

REGISTRATION NO.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FLEXSTEEL INDUSTRIES, INC.
(EXACT NAME OF ISSUER AS SPECIFIED IN ITS CHARTER)

MINNESOTA
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

42-0442319
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

P.O. BOX 877
DUBUQUE, IOWA 52004
(ADDRESS OF PRINCIPAL OFFICES AND ZIP CODE)

FLEXSTEEL INDUSTRIES, INC.
1999 STOCK OPTION PLAN
(FULL TITLE OF THE PLAN)

R. J. KLOSTERMAN
CHIEF FINANCIAL OFFICER
FLEXSTEEL INDUSTRIES, INC.
3200 JACKSON STREET
DUBUQUE, IOWA 52001
319-556-7730
(NAME, ADDRESS AND TELEPHONE NUMBER OF AGENT FOR SERVICE)

COPY TO:

IRVING C. MACDONALD, ESQ.
601 CARLSON PARKWAY, SUITE 1050
MINNETONKA, MINNESOTA 55305
612-449-5160

CALCULATION OF REGISTRATION FEE

TITLE OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
Flexsteel Common Stock (par value \$1.00 per share)	500,000(1)	\$12.50(2)	\$6,250,000(2)	\$ 1,650.00

(1) Represents the aggregate number of shares of common stock, par value \$1.00 per share (the "Common Stock"), of Flexsteel Industries, Inc. (the "Company") issuable upon exercise of stock options which may be granted under the Plan.

(2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(h) promulgated under the Securities Act based on the closing sale price for the shares of Common Stock as reported on NASDAQ on September 11, 2000.

PART I

INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

The document or documents containing the information specified in Part I are not required to be filed with the Securities and Exchange Commission (the

"Commission") as part of this Form S-8.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents filed by the Registrant with the Securities and Exchange Commission are incorporated herein by reference.

- (a) Annual Report on Form 10-K for the fiscal year ended June 30, 1999.
- (b) Quarterly Reports on Form 10-Q for the quarters ended September 30, 1999, December 31, 1999 and March 31, 2000.
- (c) The description of the Registrant's Common Stock set forth in Registrant's Registration Statements filed pursuant to Section 12 of the Exchange Act of 1934 (the "Exchange Act") and any amendments or reports filed for the purpose of updating such description.

All documents filed by the Registrant pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date hereof and prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents.

ITEM 4. DESCRIPTION OF SECURITIES.

Not applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Not applicable.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Minnesota Statutes, Section 302A.521, generally requires a corporation to indemnify its directors, officers, and employees against judgments, penalties, fines, and expenses, including attorneys' fees, incurred in connection with their official capacities, provided that such person (a) has not been indemnified by another with respect to the same matter, (b) acted in good faith, (c) received no improper personal benefit, (d) had no reasonable cause to believe that his conduct was unlawful, and (e) reasonably believed that his conduct was in the best interests of the corporation.

The restated articles of the Registrant provide that the Registrant SHALL indemnify its former and present Directors, Officers and Members of Committees of the Board of Directors of Registrant, and one who at the request of Registrant is serving as a Director or Officer of another corporation, partnership, joint venture, trust or other enterprise including employee benefit plans; and MAY indemnify one who at the request of Flexsteel is serving as an Employee, Partner, Trustee, Fiduciary, Agent, Attorney or in any other capacity of another corporation, partnership, joint venture, trust or other enterprise including employee benefit plans, and one who is serving Registrant as an Other Person such as Employee, Partner, Trustee, Agent, Attorney, Fiduciary, or in any other capacity (all the above hereinafter called Indemnities) for actions undertaken or omitted in such Capacity to

the fullest extent permitted by the Minnesota Business Corporation Act, other applicable statutory and case law (the Law), as all the foregoing now exists or hereafter, from time to time, maybe changed, amended or supplemented. The indemnification shall inure to the benefit of the person, the person's heirs, legal representatives and administrators.

