FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[|X|] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the fiscal year ended June 30, 2000

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the transition period from ____________ to___________
Commission file number 0-5151

FLEXSTEEL INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

MINNESOTA	42-0442319
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P.O. BOX 877, DUBUQUE, IOWA	52004-0877
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (319) 556-7730

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered:
	NASDAQ

Securities registered pursuant to Section 12(g) of the Act:
COMMON STOCK, $1.00 PAR VALUE
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

State the aggregate market value of the voting stock held by non-affiliates of the registrant as of August 10, 2000 which is within 60 days prior to the date of filing:

Common Stock, Par Value $1.00 Per Share: $44,620,588

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of August 10, 2000:

CLASS	SHARES OUTSTANDING
Common Stock, $ 1.00 Par Value	Shares 6,225,637

DOCUMENTS INCORPORATED BY REFERENCE

PORTIONS OF REGISTRANT'S ANNUAL REPORT TO SHAREHOLDERS FOR THE YEAR ENDING JUNE 30, 2000 IN PARTS I, II, AND IV.

IN PART III, PORTIONS OF THE REGISTRANT'S 2000 PROXY STATEMENT, TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION WITHIN 120 DAYS OF THE REGISTRANT'S FISCAL YEAR END.

Exhibit Index -- page 6

PART I

ITEM 1. BUSINESS

(a) GENERAL DEVELOPMENT OF BUSINESS
The registrant was incorporated in 1929 and has been in the furniture seating business ever since. For more detailed information see the registrant's 2000 Annual Report to Shareholders which is incorporated herein by reference.

(b) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS
The registrant's operations consist of one industry segment --

upholstered seating. For more detailed financial information see the registrant's 2000 Annual Report to Shareholders which is incorporated herein by reference.

The registrant's upholstered seating business has three primary areas of application -- residential seating, recreational vehicle seating and commercial seating. Set forth below, in tabular form, is information for the past three fiscal years showing the registrant's sales of upholstered seating attributable to each of the areas of application described above:

SALES FOR UPHOLSTERED SEATING APPLICATIONS

	2000	1999	1998
	AMOUNT OF SALES	AMOUNT OF SALES	AMOUNT OF SALES
Residential Seating................	$174,200,000	$151,600,000	$139,200,000
Recreational Vehicle Seating	93,100,000	86,700,000	73,900,000
Commercial Seating	19,600,000	22,200,000	23,000,000
Upholstered Seating Total	$286,900,000	$260,500,000	$236,100,000

(c) NARRATIVE DESCRIPTION OF BUSINESS

(1) (i), (ii), (vii) The registrant is engaged in one segment of business, namely, the design, manufacture and sale of a broad line of quality upholstered furniture for residential, commercial, and recreational vehicle seating use. The registrant's classes of products include a variety of wood and upholstered furniture including upholstered sofas, loveseats, chairs, reclining and rocker-reclining chairs, swivel rockers, sofa beds and convertible bedding units, some of which are for the home, office, motorhome, travel trailer, vans, health care and hotels. Featured as a basic component in most of the upholstered furniture is a unique drop-in-seat spring. The registrant primarily distributes its products throughout most of the United States through the registrant's sales force to approximately 3,000 furniture dealers, department stores, recreational vehicle manufacturers and van converters, and hospitality and healthcare facilities. The registrant's products are also sold to several national chains, some of which sell on a private label basis.

(iii) Sources and availability of raw materials essential to the business:

The registrant's furniture products utilize various species of hardwood lumber obtained from Arkansas, Mississippi, Missouri and elsewhere. In addition to hardwood lumber and engineered wood products, principal raw materials utilized in the manufacturing process include bar and wire stock, high carbon spring steel, fabrics, leather and polyurethane. While the registrant purchases these materials from outside suppliers, it is not dependent upon any single source of supply. The raw materials are all readily available.

(iv) Material patents and licenses:

The registrant owns the American and Canadian improvement patents to its Flexsteel seat spring, as well as, patents on convertible beds and various other recreational vehicle seating products. In addition, it holds licenses to manufacture certain rocker-recliners. The registrant does not consider its patents and licenses material to its business.

(v) The registrant's business is not considered seasonal.

(viii) The approximate dollar amounts of backlog of orders believed to be firm as of the end of the last fiscal year and the preceding two fiscal years are as follows:

JUNE 30, 2000	JUNE 30, 1999	JUNE 30, 1998
$30,600,000 *	$28,100,000	$26,100,000

*All of this amount is expected to be filled in fiscal year ending June 30, 2001.

(ix) Competitive conditions:

The furniture industry is highly competitive. There are numerous furniture manufactures in the United States. Although the registrant is one of the largest manufacturers of upholstered furniture in the United States, according to the registrant's best information it manufactures and sells less than 4% of the upholstered furniture sold in the United States. The registrant's principal method of meeting competition is by emphasizing its product performance and to use its sales force.

(x) Expenditures on Research Activities:

Most items in the upholstered seating line are designed by the registrant's own design staff. New models and designs of furniture, as well as new fabrics, are introduced continuously. The registrant estimates that approximately 40% of its upholstered seating line is redesigned in whole or in part each year. In the last three fiscal years, these redesign activities involved the following expenditures:

FISCAL YEAR ENDING	EXPENDITURES
June 30, 2000	$2,170,000
June 30, 1999	$1,930,000
June 30, 1998	$1,640,000

(xi) Approximately 2,600 people were employed by the registrant as of June 30, 2000; additionally 2,400 people were employed as of June 30,1999 and 2,300 people as of June 30, 1998.

(d) FINANCIAL INFORMATION ABOUT DOMESTIC OPERATIONS

Financial information about domestic operations is set forth in the registrant's 2000 Annual Report to Shareholders which is incorporated herein by reference. The registrant has no foreign operations and makes minimal export sales.

ITEM 2. PROPERTIES

(a) THE REGISTRANT OWNS THE FOLLOWING MANUFACTURING PLANTS:

LOCATION	APPROXIMATE SIZE (SQUARE FEET)	PRINCIPAL OPERATIONS
Dubuque, Iowa	853,000	Upholstered Furniture- Recreational Vehicle - Metal Working
Lancaster, Pennsylvania	216,000	Upholstered Furniture - Recreational Vehicle
Riverside, California	236,000	Upholstered Furniture - Recreational Vehicle
Harrison, Arkansas	123,000	Woodworking Plant
New Paris, Indiana	168,000	Recreational Vehicle - Metal Working
Dublin, Georgia	242,400	Upholstered Furniture - Recreational Vehicle
Starkville, Mississippi	349,000	Upholstered Furniture- Woodworking Plant
Elkhart, Indiana	99,500	Recreational Vehicle - Metal Working

The registrant's operating plants are well suited for their manufacturing purposes and have been updated and expanded from time to time as conditions warrant. There is adequate production capacity to meet present market demands.

The registrant leases two production facilities: Harrison, Arkansas, 93,000 sq. feet for upholstered furniture and Dunkirk, Indiana, 30,000 sq. feet for recreational vehicle furniture.

The registrant leases showrooms for displaying its products in the furniture marts in High Point, North Carolina and San Francisco, California.

The registrant leases one warehouse in Vancouver, Washington of approximately 15,750 sq. feet for storing its products prior to distribution.

(b) OIL AND GAS OPERATIONS: NONE.

ITEM 3. LEGAL PROCEEDINGS

The Company has no material legal proceedings pending. All pending litigation is ordinary routine litigation incidental to the business.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During the fourth quarter no matter was submitted to a vote of security holders.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the registrant, their ages, positions (in each case as of June 30, 2000), and the month and year they were first elected or appointed an officer of the registrant, are as follows:

NAME (AGE)	POSITION (DATE FIRST BECAME OFFICER)
K. B. Lauritsen (57)	President / Chief Executive Officer (November 1979)
E. J. Monaghan (61)	Executive Vice President / Chief Operating Officer (November 1979)
R. J. Klosterman (52)	Vice President Finance / Chief Financial Officer & Secretary (June 1989)
J. R. Richardson (56)	Senior Vice President of Marketing (November 1979)
T. D. Burkart (57)	Senior Vice President of Vehicle Seating (February 1984)
P. M. Crahan (52)	Vice President (June 1989)
J. T. Bertsch (45)	Vice President (June 1989)

Each named executive officer has held the same office of an executive or management position with the registrant for at least five years.

Cautionary Statement Relevant to Forward-Looking Information for the Purpose of "Safe Harbor" Provisions and Private Securities Litigation Reform Act of 1995

The company and its representatives may from time to time make written or oral forward-looking statements with respect to long-term goals of the Company, including statements contained in the Company's filings with the Securities and Exchange Commission and in its reports to stockholders.

Statements, including those in this report, which are not historical or current facts are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. There are certain important factors that could cause results to differ materially from those anticipated by some of the statements made herein. Investors are cautioned that all forward-looking statements involve risk and uncertainty. Some of the factors that could affect results are the effectiveness of new product introductions, the product mix of our sales, the cost of raw materials, the amount of sales generated and the profit margins thereon or volatility in the major markets, competition and general economic conditions.

