
**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) **December 9, 2013**

FLEXSTEEL INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction
of incorporation)

0-5151
(Commission
File Number)

42-0442319
(IRS Employer
Identification No.)

385 Bell Street, Dubuque, Iowa
(Address of principal executive offices)

52001
(Zip Code)

Registrant's telephone number, including area code **563-556-7730**

(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))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On December 9, 2013, Flexsteel Industries, Inc. (the "Company") held its 2013 Annual Meeting of Shareholders (the "Annual Meeting"), at which our shareholders approved the Flexsteel Industries, Inc. Cash Incentive Compensation Plan. The full text of the Cash Incentive Compensation Plan is attached as Appendix A to the Company's definitive proxy statement on Schedule 14A filed with the SEC on October 28, 2013, and is incorporated herein by reference.

In addition, at the Annual Meeting on December 9, 2013, the Company's shareholders approved the Flexsteel Industries, Inc. Long-Term Incentive Compensation Plan. The full text of the Long-Term Incentive Compensation Plan is attached as Appendix B to the Company's definitive proxy statement on Schedule 14A filed with the SEC on October 28, 2013, and is incorporated herein by reference.

In addition, at the Annual Meeting on December 9, 2013, the Company's shareholders approved the Flexsteel Industries, Inc. Omnibus Stock Plan. The full text of the Omnibus Stock Plan is attached as Appendix C to the Company's definitive proxy statement on Schedule 14A filed with the SEC on October 28, 2013, and is incorporated herein by reference.

Item 5.07 Submission of Matters to a Vote of Security Holders.

The Annual Meeting was held on December 9, 2013. The proposals were as follows:

1. To elect four (4) Class III Directors to serve until the year 2016 Annual Meeting and until their respective successors have been elected and qualified or until their earlier resignation, removal or termination.

The result of the voting on the foregoing proposal was as follows:

<u>Proposal</u>	<u>For</u>	<u>Withheld</u>	<u>Broker Non-Votes</u>
I. Election of Directors			
<u>Nominee</u>			
Jeffrey T. Bertsch	5,104,709	205,296	0
Lynn J. Davis	5,096,246	213,759	0
Eric S. Rangen	4,872,295	437,710	0
Nancy E. Uridil	4,896,968	413,037	0

2. The voting results on a non-binding advisory vote to approve executive compensation are set forth below:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non Votes</u>
5,129,051	164,597	16,357	0

3. The voting results on a non-binding advisory vote on the frequency of future advisory votes on executive compensation are set forth below:

<u>3 years</u>	<u>2 years</u>	<u>1 year</u>	<u>Abstain</u>
2,663,379	53,975	1,998,743	593,908

The Company adopted three years, as selected by its shareholders, as the frequency for the non-binding advisory vote on the compensation of the Company's named executive officers.

4. The voting results to approve the Cash Incentive Compensation Plan are set forth below:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non Votes</u>
5,164,463	130,963	14,579	0

5. The voting results to approve the Long-term Incentive Compensation Plan are set forth below:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non Votes</u>
4,844,480	450,312	15,213	0

6. The voting results to approve the Omnibus Stock Plan are set forth below:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non Votes</u>
3,800,108	1,493,426	16,471	0

Item 9.01 Financial Statements and Exhibits.

Exhibit 10.1 Form of Notification of Award for the Cash Incentive Compensation Plan.

Exhibit 10.2 Form of Notification of Award for the Long-Term Incentive Compensation Plan.

Exhibit 10.3 Form of Notification of Award for incentive stock options issued under the Omnibus Stock Plan.

Exhibit 10.4 Form of Notification of Award for non-qualified stock options issued under the Omnibus Stock Plan.

Exhibit 10.5 Form of Notification of Award for director non-qualified stock options issued under the Omnibus Stock Plan.

Exhibit 10.6 Form of Notification of Award for restricted stock units issued under the Omnibus Stock Plan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FLEXSTEEL INDUSTRIES, INC.
(Registrant)

Date: December 12, 2013

By: /s/ Timothy E. Hall
Timothy E. Hall
Senior Vice President-Finance, CFO,
Treasurer and Secretary
Principal Financial and Accounting Officer

**FLEXSTEEL INDUSTRIES, INC.
CASH INCENTIVE COMPENSATION PLAN**

NOTIFICATION OF AWARD

TO: [PARTICIPANT NAME]

1. **Performance Award.** Flexsteel Industries, Inc., (the “Company”), grants to you an Award under the Flexsteel Industries, Inc. Cash Incentive Compensation Plan (the “Plan”). The Award is contingent on the approval of the Plan by the Company’s Shareholders at the Company’s Annual Shareholders’ Meeting in December 2013. (See Attachment C, “Cash Incentive Compensation Plan”.)

Grant Date:	Performance Period:
Base Salary:	Target Performance %:

2. **Performance Goals.** To be eligible to receive payment under this Award, you must meet the Performance Goals set forth below. If the threshold is not reached, no amounts will be paid in any category.

%	GOAL

3. **Calculation of Award.** Following the close of the Performance Period, the Award payable to you will be calculated by the achievement of the Performance Goal(s) against the Target Performance Award to determine your Award payout for the Performance Period.

4. **Employment Requirement.** In general, in order to receive an Award payment under this Notification of Award, you must be employed by the Company through the last day of the Performance Period. However, if your employment is terminated during a Performance Period as a result of your death, Disability, on or after reaching age 62, or an Involuntary Termination for reasons other than Cause within 30 days before or 12 months following a Change in Control (See Attachment A, “Definitions”) you (or your beneficiary in the case of your death) will be entitled to receive a pro rata portion of the Award based on the number of days you were employed by the Company during the Performance Period.

5. **Payment of Award.** Your Award for a Performance Period will be paid to you in a cash lump sum after the audited financials for the Performance Period are completed, but no later than the 15th day of the third month following the end of the Performance Period, unless a delay is otherwise permitted under the terms of the Plan. Under certain circumstances, the payment may be made at an earlier date, as determined by the Committee, as long as the acceleration does not result in a violation of Section 409A or 162(m) of the Code.

6. **Withholding Taxes.** The Company may deduct and withhold from any payment due you under this Notification of Award or any other compensation payable to you by the Company any taxes due as a result of the Award payout.

7. **Beneficiary Designation.** If your employment is terminated as a result of death during a Performance Period, an amount may be payable upon your death as provided in Section 4 of this Notification of Award. The Plan permits each Participant to designate a beneficiary to receive payments that may be due in the event of death. Any beneficiary can be named and you may change your beneficiaries at any time by submitting such designation, in writing, to the Company. (See Attachment B, "Beneficiary Designation of Employee".)

8. **Forfeiture and Repayment.** If you receive or become entitled to receive a payment under this Award within six months before your Separation from Service with the Company, the Company, in its sole discretion, may require you to forfeit or return the Award, as the case may be, in the event you: (a) engage in Competitive Activity at any time during your employment or within a two-year period after your Separation from Service or (b) engage in Improper Use of Confidential Information at any time. (See Attachment A, "Definitions".) The Company also reserves the right to require you to pay back to the Company any amount received under the Award as described in Section 6.5 of the Plan. Further, in no event will you be entitled to an Award under this Notification of Award if you have a Termination for Cause at any time before the payment date of the Award.

9. **No Employment Contract.** Nothing contained in the Plan or this Notification of Award creates any right to your continued employment or otherwise affects your status as an employee at will. You acknowledge that the Company and you each have the right to terminate your employment at any time for any reason or for no reason at all, subject only to the terms of any written employment agreement between you and the Company.

10. **Governing Terms.** The Award is subject to the terms of this Notification of Award and the terms of the Plan. In the event of any conflict between the terms of the Notification of Award and the Plan, the terms of the Plan will govern. Capitalized terms used but not defined in this Notification of Award will have the meanings given to them in the Plan.

11. **Acknowledgment.** Your receipt of this Notification of Award constitutes your agreement to be bound by the terms and conditions of this Notification of Award and the Plan.

FLEXSTEEL INDUSTRIES, INC.

Acknowledgment of Receipt:

Karel K. Czanderna
President & Chief Executive Officer

Employee Name

Date

Notification of Award under Cash Plan

ATTACHMENT A
FLEXSTEEL INDUSTRIES, INC.
CASH INCENTIVE COMPENSATION PLAN
NOTIFICATION OF AWARD DEFINITIONS

The Capitalized terms used in this Notification of Award have the meanings set forth below.

“Competitive Activity” means any of the following regardless of whether it is undertaken, directly or indirectly, on your own behalf or on behalf of any person or entity other than the Company, including without limitation as a proprietor, principal, agent, partner, officer, director, stockholder, employee, member of any association, contractor, consultant or otherwise:

- (i) Engaging in any business activity, in any geographic market in which the Company is then engaged in business that is competitive with the business of the Company; or
- (ii) Hiring or soliciting for employment any person who is then an employee of the Company; or
- (iii) Inducing or attempting to induce any person to end his or her employment relationship with the Company; or
- (iv) Soliciting business concerning any business (as described in Section (i) above) from any person or entity who is, or who was, a client, customer, prospective client or prospective customer of the Company; or
- (v) Taking any action to divert business from, or inducing or attempting to induce any customer or prospective customer or any vendor, supplier or other business relation to cease doing business with the Company.

