

FORM 4

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

| OMB APPROVAL | |
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

(Print or Type Responses)

| | | | | | |
|---|--|---|--|---|--|
| 1. Name and Address of Reporting Person* KATHWARI M FAROOQ | | 2. Issuer Name and Ticker or Trading Symbol ETHAN ALLEN INTERIORS INC [ETH] | | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) Chairman, President, CEO | |
| (Last) (First) (Middle) ETHAN ALLEN INTERIORS INC., ETHAN ALLEN DRIVE | | 3. Date of Earliest Transaction (Month/Day/Year) 08/17/2007 | | | |
| (Street) DANBURY, CT 06811 | | 4. If Amendment, Date Original Filed(Month/Day/Year) | | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person | |
| (City) (State) (Zip) | | Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned | | | |

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|------------|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | | | | | | | | 2,143,691 (1) | D | |
| Common Stock | | | | | | | | 255,749 | I | Kathwari 2005 Grantor Retained Annuity Trust (GRAT) |
| Common Stock | | | | | | | | 138,186 | I | Irfan Kathwari Trust |
| Common Stock | | | | | | | | 15,364 | I | Held by Spouse |
| Common Stock | 08/17/2007 | | M | | 750,000 | A | \$ 27.5167 | 2,893,691 | D | |
| Common Stock | 08/17/2007 | | F | | 661,688 (2) | D | \$ 34.81 | 2,232,003 | D | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number. SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|---|---|--|------------|---|-----------------|--|--|--|--|
| | | | | Code | V | | (A) | (D) | Date Exercisable | Expiration Date | | | | |
| Common Stock | \$ 27.5167 | 08/17/2007 | | M | | 750,000 | 09/17/2000 | 09/17/2007 | Common Stock | 750,000 | \$ 0 | 0 | D | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|--------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| KATHWARI M FAROOQ ETHAN ALLEN INTERIORS INC. ETHAN ALLEN DRIVE DANBURY, CT 06811 | X | X | Chairman, President, CEO | |

Signatures

| | |
|--|---------------------|
| M.Farooq Kathwari | 08/21/2007 |
| <small>**Signature of Reporting Person</small> | <small>Date</small> |

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Includes forfeiture of 10,500 unvested shares of restricted stock.

(2) Such shares paid to Company by Reporting Person; 592,861 as exercise price and 68,827 paid with respect to tax obligations.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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