The Company specifically declines to undertake any obligation to publicly revise any forward-looking statements that have been made to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

The NASDAQ -- National Market System is the principal market on which the registrant's Common Stock is being traded. The market prices for the stock and the dividends paid per common share, for each quarterly period during the past two years is shown in the registrant's Annual Report to Shareholders for the Year Ended June 30, 2000, and is incorporated herein by reference.

There were approximately 2600 holders of Common Stock of the registrant as of June 30, 2000; as well as 2,700 and 2,300 holders of Common Stock of the registrant as of June 30, 1999, and June 30, 1998, respectively.

ITEM 6. SELECTED FINANCIAL DATA

This information is contained on page 6 in the registrant's Annual Report to Shareholders for the Year Ended June 30, 2000, under the caption "Five Year Review" and is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis is contained on page 15 and page 16 in the registrant's Annual Report to Shareholders for the Year Ended June 30, 2000 and is incorporated herein by reference.

ITEM 7a. QUANTITATIVE INFORMATION ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following financial statements of the Company included in the financial report section of the Annual Report to Shareholders for the Year Ended June 30, 2000, are incorporated herein by reference:

	PAGE(S)
Balance Sheets, June 30, 2000, 1999	8
Statements of Income and Comprehensive Income -- Years Ended June 30, 2000, 1999, 1998	9
Statements of Changes in Shareholders' Equity -- Years ended June 30, 2000, 1999, 1998	10
Statements of Cash Flows -- Years Ended June 30, 2000, 1999, 1998	11
Quarterly Financial Data -- Years Ended June 30, 2000, 1999	14
Notes to Financial Statements	12-14
Independent Auditors' Report	7

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

During fiscal 2000 there were no changes in or disagreements with accountants on accounting procedures or accounting and financial disclosures.

PART III

ITEMS 10, 11, 12. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT, EXECUTIVE COMPENSATION AND SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information identifying directors of the registrant, executive compensation and beneficial ownership of registrant stock and supplementary data is contained in the registrant's 2000 definitive Proxy Statement to be filed with the Securities and Exchange Commission and is incorporated herein by reference. Executive officers are identified in Part I, item 4 above.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

This information is contained under the heading "Certain Relationships and Related Transactions" in the registrant's 2000 definitive Proxy Statement to be filed with the Securities and Exchange Commission and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) (1) Financial Statements

The financial statements of the registrant included in the Annual Report to Shareholders for the Year Ended June 30, 2000, are incorporated herein by reference as set forth above in Item 8.

(2) Schedules

The following financial schedules for the years ended 2000, 1999 and 1998 are submitted herewith:

		PAGE
Schedule VIII	-- Reserves	9

Other schedules are omitted because they are not required or are not applicable or because the required information is included in the financial statements incorporated by reference above.

(3) Exhibit No.

3.1 Restated Article of Incorporation by reference to Exhibits to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1988.

3.2 Bylaws of the Registrant incorporated by reference to Exhibits to the Annual Report on Form 10-K for the fiscal year ended June 30, 1994.

4 Instruments defining the rights of security holders, including indentures. The issuer has not filed, but agrees to furnish upon request to the Commission copies of the Mississippi Industrial Development Revenue Bond Agreement issued regarding the issuer's facilities in Starkville, MS.

10.1 1989 Stock Option Plan, as amended, incorporated by reference from the 1992 Flexsteel definitive proxy statement.*

10.2 1995 Stock Option Plan incorporated by reference from the 1995 Flexsteel definitive proxy statement.*

10.3 Management Incentive Plan incorporated by reference from the 1980 Flexsteel definitive proxy statement - commission file #0-5151.*

10.4 1999 Stock Option Plan incorporated by reference from the 1999 Flexsteel definitive proxy statement.*

13 Annual Report to Shareholders for the Year Ended June 30, 2000.

22 2000 definitive Proxy Statement incorporated by reference is to be filed with the Securities Exchange Commission on or before December 1, 2000.

23.1 Independent Auditor's Report.

23.2 Consent of Independent Auditors.

27.1 Financial Data Schedule for the fiscal year ended June 30, 2000.

99 2000 Form 11-K for Salaried Employee's Savings Plan 401(k).

*Management contracts and arrangements required to be filed pursuant to Item 14 (c) of this report.

(b) REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the last quarter of the fiscal year ended June 30, 2000.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: September 12, 2000 FLEXSTEEL INDUSTRIES, INC.

By: /S/ K. B. LAURITSEN
K. B. LAURITSEN
PRESIDENT, CHIEF EXECUTIVE OFFICER
and
PRINCIPAL EXECUTIVE OFFICER

By: /S/ R. J. KLOSTERMAN
R. J. KLOSTERMAN
VICE PRESIDENT OF FINANCE
and
PRINCIPAL FINANCIAL OFFICER

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: September 12, 2000	/S/ JOHN R. EASTER John R. Easter DIRECTOR
Date: September 12, 2000	/S/ K. BRUCE LAURITSEN K. Bruce Lauritsen DIRECTOR
Date: September 12, 2000	/S/ EDWARD J. MONAGHAN Edward J. Monaghan DIRECTOR
Date: September 12, 2000	/S/ JAMES R. RICHARDSON James R. Richardson DIRECTOR
Date: September 12, 2000	/S/ JEFFREY T. BERTSCH Jeffrey T. Bertsch DIRECTOR
Date: September 12, 2000	/S/ L. BRUCE BOYLEN L. Bruce Boylen DIRECTOR
Date: September 12, 2000	/S/ PATRICK M. CRAHAN Patrick M. Crahan DIRECTOR
Date: September 12, 2000	/S/ LYNN J. DAVIS Lynn J. Davis DIRECTOR
Date: September 12, 2000	/S/ THOMAS E. HOLLORAN Thomas E. Holloran DIRECTOR
Date: September 12, 2000	/S/ MARVIN M. STERN Marvin M. Stern DIRECTOR

SCHEDULE VIII

FLEXSTEEL INDUSTRIES, INC.

RESERVES
FOR THE YEARS ENDED JUNE 30, 2000, 1999 AND 1998

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS CHARGED TO INCOME	DEDUCTIONS FROM RESERVES (NOTE)	BALANCE AT CLOSE OF YEAR
Allowance for Doubtful Accounts:				
2000	$2,503,000	$187,000	($ 440,000)	$2,250,000
1999	$2,198,000	$544,000	($ 239,000)	$2,503,000
1998	$2,799,000	$943,000	($1,544,000)	$2,198,000

NOTE -- UNCOLLECTIBLE ACCOUNTS CHARGED AGAINST RESERVE, LESS RECOVERIES.

NEW VISIONS OF COMFORT

[LOGO]
FLEXSTEEL(R)
AMERICA'S SEATING SPECIALIST

[COVER PHOTO]

F L E X S T E E L   2 0 0 0

FLEXSTEEL INDUSTRIES INCORPORATED / ANNUAL REPORT

FISCAL YEAR ENDED JUNE 30, 2000

FINANCIAL HIGHLIGHTS

[AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA]

Year Ended June 30,	2000	1999	1998
Net Sales	$286,860	$260,519	$236,125
Operating Income	17,679	15,398	9,868
Income Before Income Taxes	18,658	16,217	11,527
Net Income	11,928	10,317	7,602
Per Share of Common Stock:			
Average Shares Outstanding:			
Basic	6,458	6,775	6,959
Diluted	6,562	6,850	7,035
Earnings:			
Basic	1.85	1.52	1.09
Diluted	1.82	1.51	1.08
Cash Dividends	0.52	0.48	0.48
At June 30,			
Working Capital	52,076	50,210	50,549
Net Plant and Equipment	26,837	25,912	23,096
Total Assets	114,876	112,684	104,673
Shareholders' Equity	85,196	81,166	78,080

FLEXSTEEL'S MISSION

Flexsteel Industries, Inc., is committed to building its brand as a successful seating specialist. The Company is committed to exceeding customer expectations. With emphasis on high quality Home Seating, Recreational Vehicle Seating, and Commercial Seating, Flexsteel will remain focused upon strengthening its product integrity and customer service programs, expanding its customer base, and profitably growing our business in order to increase shareholder value.

Flexsteel will continue to hire dedicated, productive, achievement-oriented associates who will be instrumental in leading the Company into its second successful century.

[BAR GRAPHS OMITTED]

NET SALES IN MILLION DOLLARS

Years:	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	$140	$159	$180	$190	$210	$205	$219	$230	$260	$285

EARNINGS PER SHARE IN DOLLARS

Years:	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	$.18	$.15	$.22	$.89	$.70	$.64	$.82	$1.08	$1.52	$1.82

BOOK VALUE PER SHARE IN DOLLARS

Years:	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	$9.00	$8.50	$9.00	$10.00	$10.10	$11.00	$11.70	$11.50	$12.50	$13.60

RETURN ON COMMON EQUITY IN PERCENT

Years:	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	2.9%	1.8%	9.5%	10%	7.5%	6.5%	8.2%	10.1%	13.1%	14%

[PHOTO] Front cover and left: Rich with warm woods and the flavors of North Africa, our new Sahara Retreat collection is one of several new integrated groupings. Shown in highly popular leather, it includes sofa, love seat, chair, ottoman, and a wide selection of tables, all embellished with the carved and scalloped trim seen on the sofa base.

