

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended JUNE 30, 1998

or

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from to

Commission file number 0-5151

A) Full title of the plan:

SALARIED EMPLOYEES' SAVINGS PLAN 401(k)

B) Name of issuer of the securities held pursuant to the plan and the address of
its principal executive office:

FLEXSTEEL INDUSTRIES, INC., P.O. BOX 877, DUBUQUE, IA 52004-0877

THE PLAN. Pursuant to the requirements of the Securities Exchange Act
of 1934, the trustees (or other persons who administer the employee benefit
plan) have duly caused this annual report to be signed on its behalf by the
undersigned hereunto duly authorized.

Salaried Employees' Savings Plan 401(k)

(Name of Plan)

Date: September 16, 1998

/S/ R. J. KLOSTERMAN

R.J. Klosterman
VICE PRESIDENT OF FINANCE AND
PRINCIPAL FINANCIAL OFFICER

INDEPENDENT AUDITORS' REPORT

Flexsteel Industries, Inc. Salaried Employees' Savings Plan 401(k):

We have audited the combining statements of financial position of the
Flexsteel Industries, Inc. Salaried Employees' Savings Plan 401(k) (the "Plan")
as of June 30, 1998 and 1997 and the related combining statements of income and
changes in plan equity for each of the three years in the period ended June 30,
1998. These financial statements are the responsibility of the Plan's
management. Our responsibility is to express an opinion on these financial
statements based on our audits.

We conducted our audits in accordance with generally accepted auditing
standards. Those standards require that we plan and perform the audit to obtain
reasonable assurance about whether the financial statements are free of material
misstatement. An audit includes examining, on a test basis, evidence supporting
the amounts and disclosures in the financial statements. An audit also includes
assessing the accounting principles used and significant estimates made by
management, as well as evaluating the overall financial statement presentation.
We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all
material respects, the financial position of the Plan as of June 30, 1998 and
1997, and the results of its operations for each of the three years in the
period ended June 30, 1998 in conformity with generally accepted accounting
principles.

DELOITTE & TOUCHE LLP

Minneapolis, Minnesota
August 6, 1998

FLEXSTEEL INDUSTRIES, INC.
SALARIED EMPLOYEES' SAVINGS PLAN 401(k)
COMBINING STATEMENTS OF FINANCIAL POSITION
JUNE 30, 1998

	Flexsteel Industries, Inc. Common Stock Fund	Common Stock Fund	Guaranteed Interest Account	Private Market Bond and Mortgage Account	Stock Index Fund	Money Market Account	International Stock Account
ASSETS							
Cash.....	13,355						
Employee Contributions Receivable.....	3,197	21,897	18,523	4,998	4,309	1,148	5,069
Company Contributions Receivable.....	592	2,711	2,829	701	519	185	757
Investment in Flexsteel Industries, Inc. Common Stock Fund - Par Value \$1 Per Share; at market 123,474 shares at \$14.00 each.....	1,728,636						
Investment in Common Stock Fund.....		6,636,372					
Investment in Private Market Bond & Mortgage Account.....				1,000,662			
Investment in Guaranteed Interest Account....			4,007,667				
Investment in Stock Index Fund.....					583,110		
Investment in Money Market Account.....						109,498	
Investment in International Stock Account....							916,273
Investment in Small Company Stock Fund.....							
Total Assets.....	1,745,780	6,660,980	4,029,019	1,006,361	587,938	110,831	922,099
PLAN EQUITY							
Total plan equity.....	1,745,780	6,660,980	4,029,019	1,006,361	587,938	110,831	922,099

[WIDE TABLE CONTINUED FROM ABOVE]