If the Indemnitee institutes a Proceeding against the Registrant, the Indemnitee shall not be entitled to indemnification unless the Registrant has first consented in writing to the proceedings prior to its commencement by the Indemnitee.

In furtherance thereof said Registrant is authorized, but shall not be required, to enter into Contracts and Agreements with any Indemnitee providing for indemnification and for the advancement and reimbursement of attorneys' fees and disbursements, judgments, penalties, fines, excise taxes, other disbursements, amounts paid in settlement and other expenses of every kind and nature (Expenses) - all to the fullest extent permitted by the Law. The Registrant's failure to do so shall in no manner affect or limit the rights provided for in this section or otherwise.

The maximum aggregate amount of indemnity payable by the Registrant to ALL Indemnities arising out of the same occurrence regardless of how many claims or people are involved is five million dollars in 1987 constant dollars over and above all insurance paid.

Any repeal, change, or amendment affecting this indemnification or the Minnesota Business Corporation Act or other applicable statutory and case law, shall not apply to eliminate, reduce or adversely affect any rights or protection of an Indemnitee existing prior to such repeal, change or amendment but to the extent that a Law change permits the Registrant to provide greater or broader rights or protection, the Law shall apply retroactively to the effective date of this provision which was adopted in 1987.

The Registrant purchases and maintains Directors and Officers liability insurance.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

ITEM 8. EXHIBITS.

- 4. - 1999 Stock Option Plan.
- 5. - Opinion of Irving C. MacDonald, Esq.
- 23.1 - Consent of Deloitte & Touche L.L.P.
- 23.2 - Consent of Irving C. MacDonald, Esq. (included in Exhibit 5).
- 24. - Power of Attorney

ITEM 9. UNDERTAKINGS.

The undersigned Registrant hereby undertakes:

- (a) to file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:
 - (i) to include any prospectus required by Section 10 (a) (3) of the Securities Act of 1933;
 - (ii) to reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent posteffective amendment thereof) which, individually or on the aggregate, represent a fundamental change in the information set forth on the Registration Statement;
 - (iii) to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (a) (i) and (a) (ii) do not apply if the Registration Statement is on Form S-3 or Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15 (d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

- (b) that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offer thereof.
- (c) To remove from registration by means of post-effective amendment of any of the securities being registered which remain unsold at the termination of the offering.
- (d) that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15 (d) of the Securities Exchange Act of 1934) that is incorporated by reference in this Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (e) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such

indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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THE REGISTRANT. Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Riverside, State of California on March 14, 2000.

Flexsteel Industries, Inc.

/s/ K.B. Lauritsen

By: K.B. Lauritsen
Chief Executive Officer and President

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

Date: March 14, 2000

/s/ John R. Easter

John R. Easter
CHAIRMAN, BOARD OF DIRECTORS
AND DIRECTOR

Date: March 14, 2000

/s/ K. Bruce Lauritsen

K. Bruce Lauritsen
DIRECTOR, PRINCIPAL EXECUTIVE OFFICER
AND PRESIDENT

Date: March 14, 2000

/s/ Edward Monaghan

Edward Monaghan
DIRECTOR

Date: March 14, 2000

/s/ James R. Richardson

James R. Richardson
DIRECTOR

Date: March 14, 2000

/s/ R.J. Klosterman

R.J. Klosterman
CHIEF FINANCIAL OFFICER AND PRINCIPAL
FINANCIAL OFFICER AND
PRINCIPAL ACCOUNTING OFFICER

Date: March 14, 2000

/s/ Jeffrey T. Bertsch

Jeffrey T. Bertsch
DIRECTOR

Date: March 14, 2000

/s/ Patrick M. Crahan

Patrick M. Crahan
DIRECTOR

Date: March 14, 2000

/s/ L. Bruce Boylen

L. Bruce Boylen
DIRECTOR

Date: March 14, 2000

/s/ Thomas E. Holloran

Thomas E. Holloran
DIRECTOR

Date: March 14, 2000

/s/ Marvin M. Stern

Marvin M. Stern
DIRECTOR

Date: March 14, 2000

/s/ Lynn J. Davis

Lynn J. Davis
DIRECTOR

EXHIBIT INDEX

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FLEXSTEEL INDUSTRIES, INC.
1999 STOCK OPTION PLAN

SECTION 1

DEFINITIONS: As used herein, the following terms have the meaning indicated:

"AGREEMENT" means the Option Agreement entered into between the Company and an Optionee.