[LOGO]
FLEXSTEEL (R)
AMERICA'S SEATING SPECIALIST

NEW VISIONS OF COMFORT

FLEXSTEEL: 2000

TO OUR SHAREHOLDERS

Your company's fiscal year ended June 30, 2000, was outstanding. Our Management Team began the year by creating and putting in place a Strategic Plan for the next three years. We are beginning our second year of the plan, enormously encouraged by this year's outstanding results.

Sales reached a new peak of $286,860,000 which was an increase of 10% over the sales of the previous fiscal year of $260,519,000. Our net income totalled $11,928,000 or $1.82 per diluted share, was an increase of 16% over earnings of $10,317,000, or $1.51 per share in the same period last year.

HIGHLIGHTS IN RESIDENTIAL FURNITURE

Strong emphasis on retail development has resulted in record sales, an increase of 15% over last year. We have increased our independent dealer base, with more dealers than ever devoting gallery space or entire stores to selling Flexsteel. Today there are 231 operating Flexsteel Galleries with 59 new ones in progress. Comfort Seating Showrooms, whose larger format allows a more complete presentation of our line, now total 21. Six more Showrooms are on the drawing boards or under construction.

Following our Strategic Plan, we are also increasing our business with national retailers Homelife and the JC Penney Home Stores, as well as other large key accounts across the country.

Soft comfort and relaxed styling, combined with pleasing silhouettes and fabrics, make Flexsteel furniture beautifully suited to today's life styles. With a superb team of associates assuring that Flexsteel quality and timely delivery are added to the equation, sales, customer satisfaction, and profits have all responded.

A BANNER
YEAR FOR
FLEXSTEEL

Flexsteel popularity has never been higher in leather -- sales this year increased over 30%. We are responding to this demand with a new 100,000-square-foot production facility for making leather furniture in Harrison, Arkansas. Leased in January 2000, this plant adds to our presence in Harrison, where we have had a large wood frame facility since 1958. Community leaders and the state helped make this a positive decision for us.

HIGHLIGHTS IN RECREATIONAL VEHICLE SEATING

Here, too, we achieved another year of record growth. Sales grew 7% with our market share increasing in all segments. To meet our customer's needs, we added a new facility in the Portland/Dunkirk area of Indiana. It is already up and running, producing quality recreational vehicle seating. We have the in-house capabilities to engineer and test all vehicle seating to the stringent Federal Motor Vehicle Standards. Our customers know they can depend on us to meet or exceed the proper standards, and we continue to be the leader in this industry.

Our ability to design seating for individual customers has always been one of our strengths, now showing its importance in new areas such as the growing marine market. Flexsteel-quality seating now goes to sea as well as overland.

[PHOTO]

K. Bruce Lauritsen (l), President & Chief Executive Officer, and John R. Easter, Chairman of the Board, of Flexsteel Industries, Inc.

[PHOTO]

The handsome interiors of today's fine motor homes deserve a bucket seat for driver and passenger that looks as good as it rides. This Flexsteel seat captures the essence of sleek automotive styling.

[PHOTO]

The "conversation sofa" is more than a conversation piece. Introduced last year to immediate success, it is a worthy successor to the crescent sofa. Here, piled high with plump pillows, it represents a whole life style of relaxed welcome.

Radisson Hotels Worldwide advertises "elegant accommodations," and this suite in the Radisson in Beverly Hills, designed by Concepts 4 and furnished with Flexsteel sofa and chairs, makes their point beautifully. The growing hospitality market is a natural fit for Flexsteel.

Photo: Martin Fine Photography

[PHOTO]

[PHOTO]

Beauty of fabric and silhouette mark Flexsteel upholstered furniture. Consider our century-old reputation for quality, and it's apparent why we are the choice of more discriminating buyers. With our famous lifetime-warranted seat spring, we still offer the best warranties in the industry.

Our sales to the van conversion business continues strong, despite the slowed growth in this market. Our leadership depends on our innovative designs, offering converters handsome Flexsteel styling, value, comfort, quality, and safety.

HIGHLIGHTS IN COMMERCIAL SEATING

We continue to make excellent progress, placing new emphasis on developing our portion of this promising market. The hospitality market is a natural for Flexsteel, where we are developing complete upholstered seating packages for accounts such as the Marriott Corporation, as well as for Choice, Best Western, and Cendent Hotels.

Another growing market is that of assisted-living and acute-care facilities. We are developing new products such as chair-sleepers for the acute-care market, sold through Stryker Medical.

As in recreational vehicle seating, Flexsteel's ability to develop unique products for specific customer needs will serve us well in the commercial seating market. Our Strategic Plan, recognizing the strength of these growing national markets, calls for us to intensify our efforts to develop their potential.

A GROWING NATIONAL PRESENCE

Flexsteel continues to expand its outreach to potential customers. Our name goes before more potential buyers with our largest national ad program ever, reaching an audience of over 220 million readers. Visits to our freshly-designed Web site are increasing exponentially, visitors are staying longer, and a growing number are downloading Flexsteel literature.

A SAD NOTE

This year saw the passing of one of our more dynamic second-generation Flexsteel leaders, Art Richardson. He joined Flexsteel in 1948 and became one of the industry's visionaries, breaking new ground in furniture fabrics, styling, and marketing. He retired from the Board only last year, after inspiring us for a half century with his enthusiastic vision. We will miss him.

AN EXCELLENT OUTLOOK

At the close of the fiscal year, the effects of the Federal Reserve's increases in interest are appearing, resulting in a slight slowdown of orders during the fourth quarter.

Still the overall prognosis is excellent. Our Strategic Plan is being executed by a seasoned and committed team, and it is working. In the following pages, you will see some of this team's accomplishments.

Our earnings have grown for four years. We remain focused on the positive aspects of the economy: strong consumer confidence, affordable mortgage rates, high employment, low inflation, and a good housing market. Our confidence in the future is reflected in our decision to buy back over one million shares of stock.

We thank our associates who have given us a banner year.

/s/ K. Bruce Lauritsen
K. BRUCE LAURITSEN
President and Chief Executive Officer

/s/ John Easter
JOHN EASTER
Chairman of the Board

NEW VISIONS OF COMFORT

FLEXSTEEL: 2000

Whether at home in the living room or traveling, whether by boat or motor home or visiting a hotel or conference center, more people relax in Flexsteel luxury. They are choosing Flexsteel for its comfort, its smart styling, and its proven quality.

Today's computer-savvy furniture customers visit our Web site to the tune of 212,000 hits a month. Here they can see our latest silhouettes and timely fabrics; they can download data on our environmental-friendly construction and famous warranties -- and find the nearest Flexsteel dealer.

Flexsteel is keeping pace with this customer's growing insistence on style. During the past year, we introduced several new thematic collections. Sahara Retreat, shown on the cover, La Costa, Tuscany, Sonoma Valley, and West Indies, are spiced with touches of romance and adventure; Wentworth and Stone Harbor reflect the trend to the cottage look; the Metropolitan group is both retro and urban. All have been well received because they also offer sleek functionality, a variety of seating, coordinated tables and, in some cases, entertainment units.

The very picture of today's casual comfort is leather, and sales of Flexsteel leather continue to soar, helped by handsome new styling that takes advantage of leather's natural beauty and comfort. We've also stimulated sales of our Charisma(R) exposed-wood chairs with smart new looks.

FLEXSTEEL
MAKES COMFORT
VISIBLE

The same concentration on customer-pleasing design is notable in our seating for recreation vehicles. Here Flexsteel has long been a leader in comfort and safety for motor homes and towable trailers. Recently we've added noteworthy marine designs for large boats and yachts.

Style appeal is an absolute must also for the growing commercial markets, especially the hospitality industry and new assisted-living centers. Even the very functional furniture we provide for acute-care health centers derives part of its success from the assurance it gives of comfort as well as safety and reliability.

Now a new dimension of comfort will put Flexsteel in the bedroom. Restonic, long a supplier of mattresses for Flexsteel sofa sleepers, is introducing a new line of premium bedding using the famous Flexsteel spring design for a superior, long-lasting box spring. Test marketed in the Midwest, it is expected to roll out nationally by year end, giving our dealers an exciting new product for their quality-conscious buyers.

Flexsteel joins a century of leadership in quality and comfort with handsome styles and fabrics to offer the finest in beautiful furniture.

[PHOTO]

Leather and recliners go together for long-lasting comfort and good looks, and never more so than in our ever-popular Flexsteel recliners with their many lifetime warranties, including the famous Flexsteel spring.

[PHOTO]

New comfort for sleeping, in a new product for Flexsteel dealers. A line of premium Restonic mattress sets, with their Marvelous Middle(R) construction for lumbar support, will also feature Flexsteel's spring, the only box spring with a lifetime guarantee.

[PHOTO]

"Retro" returns to acclaim in Flexsteel's Metropolitan group. Enhanced with wood trim and matching tables and an entertainment center, the group shows that the sleek urban look is remarkably Twenty-First Century.

NEW VISIONS OF COMFORT

[PHOTO]

Flexsteel is helping our dealers put new emphasis on consumer education, providing learning centers with answers to customer's most frequently-asked questions. The Leather Center explains the nature of leather and the vast range of choices available.

[PHOTO]

A new power chair from Invacare Corporation provides an exceptional range of mobility for the disabled. The top quality of this product is well matched to the expertly tailored seat, designed and manufactured by the Elkhart Division of Flexsteel.