	Small Company Stock Fund	Total
ASSETS		
Cash.....		13,355
Employee Contributions Receivable.....	10,292	69,433
Company Contributions Receivable.....	1,337	9,631
Investment in Flexsteel Industries, Inc. Common Stock Fund - Par Value \$1 Per Share; at market 123,474 shares at \$14.00 each.....		1,728,636
Investment in Common Stock Fund.....		6,636,372
Investment in Private Market Bond & Mortgage Account.....		1,000,662
Investment in Guaranteed Interest Account....		4,007,667
Investment in Stock Index Fund.....		583,110
Investment in Money Market Account.....		109,498
Investment in International Stock Account....		916,273
Investment in Small Company Stock Fund.....	1,184,815	1,184,815
Total Assets.....	1,196,444	16,259,452
PLAN EQUITY		
Total plan equity.....	1,196,444	16,259,452

See accompanying Notes to Financial Statements

FLEXSTEEL INDUSTRIES, INC.
SALARIED EMPLOYEES' SAVINGS PLAN 401(k)
COMBINING STATEMENTS OF FINANCIAL POSITION
JUNE 30, 1997

	Flexsteel Industries, Inc. Common Stock Fund	Common Stock Fund	Guaranteed Interest Account	Private Market Bond and Mortgage Account	Stock Index Fund	Money Market Account	International Stock Account
ASSETS							
Cash.....	\$ 17,307						
Employee Contributions Receivable.....	3,490	\$ 18,812	\$ 18,382	\$ 4,258	\$ 329	\$ 810	\$ 4,643
Company Contributions Receivable.....	1,066	2,548	3,025	653	25	123	737
Investment in Flexsteel Industries, Inc. Common Stock Fund- Par Value \$1 Per Share; at market 131,500 shares at \$11.75 each.....	1,545,125						
Investment in Common Stock Fund.....		5,194,921					
Investment in Private Market Bond & Mortgage Account.....				900,523			
Investment in Guaranteed Interest Account....			4,184,821				
Investment in Stock Index Fund.....					118,249		
Investment in Money Market Account.....						109,698	
Investment in International Stock Account....							677,249
Investment in Small Company Stock Fund.....							
Total Assets.....	<u>\$1,566,988</u>	<u>\$5,216,281</u>	<u>\$4,206,228</u>	<u>\$ 905,434</u>	<u>\$118,603</u>	<u>\$110,631</u>	<u>\$682,629</u>
PLAN EQUITY							
Total plan equity.....	<u>\$1,566,988</u>	<u>\$5,216,281</u>	<u>\$4,206,228</u>	<u>\$ 905,434</u>	<u>\$118,603</u>	<u>\$110,631</u>	<u>\$682,629</u>

[WIDE TABLE CONTINUED FROM ABOVE)

	Small Company Stock Fund	Total
ASSETS		
Cash.....		\$ 17,307
Employee Contributions Receivable.....	\$ 8,450	59,174
Company Contributions Receivable.....	1,250	9,427
Investment in Flexsteel Industries, Inc. Common Stock Fund- Par Value \$1 Per Share; at market 131,500 shares at \$11.75 each.....		1,545,125
Investment in Common Stock Fund.....		5,194,921
Investment in Private Market Bond & Mortgage Account.....		900,523
Investment in Guaranteed Interest Account....		4,184,821
Investment in Stock Index Fund.....		118,249
Investment in Money Market Account.....		109,698
Investment in International Stock Account....		677,249
Investment in Small Company Stock Fund.....	941,739	941,739
Total Assets.....	<u>\$ 951,439</u>	<u>\$13,758,233</u>
PLAN EQUITY		
Total plan equity.....	<u>\$ 951,439</u>	<u>\$13,758,233</u>

See accompanying Notes to Financial Statements

FLEXSTEEL INDUSTRIES, INC.
SALARIED EMPLOYEES' SAVINGS PLAN 401(k)
COMBINING STATEMENTS OF INCOME AND CHANGES IN PLAN EQUITY
JUNE 30, 1998, 1997 and 1996