"BOARD OF DIRECTORS" means the Board of Directors of the Company.

"COMMITTEE" means the members of the Board of Directors appointed to administer the Plan.

"COMPANY" means Flexsteel Industries, Inc.

"DATE OF ADOPTION" means December 9, 1999.

"DATE PLAN APPROVED BY SHAREHOLDERS" means December 9, 1999.

"OPTION" means an Optionee's right to purchase shares of Common Stock of the Company, subject to the terms and conditions of the Plan and Agreement. Options are either Incentive Stock Options or Nonqualified Stock Options.

"OPTIONEE" means an eligible employee who has been designated for participation under the Plan as defined in Section 5(a) or a Non-employee director granted options pursuant to Section 5(e).

"OPTION PERIOD" means the ten-year or lesser period of time during which the Stock Option Agreement allows the Option to be exercised commencing with the date the Option is granted. No Option shall be granted after December 1, 2009.

"NON-EMPLOYEE DIRECTOR" means a director of the Company who has not been an employee of the Company for three years.

"PLAN" means the Flexsteel Industries, Inc. 1999 Stock Option Plan.

SECTION 2

AGGREGATE SHARES UNDER THE PLAN AND PURPOSE:

(a) The aggregate number of shares which may be issued pursuant to this Plan under Options is 500,000 Common Shares of the Company, subject to adjustments provided for hereafter in Section 4(b).

(b) The purpose of this Plan is to encourage the growth and success of the Company by providing incentives to motivate, attract and retain employees of competent training, experience and ability to encourage such people to invest in the Common Stock of the Company, thereby increasing their proprietary interest in the business and their personal interest in the Company's continued success and progress. The purpose also is to attract and retain outstanding Non-employee directors by enabling them to participate in Company growth through automatic non-discretionary grants of Options.

(c) The Plan shall be deemed to have been adopted December 9, 1999, subject to the ratification and approval by shareholders of the Company at the December 9, 1999 Annual Meeting. Options may be granted after the Plan is adopted and before the Plan is approved by shareholders but the Company shall have no obligations of any nature whatsoever to any employee or other person arising out of either this Plan or any Options granted hereunder unless shareholder approval is obtained.

(d) The Plan will not confer upon any Optionee any right with respect to continuance of employment by the Company, nor a continuing directorship, nor will it interfere in any way with the Company's right to terminate the Optionee's employment at any time with or without cause.

(e) No Option shall be granted pursuant to the Plan after December 1, 2009.

(f) The Committee, in its discretion, shall set the length of the time

during which each Option may be exercised, except for Non-employee director grants, but in no event shall it be longer than ten years after the date of grant.

SECTION 3

ADMINISTRATION:

(a) Subject to such orders and resolutions not inconsistent with the provisions of the Plan as may from time to time be issued or adopted by the Board of Directors, the Plan shall be administered by, or only in accordance with the recommendation of, a Committee of two or more persons having full authority to act in the matter, all of the members of which Committee are disinterested persons within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended.

(1) The Committee shall administer the Plan and accordingly, it shall have full power to grant Options, construe and interpret the Plan, amend and adjust terms of then existing options subject to restrictions of this Plan, establish rules and regulations and perform all other acts, including the delegation of administrative responsibilities, it believes reasonable and proper.

(2) The determination of those eligible to receive Options, and the amount, type and timing of each Option and the terms and conditions of the respective Option Agreements shall rest in the sole discretion of the Committee, subject to the provisions of the Plan.