Sensational sectionals are possible in Flexsteel leather. Classic features in this group include large rolled arms and nailhead trim. Fabric on the matching chair is repeated on the accent pillows. The tables are also from Flexsteel.

[PHOTO]

FLEXSTEEL: 2000

Our Strategic Plan recognizes that our marketing efforts must be multi-pronged. We must reach the dealer, the hospitality designer, the recreational vehicle engineer, the director of health care and ultimately the consumer.

All of these markets are evolving. For example, many of our customers for residential furniture and motor homes represent a large and older segment of the market who instinctively appreciate Flexsteel for its traditional style and quality. On the other hand, a younger audience goes all out for casual styles emphasizing comfort and function. All can find their styles of choice in Flexsteel.

In the retail market, we are concentrating on strengthening our independent dealer base across the country. Our three sizes of Galleries and our "total store" Comfort Seating approach are integral parts of our plan. In addition, we have designed new sales centers for leather and for recliners and reclining sofas, complete with signage, drop tags, and display layouts. These centers can educate both dealer and customer on Flexsteel features and help close the sale.

Our national advertising program also helps our dealers, as do our CD-ROM libraries of print and TV ad material. We also encourage dealers to take advantage of our Internet presence with links to our Web site.

BRINGING
NEW VISION
TO THE
MARKET

Our High Point showroom, recently redesigned and enlarged, displays our beautiful designs in a handsome setting that promotes enthusiasm and sales.

Of interest in the RV seating market is the growth of "full-time RV'ers" who live year-round in their motor homes. They may migrate seasonally, often returning to areas where they develop communities and friends. There are now a million such RV'ers with a 20% growth expected in the next decade. We are beautifully positioned to serve this market.

Though our portion of the van conversion market is still strong, sales of vans themselves have plateaued. However, our innovative team is already offsetting this decline by creating interesting new opportunities for their combined expertise in metal and seating. They have already opened new marine markets and are busily exploring significant new possibilities in metal-framed products for health care.

Our Strategic Plan also calls for us to take advantage of new opportunities in commercial seating, where an energized sales force will seek to introduce Flexsteel into more national hospitality chains, and increase sales to health care and assisted living centers.

With strong teams in place to cover all our markets, we expect sales and our roster of satisfied customers to keep growing.

NEW VISIONS OF COMFORT

FLEXSTEEL: 2000

We are well aware that our century-old reputation for quality sells Flexsteel. We take advantage of new technology wherever it helps us improve technology and maintain or improve quality. Constant vigilance over the quality control process includes in-process quality audits to be sure that every piece of Flexsteel leaves us in mint condition.

Pattern-making and specification packages are completely comput- erized. Substantial sums have been saved by "lay- ing up" patterns electronically; and now that the printing of bulky specification books is no longer necessary, we will realize even more savings. New single-ply cutters for matched fabrics are racking up substantial savings at our Riverside plant; they will gradually be implemented in our other plants. A new Gerber automated cutter for solid fabrics is already operating in our Portland/Dunkirk RV plant and two more are planned. More efficient and smaller than older cutters, they use the latest in computer technology.

Our technology is well integrated and turned the calendar to January 1st, 2000 without a major Y2K glitch.

CONVERTING VISION TO REALITY

Global sourcing is becoming more important. Imported leather selections, already cut and sewn, allow us to offer a greater choice in our highly popular leather and deliver it faster. Imports of frames for our exposed-wood chairs give us great versatility, while imported wood trim and tables let us create totally integrated groups such as our popular Sonoma Valley and Sahara Retreat collections.

We've expanded production at the Riverside plant, stepped up leather production in our new plant in Harrison, shifted all Charisma(R) chair production to Starkville, added 90,000 sq. ft. to our Dublin facility, and expanded RV and other metal seating products with a new facility in Indiana. Bringing all design effort to our home office in Dubuque has helped unify the design process and increased sales in all the Company's divisions.

New product development continues in RV seating. Driver and passenger seats with integrated safety belts are more effective and better looking. Upgraded foam for padding seats has improved comfort.

The Internet is becoming one of our most effective communications tools, more useful in our industry for telling than selling. Business-to-business communications with our sales associates keeps everyone up-to-date; we are working toward introducing similar communications with our dealers next year.

We never forget that Flexsteel means quality. Our goal is to exceed customer expectations in quality and fast, world-class service.

[PHOTO]

Upholstered exposed-wood chairs are now produced exclusively at our Starkville plant. The warm wood trim of this Charisma(R) chair is available in a variety of finishes.

[PHOTO]

Many furniture customers now go into stores knowing exactly what they want. At Flexsteel's redesigned Web site, they can get all the information that's in our catalog. In addition, a B-to-B site provides sales personnel with instant updated information.

[PHOTO]

Sonoma Valley is one of our newest lifestyle groups. The thematic designs of these popular collections are echoed in every piece, including tables and hardware. These vignettes delight the customer and make larger sales easier for the dealer.

FIVE YEAR REVIEW

[ALL AMOUNTS IN THOUSANDS EXCEPT
PER SHARE DATA]

Year Ended June 30,	2000	1999	1998	1997 (1)	1996
SUMMARY OF OPERATIONS					
Net Sales	$286,860	$260,519	$236,125	$219,427	$205,008
Cost of Sales	222,619	200,965	185,345	173,088	161,451
Operating Income	17,679	15,398	9,868	7,888	6,362
Interest and Other Income	1,439	1,134	2,015	1,931	1,132
Interest and Other Expense	461	315	356	345	358
Income Before Income Taxes	18,658	16,217	11,527	9,473	7,052
Income Taxes	6,730	5,900	3,925	3,425	2,550
Net Income(2)(3)(4)(5)	11,928	10,317	7,602	6,048	4,502
Earnings per Common Share:(2)(3)(4)(5)					
Basic	1.85	1.52	1.09	0.86	0.63
Diluted	1.82	1.51	1.08	0.86	0.63
Cash Dividends per Common Share	0.52	0.48	0.48	0.48	0.48
STATISTICAL SUMMARY					
Average Common Shares Outstanding:					
Basic	6,458	6,775	6,959	7,024	7,172
Diluted	6,562	6,850	7,035	7,072	7,188
Book Value per Common Share	13.81	12.50	11.49	10.86	10.45
Total Assets	114,876	112,684	104,673	99,173	95,874
Property, Plant and Equipment, net	26,837	25,912	23,096	26,214	23,046
Capital Expenditures	6,718	8,398	2,392	5,273	3,298
Working Capital	52,076	50,210	50,549	44,357	47,376
Long-Term Debt	0	0	0	0	35
Shareholders' Equity	85,196	81,166	78,080	75,238	74,147
SELECTED RATIOS					
Net Income as Percent of Sales	4.2%	4.0%	3.2%	2.8%	2.2%
Current Ratio	3.0 to 1	2.8 to 1	3.1 to 1	3.1 to 1	3.5 to 1
Return on Ending Common Equity	14.0%	12.7%	9.7%	8.0%	6.1%
Return on Beginning Common Equity	14.7%	13.2%	10.1%	8.2%	6.1%
Average Number of Employees	2,570	2,400	2,330	2,320	2,230

(1) On March 18, 1997, the Company acquired certain assets of Dygert Seating, Inc., and the related production facilities in Elkhart, Indiana, for $6,934,000.

(2) 1997 income and per share amounts reflect a gain on the sale of the Sweetwater, Tennessee facility of approximately $350,000 (net of income taxes) or $0.05 per share.

(3) 1998 income and per share amounts reflect a non-taxable gain from life insurance proceeds of approximately $720,000 or $0.10 per share.

(4) 2000 income and per share amounts reflect a gain on the sale of land in Lancaster, Pennsylvania of approximately $1,250,000 ($790,000 net of income tax) or $0.12 per share and a non-taxable gain from life insurance proceeds of approximately $405,000 or $0.06 per share.

(5) The earnings per share amounts for 1997 and 1996 have been restated to comply with Statement of Financial Accounting Standards No. 128, Earnings per Share.

REPORTS OF AUDITOR'S AND MANAGEMENT

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FLEXSTEEL INDUSTRIES, INC.:

We have audited the accompanying balance sheets of Flexsteel Industries, Inc. (the Company) as of June 30, 2000 and 1999, and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended June 30, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2000 and 1999, and the results of its operations and cash flows for each of the three years in the period ended June 30, 2000 in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP
Minneapolis, Minnesota
August 10, 2000

REPORT OF MANAGEMENT

TO THE SHAREHOLDERS OF FLEXSTEEL INDUSTRIES, INC.:

Management is responsible for the financial and operating information contained in this Annual Report, including the financial statements covered by the report of Deloitte & Touche LLP, our independent auditors. The statements were prepared in conformity with generally accepted accounting principles and include amounts based on estimates and judgments of management.

The Company maintains a system of internal controls to provide reasonable assurance that the books and records reflect the authorized transactions of the Company. There are limits inherent in all systems of internal control because their cost should not exceed the benefits derived. The Company believes its system of internal controls and internal audit functions balance the cost/benefit relationship.

