

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549

FORM 11-K

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

For the fiscal year ended JUNE 30, 1997

or

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

For the transition period from to

Commission file number 0-5151

A) Full title of the plan:

SALARIED EMPLOYEES' SAVINGS PLAN 401(K)

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

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

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

Salaried Employees' Savings Plan 401(k)  
-----  
(Name of Plan)

Date: September 9, 1997

/S/ R. J. KLOSTERMAN

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the combining statements of financial position of the  
Flexsteel Industries, Inc. Salaried Employees' Savings Plan 401(k) (the "Plan")  
as of June 30, 1997 and 1996 and the related combining statements of income and  
changes in plan equity for each of the three years in the period ended June 30,  
1997. These financial statements are the responsibility of the Plan's  
management. Our responsibility is to express an opinion on these financial  
statements based on our audits.

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

In our opinion, such financial statements present fairly, in all material  
respects, the financial position of the Plan as of June 30, 1997 and 1996, and  
the results of its operations for each of the three years in the period ended  
June 30, 1997 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Minneapolis, Minnesota  
August 8, 1997

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

	FLEXSTEEL INDUSTRIES, INC. COMMON STOCK FUND	COMMON STOCK FUND	GUARANTEED INTEREST ACCOUNT	PRIVATE MARKET BOND AND MORTGAGE ACCOUNT	STOCK INDEX FUND	MONEY MARKET ACCOUNT	INTER- NATIONAL STOCK ACCOUNT	SMALL COMPANY STOCK FUND	TOTAL
1997:									
ASSETS									
Cash .....	\$ 17,307								\$ 17,307
Employee Contributions Receivable .....	3,490	\$ 18,812	\$ 18,382	\$ 4,258	\$ 329	\$ 810	\$ 4,643	\$ 8,450	59,174
Company Contributions Receivable .....	1,066	2,548	3,025	653	25	123	737	1,250	9,427
Investment in Flexsteel Industries, Inc. Common Stock - Par Value \$1 Per Share; at market 131,500 shares at \$11.75 each .....	1,545,125								1,545,125
Investment in Common Stock Fund .....		5,194,921							5,194,921
Investment in Bond & Mortgage Account .....				900,523					900,523
Investment in Guaranteed Interest Accounts .....			4,184,821						4,184,821
Investment in Stock Index Fund .....					118,249				118,249
Investment in Money Market Account .....						109,698			109,698
Investment in International Stock Account .....							677,249		677,249
Investment in Small Company Stock Fund .....								941,739	941,739
<b>Total Assets</b>	<b>\$1,566,988</b>	<b>\$5,216,281</b>	<b>\$4,206,228</b>	<b>\$905,434</b>	<b>\$118,603</b>	<b>\$110,631</b>	<b>\$682,629</b>	<b>\$951,439</b>	<b>\$13,758,233</b>
PLAN EQUITY									
<b>Total plan equity .....</b>	<b>\$1,566,988</b>	<b>\$5,216,281</b>	<b>\$4,206,228</b>	<b>\$905,434</b>	<b>\$118,603</b>	<b>\$110,631</b>	<b>\$682,629</b>	<b>\$951,439</b>	<b>\$13,758,233</b>

See accompanying Notes to Financial Statements

FLEXSTEEL INDUSTRIES, INC.  
SALARIED EMPLOYEES' SAVINGS PLAN 401(k)  
COMBINING STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 1996

	FLEXSTEEL INDUSTRIES, INC. COMMON STOCK FUND	COMMON STOCK FUND	GUARANTEED INTEREST ACCOUNT	PRIVATE MARKET BOND AND MORTGAGE ACCOUNT	STOCK INDEX FUND	MONEY MARKET ACCOUNT	INTER- NATIONAL STOCK ACCOUNT	SMALL COMPANY STOCK FUND	TOTAL
1996:									
ASSETS									
Cash .....	\$ 16,724								\$ 16,724
Employee Contributions Receivable .....	3,497	\$ 17,421	\$ 21,497	\$ 4,790	\$ 315	\$ 704	\$ 3,360	\$ 6,580	58,164
Company Contributions Receivable .....	764	2,355	3,347	707	24	115	645	987	8,944
Investment in Flexsteel Industries, Inc. Common Stock - Par Value \$1 PerShare; at market 122,709 shares at \$11.75 each .....	1,441,832								1,441,832
Investment in Common Stock Fund .....		3,776,198							3,776,198
Investment in Bond & Mortgage Account .....				828,863					828,863
Investment in Guaranteed Interest Accounts .....			4,322,628						4,322,628
Investment in Stock Index Fund .....					96,452				96,452
Investment in Money Market Account .....						70,165			70,165
Investment in International Stock Account .....							309,267		309,267
Investment in Small Company Stock Fund .....								615,575	615,575
Total assets .....	<u>\$1,462,817</u>	<u>\$3,795,974</u>	<u>\$4,347,472</u>	<u>\$834,360</u>	<u>\$ 96,791</u>	<u>\$ 70,984</u>	<u>\$313,272</u>	<u>\$623,142</u>	<u>\$11,544,812</u>
PLAN EQUITY									
Total plan equity .....	<u>\$1,462,817</u>	<u>\$3,795,974</u>	<u>\$4,347,472</u>	<u>\$834,360</u>	<u>\$ 96,791</u>	<u>\$ 70,984</u>	<u>\$313,272</u>	<u>\$623,142</u>	<u>\$11,544,812</u>