“Improper Use of Confidential Information” means:

- (i) Any use or disclosure of Confidential Information except as required for the performance of the Participant's duties as an employee of the Company;
- (ii) Any act or omission that directly or indirectly would materially reduce the value of Confidential Information except for such acts or omissions that are required for the performance of the Participant's duties as an employee of the Company.
- (iii) Notwithstanding anything in Sections (i) or (ii) above, Improper Use of Confidential Information does not include:
 - (A) any disclosure, use or other act or omission that is expressly authorized in writing, in advance by the Company; or
 - (B) any required disclosure of Confidential Information by law or legal process, if: (x) the Participant provides prompt notice to the Company in writing, and prior to disclosing any Confidential Information, so that the Company may elect to seek an appropriate protective order to prevent disclosure at the Company's option and expense; and (y) the Participant cooperates with the Company in any efforts to seek a protective order.

For purposes of this definition, “Confidential Information” means any non-public information regarding the Company or any of its owners, directors, representatives, agents, employees, suppliers, vendors, shareholders, members, clients, customers, or other third parties or entities with whom the Company does business and which the Participant has learned or developed in the past as a result of Participant’s employment by or association with the Company or which the Participant learns or develops while providing services to the Company. Confidential Information includes, but is not limited to, trade secrets, information about customers, prospective customers, marketing strategies, business strategies, sales strategies, products, services, key personnel, suppliers, pricing, technology, computer software code, methods, processes, designs, research, development systems, techniques, finances, accounting, purchasing, forecasts, or planning. All information disclosed to the Participant or to which the Participant obtains access in whatever form, whether originated by the Participant or by others, during the period that the Participant provides services to the Company will be presumed to be Confidential Information if it is treated by the Company as being Confidential Information or if the Participant has a reasonable basis to believe it to be Confidential Information. For these purposes, Confidential Information will not include knowledge or information: (i) that is now or subsequently becomes generally publicly known, other than as a direct or indirect result of Improper Use or Disclosure of Confidential Information by a Participant; or (ii) that is independently made available to the Participant in good faith by a third party who has not violated any legal duty or confidential relationship with the Company.

“**Termination for Cause**” means the involuntary termination of a Participant’s employment with the Company as a result of dishonesty, fraud, misappropriation of funds, theft relating to the Participant’s position, harassment, an act of violence, acts punishable by law, misconduct as described in the Flexsteel Industries, Inc. Employee Handbook, as amended from time to time, or such other serious misconduct as will be determined by the Company to constitute conduct that warrants forfeiture pursuant to the Plan and Section 8 of this Notification of Award.

“**Change in Control**” means a “change in control,” as defined in US Treasury Regulations §1.409A-3(i)(5)(vi)(1) and (vii). Generally, this means that a Change in Control will occur:

- (1) on the date any one person (or more than one person acting as a group) acquires ownership of the Company’s Stock possessing 50% or more of the total voting power of the Company’s Stock; or
- (2) on the date any one person (or more than one person acting as a group) acquires assets from the Company that have a total gross fair market value equal to or more than 40% of the total fair market value of all of the assets of the Company immediately before such acquisition.

“Involuntary Termination” has the meaning set forth in U.S. Treasury Regulation §1.409A-1(n). Generally, this means that the Company has terminated your employment under circumstances where you have not initiated or requested the termination and you are willing and able to continue your employment. An “involuntary termination,” for these purposes, also includes your separation from service due to “good reason” if your separation occurs due to a material diminution in your base compensation; a material diminution of your authority, duties or responsibilities; or a material change in the geographic location at which you must perform services. In order for a separation from service to be considered a “good reason” separation from service, you must provide a written notice to the Company of the existence of the condition within a 30-day period following the initial existence of the condition, upon which the Company must be provided a period of at least 90 days during which it may remedy the condition.

ATTACHMENT B
FLEXSTEEL INDUSTRIES, INC.
CASH INCENTIVE COMPENSATION PLAN
BENEFICIARY DESIGNATION OF EMPLOYEE

Under the Flexsteel Industries, Inc. Cash Incentive Compensation Plan, I, _____, hereby designate the following as beneficiary of any portion of my award which has been earned according to the terms of the Plan and unpaid at the time of my death.

- A. Primary Beneficiary _____
- B. Contingent Beneficiary: _____

Signature: _____
Name: _____
Date: _____

*This election is valid until a later dated designation is completed and filed with the Company.

**ATTACHMENT C
FLEXSTEEL INDUSTRIES, INC.
CASH INCENTIVE COMPENSATION PLAN**

Notification of Award under Cash Plan

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**FLEXSTEEL INDUSTRIES, INC.
LONG-TERM INCENTIVE COMPENSATION PLAN**

NOTIFICATION OF AWARD

TO: [PARTICIPANT NAME]

1. **Performance Award.** Flexsteel Industries, Inc., (the “Company”), grants to you an Award under the Flexsteel Industries, Inc. Long-Term Incentive Compensation Plan (the “Plan”). The Award is contingent on the approval of the Plan by the Company’s Shareholders at the Company’s Annual Shareholders’ Meeting in December 2013. (See Attachment C, the “Plan.”)

Grant Date:	Share Price:	Performance Period:
Base Salary:		Target Performance %:

2. **Performance Goals.** To be eligible to receive payment under this Award, you must meet the Performance Goals set forth below. If the threshold goal amount is not reached, no amounts will be paid.

%	GOAL

3. **Calculation of Award.** For the Performance Period, your Target Performance Percentage of your base salary is shown in the first chart, above. The dollar amount obtained by multiplying your Target Performance Percentage by your base salary is the target performance Award. The percentages of your target performance Award that you are eligible to receive at the Threshold, Target and above achievement levels are set out in the second chart, above.

All Awards under the Plan will be paid in the form of Company Stock. Following the close of the Performance Period, the number of Shares of Company Stock that you are eligible to receive at each level of achievement (Threshold, Target, and above) will be determined by the achievement of the Performance Goal(s) against the Target Performance Award to determine your Award payout for the Performance Period. This Award of the right to receive a Share under the Plan at the end of the Performance Period (subject to the terms of the Plan and this Notification of Award) is sometimes referred to as a “Performance Unit.”

4. Employment Requirement. In general, in order to receive an Award payment under this Notification of Award, you must be employed by the Company through the last day of the Performance Period. However, if your employment is terminated during a Performance Period as a result of your death, disability, on or after reaching age 62, or an Involuntary Termination for reasons other than Cause within 30 days before or 12 months following a Change in Control (See Attachment A, "Definitions") you (or your beneficiary in the case of your death) will be entitled to receive a pro rata portion of the Award based on the number of days you were employed by the Company during the Performance Period.

5. Payment of Award. The Performance Units that you are eligible to receive under this Notification of Award will be converted to Shares upon distribution. These Shares will be distributed to you after the audited financials for the Performance Period are completed, but no later than the 15th day of the third month following the end of the Performance Period, unless a delay is otherwise permitted under the terms of the Plan. Under certain circumstances, the payment may be made at an earlier date, as determined by the Committee, as long as the acceleration does not result in a violation of Section 409A or 162(m) of the Code.

6. Withholding Taxes. The Company has the right to deduct and withhold any taxes due as a result of this Award. The Company may, in its discretion, elect to withhold cash from other compensation payable to you by the Company or withhold Shares otherwise payable to you under this Notification of Award to satisfy its withholding requirements.

7. Beneficiary Designation. If your employment is terminated as a result of death during a Performance Period, an amount may be payable upon your death as provided in Section 4 of this Notification of Award. The Plan permits each Participant to designate a beneficiary to receive payments that may be due in the event of death. Any beneficiary can be named and you may change your beneficiaries at any time by submitting such designation, in writing, to the Company. (See Attachment B, "Beneficiary Designation of Employee".)

8. Forfeiture and Repayment. If you receive or become entitled to receive a payment under this Award within six months before your Separation from Service with the Company, the Company, in its sole discretion, may require you to forfeit or return the Award, as the case may be, in the event you: (a) engage in Competitive Activity at any time during your employment or within a two-year period after your Separation from Service or (b) engage in Improper Use of Confidential Information at any time. (See Attachment A, "Definitions".) The Company also reserves the right to require you to pay back to the Company any amount received under the Award as described in Section 6.5 of the Plan. Further, in no event will you be entitled to an Award under this Notification of Award if you have a Termination for Cause at any time before the payment date of the Award. Any repayment due under this Section 8 or Section 6.5 of the Plan will be made by you either in the Shares, or in a dollar amount equal to the Fair Value of the Shares determined on the date of repayment, you received under the Award. The Committee, in its discretion, will determine which method of payment is acceptable.

9. No Employment Contract. Nothing contained in the Plan or this Notification of Award creates any right to your continued employment or otherwise affects your status as an employee at will. You acknowledge that the Company and you each have the right to terminate your employment at any time for any reason or for no reason at all, subject only to the terms of any written employment agreement between you and the Company.