The Audit & Ethics Committee of the Board of Directors, composed solely of outside directors, annually recommends to the Board of Directors the appointment of the independent auditors that are engaged to audit the financial statements of the Company and to express an opinion thereon. The Audit & Ethics Committee meets periodically with the independent auditors to review financial reports, accounting and auditing practices and controls.

K. BRUCE LAURITSEN
President
Chief Executive Officer

RONALD J. KLOSTERMAN
Vice President, Finance
Chief Financial Officer
Secretary

BALANCE SHEETS

	JUNE 30, 2000	JUNE 30, 1999
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 4,000,855	$ 4,886,038
Investments	5,730,888	8,967,197
Trade receivables - less allowance for doubtful accounts: 2000, $2,250,000; 1999, $2,503,000	32,053,104	31,149,416
Inventories	32,456,058	29,503,209
Deferred income taxes	3,200,000	3,700,000
Other	543,711	461,406
Total current assets	77,984,616	78,667,266
PROPERTY, PLANT AND EQUIPMENT, net	26,837,475	25,912,432
NOTES RECEIVABLE	2,752,130	
OTHER ASSETS	7,302,095	8,103,997
TOTAL	$114,876,316	$112,683,695
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable - trade	$ 6,921,533	$ 7,076,729
Accrued liabilities:		
Payroll and related items	6,344,417	6,735,108
Insurance	5,977,525	6,688,060
Other accruals	5,364,921	6,332,412
Industrial revenue bonds payable	1,300,000	1,625,000
Total current liabilities	25,908,396	28,457,309
DEFERRED COMPENSATION	3,772,152	3,060,670
Total liabilities	29,680,548	31,517,979
SHAREHOLDERS' EQUITY:		
Common stock - $1 par value; authorized 15,000,000 shares; issued 2000, 6,170,789 shares; 1999, 6,491,840 shares	6,170,789	6,491,840
Retained earnings	78,268,436	73,718,238
Unrealized investment gain	756,543	955,638
Total shareholders' equity	85,195,768	81,165,716
TOTAL	$114,876,316	$112,683,695

See accompanying Notes to Financial Statements.

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

STATEMENTS OF INCOME

	FOR THE YEARS ENDED JUNE 30,		
	2000	1999	1998
NET SALES	$ 286,860,422	$ 260,519,459	$ 236,125,280
COST OF GOODS SOLD	(222,618,664)	(200,965,199)	(185,345,398)
GROSS MARGIN	64,241,758	59,554,260	50,779,882
SELLING, GENERAL AND ADMINISTRATIVE	(47,812,467)	(44,156,199)	(40,911,581)
GAIN ON SALE OF LAND	1,249,806		
OPERATING INCOME	17,679,097	15,398,061	9,868,301
OTHER:			
Interest and other income	1,439,293	1,133,814	2,014,982
Interest and other expense	(460,796)	(315,289)	(356,066)
Total	978,497	818,525	1,658,916
INCOME BEFORE INCOME TAXES	18,657,594	16,216,586	11,527,217
PROVISION FOR INCOME TAXES	(6,730,000)	(5,900,000)	(3,925,000)
NET INCOME	$ 11,927,594	$ 10,316,586	$ 7,602,217
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:			
BASIC	6,457,960	6,774,996	6,959,310
DILUTED	6,561,968	6,850,115	7,035,158
EARNINGS PER SHARE OF COMMON STOCK:			
BASIC	$ 1.85	$ 1.52	$ 1.09
DILUTED	$ 1.82	$ 1.51	$ 1.08

STATEMENTS OF COMPREHENSIVE INCOME

	FOR THE YEARS ENDED JUNE 30,		
	2000	1999	1998
NET INCOME	$ 11,927,594	$ 10,316,586	$ 7,602,217
OTHER COMPREHENSIVE INCOME, BEFORE TAX:			
Unrealized gains (losses) on securities arising during period	(389,788)	(1,575)	736,051
Less: reclassification adjustment for (gains) losses included in net income	74,138	192,338	(313,294)
Other comprehensive income, before tax	(315,650)	190,763	422,757
INCOME TAX BENEFIT (EXPENSE):			
Income tax benefit (expense) related to securities (gains) losses arising during period	143,986	577	(257,618)
Income tax benefit (expense) related to securities reclassification adjustment	(27,431)	(70,494)	109,653
Income tax expense related to other comprehensive income	116,555	(69,917)	(147,965)
OTHER COMPREHENSIVE INCOME, NET OF TAX	(199,095)	120,846	274,792
COMPREHENSIVE INCOME	$ 11,728,499	$ 10,437,432	$ 7,877,009

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	COMMON STOCK SHARES	COMMON STOCK PAR VALUE	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	UNREALIZED INVESTMENT GAIN (LOSS)	TOTAL
Balance at June 30, 1997.....	6,927,310	$6,927,310	$	$67,750,719	$560,000	$75,238,029
Purchase of Company Stock............	(176,489)	(176,489)	(470,508)	(1,581,978)		(2,228,975)
Issuance of Company Stock............	43,909	43,909	470,508			514,417
Investment Valuation Adjustment................					274,792	274,792
Cash Dividends...............				(3,320,676)		(3,320,676)
Net Income...................				7,602,217		7,602,217
Balance at June 30, 1998.....	6,794,730	6,794,730		70,450,282	834,792	78,079,804
Purchase of Company Stock.............	(364,092)	(364,092)	(550,258)	(3,810,916)		(4,725,266)
Issuance of Company Stock.............	61,202	61,202	550,258			611,460
Investment Valuation Adjustments................					120,846	120,846
Cash Dividends...............				(3,237,714)		(3,237,714)
Net Income...................				10,316,586		10,316,586
Balance at June 30, 1999.....	6,491,840	6,491,840		$73,718,238	955,638	81,165,716
Purchase of Company Stock............	(385,445)	(385,445)	(651,621)	(4,055,342)		(5,092,408)
Issuance of Company Stock............	64,394	64,394	651,621			716,015
Investment Valuation Adjustment................					(199,095)	(199,095)
Cash Dividends...............				(3,322,054)		(3,322,054)
Net Income...................				11,927,594		11,927,594
Balance at June 30, 2000.....	6,170,789	$6,170,789	$	$78,268,436	$756,543	$85,195,768

See accompanying Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED JUNE 30,		
	2000	1999	1998
OPERATING ACTIVITIES:			
Net income	$ 11,927,594	$ 10,316,586	$ 7,602,217
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	5,492,556	5,358,482	5,400,025
(Gain) Loss on disposition of capital assets	(1,278,671)	134,235	7,106
Trade receivables	(830,818)	(2,426,664)	(3,373,811)
Inventories	(2,952,849)	(2,895,913)	378,258
Other current assets	(82,305)	171,324	173,387
Other assets	630,602	(616,268)	223,450
Accounts payable - trade	(155,196)	1,284,021	1,947,346
Accrued liabilities	(2,068,717)	3,957,476	1,063,236
Deferred compensation	711,482	8,145	8,107
Deferred income taxes	500,000	(915,000)	(165,000)
Net cash provided by operating activities	11,893,678	14,376,424	13,264,321
INVESTING ACTIVITIES:			
Purchases of investments	(1,635,138)	(3,750,686)	(7,231,401)
Proceeds from sales of investments	4,843,652	4,782,119	2,669,563
Payments received from customers on notes receivable	50,000		
Loans to customers on notes receivable	(2,875,000)		
Proceeds from sales of capital assets	1,579,166	88,927	104,050
Capital expenditures	(6,718,094)	(8,398,487)	(2,392,365)
Net cash used in investing activities	(4,755,414)	(7,278,127)	(6,850,153)
FINANCING ACTIVITIES:			
Repayment of borrowings	(325,000)	(325,000)	(360,000)
Dividends ($0.52, 0.48, 0.48 per share, respectively)	(3,322,054)	(3,237,714)	(3,320,676)
Proceeds from issuance of common stock	716,015	611,460	514,417
Repurchase of common stock	(5,092,408)	(4,725,266)	(2,228,975)
Net cash used in financing activities	(8,023,447)	(7,676,520)	(5,395,234)
Increase (decrease) in cash and cash equivalents	(885,183)	(578,223)	1,018,934
Cash and cash equivalents at beginning of year	4,886,038	5,464,261	4,445,327
Cash and cash equivalents at end of year	$ 4,000,855	$ 4,886,038	$ 5,464,261
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid during the year for:			
Interest	$ 64,000	$ 70,000	$ 90,000
Income taxes	$ 7,050,000	$ 5,644,000	$ 4,405,000

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS - Flexsteel Industries, Inc. (the Company) manufactures a broad line of quality upholstered furniture for residential, recreational vehicle and commercial seating use. Products include sofas, love seats, chairs, reclining and rocker-reclining chairs, swivel rockers, sofa beds, and convertible bedding units. The Company's products are sold primarily throughout the United States and Canada, by the Company's internal sales force and various independent representatives.

USE OF ESTIMATES - the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

FAIR VALUE - the Company's cash, accounts receivable, accounts payable, accrued liabilities and other liabilities are carried at amounts which reasonably approximate their fair value due to their short-term nature. Notes receivable and the industrial revenue bonds payable are carried at amounts which reasonably approximate their fair value due to their variable interest rates. Fair values of investments in debt and equity securities are disclosed in Note 2.

CASH EQUIVALENTS - the Company considers highly liquid investments with original maturities of less than three months as the equivalent of cash.