See accompanying Notes to Financial Statements

FLEXSTEEL INDUSTRIES, INC.  
SALARIED EMPLOYEES' SAVINGS PLAN 401(k)  
COMBINING STATEMENTS OF INCOME AND CHANGES IN PLAN EQUITY  
YEARS ENDED JUNE 30, 1997, 1996 and 1995

	FLEXSTEEL INDUSTRIES, INC. COMMON STOCK FUND	COMMON STOCK FUND	GUARANTEED INTEREST ACCOUNT	PRIVATE MARKET BOND AND MORTGAGE ACCOUNT	STOCK INDEX FUND	MONEY MARKET ACCOUNT	INTER- NATIONAL STOCK ACCOUNT	SMALL COMPANY STOCK FUND	TOTAL
1997:									
Net Investment Income									
Cash Dividends on Flexsteel									
Common Stock.....	\$ 60,267								\$ 60,267
Interest .....	294		\$ 253,338	\$ 78,880		\$ 4,798			337,310
Total .....	60,561		253,338	78,880		4,798			397,577
Employee Contributions .....	75,753	\$ 290,690	275,357	74,478	\$ 4,460	12,564	\$ 92,263	\$136,747	962,312
Company Contributions .....	19,223	45,065	47,245	12,287	1,065	1,969	17,193	24,053	168,100
Net Appreciation in Fair									
Value of Investments .....	(2,107)	1,165,085			33,352		122,790	125,363	1,444,483
Withdrawals .....	(48,100)	(131,062)	(362,588)	(28,604)	(17,435)	(2,925)	(10,577)	(157,760)	(759,051)
Transfers (To) From Other									
Investment Programs .....	(1,159)	50,529	(354,596)	(65,967)	370	23,241	147,688	199,894	
Increase in Plan Equity .....	104,171	1,420,307	(141,244)	71,074	21,812	39,647	369,357	328,297	2,213,421
Plan Equity - Beginning of Year..	1,462,817	3,795,974	4,347,472	834,360	96,791	70,984	313,272	623,142	11,544,812
Plan Equity - End of Year .....	\$1,566,988	\$5,216,281	\$4,206,228	\$905,434	\$118,603	\$110,631	\$682,629	\$951,439	\$13,758,233
1996:									
Net Investment Income									
Cash Dividends on Flexsteel									
Common Stock.....	\$ 55,375								\$ 55,375
Interest .....	334		\$ 273,600	\$ 42,443		\$ 3,317			319,694
Total .....	55,709		273,600	42,443		3,317			375,069
Employee Contributions .....	86,646	\$ 256,401	321,675	89,823	\$ 7,306	11,386	\$ 65,272	\$ 96,323	934,832
Company Contributions .....	18,303	40,007	54,506	15,211	1,697	1,947	12,687	17,299	161,657
Net Appreciation in Fair									
Value of Investments.....	176,968	819,100			19,021		38,056	106,732	1,159,877
Withdrawals .....	(103,805)	(71,648)	(487,454)	(41,370)	(3,426)	(4,090)	(2,236)	(8,995)	(723,024)
Transfers (To) From Other									
Investment Programs .....	83,543	2,146	(263,304)	(57,574)	1,845	(758)	88,960	145,142	
Increase (Decrease) in									
Plan Equity .....	317,364	1,044,006	(100,977)	48,533	26,443	11,802	202,739	356,501	1,908,411
Plan Equity - Beginning of Year..	1,145,453	2,749,968	4,448,449	785,827	70,348	59,182	110,533	266,641	9,636,401
Plan Equity - End of Year .....	\$1,462,817	\$3,795,974	\$4,347,472	\$834,360	\$ 96,791	\$ 70,984	\$313,272	\$623,142	\$11,544,812
1995:									
Net Investment Income									
Cash Dividends on Flexsteel									
Common Stock.....	\$ 46,567								\$ 46,567
Interest .....	298		\$ 283,899	\$ 88,895		\$ 2,364			375,456
Total .....	46,825		283,899	88,895		2,364			422,023
Employee Contributions .....	119,961	\$ 258,121	369,532	107,638	\$ 20,512	10,617	\$ 29,247	\$ 39,743	955,371
Company Contributions .....	23,735	31,891	87,045	15,075	3,464	1,345	3,575	4,167	170,297
Net Appreciation in Fair Value									
of Investments.....	(330,185)	428,530			20,245		4,164	36,161	158,915
Withdrawals .....	(27,454)	(57,753)	(160,377)	(43,716)	(1,472)	(1,356)	(59)	(546)	(292,733)
Transfers (To) From Other									
Investment Programs .....	49,665	(32,873)	(76,845)	(46,560)	(172,578)	18,469	73,606	187,116	
Increase (Decrease) in									
Plan Equity .....	(117,413)	627,916	503,254	121,332	(129,829)	31,439	110,533	266,641	1,413,873
Plan Equity - Beginning of Year..	1,262,866	2,122,052	3,945,195	664,495	200,177	27,743			8,222,528
Plan Equity - End of Year .....	\$1,145,453	\$2,749,968	\$4,448,449	\$785,827	\$ 70,348	\$ 59,182	\$110,533	\$266,641	\$ 9,636,401

