



**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

SIGNATURES

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**EXHIBIT INDEX**

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