Basic weighted average shares outstanding	28,703	30,084
Earnings per diluted share	$ 0.26	$ 0.57
Earnings per diluted share (excluding restructuring and impairment charge (credit))	$ 0.22	$ 0.57
Diluted weighted average shares outstanding	28,847	30,464
Consolidated Operating Income / Operating Margin		
Operating income	$ 12,211	$ 27,797
Add: restructuring and impairment charge (credit)	(1,630)	-
Operating income (excluding restructuring and impairment charge (credit))	$ 10,581	$ 27,797
Net sales	$ 205,841	$ 248,727
Operating margin	5.9%	11.2%
Operating margin (excluding restructuring and impairment charge (credit))	5.1%	11.2%
Wholesale Operating Income / Operating Margin		
Wholesale operating income	$ 11,885	$ 26,780
Add: restructuring and impairment charge	408	-
Wholesale operating income (excluding restructuring and impairment charge)	$ 12,293	$ 26,780
Wholesale net sales	$ 121,295	$ 156,323
Wholesale operating margin	9.8%	17.1%
Wholesale operating margin (excluding restructuring and impairment charge)	10.1%	17.1%
Retail Operating Income / Operating Margin		
Retail operating income (loss)	$ (3,052)	$ 899
Add: restructuring and impairment charge (credit)	(2,038)	-
Retail operating income (excluding restructuring and impairment charge (credit))	$ (5,090)	$ 899
Retail net sales	$ 155,870	$ 182,754
Retail operating margin	-2.0%	0.5%
Retail operating margin (excluding restructuring and impairment charge (credit))	-3.3%	0.5%
EBITDA		
Net income	$ 7,422	$ 17,504
Add: interest expense (income), net	2,508	1,397
Add: income tax expense	2,988	10,280
Add: depreciation and amortization	6,318	5,937
EBITDA	$ 19,236	$ 35,118
Net sales	$ 205,841	$ 248,727
EBITDA as % of net sales	9.3%	14.1%
EBITDA	$ 19,236	$ 35,118
Add: restructuring and impairment charge (credit)	(1,630)	-
EBITDA (excluding restructuring and impairment charge (credit))	$ 17,606	$ 35,118
Net sales	$ 205,841	$ 248,727
EBITDA as % of net sales excluding restructuring and impairment charge (credit))	8.6%	14.1%