See accompanying Notes to Financial Statements

FLEXSTEEL INDUSTRIES, INC.

SALARIED EMPLOYEES' SAVINGS PLAN 401(k)

NOTES TO FINANCIAL STATEMENTS

1) PLAN DESCRIPTION

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

The Plan allows eligible employees to elect to have from 1% to 10% (salesmen are subject to a 4% maximum) of their basic pre-tax pay contributed to the Plan. Employee contributions are subject to a maximum of \$9,500 in calendar year 1997 by law. The Company contributes an amount equal to 25% of the first 4% of pay the employee contributes. Participant and Company basic contributions are 100% vested. The Company, at its option, may also contribute additional amounts to be allocated amongst all participants based on the participants' pay; such additional company contributions vest over 6 years (40% after 3 years, 60% after 4 years, 80% after 5 years, and 100% after 6 years).

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

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

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

At June 30, 1997, the Plan had 506 participants, of which there were 197 participants in the Flexsteel Industries, Inc. Common Stock Fund, 360 participants in the Common Stock Fund, 418 participants in the Guaranteed Interest Accounts, 208 participants in the Private Market Bond and Mortgage Account, 40 participants in the Stock Index Fund, 62 participants in the Money Market Account, 190 participants in the International Stock Fund, and 218 participants in the Small Company Stock Fund.

2) SIGNIFICANT ACCOUNTING POLICIES

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3) INCOME TAXES

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

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

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

	COST	MARKET VALUE	NET APPRECIATION (DEPRECIATION)
	-----	-----	-----
Flexsteel Industries, Inc. Common Stock Fund			
Balance, June 30, 1994 .....	\$ 1,074,915	\$ 1,217,391	\$ 142,476
Net change during year .....	237,419	(92,766)	(330,185)
Balance, June 30, 1995 .....	1,312,334	1,124,625	(187,709)
Net change during year .....	140,239	317,207	176,968
Balance, June 30, 1996 .....	1,452,573	1,441,832	(10,741)
Net change during year .....	105,400	103,293	(2,107)
Balance, June 30, 1997 .....	\$ 1,557,973	\$ 1,545,125	\$ (12,848)
	=====	=====	=====
Common Stock Fund			
Balance, June 30, 1994 .....	\$ 1,418,337	\$ 2,097,748	\$ 679,411
Net change during year .....	202,780	631,310	428,530
Balance, June 30, 1995 .....	1,621,117	2,729,058	1,107,941
Net change during year .....	228,040	1,047,140	819,100
Balance, June 30, 1996 .....	1,849,157	3,776,198	1,927,041
Net change during year .....	253,638	1,418,723	1,165,085
Balance, June 30, 1997 .....	\$ 2,102,795	\$ 5,194,921	\$ 3,092,126
	=====	=====	=====
Stock Index Fund			
Balance, June 30, 1994 .....	\$ 199,927	\$ 197,771	\$ (2,156)
Net change during year .....	(148,615)	(128,370)	20,245
Balance, June 30, 1995 .....	51,312	69,401	18,089
Net change during year .....	8,030	27,051	19,021
Balance, June 30, 1996 .....	59,432	96,452	37,110
Net change during year .....	(11,555)	21,797	33,352
Balance, June 30, 1997 .....	\$ 47,877	\$ 118,249	\$ 70,462
	=====	=====	=====
International Stock Fund			
Balance, June 30, 1994 .....	\$ 102,463	\$ 106,627	\$ 4,164
Net change during year .....	102,463	106,627	4,164
Balance, June 30, 1995 .....	164,584	202,640	38,056
Balance, June 30, 1996 .....	267,047	309,267	42,220
Net change during year .....	245,192	367,982	122,790
Balance, June 30, 1997 .....	\$ 512,239	\$ 677,249	\$ 165,010
	=====	=====	=====
Small Company Stock Fund			
Balance, June 30, 1994 .....	\$ 225,419	\$ 261,580	\$ 36,161
Net change during year .....	225,419	261,580	36,161
Balance, June 30, 1995 .....	247,263	353,995	106,732
Balance, June 30, 1996 .....	472,682	615,575	142,893
Net change during year .....	200,801	326,164	125,363
Balance, June 30, 1997 .....	\$ 673,483	\$ 941,739	\$ 268,256
	=====	=====	=====