	Flexsteel Industries, Inc. Common Stock Fund	Common Stock Fund	Guaranteed Interest Account	Private Market Bond and Mortgage Account	Stock Index Fund	Money Market Account
1998:						
Net Investment Income						
Cash Dividend on Flexsteel Common Stock	\$ 62,239					
Interest	716		\$ 235,284	\$ 93,900		\$ 7,640
	-----		-----	-----		-----
Total	62,955		235,284	93,900		7,640
Employee Contributions	68,483	\$ 325,628	253,354	71,879	\$ 34,391	13,457
Company Contributions	\$ 16,586	48,941	42,222	12,117	5,869	2,353
Net Appreciation in Fair Value of Investments	303,009	1,096,664			77,597	
Withdrawals	(215,928)	(122,532)	(197,877)	(31,952)	(4,011)	(16,185)
Transfers (To) From Other Investment Programs	(56,313)	95,998	(510,192)	(45,017)	355,489	(7,065)
	-----	-----	-----	-----	-----	-----
Increase (Decrease) in Plan Equity	178,792	1,444,699	(177,209)	100,927	469,335	200
Plan Equity - Beginning of Year	1,566,988	5,216,281	4,206,228	905,434	118,603	110,631
	-----	-----	-----	-----	-----	-----
Plan Equity - End of Year	\$ 1,745,780	\$ 6,660,980	\$ 4,029,019	\$ 1,006,361	\$ 587,938	\$ 110,831
	=====	=====	=====	=====	=====	=====
1997:						
Net Investment Income						
Cash Dividend on Flexsteel Common Stock	\$ 60,267					
Interest	294		\$ 253,338	\$ 78,880		\$ 4,798
	-----		-----	-----		-----
Total	60,561		253,338	78,880		4,798
Employee Contributions	75,753	\$ 290,690	275,357	74,478	\$ 4,460	12,564
Company Contributions	19,223	45,065	47,245	12,287	1,065	1,969
Net Appreciation in Fair Value of Investments	(2,107)	1,165,085			33,352	
Withdrawals	(48,100)	(131,062)	(362,588)	(28,604)	(17,435)	(2,925)
Transfers (To) From Other Investment Programs	(1,159)	50,529	(354,596)	(65,967)	370	23,241
	-----	-----	-----	-----	-----	-----
Increase (Decrease) in Plan Equity	104,171	1,420,307	(141,244)	71,074	21,812	39,647
Plan Equity - Beginning of Year	1,462,817	3,795,974	4,347,472	834,360	96,791	70,984
	-----	-----	-----	-----	-----	-----
Plan Equity - End of Year	\$ 1,566,988	\$ 5,216,281	\$ 4,206,228	\$ 905,434	\$ 118,603	\$ 110,631
	=====	=====	=====	=====	=====	=====
1996:						
Net Investment Income						
Cash Dividend on Flexsteel Common Stock	\$ 55,375					
Interest	334		\$ 273,600	\$ 42,443		\$ 3,317
	-----		-----	-----		-----
Total	55,709		273,600	42,443		3,317
Employee Contributions	86,646	\$ 256,401	321,675	89,823	\$ 7,306	11,386
Company Contributions	18,303	40,007	54,506	15,211	1,697	1,947
Net Appreciation in Fair Value of Investments	176,968	819,100			19,021	
Withdrawals	(103,805)	(71,648)	(487,454)	(41,370)	(3,426)	(4,090)
Transfers (To) From Other Investment Programs	83,543	2,146	(263,304)	(57,574)	1,845	(758)
	-----	-----	-----	-----	-----	-----
Increase (Decrease) in Plan Equity	317,364	1,044,006	(100,977)	48,533	26,443	11,802
Plan Equity - Beginning of Year	1,145,453	2,749,968	4,448,449	785,827	70,348	59,182
	-----	-----	-----	-----	-----	-----
Plan Equity - End of Year	\$ 1,462,817	\$ 3,795,974	\$ 4,347,472	\$ 834,360	\$ 96,791	\$ 70,984
	=====	=====	=====	=====	=====	=====

[WIDE TABLE CONTINUED FROM ABOVE]

	International Stock Account	Small Company Stock Fund	Total
1998:			
Net Investment Income			
Cash Dividend on Flexsteel Common Stock			\$ 62,239
Interest			337,540