10. **Governing Terms.** The Award is subject to the terms of this Notification of Award and the terms of the Plan. In the event of any conflict between the terms of the Notification of Award and the Plan, the terms of the Plan will govern. Capitalized terms used but not defined in this Notification of Award will have the meanings given to them in the Plan.

11. **Acknowledgment.** Your receipt of this Notification of Award constitutes your agreement to be bound by the terms and conditions of this Notification of Award and the Plan.

FLEXSTEEL INDUSTRIES, INC.

Acknowledgment of Receipt:

Karel K. Czanderna
President & Chief Executive Officer

Employee Name

Date



ATTACHMENT A

FLEXSTEEL INDUSTRIES, INC.

LONG-TERM INCENTIVE COMPENSATION PLAN

NOTIFICATION OF AWARD DEFINITIONS

The Capitalized terms used in this Notification of Award have the meanings set forth below.

“Competitive Activity” means any of the following regardless of whether it is undertaken, directly or indirectly, on your own behalf or on behalf of any person or entity other than the Company, including without limitation as a proprietor, principal, agent, partner, officer, director, stockholder, employee, member of any association, contractor, consultant or otherwise:

- (i) Engaging in any business activity, in any geographic market in which the Company is then engaged in business that is competitive with the business of the Company; or
- (ii) Hiring or soliciting for employment any person who is then an employee of the Company; or
- (iii) Inducing or attempting to induce any person to end his or her employment relationship with the Company; or
- (iv) Soliciting business concerning any business (as described in Section (i) above) from any person or entity who is, or who was, a client, customer, prospective client or prospective customer of the Company; or
- (v) Taking any action to divert business from, or inducing or attempting to induce any customer or prospective customer or any vendor, supplier or other business relation to cease doing business with the Company.

“Improper Use of Confidential Information” means:

- (i) Any use or disclosure of Confidential Information except as required for the performance of the Participant's duties as an employee of the Company;
 - (ii) Any act or omission that directly or indirectly would materially reduce the value of Confidential Information except for such acts or omissions that are required for the performance of the Participant's duties as an employee of the Company.
 - (iii) Notwithstanding anything in Sections (i) or (ii) above, Improper Use of Confidential Information does not include:
 - (A) any disclosure, use or other act or omission that is expressly authorized in writing, in advance by the Company; or
 - (B) any required disclosure of Confidential Information by law or legal process, if: (x) the Participant provides prompt notice to the Company in writing, and prior to disclosing any Confidential Information, so that the Company may elect to seek an appropriate protective order to prevent disclosure at the Company's option and expense; and (y) the Participant cooperates with the Company in any efforts to seek a protective order.
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For purposes of this definition, “Confidential Information” means any non-public information regarding the Company or any of its owners, directors, representatives, agents, employees, suppliers, vendors, shareholders, members, clients, customers, or other third parties or entities with whom the Company does business and which the Participant has learned or developed in the past as a result of Participant’s employment by or association with the Company or which the Participant learns or develops while providing services to the Company. Confidential Information includes, but is not limited to, trade secrets, information about customers, prospective customers, marketing strategies, business strategies, sales strategies, products, services, key personnel, suppliers, pricing, technology, computer software code, methods, processes, designs, research, development systems, techniques, finances, accounting, purchasing, forecasts, or planning. All information disclosed to the Participant or to which the Participant obtains access in whatever form, whether originated by the Participant or by others, during the period that the Participant provides services to the Company will be presumed to be Confidential Information if it is treated by the Company as being Confidential Information or if the Participant has a reasonable basis to believe it to be Confidential Information. For these purposes, Confidential Information will not include knowledge or information: (i) that is now or subsequently becomes generally publicly known, other than as a direct or indirect result of Improper Use or Disclosure of Confidential Information by a Participant; or (ii) that is independently made available to the Participant in good faith by a third party who has not violated any legal duty or confidential relationship with the Company.

“**Termination for Cause**” means the involuntary termination of a Participant’s employment with the Company as a result of dishonesty, fraud, misappropriation of funds, theft relating to the Participant’s position, harassment, an act of violence, acts punishable by law, misconduct as described in the Flexsteel Industries, Inc. Employee Handbook, as amended from time to time, or such other serious misconduct as will be determined by the Company to constitute conduct that warrants forfeiture pursuant to the Plan and Section 8 of this Notification of Award.

“**Change in Control**” means a “change in control,” as defined in US Treasury Regulations §1.409A-3(i)(5)(vi)(1) and (vii). Generally, this means that a Change in Control will occur:

- (1) on the date any one person (or more than one person acting as a group) acquires ownership of the Company’s Stock possessing 50% or more of the total voting power of the Company’s Stock; or
 - (2) on the date any one person (or more than one person acting as a group) acquires assets from the Company that have a total gross fair market value equal to or more than 75% of the total fair market value of all of the assets of the Company immediately before such acquisition.
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“Involuntary Termination” has the meaning set forth in U.S. Treasury Regulation §1.409A-1(n). Generally, this means that the Company has terminated your employment under circumstances where you have not initiated or requested the termination and you are willing and able to continue your employment. An “involuntary termination,” for these purposes, also includes your separation from service due to “good reason” if your separation occurs due to a material diminution in your base compensation; a material diminution of your authority, duties or responsibilities; or a material change in the geographic location at which you must perform services. In order for a separation from service to be considered a “good reason” separation from service, you must provide a written notice to the Company of the existence of the condition within a 30-day period following the initial existence of the condition, upon which the Company must be provided a period of at least 90 days during which it may remedy the condition.

ATTACHMENT B
FLEXSTEEL INDUSTRIES, INC.
LONG-TERM INCENTIVE COMPENSATION PLAN
BENEFICIARY DESIGNATION OF EMPLOYEE

Under the Flexsteel Industries, Inc. Long-Term Incentive Compensation Plan, I, _____, hereby designate the following as beneficiary of any portion of my award which has been earned according to the terms of the Plan and unpaid at the time of my death.

A. Primary Beneficiary _____

B. Contingent Beneficiary: _____

Signature: _____

Name: _____

Date: _____

*This election is valid until a later dated designation is completed and filed with the Company.

ATTACHMENT C
FLEXSTEEL INDUSTRIES, INC.
LONG-TERM INCENTIVE COMPENSATION PLAN

**NOTIFICATION OF INCENTIVE STOCK OPTION AWARD
UNDER THE FLEXSTEEL INDUSTRIES, INC. OMNIBUS STOCK PLAN**

Name of Optionee:	
Effective Date:	
Number of Shares Covered:	Date of Grant:
Exercise Price Per Share:	Expiration Date:

Flexsteel Industries, Inc. (the “**Company**”) hereby grants to you an option (the “**Option**”) under this Notification of Incentive Stock Option Award, under the Flexsteel Industries, Inc. Omnibus Stock Plan (the “**Plan**”). (See Attachment C, “Omnibus Stock Plan”) The Options granted under this Notification of Award are subject to the following terms and conditions:

1. **Incentive Stock Option.** The Option is intended to be an Incentive Stock Option within the meaning of Section 422 of the Code.
2. **Purchase Price.** The purchase price of the Stock is the Exercise Price Per Share, which shall not be less than the Fair Market Value of the Stock on the Date of Grant and, if you are a Significant Shareholder, not less than 110% of the Fair Market Value of the Stock on the Date of Grant. To the extent the amount listed in the chart above is inconsistent with this paragraph, this paragraph shall control.
3. **Expiration Date.** Unless otherwise provided in Section 7, the Option will expire on the Expiration Date which date is not more than ten years from the Date of Grant (or, if you are a Significant Shareholder, not more than five years from the Date of Grant). To the extent the Expiration Date listed in the chart above is inconsistent with this paragraph, this paragraph shall control.
4. **Exercise Period.** To the extent vested as stated in the Notification of Award, the Option may be exercised only prior to the Expiration Date and as provided in Section 7, relating to termination of your employment.
5. **\$100,000 Limitation.** To the extent that the aggregate Fair Market Value of Stock with respect to which you may exercise the Option for the first time during any calendar year exceeds \$100,000, the Option shall be treated as a Non-Statutory Stock Option.
6. **Transferability.** The Option may be exercised during your lifetime only by you. You may not transfer the Option, other than by will or the laws of descent and distribution.
7. **Termination of Employment.** All of your rights in this Option, to the extent not previously vested and exercised, shall terminate upon your termination of employment, except as described in this Section 7. With respect to the vested and exercisable portion of the Option, and subject to subsection (f):
 - (a) In the event of your termination of employment due to reasons other than death, Disability, Termination for Cause (see Attachment A, “Definitions”) or termination on or after your Retirement Date, the Option may be exercised (to the extent exercisable at the date of termination) by you within three months after the date of termination of employment.

(b) In the event of your termination of employment on or after your Retirement Date, the Option may be exercised (to the extent exercisable at the date of termination) by you within three months after the date of termination of employment.

(c) In the event of your termination of employment due to Disability, the Option may be exercised in full by you within one year after the date of termination of employment.

