

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, 1999

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 2, 1999

/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, 1999 and 1998 and the related combining statements of income and changes in plan equity for each of the three years in the period ended June 30, 1999. 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, 1999 and 1998, and the results of its operations for each of the three years in the period ended June 30, 1999 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Minneapolis, Minnesota
August 5, 1999

FLEXSTEEL INDUSTRIES, INC.
SALARIED EMPLOYEES' SAVINGS PLAN 401(k)
COMBINING STATEMENTS OF FINANCIAL POSITION
JUNE 30, 1999

	Flexsteel Industries, Inc. Common Stock Fund -----	Common Stock Fund -----	Guaranteed Interest Account -----	Private Market Bond and Mortgage Account -----	Stock Index Fund -----	Money Market Account -----
ASSETS						
Cash	\$ 36,425					
Employee Contributions Receivable	4,361	\$ 21,438	\$ 19,782	\$ 3,861	\$ 11,660	\$ 1,567
Company Contributions Receivable	613	2,637	2,282	600	1,312	811
Investment in Flexsteel Industries, Inc. Common Stock Fund - Par Value \$1 Per Share; at market 137,258 shares at \$13.3130 each	1,827,316					
Investment in Common Stock Fund		7,624,988				
Investment in Private Market Bond and Mortgage Account				1,119,406		
Investment in Guaranteed Interest Account .			4,113,901			
Investment in Stock Index Fund					1,721,133	
Investment in Money Market Account						118,035
Investment in International Stock Account .						
Investment in Small Company Stock Fund						
 Total Assets	 =====	 =====	 =====	 =====	 =====	 =====
	\$1,868,715	\$7,649,063	\$4,135,965	\$1,123,867	\$1,734,105	\$120,413
	=====	=====	=====	=====	=====	=====
PLAN EQUITY						
Total plan equity	\$1,868,715	\$7,649,0633	\$4,135,965	\$1,123,867	\$1,734,105	\$120,413
	=====	=====	=====	=====	=====	=====

[WIDE TABLE CONTINUED]

	International Stock Account -----	Small Company Stock Fund -----	Total -----
ASSETS			
Cash			\$ 36,425
Employee Contributions Receivable	\$ 4,731	\$ 7,318	74,718
Company Contributions Receivable	743	930	9,928
Investment in Flexsteel Industries, Inc. Common Stock Fund - Par Value \$1 Per Share; at market 137,258 shares at \$13.3130 each			1,827,316
Investment in Common Stock Fund			7,624,988
Investment in Private Market Bond and Mortgage Account			1,119,406
Investment in Guaranteed Interest Account .			4,113,901
Investment in Stock Index Fund			1,721,133
Investment in Money Market Account			118,035
Investment in International Stock Account .	1,034,484		1,034,484
Investment in Small Company Stock Fund		1,069,729	1,069,729
 Total Assets	 =====	 =====	 =====
	\$1,039,958	\$1,077,977	\$18,750,063
	=====	=====	=====
PLAN EQUITY			
Total plan equity	\$1,039,958	\$1,077,977	\$18,750,063
	=====	=====	=====

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 -----
ASSETS					
Cash	\$ 13,355				
Employee Contributions Receivable	3,197	\$ 21,897	\$ 18,523	\$ 4,998	\$ 4,309
Company Contributions Receivable	592	2,711	2,829	701	519
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 and 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					
Investment in International Stock Account					
Investment in Small Company Stock Fund					
Total Assets	<u>\$1,745,780</u>	<u>\$6,660,980</u>	<u>\$4,029,019</u>	<u>\$1,006,361</u>	<u>\$587,938</u>
PLAN EQUITY					
Total plan equity	<u>\$1,745,780</u>	<u>\$6,660,980</u>	<u>\$4,029,019</u>	<u>\$1,006,361</u>	<u>\$587,938</u>

[WIDE TABLE CONTINUED]

	Money Market Account -----	International Stock Account -----	Small Company Stock Fund -----	Total -----
ASSETS				
Cash				\$ 13,355
Employee Contributions Receivable	\$ 1,148	\$ 5,069	\$ 10,292	69,433
Company Contributions Receivable	185	757	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 and 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			109,498
Investment in International Stock Account		916,273		916,273
Investment in Small Company Stock Fund			1,184,815	1,184,815
Total Assets	<u>\$110,831</u>	<u>\$922,099</u>	<u>\$1,196,444</u>	<u>\$16,259,452</u>
PLAN EQUITY				
Total plan equity	<u>\$110,831</u>	<u>\$922,099</u>	<u>\$1,196,444</u>	<u>\$16,259,452</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, 1999, 1998, and 1997