Total			399,779
Employee Contributions	\$ 106,202	\$ 163,555	1,036,949
Company Contributions	19,797	27,715	175,600
Net Appreciation in Fair Value of Investments	102,221	109,408	1,688,899
Withdrawals	(80,700)	(130,823)	(800,008)
Transfers (To) From Other Investment Programs	91,950	75,150	
	-----	-----	-----
Increase (Decrease) in Plan Equity	239,470	245,005	2,501,219
Plan Equity - Beginning of Year	682,629	951,439	13,758,233
	-----	-----	-----
Plan Equity - End of Year	922,099	1,196,444	16,259,452
	=====	=====	=====

1997:			
Net Investment Income			
Cash Dividend on Flexsteel Common Stock		\$	60,267
Interest			337,310

Total			397,577
Employee Contributions	\$	92,263	\$ 136,747
Company Contributions		17,193	24,053
Net Appreciation in Fair Value of Investments		122,790	125,363
Withdrawals		(10,577)	(157,760)
Transfers (To) From Other Investment Programs		147,688	199,894
		-----	-----
Increase (Decrease) in Plan Equity		369,357	328,297
Plan Equity - Beginning of Year		313,272	623,142
		-----	-----
Plan Equity - End of Year	\$	682,629	\$ 951,439
		=====	=====

1996:			
Net Investment Income			
Cash Dividend on Flexsteel Common Stock		\$	55,375
Interest			319,694

Total			375,069
Employee Contributions	\$	65,272	\$ 96,323
Company Contributions		12,687	17,299
Net Appreciation in Fair Value of Investments		38,056	106,732
Withdrawals		(2,236)	(8,995)
Transfers (To) From Other Investment Programs		88,960	145,142
		-----	-----
Increase (Decrease) in Plan Equity		202,739	356,501
Plan Equity - Beginning of Year		110,533	266,641
		-----	-----
Plan Equity - End of Year	\$	313,272	\$ 623,142
		=====	=====

See accompanying Notes to Financial Statements

FLEXSTEEL INDUSTRIES, INC.

SALARIED EMPLOYEES' SAVINGS PLAN 401(k)

NOTES TO FINANCIAL STATEMENTS

1) PLAN DESCRIPTION

The Flexsteel Industries, Inc. Salaried Employees' Savings Plan 401(k) (the "Plan") was established effective July 1, 1985 by Flexsteel Industries, Inc. (the "Company"). The Plan is available to certain salaried, salesmen and office employees that have one year of eligible service and have reached the age of twenty-one. Participation is voluntary.

The Plan allows eligible employees to elect to have from 1% to 14% (salesmen are subject to a 4% maximum) of their basic pre-tax pay contributed to the Plan. Employee contributions are subject to a maximum of \$10,000 in calendar year 1998 by law. The Company contributes an amount equal to 25% of the first 4% of pay the employee contributes. Participant and Company basic contributions are 100% vested. The Company, at its option, may also contribute additional amounts to be allocated amongst all participants based on the participants' pay; such additional company contributions vest over 7 years (20% after 3 years, 40% after 4 years, 60% after 5 years, 80% after 6 years, and 100% after 7 years).

Plan participants direct their contributions to any of the eight investment accounts available:

- 1) The FLEXSTEEL INDUSTRIES, INC. COMMON STOCK FUND, which consists of the Company's common stock.
- 2) A COMMON STOCK FUND, which consists of common stock and other equity securities, and also may include short-term money market instruments, cash or cash equivalents.
- 3) A GUARANTEED INTEREST ACCOUNT, which is an insurance company account that provides a guaranteed interest rate for a five-year period.
- 4) A PRIVATE MARKET BOND AND MORTGAGE ACCOUNT, which is an insurance company account that provides for competitive yield debt securities.
- 5) A STOCK INDEX FUND, which is a pooled investment account invested in the common stock of those firms included in the Standard & Poor's 500 Stock Index.
- 6) A MONEY MARKET ACCOUNT, which is an insurance company account primarily invested in commercial paper with maturities of one year or less.
- 7) An INTERNATIONAL STOCK ACCOUNT, which invests in stocks of companies in Western Europe and Asia.
- 8) A SMALL COMPANY STOCK FUND, which invests in stocks of relatively smaller companies.