(d) In the event of your termination of employment due to death, the Option may be exercised in full by your estate or by a person who acquires the right to such Option by bequest or inheritance or by reason of your death, within one year after the date of termination of employment.

(e) In the event of your Termination for Cause, the Option and your right to exercise the Option shall terminate immediately.

(f) Notwithstanding anything in this Notification of Award, in no event may the Option be exercised after the Expiration Date.

8. **Method of Exercise; Use of Company Stock.**

(a) The Option may be exercised by delivering written notice of exercise to the Company at the principal executive office of the Company, to the attention of the Company's Secretary. The notice must state the number of Shares to be purchased, and must be signed by the person exercising the Option. If you are not the person exercising the Option, the person exercising the Option also must submit appropriate proof of his/her right to exercise the Option. The Company may designate a third party to administer the option program in which case the third party may receive any required notice.

(b) Upon giving notice of any exercise hereunder, you must provide for payment of the purchase price of the Shares being purchased through one or a combination of the following methods:

(i) Purchase. By paying cash (including check paid to the Company, wire transfer, bank draft, or money order);

(ii) Delivery of Shares. By delivery or tender to the Company of unencumbered Shares (by actual delivery or attestation) having an aggregate Fair Market Value on the date the Option is exercised equal to the purchase price of the Shares being purchased under the Option, or a combination thereof, as determined by the Committee (provided, however, that no fractional Shares will be issued or accepted);

(iii) Broker-Assisted Cashless Exercise. By directing a stockbroker designated by the Company to effect a broker assisted cashless exercise to sell Shares issued on exercise of the Option and remitting the proceeds of such sale to the Company. **Please note that, if this option is utilized, this will disqualify the ISO status of the shares used for the broker-assisted cashless exercise;** or

(iv) **Net Exercise.** By instructing the Company to withhold Shares having an aggregate Fair Market Value on the date of exercise less than or equal to the purchase price of the Shares acquired upon exercise; provided that this method of exercise may only be used to deliver net shares to you and no cash compensation may be provided, other than cash in lieu of a fractional share. **Please note that, if this option is utilized, this will disqualify the ISO status of the shares used for the net exercise.**

In no event will you be permitted to pay any portion of the purchase price with Shares, through a broker-assisted cashless exercise or through net exercise, if the Committee, in its sole discretion, determines that payment in such manner could have adverse tax or financial accounting consequences for the Company.

9. **Withholding.** In any case where withholding is required or advisable under federal, state or local law in connection with any exercise by you under this Notification of Award, the Company is authorized to withhold appropriate amounts from amounts payable to you, or may require that you remit to the Company an amount equal to such appropriate amounts. Upon the exercise of the Option, you may elect, subject to the approval of the Committee and compliance with applicable laws and regulations, to satisfy any withholding requirements, in whole or in part, by having the Company withhold Stock having a Fair Market Value, on the date the tax is to be determined, equal to the standard required withholding rates for non-periodic payments. In no event will the Company be required to permit the exercise of the Option unless the applicable withholding requirements are satisfied.
10. **Changes in Capitalization, Dissolution, Liquidation, Reorganization, Acquisition.** The terms stated in the Option Agreement are subject to modification upon the occurrence of certain events as described in Section 16 of the Plan.
11. **Severability.** In the event any provision of this Notification of Award is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Notification of Award, and the Notification of Award will be interpreted and enforced as if the illegal or invalid provision had not been included.
12. **No Guarantee of Employment.** The Notification of Award will in no way restrict the right of the Company to terminate your employment at any time.
13. **Tax Advice.** You acknowledge that you have not looked to or relied upon the Company or any of its officers, directors, optionees, shareholders, accountants or legal counsel for tax advice concerning the tax consequences of the grant to, and your exercise of, the Option and that you have obtained such advice, to the extent you determine that it is necessary, from other sources located by you.
14. **No Shareholder Rights.** You will have no rights as a shareholder with respect to any Stock subject to the Option prior to the date of exercise of the Option and, after such date, will only have rights as a shareholder with respect to the Stock acquired upon exercise.
15. **Governing Terms.** The Notification of Award is made according to the provisions of the Plan. The terms of the Plan are incorporated by reference in this Notification of Award. Terms used in this Notification of Award have the meanings used in the Plan unless the context clearly requires otherwise. In the event of a conflict between the provisions of the Plan and the provisions of this Notification of Award, the provisions of the Plan will govern.

16. **Entire Understanding.** This Notification of Award constitutes the entire understanding of you and the Company with respect to the subject matter of this Notification of Award, and, except as otherwise provided in the Plan, may not be amended, changed, modified, terminated, or waived other than by written instrument signed by you and the Company. This Notification of Award supersedes all prior oral or written agreements and understandings between you and the Company concerning the subject matter of the Notification of Award, including any implied or express representations regarding your ownership of any interest in the Company or its property, and any prior oral or written agreements conveying stock option rights to you.
17. **Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation.** By accepting the Option, you acknowledge that: (a) the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (b) the grant of the Option is a one-time benefit that does not create any contractual or other right to receive future grants of options, or benefits in lieu of options; (c) all determinations with respect to any such future grants, including but not limited to, the times when options will be granted, the number of shares of Stock subject to each option, the Exercise Price Per Share, and the time or times when each option will be exercisable, will be at the sole discretion of the Company; (d) your participation in the Plan is voluntary; (e) the value of the Option is an extraordinary item of compensation that is outside the scope of your employment agreement, if any, with the Company; (f) the Option is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payment, bonus, long-service award, pension or retirement benefit or similar payment; (g) the exercisability of the Option ceases upon termination of employment with the Company for any reason except as may otherwise be explicitly provided in the Plan or this Notification of Award or otherwise permitted by the Committee; (h) the future value of the Stock subject to the Option is unknown and cannot be predicted with certainty; and (i) if the Stock subject to the Option does not increase in value, the Option will have no value.
18. **Forfeiture and Repayment.** If you receive or become entitled to receive a payment under this Notification of Award within six months before your Separation from Service with the Company, the Company, in its sole discretion, may require you to forfeit or return the Award, as the case may be, in the event you: (a) engage in Competitive Activity at any time during your employment or within a two-year period after your Separation from Service or (b) engage in Improper Use of Confidential Information at any time. (See Attachment A, "Definitions".) The Company also reserves the right to require you to pay back to the Company any amount received under the Award as described in Section 18 of the Plan. Further, in no event will you be entitled to an Award under this Notification of Award if you have a Termination for Cause at any time before the payment date of the Award. Any repayment due under this Section 18 or Section 18 of the Plan will be made by you either in the Shares, or in a dollar amount equal to the Fair Market Value of the Shares determined on the date of repayment, you received under the Award. The Committee, in its discretion, will determine which method of payment is acceptable. Further, in no event will you be entitled to an Award under this Notification of Award if you have a Termination for Cause at any time prior to the payment date.
19. **Beneficiary Designation.** If your employment is terminated as a result of your death, someone other than you may become entitled to exercise this Option, as provided in Section 7 of this Notification of Award. The Plan permits you to designate a beneficiary to exercise the vested portion of this Option in the event of your death. Any beneficiary can be named and you may change your beneficiaries at any time by submitting such designation, in writing, to the Company. (See Attachment B, "Beneficiary Designation of Employee")

FLEXSTEEL INDUSTRIES, INC.:

By: Karel K. Czanderna
Its: President & CEO

Date

OPTIONEE:

Name

Date

ATTACHMENT A

The Capitalized terms used in this Notification of Award have the meanings set forth below.

“Competitive Activity” means any of the following regardless of whether it is undertaken, directly or indirectly, on your own behalf or on behalf of any person or entity other than the Company, including without limitation as a proprietor, principal, agent, partner, officer, director, stockholder, employee, member of any association, contractor, consultant or otherwise:

- (i) Engaging in any business activity, in any geographic market in which the Company is then engaged in business that is competitive with the business of the Company; or
- (ii) Hiring or soliciting for employment any person who is then an employee of the Company; or
- (iii) Inducing or attempting to induce any person to end his or her employment relationship with the Company; or
- (iv) Soliciting business concerning any business (as described in Section (i) above) from any person or entity who is, or who was, a client, customer, prospective client or prospective customer of the Company; or
- (v) Taking any action to divert business from, or inducing or attempting to induce any customer or prospective customer or any vendor, supplier or other business relation to cease doing business with the Company.

“Improper Use of Confidential Information” means:

- (i) Any use or disclosure of Confidential Information except as required for the performance of your duties as an employee of the Company;
- (ii) Any act or omission that directly or indirectly would materially reduce the value of Confidential Information except for such acts or omissions that are required for the performance of your duties as an employee of the Company.
- (iii) Notwithstanding anything in Sections (i) or (ii) above, Improper Use of Confidential Information does not include:
 - (A) any disclosure, use or other act or omission that is expressly authorized in writing, in advance by the Company; or
 - (B) any required disclosure of Confidential Information by law or legal process, if: (x) you provide prompt notice to the Company in writing, and prior to disclosing any Confidential Information, so that the Company may elect to seek an appropriate protective order to prevent disclosure at the Company’s option and expense; and (y) you cooperate with the Company in any efforts to seek a protective order.