	Flexsteel Industries, Inc. Common Stock Fund	Common Stock Fund	Guaranteed Interest Account	Private Market Bond and Mortgage Account	Stock Index Fund
1999:					
Net Investment Income					
Cash Dividend on Flexsteel Common Stock	\$ 63,821				
Interest	29		\$ 235,717	\$ 26,518	
	-----		-----	-----	
Total	63,850		235,717	26,518	
Employee Contributions	88,578	\$ 338,259	305,895	76,770	\$ 145,092
Company Contributions	19,379	47,302	43,455	13,089	21,460
Net Appreciation in Fair Value of Investments	(56,253)	1,181,099			240,162
Withdrawals	(15,012)	(213,061)	(228,084)	(52,332)	(9,850)
Transfers (To) From Other Investment Programs	22,393	(365,516)	(250,037)	53,461	749,303
	-----	-----	-----	-----	-----
Increase (Decrease) in Plan Equity	122,935	988,083	106,946	117,506	1,146,167
Plan Equity - Beginning of Year	1,745,780	6,660,980	4,029,019	1,006,361	587,938
	-----	-----	-----	-----	-----
Plan Equity - End of Year	\$ 1,868,715	\$ 7,649,063	\$ 4,135,965	\$ 1,123,867	\$ 1,734,105
	=====	=====	=====	=====	=====
1998:					
Net Investment Income					
Cash Dividend on Flexsteel Common Stock	\$ 62,239				
Interest	716		\$ 235,284	\$ 93,900	
	-----		-----	-----	
Total	62,955		235,284	93,900	
Employee Contributions	68,483	\$ 325,628	253,354	71,879	\$ 34,391
Company Contributions	16,586	48,941	42,222	12,117	5,869
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)
Transfers (To) From Other Investment Programs	(56,313)	95,998	(510,192)	(45,017)	355,489
	-----	-----	-----	-----	-----
Increase (Decrease) in Plan Equity	178,792	1,444,699	(177,209)	100,927	469,335
Plan Equity - Beginning of Year	1,566,988	5,216,281	4,206,228	905,434	118,603
	-----	-----	-----	-----	-----
Plan Equity - End of Year	\$ 1,745,780	\$ 6,660,980	\$ 4,029,019	\$ 1,006,361	\$ 587,938
	=====	=====	=====	=====	=====
1997:					
Net Investment Income					
Cash Dividend on Flexsteel Common Stock	\$ 60,267				
Interest	294		\$ 253,338	\$ 78,880	
	-----		-----	-----	
Total	60,561		253,338	78,880	
Employee Contributions	75,753	\$ 290,690	275,357	74,478	\$ 4,460
Company Contributions	19,223	45,065	47,245	12,287	1,065
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)
Transfers (To) From Other Investment Programs	(1,159)	50,529	(354,596)	(65,967)	370
	-----	-----	-----	-----	-----
Increase (Decrease) in Plan Equity	104,171	1,420,307	(141,244)	71,074	21,812
Plan Equity - Beginning of Year	1,462,817	3,795,974	4,347,472	834,360	96,791
	-----	-----	-----	-----	-----
Plan Equity - End of Year	\$ 1,566,988	\$ 5,216,281	\$ 4,206,228	\$ 905,434	\$ 118,603
	=====	=====	=====	=====	=====

[WIDE TABLE CONTINUED]

	Money Market Account	International Stock Account	Small Company Stock Fund	Total
1999:				
Net Investment Income				
Cash Dividend on Flexsteel Common Stock				\$ 63,821
Interest	\$ 7,607			269,871
	-----			-----
Total	7,607			333,692
Employee Contributions	18,892	\$ 105,668	\$ 141,244	1,220,398
Company Contributions	3,599	18,537	22,110	188,931
Net Appreciation in Fair Value of Investments		23,067	(65,953)	1,322,122
Withdrawals	(21,085)	(12,930)	(22,178)	(574,532)
Transfers (To) From Other Investment Programs	569	(16,483)	(193,690)	
	-----	-----	-----	-----
Increase (Decrease) in Plan Equity	9582	117,859	(118,467)	2,490,611
Plan Equity - Beginning of Year	110,831	922,099	1,196,444	16,259,452
	-----	-----	-----	-----
Plan Equity - End of Year	\$ 120,413	\$ 1,039,958	\$ 1,077,977	\$ 18,750,063
	=====	=====	=====	=====