Assets of the Plan are held by a "Custodian," the Principal Mutual Life Insurance Company, except for the Flexsteel Industries, Inc. Common Stock Fund that is held by the American Trust & Savings Bank of Dubuque, Iowa (the "Trustee"). The Plan is administered by a committee appointed by the Board of Directors of the Company. Distributions are paid upon retirement, termination of employment, death, disability, or in hardship cases. Non-vested contributions revert to the Company upon termination of employment. Upon termination of the Plan, participant accounts become fully vested and non-forfeitable.

At June 30, 1998 the Plan had 524 participants, of which there were 202 participants in the Flexsteel Industries, Inc. Common Stock Fund, 390 participants in the Common Stock Fund, 409 participants in the Guaranteed Interest Accounts, 210 participants in the Private Market Bond and Mortgage Account, 85 participants in the Stock Index Fund, 79 participants in the Money Market Account, 225 participants in the International Stock Fund, and 258 participants in the Small Company Stock Fund.

2) SIGNIFICANT ACCOUNTING POLICIES

The Plan uses the accrual basis of accounting. Investments in common stock are recorded at the market value based on market quotations. Other investments are stated at market value as determined by the Trustee and Custodian based on the market value of the funds and the participation in each fund. The cost of investments sold is determined by the average cost method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3) INCOME TAXES

The Plan has received a determination from the Internal Revenue Service that the Plan is exempt from Federal income taxes. Participants are not taxed currently on their contributions or on Company contributions to the Plan. Distributions to participants generally are subject to Federal and State income tax at the time of distribution; certain distributions may receive more favorable tax treatment.

4) NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS

The unrealized appreciation (depreciation) in the investment accounts is as follows

	Cost -----	Market Value -----	Net Appreciation (Depreciation) -----
Flexsteel Industries, Inc. Common Stock Fund			
Balance, June 30, 1995	\$ 1,312,334	\$ 1,124,625	\$ (187,709)
Net change during year	140,239	317,207	176,968

Balance, June 30, 1996	1,452,573	1,441,832	(10,741)
Net change during year	105,400	103,293	(2,107)

Balance, June 30, 1997	1,557,973	1,545,125	(12,848)
Net change during year	(119,498)	183,511	303,009

Balance, June 30, 1998	\$ 1,438,475	\$ 1,728,636	\$ 290,161
=====			
Common Stock Fund			
Balance, June 30, 1995	\$ 1,621,117	\$ 2,729,058	\$ 1,107,941
Net change during year	228,040	1,047,140	819,100

Balance, June 30, 1996	1,849,157	3,776,198	1,927,041
Net change during year	253,638	1,418,723	1,165,085

Balance, June 30, 1997	2,102,795	5,194,921	3,092,126
Net change during year	344,787	1,441,451	1,096,664

Balance, June 30, 1998	\$ 2,447,582	\$ 6,636,372	\$ 4,188,790
=====			
Stock Index Fund			
Balance, June 30, 1995	\$ 51,312	\$ 69,401	\$ 18,089
Net change during year	8,030	27,051	19,021

Balance, June 30, 1996	59,342	96,452	37,110
Net change during year	(11,555)	21,797	33,352

Balance, June 30, 1997	47,787	118,249	70,462
Net change during year	387,264	464,861	77,597

Balance, June 30, 1998	\$ 435,051	\$ 583,110	\$ 148,059
=====			
International Stock Fund			
Balance, June 30, 1995	\$ 102,463	\$ 106,627	\$ 4,164
Net change during year	164,584	202,640	38,056

Balance, June 30, 1996	267,047	309,267	42,220
Net change during year	245,192	367,982	122,790

Balance, June 30, 1997	512,239	677,249	165,010
Net change during year	136,803	239,024	102,221

Balance, June 30, 1998	\$ 649,042	\$ 916,273	\$ 267,231
=====			
Small Company Stock Fund			
Balance, June 30, 1995	\$ 225,419	\$ 261,580	\$ 36,161
Net change during year	247,263	353,995	106,732