For purposes of this definition, “Confidential Information” means any non-public information regarding the Company or any of its owners, directors, representatives, agents, employees, suppliers, vendors, shareholders, members, clients, customers, or other third parties or entities with whom the Company does business and which you have learned or developed in the past as a result of your employment by or association with the Company or which you learn or develop while providing services to the Company. Confidential Information includes, but is not limited to, trade secrets, information about customers, prospective customers, marketing strategies, business strategies, sales strategies, products, services, key personnel, suppliers, pricing, technology, computer software code, methods, processes, designs, research, development systems, techniques, finances, accounting, purchasing, forecasts, or planning. All information disclosed to you or to which you obtain access in whatever form, whether originated by you or by others, during the period that you provide services to the Company will be presumed to be Confidential Information if it is treated by the Company as being Confidential Information or if you have a reasonable basis to believe it to be Confidential Information. For these purposes, Confidential Information will not include knowledge or information: (i) that is now or subsequently becomes generally publicly known, other than as a direct or indirect result of Improper Use or Disclosure of Confidential Information by you; or (ii) that is independently made available to you in good faith by a third party who has not violated any legal duty or confidential relationship with the Company.

“**Termination for Cause**” means the involuntary termination of a Participant’s employment with the Company as a result of dishonesty, fraud, misappropriation of funds, theft relating to the Participant’s position, harassment, an act of violence, acts punishable by law, misconduct as described in the Flexsteel Industries, Inc. Employee Handbook, as amended from time to time, or such other serious misconduct as will be determined by the Company to constitute conduct that warrants forfeiture pursuant to the Plan and this Notification of Award.

**ATTACHMENT B
FLEXSTEEL INDUSTRIES, INC.
OMNIBUS STOCK PLAN
INCENTIVE STOCK OPTION
BENEFICIARY DESIGNATION OF EMPLOYEE**

Under the Flexsteel Industries, Inc. Omnibus Stock Plan, I, _____, hereby designate the following as beneficiary of any portion of my award which has been earned according to the terms of the Plan and unpaid at the time of my death.

A. Primary Beneficiary _____

B. Contingent Beneficiary: _____

Signature: _____

Name: _____

Date: _____

*This election is valid until a later dated designation is completed and filed with the Company.

ATTACHMENT C
FLEXSTEEL INDUSTRIES, INC.
OMNIBUS STOCK PLAN

ISO Form

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**NOTIFICATION OF NON-STATUTORY STOCK OPTION AWARD
UNDER THE FLEXSTEEL INDUSTRIES, INC. OMNIBUS STOCK PLAN**

Name of Optionee:	
Effective Date:	
Number of Shares Covered:	Date of Grant:
Exercise Price Per Share:	Expiration Date:

Flexsteel Industries, Inc. (the “**Company**”) hereby grants you an option (the “**Option**”) under this Notification of Non-Statutory Stock Option Award (the “**Notification of Award**”), under the Flexsteel Industries Inc. Omnibus Stock Plan (the “**Plan**”). (See Attachment C, “Omnibus Stock Plan.”) The Options granted under this Notification of Award are subject to the following terms and conditions:

1. **Stock Option.** The Option is not intended to be an Incentive Stock Option within the meaning of Section 422 of the Code.
2. **Purchase Price.** The purchase price of the Stock is the Exercise Price Per Share, which shall not be less than the Fair Market Value of the Stock on the Date of Grant.
3. **Expiration Date.** Unless the right to exercise the Option is terminated earlier under Section 6, the Option will expire on the Expiration Date. The Expiration Date shall not be more than ten years from the Date of Grant. You are solely responsible for exercising this Option, if at all, prior to its Expiration Date. The Company has no obligation to notify you of this Option’s expiration.
4. **Exercise Period.** The Option may only be exercised prior to the Expiration Date. Your right to exercise some or all of the Option may be terminated before the Expiration Date as provided in Section 6, relating to termination of your employment. In all cases, you may only exercise the Option to the extent the Option has vested as stated in the Notification of Award.
5. **Transferability.** The Option may be exercised during your lifetime only by you. You may not transfer the Option, other than by will or the laws of descent and distribution.
6. **Termination of Employment.** All of your rights in this Option, to the extent not previously vested and exercised, shall terminate upon your termination of employment except as described in this Section 6. With respect to the vested and exercisable portion of the Option, and subject to subsection (f):
 - (a) In the event of your termination of employment due to reasons other than death, Disability, Termination for Cause (see Attachment A, “Definitions”) or termination on or after your Retirement Date, the Option may be exercised (to the extent exercisable at the date of termination) by you within three months after the date of termination of employment.

(b) In the event of your termination of employment on or after your Retirement Date, the Option may be exercised (to the extent exercisable at the date of termination) by you within three years after the date of termination of employment.

(c) In the event of your termination of employment due to Disability, the Option may be exercised in full by you within one year after the date of termination of employment.

(d) In the event of your termination of employment due to death, the Option may be exercised in full by your estate or by a person who acquires the right to such Option by bequest or inheritance or by reason of your death, within one year after the date of termination of employment.

(e) In the event of your Termination for Cause, the Option and your right to exercise the Option shall terminate immediately.

(f) Notwithstanding anything in this Notification of Award, in no event may the Option be exercised after the Expiration Date.

7. **Method of Exercise; Use of Company Stock.**

(a) The Option may be exercised by delivering written notice of exercise to the Company at the principal executive office of the Company, to the attention of the Company's Secretary. The notice must state the number of Shares to be purchased, and must be signed by the person exercising the Option. If you are not the person exercising the Option, the person also must submit appropriate proof of his/her right to exercise the Option. The Company may designate a third party to administer the option program in which case the third party may receive any required notice.

(b) Upon giving notice of any exercise, you must provide for payment of the purchase price of the Shares being purchased through one or a combination of the following methods:

(i) Purchase. By paying cash (including check paid to the Company, wire transfer, bank draft, or money order);

(ii) Delivery of Shares. By delivery or tender to the Company of unencumbered Shares (by actual delivery or attestation) having an aggregate Fair Market Value on the date the Option is exercised equal to the purchase price of the Shares being purchased under the Option, or a combination thereof, as determined by the Committee (provided, however, that no fractional Shares will be issued or accepted);

(iii) Broker-Assisted Cashless Exercise. By directing a stockbroker designated by the Company to effect a broker assisted cashless exercise to sell Shares issued on exercise of the Option and remitting the proceeds of such sale to the Company; or

(iv) Net Exercise. By instructing the Company to withhold Shares having an aggregate Fair Market Value on the date of exercise less than or equal to the purchase price of the Shares acquired upon exercise; provided that this method of exercise may only be used to deliver net shares to you and no cash compensation may be provided.

In no event will you be permitted to pay any portion of the purchase price with Shares, though a broker-assisted cashless exercise or through net exercise, if the Committee, in its sole discretion, determines that payment in such manner could have adverse tax or financial accounting consequences for the Company.

8. **Withholding.** In any case where withholding is required or advisable under federal, state or local law in connection with any exercise by you under this Notification of Award, the Company is authorized to withhold appropriate amounts from amounts payable to you, or may require that you remit to the Company an amount equal to such appropriate amounts. Upon the exercise of the Option, you may elect, subject to the approval of the Committee and compliance with applicable laws and regulations, to satisfy any withholding requirements, in whole or in part, by having the Company withhold Stock having a Fair Market Value, on the date the tax is to be determined, equal to the standard required withholding rates for non-periodic payments. In no event will the Company be required to permit the exercise of the Option unless the applicable withholding requirements are satisfied.
9. **Changes in Capitalization, Dissolution, Liquidation, Reorganization, Acquisition.** The terms stated in the Notification of Award are subject to modification upon the occurrence of certain events as described in Section 16 of the Plan.
10. **Severability.** In the event any provision of this Notification of Award is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Notification of Award, and the Notification of Award will be interpreted and enforced as if the illegal or invalid provision had not been included.
11. **No Guarantee of Employment.** The Notification of Award will in no way restrict the right of the Company to terminate your employment at any time.
12. **Tax Advice.** You acknowledge that you have not looked to or relied upon the Company or any of its officers, directors, optionees, shareholders, accountants or legal counsel for tax advice concerning the tax consequences of the grant to, and your exercise of, the Option and that you have obtained such advice, to the extent you determine that it is necessary, from other sources located by you.
13. **No Shareholder Rights.** You will have no rights as a shareholder with respect to any Stock subject to the Option prior to the date of exercise of the Option and, after such date, will only have rights as a shareholder with respect to the Stock acquired upon exercise.
14. **Governing Terms.** This Notification of Award is made according to the provisions of the Plan. The terms of the Plan are incorporated by reference in this Notification of Award. Terms used in this Notification of Award have the meanings used in the Plan unless the context clearly requires otherwise. The terms “termination of employment,” “terminate employment,” and similar terms shall mean “Separation from Service” as defined in the Plan. In the event of a conflict between the provisions of the Plan and the provisions of this Notification of Award, the provisions of the Plan will govern.