INVENTORIES - are stated at the lower of cost or market. Raw steel, lumber and wood frame parts are valued on the last-in, first-out (LIFO) method. Other inventories are valued on the first-in, first-out (FIFO) method.

PROPERTY, PLANT AND EQUIPMENT - is stated at cost and depreciated using the straight-line method. For internal use software, the Company's policy is to capitalize external direct costs of materials and services, directly related internal payroll and payroll-related costs, and interest costs.

REVENUE RECOGNITION - is upon delivery of product.

INSURANCE - the Company is self-insured for health care and most worker's compensation up to predetermined amounts above which third party insurance applies. The Company is contingently liable to insurance carriers under its comprehensive general, product, and vehicle liability policies, as well as some worker's compensation, and has provided a letter of credit in the amount of $982,000. Losses are accrued based upon the Company's estimates of the aggregate liability for claims incurred using certain actuarial assumptions followed in the insurance industry and based on Company experience.

INCOME TAXES - deferred income taxes result from temporary differences between the tax basis of an asset or liability and its reported amount in the financial statements.

EARNINGS PER SHARE - Basic earnings per share of common stock is based on the weighted average number of common shares outstanding during each year. Diluted earnings per share of common stock takes into effect the dilutive effect of potential common shares outstanding. The Company's only potential common shares outstanding are stock options, which resulted in a dilutive effect of 104,008 shares, 75,119 shares, and 75,848 shares in 2000, 1999 and 1998 respectively. The Company calculates the dilutive effect of outstanding options using the treasury stock method.

SEGMENT AND RELATED INFORMATION - Under the "management approach" methodology prescribed by Statement No. 131, the Company operates in one segment, seating products.

ACCOUNTING DEVELOPMENTS - In June 1998, the Financial Accounting Standards Board (FASB) issued Statement No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. The FASB subsequently issued FAS No. 137 delaying the effective date for one year, to fiscal years beginning after June 15, 2000. The Company will adopt this standard on July 1, 2000. The Company expects that this standard will not materially affect its financial position and results of operations.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, Revenue Recognition. An amendment in June 2000 delayed the effective date until the fourth quarter of calendar 2000. The Company is reviewing the requirements of this standard and has not yet determined the impact of this standard on its financial statements.

RECLASSIFICATIONS - certain prior years' amounts have been reclassified to conform to the 2000 presentation. These reclassifications had no impact on net income or shareholders' equity as previously reported.

2. INVESTMENTS

Debt and equity securities are included in Investments and in Other Assets, at fair value based on quoted market prices, and are classified as available for sale. The amortized cost and estimated market values of investments are as follows:

June 30, 2000 June 30, 1999

	Debt Securities	Equity Securities	Debt Securities	Equity Securities
Amortized Cost......	$6,080,606	2,244,735	$9,043,136	$2,351,845
Unrealized gains (losses)..........	(144,432)	1,284,794	(91,762)	1,571,674
Est. Market Value...	$5,936,174	$3,529,529	$8,951,374	$3,923,519

As of June 30, 2000, the maturities of debt securities are $1,511,703 within one year, $3,30l,385 in one to five years, and $1,123,086 over five years.

3. INVENTORIES

Inventories valued on the LIFO method would have been approximately $2,062,000 and $2,016,000 higher at June 30, 2000 and 1999, respectively, if they had been valued on the FIFO method. A comparison of inventories is as follows:

	June 30, 2000	June 30, 1999
Raw materials	$16,711,084	$15,871,466
Work in process and finished parts	9,125,346	7,416,826
Finished goods	6,619,628	6,214,917
Total	$32,456,058	$29,503,209

4. PROPERTY, PLANT AND EQUIPMENT

	Estimated Life (Years)	June 30, 2000	June 30, 1999
Land		$ 2,212,790	$ 2,512,715
Buildings and improvements	3 - 39	29,503,530	27,294,496
Machinery and equipment	3 - 10	31,074,388	29,306,600
Delivery equipment	3 - 7	14,945,474	14,193,014
Furniture and fixtures	3 - 5	6,016,280	5,313,068
Total		83,752,462	78,619,893
Less accumulated depreciation		(56,914,987)	(52,707,461)
Net		$ 26,837,475	$ 25,912,432

5. BORROWINGS

The Company is obligated for $1,300,000 for Industrial Revenue Bonds at June 30, 2000 which were issued for the financing of property, plant and equipment. The obligations are variable rate demand bonds with a weighted average rate for years ended June 30, 2000, 1999 and 1998 of 4.14%, 3.70% and 4.06% respectively, and are due in annual installments of $325,000 through 2004, if not paid earlier upon demand of the holder. The Company has issued a letter of credit to guarantee the payment of these bonds in the event of the default. No amounts were outstanding on this letter at June 30, 2000.

6. INCOME TAXES

The total income tax provision for the years ended June 30, 2000, 1999 and 1998 was 36.1%, 36.4%, and 34.0%, respectively, of income before income taxes. In 2000 and 1998 the effective rate was reduced by 0.7% and 2.2%, respectively, for nontaxable life insurance proceeds of $405,000 and $720,000.

Provision - comprised of the following:

	2000	1999	1998
Federal - current	$5,520,000	$6,115,000	$3,580,000
State - current	710,000	700,000	510,000
Deferred	500,000	(915,000)	(165,000)
Total	$6,730,000	$5,900,000	$3,925,000

Deferred income taxes - comprised of the following:

	Asset (Liability) June 30, 2000	Asset (Liability) June 30, 1999
Asset allowances	$ 810,000	$ 910,000
Deferred compensation	1,400,000	1,130,000
Other accruals and allowances	2,330,000	2,355,000
Property, plant and equipment	(1,340,000)	(695,000)
Total	$ 3,200,000	$ 3,700,000

7. CREDIT ARRANGEMENTS

The Company has lines of credit of $5,700,000 with banks for short-term borrowings at the prime rate in effect at the date of the loan. On $1,000,000 of such line the Company is required to maintain compensating bank balances equal to 5% of the line of credit plus 5% of any amounts borrowed. There were no short-term bank borrowings during 2000 or 1999.

8. SHAREHOLDERS' EQUITY

The Company has authorized 60,000 shares of cumulative, $50 par value preferred stock and 700,000 shares of undesignated, $1 par value (subordinated) stock, none of which is outstanding.

9. STOCK OPTIONS

The Company has stock option plans for key employees and directors that provide for the granting of incentive and nonqualified stock options. Under the plans, options are granted at an exercise price equal to the fair market value of the underlying common stock at the date of grant, and may be exercisable for up to 10 years. All options are exercisable when granted. At June 30, 2000, 543,300 shares were available for future grants. The Company applies APB Opinion 25 and related interpretations in accounting for its stock option plans, as permitted under FASB Statement No. 123 Accounting for Stock-Based Compensation (SFAS 123). Accordingly, no compensation cost has been recognized for its stock option plans. Had the compensation cost for the Company's incentive stock option plans been determined based on the fair value at the grant dates for awards under those plans consistent with the methodology of SFAS 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

		2000	1999	1998
Net Income	As reported	$11,927,594	$10,316,586	$7,602,217
	Pro forma	11,736,594	10,171,214	7,462,506
Earnings per share:				
- Basic	As reported	$1.85	$1.52	$1.09
	Pro forma	$1.82	$1.50	$1.07
- Diluted	As reported	$1.82	$1.51	$1.08
	Pro forma	$1.79	$1.48	$1.06

The fair value of each option grant is estimated on the date of grant using the Black-Sholes option-pricing model with the following weighted-average assumptions used for grants in 2000, 1999 and 1998, respectively: dividend yield of 3.9%, 4.5%, and 4.2%; expected volatility of 26.3%, 27.1%, and 26.3%; interest rates of 7.05%, 6.8%, and 6.8%; and an expected life of 8 to 10 years on all options.

A summary of the status of the Company's stock option plans as of June 30, 2000, 1999 and 1998 and the changes during the years ending on those dates is shown on the next page.

	Shares	Price Range
June 30, 1997 Outstanding............	432,680	$10.25 - 15.75
Granted..............................	88,775	11.44 - 12.66
Exercised............................	(10,250)	10.25 - 12.75
Cancelled............................	(10,700)	10.25 - 15.75
June 30, 1998 Outstanding............	500,505	10.25 - 15.75
Granted..............................	106,450	10.50 - 12.75
Exercised............................	(34,088)	10.25 - 11.44
Cancelled............................	(13,600)	11.13 - 15.75
June 30, 1999 Outstanding............	559,267	10.25 - 15.75
Granted..............................	98,500	13.25 - 13.59
Exercised............................	(42,872)	10.25 - 11.44
Cancelled............................	(2,650)	10.25 - 11.44
June 30, 2000 Outstanding............	612,245	$10.25 - 15.75

Significant option groups outstanding at June 30, 2000 and related weighted-average exercise price and remaining life information follows:

		Weighted-Average	
Grant Date	Options Outstanding	Exercise Price	Remaining Life (Years)
July 6, 1993...............	74,360	14.875	0.9
July 28, 1994..............	66,060	10.500	4.0
August 16, 1995............	81,200	11.250	5.1
July 30, 1996..............	85,350	10.250	6.0
November 7, 1997...........	80,825	11.438	7.3
November 2, 1998...........	95,950	10.500	8.3
November 2, 1999...........	93,500	13.250	9.3
All other..................	35,000	13.163	6.2
Total......................	612,245		

10. PENSION AND RETIREMENT PLANS

The Company sponsors various defined contribution pension and retirement plans which cover substantially all employees, other than employees covered by multi-employer pension plans under collective bargaining agreements. It is the Company's policy to fund all pension costs accrued. Total pension and retirement plan expense was $1,572,000 in 2000, $1,427,000 in 1999, and $1,373,000 in 1998 including $363,000 in 2000, $330,000 in 1999, and $311,000 in 1998 for the Company's matching contribution to retirement savings plans. The Company's cost for pension plans is determined as 2% - 6% of each covered employee's wages. The Company's matching contribution for the retirement savings plans is 25% - 50% of employee contributions (up to 4% of their earnings). In addition to the above, amounts charged to pension expense and contributed to multi-employer defined benefit pension plans administered by others under collective bargaining agreements were $1,449,000 in 2000, $1,355,000 in 1999, and $1,184,000 in 1998.