1998:				
Net Investment Income				
Cash Dividend on Flexsteel Common Stock				\$ 62,239
Interest	\$ 7,640			337,540

Total	7,640			399,779
Employee Contributions	13,457	\$ 106,202	\$ 163,555	1,036,949
Company Contributions	2,353	19,797	27,715	175,600
Net Appreciation in Fair Value of Investments		102,221	109,408	1,688,899
Withdrawals	(16,185)	(80,700)	(130,823)	(800,008)
Transfers (To) From Other Investment Programs	(7,065)	91,950	75,150	
	-----	-----	-----	-----
Increase (Decrease) in Plan Equity	200	239,470	245,005	2,501,219
Plan Equity - Beginning of Year	110,631	682,629	951,439	13,758,233
	-----	-----	-----	-----
Plan Equity - End of Year	\$ 110,831	\$ 922,099	\$ 1,196,444	\$ 16,259,452
	=====	=====	=====	=====
1997:				
Net Investment Income				
Cash Dividend on Flexsteel Common Stock				\$ 60,267
Interest	\$ 4,798			337,310

Total	4,798			397,577
Employee Contributions	12,564	\$ 92,263	\$ 136,747	962,312
Company Contributions	1,969	17,193	24,053	168,100
Net Appreciation in Fair Value of Investments		122,790	125,363	1,444,483
Withdrawals	(2,925)	(10,577)	(157,760)	(759,051)
Transfers (To) From Other Investment Programs	23,241	147,688	199,894	
	-----	-----	-----	-----
Increase (Decrease) in Plan Equity	39,647	369,357	328,297	2,213,421
Plan Equity - Beginning of Year	70,984	313,272	623,142	11,544,812
	-----	-----	-----	-----
Plan Equity - End of Year	\$ 110,631	\$ 682,629	\$ 951,439	\$ 13,758,233
	=====	=====	=====	=====

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 1999 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, 1999 the Plan had 523 participants, of which there were 190 participants in the Flexsteel Industries, Inc. Common Stock Fund, 398 participants in the Common Stock Fund, 390 participants in the Guaranteed Interest Accounts, 207 participants in the Private Market Bond and Mortgage Account, 155 participants in the Stock Index Fund, 83 participants in the Money Market Account, 229 participants in the International Stock Fund, and 255 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, 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
Net change during year	154,933	98,680	(56,253)
Balance, June 30, 1999	\$ 1,593,408	\$ 1,827,316	\$ 233,908
	=====	=====	=====
Common Stock Fund			
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
Net change during year	(192,483)	988,616	1,181,099
Balance, June 30, 1999	\$ 2,255,099	\$ 7,624,988	\$ 5,369,889
	=====	=====	=====
Stock Index Fund			
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
Net change during year	897,862	1,138,023	240,162
Balance, June 30, 1999	\$ 1,332,913	\$ 1,721,133	\$ 388,220
	=====	=====	=====
International Stock Account			
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
Net change during year	95,144	118,211	23,067
Balance, June 30, 1999	\$ 744,186	\$ 1,034,484	\$ 290,298
	=====	=====	=====
Small Company Stock Fund			
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
Net change during year	(49,133)	(115,086)	(65,953)
Balance, June 30, 1999	\$ 758,018	\$ 1,069,729	\$ 311,711
	=====	=====	=====

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, 1999, 1998 and 1997 (shares in parentheses):

1999:	PURCHASES	SALES (1)	COST OF SALES (1)
FUND			
Flexsteel Industries, Inc. Common Stock Fund	\$ 160,512(14,169)	\$ 4,998(385)	\$ 4,998
Common Stock Fund	\$ 386,095	\$ 578,577	\$ 578,577
Guaranteed Interest Account	\$ 348,637	\$ 478,121	\$ 478,121
Private Market Bond and Mortgage Account ...	\$ 91,097	\$ (1,129)	\$ (1,129)
Stock Index Fund	\$ 158,409	\$(739,453)	\$(739,453)
Money Market Account	\$ 21,446	\$ 20,516	\$ 20,516
International Stock Account	\$ 124,557	\$ 29,413	\$ 29,413
Small Company Stock Fund	\$ 166,735	\$ 215,868	\$ 215,868

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)

(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 5, 1999 appearing in the Annual Report on Form 11-K of the Flexsteel Salaried Employees' Savings Plan 401(k) for the year ended June 30, 1999.

DELOITTE & TOUCHE LLP

Minneapolis, Minnesota
September 29, 1999