15. **Entire Understanding.** This Notification of Award constitutes the entire understanding of you and the Company with respect to the subject matter of this Notification of Award, and, except as otherwise provided in the Plan, may not be amended, changed, modified, terminated, or waived other than by written instrument signed by you and the Company. This Notification of Award supersedes all prior oral or written agreements and understandings between you and the Company concerning the subject matter of the Notification of Award, including any implied or express representations regarding your ownership of any interest in the Company or its property, and any prior oral or written agreements conveying stock option rights to you.
16. **Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation.** By accepting the Option, you acknowledge that: (a) the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (b) the grant of the Option is a one-time benefit that does not create any contractual or other right to receive future grants of options, or benefits in lieu of options; (c) all determinations with respect to any such future grants, including but not limited to, the times when options will be granted, the number of shares of Stock subject to each option, the Exercise Price Per Share, and the time or times when each option will be exercisable, will be at the sole discretion of the Company; (d) your participation in the Plan is voluntary; (e) the value of the Option is an extraordinary item of compensation that is outside the scope of your employment agreement, if any, with the Company; (f) the Option is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payment, bonus, long-service award, pension or retirement benefit or similar payment; (g) the exercisability of the Option ceases upon termination of employment with the Company for any reason except as may otherwise be explicitly provided in the Plan or this Notification of Award or otherwise permitted by the Committee; (h) the future value of the Stock subject to the Option is unknown and cannot be predicted with certainty; and (i) if the Stock subject to the Option does not increase in value, the Option will have no value.
17. **Forfeiture and Repayment.** If you receive or become entitled to receive a payment under this Notification of Award within six months before your Separation from Service with the Company, the Company, in its sole discretion, may require you to forfeit or return the Award, as the case may be, in the event you: (a) engage in Competitive Activity at any time during your employment or within a two-year period after your Separation from Service or (b) engage in Improper Use of Confidential Information at any time. (See Attachment A, "Definitions.") The Company also reserves the right to require you to pay back to the Company any amount received under the Award as described in Section 18 of the Plan. Further, in no event will you be entitled to an Award under this Notification of Award if you have a Termination for Cause at any time before the payment date of the Award. Any repayment due under this Section 17 or Section 18 of the Plan will be made by you either in the Shares, or in a dollar amount equal to the Fair Market Value of the Shares determined on the date of repayment, you received under the Award. The Committee, in its discretion, will determine which method of payment is acceptable. Further, in no event will you be entitled to an Award under this Notification of Award if you have a Termination for Cause at any time prior to the payment date.
18. **Beneficiary Designation.** If your employment is terminated as a result of your death, someone other than you may become entitled to exercise this Option, as provided in Section 6 of this Notification of Award. The Plan permits you to designate a beneficiary to exercise the vested portion of this Option in the event of your death. Any beneficiary can be named and you may change your beneficiaries at any time by submitting such designation, in writing, to the Company. (See Attachment B, "Beneficiary Designation of Employee")

FLEXSTEEL INDUSTRIES, INC.:

By: Karel K. Czanderna
Its: President & CEO

Date

OPTIONEE:

Name

Date

ATTACHMENT A

Definitions

The Capitalized terms used in this Notification of Award have the meanings set forth below.

“Competitive Activity” means any of the following regardless of whether it is undertaken, directly or indirectly, on your own behalf or on behalf of any person or entity other than the Company, including without limitation as a proprietor, principal, agent, partner, officer, director, stockholder, employee, member of any association, contractor, consultant or otherwise:

- (i) Engaging in any business activity, in any geographic market in which the Company is then engaged in business that is competitive with the business of the Company; or
- (ii) Hiring or soliciting for employment any person who is then an employee of the Company; or
- (iii) Inducing or attempting to induce any person to end his or her employment relationship with the Company; or
- (iv) Soliciting business concerning any business (as described in Section (i) above) from any person or entity who is, or who was, a client, customer, prospective client or prospective customer of the Company; or
- (v) Taking any action to divert business from, or inducing or attempting to induce any customer or prospective customer or any vendor, supplier or other business relation to cease doing business with the Company.

“Improper Use of Confidential Information” means:

- (i) Any use or disclosure of Confidential Information except as required for the performance of your duties as an employee of the Company;
- (ii) Any act or omission that directly or indirectly would materially reduce the value of Confidential Information except for such acts or omissions that are required for the performance of your duties as an employee of the Company.
- (iii) Notwithstanding anything in Sections (i) or (ii) above, Improper Use of Confidential Information does not include:
 - (A) any disclosure, use or other act or omission that is expressly authorized in writing, in advance by the Company; or
 - (B) any required disclosure of Confidential Information by law or legal process, if: (x) you provide prompt notice to the Company in writing, and prior to disclosing any Confidential Information, so that the Company may elect to seek an appropriate protective order to prevent disclosure at the Company’s option and expense; and (y) you cooperate with the Company in any efforts to seek a protective order.

For purposes of this definition, “Confidential Information” means any non-public information regarding the Company or any of its owners, directors, representatives, agents, employees, suppliers, vendors, shareholders, members, clients, customers, or other third parties or entities with whom the Company does business and which you have learned or developed in the past as a result of your employment by or association with the Company or which you learn or develop while providing services to the Company. Confidential Information includes, but is not limited to, trade secrets, information about customers, prospective customers, marketing strategies, business strategies, sales strategies, products, services, key personnel, suppliers, pricing, technology, computer software code, methods, processes, designs, research, development systems, techniques, finances, accounting, purchasing, forecasts, or planning. All information disclosed to you or to which you obtain access in whatever form, whether originated by you or by others, during the period that you provide services to the Company will be presumed to be Confidential Information if it is treated by the Company as being Confidential Information or if you have a reasonable basis to believe it to be Confidential Information. For these purposes, Confidential Information will not include knowledge or information: (i) that is now or subsequently becomes generally publicly known, other than as a direct or indirect result of Improper Use or Disclosure of Confidential Information by you; or (ii) that is independently made available to you in good faith by a third party who has not violated any legal duty or confidential relationship with the Company.

“**Termination for Cause**” means the involuntary termination of a Participant’s employment with the Company as a result of dishonesty, fraud, misappropriation of funds, theft relating to the Participant’s position, harassment, an act of violence, acts punishable by law, misconduct as described in the Flexsteel Industries, Inc. Employee Handbook, as amended from time to time, or such other serious misconduct as will be determined by the Company to constitute conduct that warrants forfeiture pursuant to the Plan and this Notification of Award.

**ATTACHMENT B
FLEXSTEEL INDUSTRIES, INC.
OMNIBUS STOCK PLAN
NON-QUALIFIED STOCK OPTION
BENEFICIARY DESIGNATION OF EMPLOYEE**

Under the Flexsteel Industries, Inc. Omnibus Stock Plan, I, _____, hereby designate the following as beneficiary of any portion of my award which has been earned according to the terms of the Plan and unpaid at the time of my death.

A. Primary Beneficiary _____

B. Contingent Beneficiary: _____

Signature: _____

Name: _____

Date: _____

*This election is valid until a later dated designation is completed and filed with the Company.

ATTACHMENT C
FLEXSTEEL INDUSTRIES, INC.
OMNIBUS STOCK PLAN

**NOTIFICATION OF NON-STATUTORY STOCK OPTION AWARD
UNDER THE FLEXSTEEL INDUSTRIES, INC. OMNIBUS STOCK PLAN
(Director form)**

Name of Optionee:	
Effective Date:	
Number of Shares Covered:	Date of Grant:
Exercise Price Per Share:	Expiration Date:

Flexsteel Industries, Inc. (the “**Company**”) hereby grants you an option (the “**Option**”) under this Notification of Non-Statutory Stock Option Award (the “**Notification of Award**”), under the Flexsteel Industries Inc. Omnibus Stock Plan (the “**Plan**”). [See Attachment C, “Omnibus Stock Plan.”] The Options granted under this Notification of Award are subject to the following terms and conditions:

1. **Stock Option.** The Option is not intended to be an Incentive Stock Option within the meaning of Section 422 of the Code.
2. **Purchase Price.** The purchase price of the Stock is the Exercise Price Per Share, which shall not be less than the Fair Market Value of the Stock on the Date of Grant.
3. **Expiration Date.** Except to the extent the right to exercise any unvested portion of this Option is terminated earlier under Section 6, the Option will expire on the Expiration Date. The Expiration Date shall not be more than ten years from the Date of Grant. You are solely responsible for exercising this Option, if at all, prior to its Expiration Date. The Company has no obligation to notify you of this Option’s expiration.
4. **Exercise Period.** The Option may only be exercised prior to the Expiration Date. Your right to exercise some or all of the Option may be terminated before the Expiration Date as provided in Section 6, relating to termination of your participation on the Board of Directors. In all cases, you may only exercise the Option to the extent the Option has vested as stated in the Notification of Award.
5. **Transferability.** The Option may be exercised during your lifetime only by you. You may not transfer the Option, other than by will or the laws of descent and distribution.
6. **Termination of Services as a Board Member.** All of your rights in this Option, to the extent not previously vested, shall terminate upon your termination of services as a member of the Board of Directors, except as described in this Section 6. With respect to the vested and exercisable portion of the Option, and subject to subsection (f):
 - (a) In the event of your termination of services due to reasons other than death, Disability, Termination for Cause (see Attachment A, “Definitions”) or termination on or after your Retirement Date, the Option may be exercised (to the extent exercisable at the date of termination) by you within three months after the date of termination of services.