Balance, June 30, 1996	472,682	615,575	142,893
Net change during year	200,801	326,164	125,363

Balance, June 30, 1997	673,483	941,739	268,256
Net change during year	133,668	243,076	109,408

Balance, June 30, 1998	\$ 807,151	\$ 1,184,815	\$ 377,664
=====			

The cost of investments in the Guaranteed Interest Account, Private Market Bond and Mortgage Account, and Money Market Account approximate market.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5) RELATED PARTY TRANSACTIONS

All administrative costs of the Plan are paid by the Company. Brokers' commissions and fees, if any, incurred in connection with the segregated funds are paid by the Plan.

The Plan had the following transactions in the Flexsteel Common Stock Fund or in the Custodian's funds for the year ended June 30, 1998, 1997 and 1996 (shares in parentheses):

1998:	PURCHASES	SALES (1)	COST OF SALES (1)
FUND	-----	-----	-----
Flexsteel Industries, Inc. Common Stock Fund	\$ 47,231(3,769)	\$ 164,740(11,795)	\$ 164,740
Common Stock Fund	\$ 371,321	\$ 26,534	\$ 26,534
Guaranteed Interest Account	\$ 295,631	\$ 708,069	\$ 708,069
Private Market Bond and Mortgage Account ...	\$ 83,209	\$ 76,969	\$ 76,969
Stock Index Fund	\$ 35,786	\$(351,478)	\$(351,478)
Money Market Account	\$ 15,410	\$ 23,251	\$ 23,251
International Stock Account	\$ 125,553	\$ (11,250)	\$ (11,250)
Small Company Stock Fund	\$ 189,341	\$ 55,672	\$ 55,672
1997:	PURCHASES	SALES (1)	COST OF SALES (1)
FUND	-----	-----	-----
Flexsteel Industries, Inc. Common Stock Fund	\$ 116,599(9,791)	\$ 11,969(1,000)	\$ 11,969
Common Stock Fund	\$ 334,171	\$ 83,244	\$ 83,244
Guaranteed Interest Account	\$ 326,041	\$ 711,660	\$ 711,660
Private Market Bond and Mortgage Account ...	\$ 87,350	\$ 94,571	\$ 94,571
Stock Index Fund	\$ 5,510	\$ 17,065	\$ 17,065
Money Market Account	\$ 14,419	\$ (20,316)	\$ (20,316)
International Stock Account	\$ 108,080	\$(137,111)	\$(137,111)
Small Company Stock Fund	\$ 158,667	\$ (42,134)	\$ (42,134)
1996:	PURCHASES	SALES (1)	COST OF SALES (1)
FUND	-----	-----	-----
Flexsteel Industries, Inc. Common Stock Fund	\$ 229,258(20,686)	\$ 89,019(7,696)	\$ 89,019
Common Stock Fund	\$ 297,542	\$ 70,935	\$ 70,935
Guaranteed Interest Account	\$ 392,830	\$ 749,717	\$ 749,717
Private Market Bond and Mortgage Account ...	\$ 108,147	\$ 98,946	\$ 98,946
Stock Index Fund	\$ 9,611	\$ 1,581	\$ 1,581
Money Market Account	\$ 13,284	\$ 4,848	\$ 4,848
International Stock Account	\$ 77,860	\$ (86,724)	\$ (86,724)
Small Company Stock Fund	\$ 111,116	\$(136,147)	\$(136,147)

(1) Amount is net of transfers

CONSENT OF INDEPENDENT AUDITORS

Flexsteel Industries, Inc.:

We consent to the incorporation by reference in Registration Statement No. 33-1836 on Form S-8 as amended by Post-Effective Amendment No. 1 for the Flexsteel Salaried Employees' Savings Plan 401(k) of our report dated August 6, 1998 appearing in the Annual Report on Form 11-K of the Flexsteel Salaried Employees' Savings Plan 401(k) for the year ended June 30, 1998.

DELOITTE & TOUCHE LLP

Minneapolis, Minnesota
September 25, 1998