The Company has an unfunded post retirement benefit plan with certain officers. During the year the Company recorded a one time cost adjustment of $474,161 due to a change from a fixed benefit obligation to a defined contribution obligation. The plans require various annual contributions for the participants based upon compensation levels and age. All participants are fully vested. For the years ended 2000, 1999 and 1998, excluding the aforementioned one-time cost, the benefit obligation was increased by interest expense of $343,536, $247,228, and $244,690, service costs of $256,785, $146,917 and $131,917, and decreased by payments of $363,000, $386,000 and $380,000, respectively. At June 30, 2000 the benefit obligation was $3,772,152.

11. MANAGEMENT INCENTIVE PLAN

The Company has an incentive plan that provides for shares of common stock to be awarded to key employees based on a targeted rate of earnings to common equity as established by the Board of Directors. Shares awarded to employees are subject to the restriction of continued employment, with 33 1/3% of the stock received by the employee on the award date and the remaining shares issued after one and two years. Under the plan 53,427, 45,158, and 35,459 shares were awarded, and the amounts charged to income were $646,000, $598,000, and $406,000 in 2000, 1999, and 1998, respectively. At June 30, 2000, 214,213 shares were available for future grants.

12. COMMITMENTS AND CONTINGENCIES

Facility Leases - The Company leases certain facilities under various operating leases. These leases require the company to pay operating costs, including property taxes, insurance, and maintenance. Total lease expense related to the various operating leases was approximately $630,000, $518,000 and $485,000 in years 2000, 1999, and 1998, respectively.

Expected future minimum commitments under operating leases as of June 30, 2000, were as follows:

Year Ended June 30:	
2001	$ 669,000

2002	702,500
2003	649,600
2004	418,500
2005	309,000
Thereafter	1,834,500
	$4,583,100

13. SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

(UNAUDITED - in thousands of dollars, except per share amounts)

	Quarters			
	1st	2nd	3rd	4th
2000:				
Net Sales	$67,701	$70,404	$74,972	$73,783
Gross Margin	15,030	15,577	16,588	17,047
Net Income	2,365	3,589(1)	2,943	3,031
Earnings Per Share:				
Basic	0.36	0.55	0.46	0.48
Diluted	0.36	0.54	0.45	0.47
Dividends Per Share	0.13	0.13	0.13	0.13
* Market Price				
High	14-5/8	14	14	14-1/8
Low	12-9/16	12-1/2	11-3/4	11-3/8

(1) Includes net gains of $790,000 on the sale of land and $405,000 from the non-taxable proceeds of life insurance.

	Quarters			
	1st	2nd	3rd	4th
1999:				
Net Sales	$60,053	$62,575	$68,615	$69,276
Gross Margin	13,150	14,140	15,743	16,521
Net Income	1,795	2,197	2,829	3,496
Earnings Per Share:				
Basic	0.26	0.32	0.42	0.52
Diluted	0.26	0.32	0.41	0.52
Dividends Per Share	0.12	0.12	0.12	0.12
* Market Price				
High	14-1/8	13-1/2	14	14-1/8
Low	10-3/8	8-3/4	11-3/8	11-3/4

* Reflects the market price as quoted by the National Association of Securities Dealers, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The following analysis of the results of operations and financial condition of Flexsteel Industries, Inc. (the Company) should be read in conjunction with the financial statements and related notes included elsewhere in this document.

RESULTS OF OPERATIONS

The following table has been prepared as an aid in understanding the Company's results of operations on a comparative basis for the years ended June 30, 2000, 1999 and 1998. Amounts presented are percentages of the Company's net sales.

	For the Years Ended June 30,		
	2000	1999	1998
Net Sale......................	100.0%	100.0%	100.0%
Cost of goods sold...........	(77.6)	(77.1)	(78.5)
Gross margin.................	22.4	22.9	21.5
Selling, general & administrative expenses...	(16.7)	(16.9)	(17.3)
Gain on sale of land.........	0.5	0.0	0.0
Operating income.............	6.2	6.0	4.2
Other income, net............	0.3	0.3	0.7
Income before income taxes...	6.5	6.3	4.9
Income tax expense...........	(2.3)	(2.3)	(1.7)
Net income...................	4.2%	4.0%	3.2%

FISCAL 2000 COMPARED TO FISCAL 1999

Net sales for 2000 increased by $26,341,000 or 10% compared to 1999. Residential sales volume increased $22,591,000 or 15%. Vehicle seating sales increased $6,420,000 or 7%. Commercial sales volume decreased $2,670,000 or 12%.

Gross margin increased $4,687,000 to $64,242,000, or 22.4% of sales, in 2000, from $59,554,000, or 22.9% in 1999. Gross margin increased due to the increase in net sales. Gross margin was adversely affected due primarily to start up costs at new facilities and changes in product mix.

Selling, general and administrative expenses as a percentage of sales were 16.7% and 16.9% for 2000 and 1999 respectively. The amount of selling, general, and administrative costs increased due to volume related expenses and additional advertising costs.

During the second quarter of 2000 the Company sold land adjacent to its Lancaster, Pennsylvania production facility at a gain of approximately $1,250,000.

Net other income was $978,000 in 2000 and $819,000 for 1999. During the second quarter of 2000 the Company realized a non-taxable gain on the proceeds of life insurance of $405,000.

The effective tax rate in 2000 was 36.1% compared to 36.4% in 1999. The lower effective income tax rate in 2000 is attributable to the non-taxable gain on the proceeds of life insurance.

The above factors resulted in 2000 fiscal year net income of $11,928,000 or $1.82 per diluted share compared to $10,317,000 or $1.51 per diluted share in fiscal 1999, a net increase of $1,611,000 or $0.31 per share.

FISCAL 1999 COMPARED TO FISCAL 1998

Net sales for 1999 increased by $24,394,000 or 10% compared to 1998. Residential sales volume increased $12,388,000 or 9%. Vehicle seating sales increased $12,715,000 or 17%. Commercial sales volume decreased $709,000 or 3%.

Gross margin increased $8,774,000 to $59,554,000, or 22.9% of sales, in 1999, from $50,780,000, or 21.5% in 1998. The gross margin increase was due to improved utilization of available production capacity and changes in product mix.

Selling, general and administrative expenses as a percentage of sales were 16.9% and 17.3% for 1999 and 1998 respectively. The cost percentage decrease was due to management's continued efforts to control fixed costs as volume increased.

Net other income was $819,000 in 1999 and $1,659,000 for 1998. During the second quarter of 1998 the Company realized a non-taxable gain on the proceeds of life insurance of $720,000.

The effective tax rate in 1999 was 36.4% compared to 34.0% in 1998. The lower effective income tax rate in 1998 is attributable to the non-taxable gain on the proceeds of life insurance.

The above factors resulted in 1999 fiscal year net income of $10,317,000 or $1.51 per share (diluted) compared to $7,602,000 or $1.08 per share (diluted) in fiscal 1998, a net increase of $2,715,000 or $0.43 per share.

LIQUIDITY AND CAPITAL RESOURCES

Working capital at June 30, 2000, is $52,076,000 which includes cash, cash equivalents and investments of $9,732,000. Working capital increased by $1,866,000 from the June 30, 1999 amount.

Net cash provided by operating activities was $11,894,000, $14,376,000 and $13,264,000 in 2000, 1999, and 1998, respectively. Fluctuations in net cash provided by operating activities are primarily the result of changes in net income and changes in accrued liabilities.

Capital expenditures were $6,718,000, $8,398,000 and $2,392,000 for 2000, 1999, and 1998, respectively. The current year expenditures were incurred primarily for manufacturing and delivery equipment and the expansion of our Riverside, California facility. Projected capital spending for fiscal 2001 is $5,500,000. The projected capital expenditures will be for manufacturing and delivery equipment. The funds for projected capital expenditures are expected to be provided from cash generated from operations and available cash.

Financing activities utilized net cash of $8,023,000, $7,677,000, and $5,395,000 in 2,000, 1999, and 1998, respectively. During the current year the Company's Board of Directors approved the repurchase of up to an additional 250,000 shares of the Company's common stock. The Company repurchased 385,445 shares of its outstanding common stock in 2000.