(b) In the event of your termination of services on or after your Retirement Date, the Option may be exercised (to the extent exercisable at the date of termination) by you within three years after the date of termination of services.

(c) In the event of your termination of services due to Disability, the Option may be exercised in full by you within one year after the date of termination of services.

(d) In the event of your termination of services due to death, the Option may be exercised in full by your estate or by a person who acquires the right to such Option by bequest or inheritance or by reason of your death, within one year after the date of termination of services.

(e) In the event of your Termination for Cause, the Option and your right to exercise the Option shall terminate immediately.

(f) Notwithstanding anything in this Notification of Award, in no event may the Option be exercised after the Expiration Date.

Notwithstanding anything else in this Notification of Award, in no event may the Option be exercised after the Expiration Date.

7. **Method of Exercise; Use of Company Stock.**

(a) The Option may be exercised by delivering written notice of exercise to the Company at the principal executive office of the Company, to the attention of the Company's Secretary. The notice must state the number of Shares to be purchased, and must be signed by the person exercising the Option. If you are not the person exercising the Option, the person also must submit appropriate proof of his/her right to exercise the Option. The Company may designate a third party to administer the option program in which case the third party may receive any required notice.

(b) Upon giving notice of any exercise hereunder, you must provide for payment of the purchase price of the Shares being purchased through one or a combination of the following methods:

(i) Purchase. By paying cash (including check paid to the Company, wire transfer, bank draft, or money order);

(ii) Delivery of Shares. By delivery or tender to the Company of unencumbered Shares (by actual delivery or attestation) having an aggregate Fair Market Value on the date the Option is exercised equal to the purchase price of the Shares being purchased pursuant to the Option, or a combination thereof, as determined by the Committee (provided, however, that no fractional Shares will be issued or accepted);

(iii) **Broker-Assisted Cashless Exercise.** By directing a stockbroker designated by the Company to effect a broker assisted cashless exercise to sell Shares issued on exercise of the Option and remitting the proceeds of such sale to the Company; or

(iv) **Net Exercise.** By instructing the Company to withhold Shares having an aggregate Fair Market Value on the date of exercise less than or equal to the purchase price of the Shares acquired upon exercise; provided that this method of exercise may only be used to deliver net shares to you and no cash compensation may be provided.

In no event will you be permitted to pay any portion of the purchase price with Shares, though a broker-assisted cashless exercise or through net exercise, if the Committee, in its sole discretion, determines that payment in such manner could have adverse tax or financial accounting consequences for the Company.

8. **Withholding.** In any case where withholding is required or advisable under federal, state or local law in connection with any exercise by you under this Notification of Award, the Company is authorized to withhold appropriate amounts from amounts payable to you, or may require that you remit to the Company an amount equal to such appropriate amounts. Upon the exercise of the Option, you may elect, subject to the approval of the Committee and compliance with applicable laws and regulations, to satisfy any withholding requirements, in whole or in part, by having the Company withhold Stock having a Fair Market Value, on the date the tax is to be determined, equal to the standard required withholding rates for non-periodic payments. In no event will the Company be required to permit the exercise of the Option unless the applicable withholding requirements are satisfied.
9. **Changes in Capitalization, Dissolution, Liquidation, Reorganization, Acquisition.** The terms stated in the Notification of Award are subject to modification upon the occurrence of certain events as described in Section 16 of the Plan.
10. **Severability.** In the event any provision of this Notification of Award is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Notification of Award, and the Notification of Award will be interpreted and enforced as if the illegal or invalid provision had not been included.
11. **No Right to Continued Participation on the Board.** The Notification of Award will in no way provide you with any right to continue to provide services as a member of the Board of Directors.
12. **Tax Advice.** You acknowledge that you have not looked to or relied upon the Company or any of its officers, directors, optionees, shareholders, accountants or legal counsel for tax advice concerning the tax consequences of the grant to, and your exercise of, the Option and that you have obtained such advice, to the extent you determine that it is necessary, from other sources located by you.

13. **No Shareholder Rights.** You will have no rights as a shareholder with respect to any Stock subject to the Option prior to the date of exercise of the Option and, after such date, will only have rights as a shareholder with respect to the Stock acquired upon exercise.
14. **Governing Terms.** This Notification of Award is made according to the provisions of the Plan. The terms of the Plan are incorporated by reference in this Notification of Award. Terms used in this Notification of Award have the meanings used in the Plan unless the context clearly requires otherwise. In the event of a conflict between the provisions of the Plan and the provisions of this Notification of Award, the provisions of the Plan will govern.
15. **Entire Understanding.** This Notification of Award constitutes the entire understanding of you and the Company with respect to the subject matter of this Notification of Award, and, except as otherwise provided in the Plan, may not be amended, changed, modified, terminated, or waived other than by written instrument signed by you and the Company. This Notification of Award supersedes all prior oral or written agreements and understandings between you and the Company concerning the subject matter of the Notification of Award, including any implied or express representations regarding the your ownership of any interest in the Company or its property, and any prior oral or written agreements conveying stock option rights to you.
16. **Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation.** By accepting the Option, you acknowledges that: (a) the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (b) the grant of the Option is a one-time benefit that does not create any contractual or other right to receive future grants of options, or benefits in lieu of options; (c) all determinations with respect to any such future grants, including but not limited to, the times when options will be granted, the number of shares of Stock subject to each option, the Exercise Price Per Share, and the time or times when each option will be exercisable, will be at the sole discretion of the Company; (d) your participation in the Plan is voluntary; (e) the value of the Option is an extraordinary item of compensation that is outside the scope of your employment agreement, if any, with the Company; (f) the Option is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payment, bonus, long-service award, pension or retirement benefit or similar payment; (g) the future value of the Stock subject to the Option is unknown and cannot be predicted with certainty; and (h) if the Stock subject to the Option does not increase in value, the Option will have no value.
17. **Beneficiary Designation.** If your provision of services for the Company as a member of the Board of Directors is terminated as a result of your death, someone other than you may become entitled to exercise this Option, as provided in Section 6 of this Notification of Award. The Plan permits you to designate a beneficiary to exercise the vested portion of this Option in the event of your death. Any beneficiary can be named and you may change your beneficiaries at any time by submitting such designation, in writing, to the Company. (See Attachment B, "Beneficiary Designation of Director")

FLEXSTEEL INDUSTRIES, INC.:

By: Karel K. Czanderna
Its: President & CEO

Date

OPTIONEE:

Name

Date

ATTACHMENT A

Definitions

The Capitalized term used in this Notification of Award have the meanings set forth below.

“**Termination for Cause**” means the involuntary termination of services as a member of the Board of Directors as a result of malfeasance arising from the performance of your duties as a director which has a materially adverse effect on the business of the Company.

**ATTACHMENT B
FLEXSTEEL INDUSTRIES, INC.
OMNIBUS STOCK PLAN
DIRECTOR NONQUALIFIED STOCK OPTION
BENEFICIARY DESIGNATION OF DIRECTOR**

Under the Flexsteel Industries, Inc. Omnibus Stock Plan, I, _____, hereby designate the following as beneficiary of any portion of my award which has been earned according to the terms of the Plan and unpaid at the time of my death.

A. Primary Beneficiary _____

B. Contingent Beneficiary: _____

Signature: _____

Name: _____

Date: _____

*This election is valid until a later dated designation is completed and filed with the Company.

ATTACHMENT C
FLEXSTEEL INDUSTRIES, INC.
OMNIBUS STOCK PLAN

Director NSO Form

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**NOTIFICATION OF RESTRICTED STOCK UNIT AWARD
UNDER THE FLEXSTEEL INDUSTRIES, INC. OMNIBUS STOCK PLAN**

Name of Grantee:	
Restricted Stock Units:	Grant Date:

1. **Notification of Award.** Flexsteel Industries, Inc. (the “**Company**”), hereby grants to you a Restricted Stock Unit Award under this Restricted Stock Unit Notification of Award (the “**Notification of Award**”). The Restricted Stock Units (“RSUs”) represent the right to receive shares of common stock of the Company (the “**Shares**”) under the terms and conditions described in this Notification of Award and in the Flexsteel Industries, Inc. Omnibus Stock Plan (the “**Plan**”). (See Attachment C, “Omnibus Stock Plan.”)

2. **Vesting.** In order to receive any Shares granted to you under this Notification of Award, you must vest in the corresponding RSUs.

TIME VESTING: You will vest in the RSUs according to the schedule set out below based upon your service with the Company. You must not have had a Separation from Service with the Company before the Vesting Date. If you do, you will forfeit the RSUs and your right to receive the corresponding Shares.