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5) RELATED PARTY TRANSACTIONS

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

The Plan had the following transactions in the Flexsteel Common Stock Fund or in the Custodian's funds for the year ended June 30, 1997, 1996 and 1995 (shares in parentheses):

1997:			
FUND	PURCHASES	SALES (1)	COST OF SALES (1)
----	-----	-----	-----
Flexsteel Industries, Inc.Common Stock Fund.....	\$116,599(9,791)	\$ 11,969(1,000)	\$ 11,969
Common Stock Fund .....	\$334,171	\$ 83,244	\$ 83,244
Guaranteed Interest Account ....	\$326,041	\$ 711,660	\$ 711,660
Private Market Bond and Mortgage Account .....	\$ 87,350	\$ 94,571	\$ 94,571
Stock Index Fund .....	\$ 5,510	\$ 17,065	\$ 17,065
Money Market Account .....	\$ 14,419	\$ (20,316)	\$ (20,316)
International Stock Account ....	\$108,080	\$(137,111)	\$(137,111)
Small Company Stock Fund .....	\$158,667	\$ (42,134)	\$ (42,134)
1996:			
FUND	PURCHASES	SALES (1)	COST OF SALES (1)
----	-----	-----	-----
Flexsteel Industries, Inc.Common Stock Fund.....	\$229,258(20,686)	\$ 89,019(7696)	\$ 89,019
Common Stock Fund .....	\$297,542	\$ 70,935	\$ 70,935
Guaranteed Interest Account ....	\$392,830	\$ 749,717	\$ 749,717
Private Market Bond and Mortgage Account .....	\$108,147	\$ 98,946	\$ 98,946
Stock Index Fund .....	\$ 9,611	\$ 1,581	\$ 1,581
Money Market Account .....	\$ 13,284	\$ 4,848	\$ 4,848
International Stock Account ....	\$ 77,860	\$ (86,724)	\$ (86,724)
Small Company Stock Fund .....	\$111,116	\$(136,147)	\$(136,147)
1995:			
FUND	PURCHASES	SALES (1)	COST OF SALES (1)
----	-----	-----	-----
Flexsteel Industries, Inc.Common Stock Fund.....	\$238,920(21,182)		
Common Stock Fund .....	\$285,576	\$ 90,627	\$ 90,627
Guaranteed Interest Account ....	\$443,902	\$ 237,223	\$ 237,223
Private Market Bond and Mortgage Account .....	\$121,977	\$ 90,276	\$ 90,276
Stock Index Fund .....	\$ 25,435	\$ 174,050	\$ 174,050
Money Market Account .....	\$ 11,785	\$ (17,113)	\$ (17,113)
International Stock Account ....	\$ 28,916	\$ (73,546)	\$ (73,546)
Small Company Stock Fund .....	\$ 38,848	\$(186,571)	\$(186,571)

(1) Amount is net of transfers

CONSENT OF INDEPENDENT AUDITORS

Flexsteel Industries, Inc.:

We consent to the incorporation by reference in Registration Statement No. 33-1836 on Form S-8 as amended by Post-Effective Amendment No. 1 for the Flexsteel Salaried Employees' Savings Plan 401(k) of our report dated August 8, 1997 appearing in the Annual Report on Form 11-K of the Flexsteel Salaried Employees' Savings Plan 401(k) for the year ended June 30, 1997.

DELOITTE & TOUCHE LLP

Minneapolis, Minnesota  
September 24, 1997