Under prior authority the Company repurchased 364,092 and 176,489 shares of its outstanding common stock during 1999 and 1998, respectively. At June 30, 2000, under existing authorizations, the Company may repurchase 205,378 shares.

FINANCING ARRANGEMENTS

The Company has lines of credit of $5,700,000 with banks for short-term borrowings, which have not been utilized since 1979. The Company has outstanding borrowings of $1,300,000 in the form of variable rate demand industrial development revenue bonds. During fiscal 2000, the weighted-average interest rate on the industrial development revenue bonds was 4.14%.

FORWARD-LOOKING STATEMENTS

Cautionary Statement Relevant to Forward-Looking Information for the Purpose of "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995 - - The Company and its representatives may from time to time make written or oral forward-looking statements with respect to long-term goals of the Company, including statements contained in the Company's filings with the Securities and Exchange Commission and in its reports to stockholders.

Statements, including those in this report, which are not historical or current facts are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. There are certain important factors that could cause results to differ materially from those anticipated by some of the statements made here-in. Investors are cautioned that all forward-looking statements involve risk and uncertainty. Some of the factors that could affect results are the effectiveness of new product introductions, the product mix of our sales, the cost of raw materials, the amount of sales generated and the profit margins there-on or volatility in the major markets, competition and general economic conditions.

The Company specifically declines to undertake any obligation to publicly revise any forward-looking statements that have been made to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

[PHOTO]

Such traditional details as box pleats, welted cushions and rolled arms remain popular. But this hospitable sectional still definitely mirrors today's tastes. Other selections shown by Flexsteel include the matching upholstered chair, the table, and the Charisma(R) chair.

PLANT LOCATIONS

*Flexsteel Industries, Inc.
DUBUQUE, IOWA 52001
(319) 556-7730
P. M. Crahan, General Manager

Flexsteel Industries, Inc.
DUBLIN, GEORGIA 31040
(912) 272-6911
M. C. Dixon, General Manager

Flexsteel Industries, Inc.
LANCASTER, PENNSYLVANIA 17604
(717) 392-4161
T. P. Fecteau, General Manager

Flexsteel Industries, Inc.
RIVERSIDE, CALIFORNIA 92504
(909) 354-2440
T. D. Burkart, General Manager

Flexsteel Industries, Inc.
NEW PARIS, INDIANA 46553
(219) 831-4050
J.E. Gilbertson, General Manager

Flexsteel Industries, Inc.
HARRISON, ARKANSAS 72601
(870) 743-1101
M. J. Feldman, General Manager

Metal Division
DUBUQUE, IOWA 52001
(319) 556-7730
J. E. Gilbertson, General Manager

Commercial Seating Division
STARKVILLE, MISSISSIPPI 39760
(662) 323-5481
S. P. Salmon, General Manager

Elkhart Division
ELKHART, INDIANA 46515
(219) 262-4675
D. L. Dygert, General Manager

Portland Division
DUNKIRK,INDIANA 47336
(765) 768-1384
D. L. Dygert, General Manager

Vancouver Distribution Center
VANCOUVER, WASHINGTON 98668
(206) 696-9955
T. D. Burkart, General Manager

* Executive Offices

PERMANENT SHOWROOMS
Dubuque, Iowa
High Point, North Carolina
San Francisco, California

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VISIT US ON THE INTERNET
http://flexsteel.com
- ------------------------------

DIRECTORS AND OFFICERS
John R. Easter
Chairman of the Board of Directors
Retired Vice President
Sears, Roebuck & Company
K. Bruce Lauritsen
President
Chief Executive Officer
Director
Edward J. Monaghan
Executive Vice President
Chief Operating Officer
Director
James R. Richardson
Senior Vice President, Marketing
Director
Jeffrey T. Bertsch
Vice President
Director
L. Bruce Boylen
Director
Retired Vice President
Fleetwood Enterprises, Inc.
Patrick M. Crahan

Vice President
Director
Lynn J. Davis
Director
Senior Vice President
ADC Telecommunications, Inc.
Thomas E. Holloran
Director
Professor, Graduate School of Business,
University of St. Thomas
St. Paul, Minnesota
Marvin M. Stern
Director
Retired Vice President
Sears, Roebuck & Company
Carolyn T. B. Bleile
Vice President
Thomas D. Burkart
Senior Vice President, Vehicle Seating
Kevin F. Crahan
Vice President
Keith R. Feuerhaken
Vice President
James E. Gilbertson
Vice President
James M. Higgins
Vice President, Commercial Seating
Ronald J. Klosterman
Vice President, Finance
Chief Financial Officer
Secretary
Michael A. Santillo
Vice President

AUDIT & ETHICS
COMMITTEE
Thomas E. Holloran, Chairman
L. Bruce Boylen
Lynn J. Davis

COMPENSATION &
NOMINATING COMMITTEE
L. Bruce Boylen, Chairman
Thomas E. Holloran
Marvin M. Stern

MARKETING &
PLANNING COMMITTEE
Marvin M. Stern, Chairman
Jeffrey T. Bertsch
Patrick M. Crahan
Lynn J. Davis
Edward J. Monaghan
James R. Richardson

TRANSFER AGENT AND
REGISTRAR
Norwest Capital Resources
P. 0. Box 738
South St. Paul,
Minnesota 55075-0738

GENERAL COUNSEL
Irving C. MacDonald
Minneapolis, Minnesota
O'Connor and Thomas, P.C.
Dubuque, Iowa

NATIONAL OVER
THE COUNTER
NASDAQ SYMBOL - FLXS

AFFIRMATIVE ACTION POLICY
It is the policy of Flexsteel Industries, Inc. that all employees and potential employees shall be judged on the basis of qualifications and ability, without regard to age, sex, race, creed, color or national origin in all personnel actions. No employee or applicant for employment shall receive discriminatory treatment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. Employment opportunities and job advancement opportunities will be provided for qualified disabled veterans and veterans of the Vietnam era. This policy is consistent with the Company's plan for "Affirmative Action" in implementing the intent and provisions of the various laws relating to employment and non-discrimination.

ANNUAL REPORT ON
FORM 10-K AVAILABLE

A copy of the Company's annual report on Form 10-K, as filed with the Securities and Exchange Commission, can be obtained without charge by writing to: Office of the Secretary, Flexsteel Industries, Inc., P. O. Box 877, Dubuque, Iowa 52004-0877.

[LOGO] FLEXSTEEL (R)
AMERICA'S SEATING SPECIALIST

(C)2000 FLEXSTEELINDUSTRIES, INC.

[PHOTO]

For luxury and comfort to go, the Fleetwood motor home is the choice of many travelers, from the vacationer to the "permanent RV'er." These beautiful coaches, like the Fleetwood Discovery shown above, provide a home-like atmosphere. Sofas and recliners by Flexsteel provide the definitive touch of at-home comfort.

Flexsteel's long leadership in the recreational vehicle field results from a combination of expertise. Not only do we have a long history in metal fabrication and upholstery, but we daily demonstrate our ability to design and deliver handsome custom products. The name Flexsteel helps sell recreational vehicles.

[LOGO]

FLEXSTEEL (R)
AMERICA'S SEATING SPECIALIST
- -----------------------------------
P.O. BOX 877 * DUBUQUE IA 52004-0877

BULKRATE
U.S. Postage
PAID
Permit # 10
Dubuque, IA

EXHIBIT 23.1

INDEPENDENT AUDITOR'S REPORT

Flexsteel Industries, Inc.:

We have audited the financial statements of Flexsteel Industries, Inc. (the Company) as of June 30, 2000 and 1999 and for each of the three years in the period ended June 30, 2000, and have issued our report thereon dated August 10, 2000. Such financial statements and report are included in your 2000 Annual Report to Stockholders and are incorporated herein by reference. Our audits also included the financial statement schedule of Flexsteel Industries, Inc., listed in Item 14. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement schedule based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP

Minneapolis, Minnesota
August 10, 2000

EXHIBIT 23.2

CONSENT OF INDEPENDENT AUDITORS

Flexsteel Industries, Inc.:

We consent to the incorporation by reference in Registration Statement No. 33-1836 on Form S-8 as amended by Post-Effective Amendment No. 1 for the Flexsteel Salaried Employees' Savings Plan 401(k) and in Registration Statement No. 2-86782 on Form S-8 as amended by Post-Effective Amendment No. 3 for the Flexsteel 1983 Stock Option Plan and in Registration Statement No. 33-26267 on Form S-8 for the Flexsteel 1989 Stock Option Plan and in Registration Statement No. 333-1413 on Form S-8 for the Flexsteel 1995 Stock Option Plan and in Registration Statement No. 333-45768 on Form S-8 for the Flexsteel 1999 Stock Option Plan of our reports dated August 10, 2000 appearing in and incorporated by reference in the Annual Report on Form 10-K of Flexsteel Industries, Inc. for the year ended June 30, 2000.

DELOITTE & TOUCHE LLP

Minneapolis, Minnesota
September 27, 2000

5

12-MOS
JUN-30-2000
JUL-01-1999
JUN-30-2000
4,000,855
5,730,888
34,304,084
2,250,980
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77,984,616
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56,914,987
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0
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114,876,316
286,860,422
289,549,521
222,618,664
270,891,927
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11,927,594
1.85
1.82