[Sample schedule]

<u>Vesting Date(s)</u>	<u>Number or Percentage of RSUs that Vest</u>
[Insert date]	[Insert Number or Percentage of RSUs]
[Insert date]	[Insert Number or Percentage of RSUs]

PERFORMANCE VESTING: You will vest in the RSUs according to the schedule set out below based upon your service with the Company and the satisfaction of the Performance Criteria. You must not have had a Separation from Service with the Company before the Vesting Date and you must have satisfied the Performance Criteria by the Vesting Date. If you do have a Separation from Service before, or do not satisfy the Performance Criteria by, the Vesting Date, you will forfeit the RSUs and your right to receive the corresponding Shares.

[Sample schedule]

<u>Performance Criteria</u>	<u>Vesting Date(s)</u>	<u>Number or Percentage of RSUs that Vest</u>
[Insert performance criteria]	[Insert date]	[Insert number or percentage of RSUs that vest]
[Insert performance criteria]	[Insert date]	“

RSU Form



3. Exceptions to Service Requirement. If you have a Separation from Service with the Company before the Vesting Date under any of the following circumstances:

- a. due to your death
- b. due to your Disability
- c. [**Optional:** on or after reaching age 62] or
- d. [**Optional:** in connection with a Change in Control (See Attachment A, “Definitions”)]

you (or your beneficiary in the case of your death) will vest in a pro rata portion of the number of RSUs awarded under this Notification of Award based on the number of days beginning on the Grant Date and ending on the date of your Separation from Service.

4. Payment of Award. The RSUs in which you vest under this Notification of Award will be converted to Shares. These Shares will be distributed to you on the 15th day of the third month following the Vesting Date described in Section 2 (regardless of whether you vest or have vested earlier than the Vesting Date under an exception described in Section 3), unless a delay is otherwise permitted under the terms of the Plan.

5. Withholding Taxes. The Company is authorized to deduct and withhold from any payment due you under this Notification of Award or any other compensation payable to you by the Company any taxes due as a result of any payment under this Notification of Award.

6. Beneficiary Designation. If you Separate from Service with the Company as a result of your death, an amount may be payable upon your death as provided in Section 3 of this Notification of Award. The Plan permits you to designate a beneficiary to receive payments that may be due in the event of death. Any beneficiary can be named and you may change your beneficiaries at any time by submitting such designation, in writing, to the Company. (See Attachment B, “Beneficiary Designation of Employee”)

7. Forfeiture and Repayment. If you receive or become entitled to receive a payment under this Notification of Award within six months before your Separation from Service with the Company, the Company, in its sole discretion, may require you to forfeit or return the Award, as the case may be, in the event you: (a) engage in Competitive Activity at any time during your employment or within a two-year period after your Separation from Service or (b) engage in Improper Use of Confidential Information at any time. (See Attachment A “Definitions”) The Company also reserves the right to require you to pay back to the Company any amount received under the Award as described in Section 18 of the Plan. Any repayment due under this Section 7 or Section 18 of the Plan will be made by you either in the Shares, or in a dollar amount equal to the Fair Value of the Shares determined on the date of repayment, you received under the Award. The Committee, in its discretion, will determine which method of payment is acceptable. In no event will you be entitled to an Award under this Notification of Award if you have a Termination for Cause at any time before the payment date of the Award. “Termination for Cause” means the involuntary termination of your employment with the Company as a result of dishonesty, fraud, misappropriation of funds, theft relating to the your position, harassment, an act of violence, acts punishable by law, misconduct as described in the Flexsteel Industries, Inc. Employee Handbook, as amended from time to time, or such other serious misconduct as will be determined by the Company to constitute conduct that warrants forfeiture pursuant to the Plan and Section 7 of this Notification of Award.

8. **No Employment Contract.** Nothing contained in the Plan or this Notification of Award creates any right to your continued employment or otherwise affects your status as an employee at will. You hereby acknowledge that the Company and you each have the right to terminate your employment at any time for any reason or for no reason at all, subject only to the terms of any written employment agreement between you and the Company.

9. **Governing Terms.** This Notification of Award is made according to the provisions of the Plan. The terms of the Plan are incorporated by reference in this Notification of Award. Terms used in this Notification of Award have the meanings used in the Plan unless the context clearly requires otherwise. In the event of a conflict between the provisions of the Plan and the provisions of this Notification of Award, the provisions of the Plan will govern.

10. **Acknowledgment.** Your receipt of this Notification of Award constitutes your agreement to be bound by the terms and conditions of this Notification of Award and the Plan.

*****Signature Page to Follow*****

Signature Page to Notification of RSU Award

FLEXSTEEL INDUSTRIES, INC.:

By:

Its:

PARTICIPANT:

ATTACHMENT A

Definitions

The Capitalized terms used in this Notification of Award have the meanings set forth below.

“Competitive Activity” means any of the following regardless of whether it is undertaken, directly or indirectly, on your own behalf or on behalf of any person or entity other than the Company, including without limitation as a proprietor, principal, agent, partner, officer, director, stockholder, employee, member of any association, contractor, consultant or otherwise:

- (i) Engaging in any business activity, in any geographic market in which the Company is then engaged in business that is competitive with the business of the Company; or
- (ii) Hiring or soliciting for employment any person who is then an employee of the Company; or
- (iii) Inducing or attempting to induce any person to end his or her employment relationship with the Company; or
- (iv) Soliciting business concerning any business (as described in Section (i) above) from any person or entity who is, or who was, a client, customer, prospective client or prospective customer of the Company; or
- (v) Taking any action to divert business from, or inducing or attempting to induce any customer or prospective customer or any vendor, supplier or other business relation to cease doing business with the Company.

“Improper Use of Confidential Information” means:

- (i) Any use or disclosure of Confidential Information except as required for the performance of your duties as an employee of the Company;
- (ii) Any act or omission that directly or indirectly would materially reduce the value of Confidential Information except for such acts or omissions that are required for the performance of your duties as an employee of the Company.
- (iii) Notwithstanding anything in Sections (i) or (ii) above, Improper Use of Confidential Information does not include:
 - (A) any disclosure, use or other act or omission that is expressly authorized in writing, in advance by the Company; or
 - (B) any required disclosure of Confidential Information by law or legal process, if: (x) you provide prompt notice to the Company in writing, and prior to disclosing any Confidential Information, so that the Company may elect to seek an appropriate protective order to prevent disclosure at the Company’s option and expense; and (y) you cooperate with the Company in any efforts to seek a protective order.

For purposes of this definition, “Confidential Information” means any non-public information regarding the Company or any of its owners, directors, representatives, agents, employees, suppliers, vendors, shareholders, members, clients, customers, or other third parties or entities with whom the Company does business and which you have learned or developed in the past as a result of your employment by or association with the Company or which you learn or develop while providing services to the Company. Confidential Information includes, but is not limited to, trade secrets, information about customers, prospective customers, marketing strategies, business strategies, sales strategies, products, services, key personnel, suppliers, pricing, technology, computer software code, methods, processes, designs, research, development systems, techniques, finances, accounting, purchasing, forecasts, or planning. All information disclosed to you or to which you obtain access in whatever form, whether originated by you or by others, during the period that you provide services to the Company will be presumed to be Confidential Information if it is treated by the Company as being Confidential Information or if you have a reasonable basis to believe it to be Confidential Information. For these purposes, Confidential Information will not include knowledge or information: (i) that is now or subsequently becomes generally publicly known, other than as a direct or indirect result of Improper Use or Disclosure of Confidential Information by you; or (ii) that is independently made available to you in good faith by a third party who has not violated any legal duty or confidential relationship with the Company.

“**Termination for Cause**” means the involuntary termination of a Participant’s employment with the Company as a result of dishonesty, fraud, misappropriation of funds, theft relating to the Participant’s position, harassment, an act of violence, acts punishable by law, misconduct as described in the Flexsteel Industries, Inc. Employee Handbook, as amended from time to time, or such other serious misconduct as will be determined by the Company to constitute conduct that warrants forfeiture pursuant to the Plan and this Notification of Award.

[Optional “Change in Control” means a “change in control,” as defined in US Treasury Regulations §1.409A-3(i)(5)(vi)(1) and (vii). Generally, this means that a Change in Control will occur:

- (1) on the date any one person (or more than one person acting as a group) acquires ownership of the Company’s Stock possessing 50% or more of the total voting power of the Company’s Stock; or
- (2) on the date any one person (or more than one person acting as a group) acquires assets from the Company that have a total gross fair market value equal to or more than 75% of the total fair market value of all of the assets of the Company immediately before such acquisition.]

**ATTACHMENT B
FLEXSTEEL INDUSTRIES, INC.
OMNIBUS STOCK PLAN
RESTRICTED STOCK UNIT
BENEFICIARY DESIGNATION OF EMPLOYEE**

Under the Flexsteel Industries, Inc. Omnibus Stock Plan, I, _____, hereby designate the following as beneficiary of any portion of my award which has been earned according to the terms of the Plan and unpaid at the time of my death.

- A. Primary Beneficiary _____
- B. Contingent Beneficiary: _____

Signature: _____

Name: _____

Date: _____

*This election is valid until a later dated designation is completed and filed with the Company.

**ATTACHMENT C
FLEXSTEEL INDUSTRIES, INC.
OMNIBUS STOCK PLAN**