(3) The Committee may cancel any Options awarded under the Plan if an Optionee conducts himself in a manner which the Committee determines to be inimical to the best interests of the Company

and/or accepts employment with a competitor. This provision does not apply to Non-employee director Options.

(4) The Board, or the Committee, may correct any defect, supply any omission or reconcile any inconsistency in the Plan, or in any granted Option, in the manner and to the extent it shall deem necessary to carry it into effect.

None of the Committee members are eligible to receive Options under the Plan while a member of the Committee, except pursuant to Section 5(e).

(b) All determinations by the Committee shall be made by the affirmative vote of a majority of its members by written consent or by a majority vote, in person or otherwise, of its members at a meeting called for that purpose.

(c) Each Option shall be evidenced by an Agreement which shall contain the terms and conditions and shall be signed by an Officer of the Company and the Optionee. As a minimum, the Agreement shall state the number of shares of stock under Option, the Option price and the duration of the Option.

(d) All decisions made by the Committee pursuant to provisions of the Plan or related orders or resolutions of the Board of Directors shall be final, conclusive and binding on all parties, including the Company, shareholders, employees and Optionees.

SECTION 4

SHARES SUBJECT TO THE PLAN:

(a) Shares to be delivered upon exercise of an Option under the Plan shall be made available at the discretion of the Board of Directors either from authorized but unissued shares of the Company's Common Stock or shares acquired by the Company, including shares purchased in the open market.

(b) In the event of merger, reorganization, consolidation, recapitalization, stock dividend, stock split, or other change in corporation structure affecting the Company's Common Stock the number of shares of Common Stock available for Options and subject to outstanding Options shall be adjusted proportionately. Similarly, the Option price per share of outstanding Options shall be appropriately adjusted. However, fractional shares may be rounded to the nearest whole share.

SECTION 5

ELIGIBILITY AND PARTICIPATION:

(a) The persons eligible for participation in the Plan shall be full-time managerial, administrative or professional employees of the Company, Non-employee directors and those other employees who are key to the Company's success. This includes officers, whether or not Directors of the Company. Participation in the Plan

shall not be automatic except for Non-employee directors who shall be granted Options in amounts and pursuant to the terms only as provided by Section 5(e) herein and not otherwise.

(b) Subject to the limitations of the Plan, the Committee shall select the persons to participate in the Plan, determine the number and Option price of shares subject to each Option, and determine the date when each Option shall be granted and the date when each Option shall expire. The date the employee becomes an Optionee is the date of his Agreement with the Company. More than one Option may be granted to the same Optionee and an Optionee may enter into more than one Agreement with the Company.

(c) No Incentive Stock Option shall be granted to anyone who, immediately after such Option would otherwise be granted, would own stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company.

(d) An Option granted to an Optionee under this Plan shall in all events lapse upon expiration of the Option period, if not exercised, lapsed, canceled or otherwise terminated prior thereto. If an Option granted hereunder is not exercised but is canceled, terminated or lapsed, the shares covered by such Option shall become again available for grant by the Committee under this Plan.

(e) Each person who becomes for the first time a Non-employee director, including by reason of election, appointment or lapse of three (3) years since employment by the Company (whether or not that person is standing for re-election that year), will receive an immediate one-time Option grant for 2,000 shares. Each Non-employee director will receive a Option grant for 1,000 shares on the first business day following each annual meeting. The following terms and conditions are applicable to each Option. The Option price per share will be equal to one hundred percent (100%) of the fair market value on the date of the Option grant. The Options will have terms of ten years measured from the date of the Option grant. In the event the Optionee ceases to serve as a director the Option may be exercised for a period of five (5) years after the date of cessation unless cessation is caused by reason of disability or death in which case the option may be exercised for a period of two (2) years. In the case of death the Option may be exercised within such period by the estate or heirs of the Optionee. The above exercise periods do not extend the option period as established at time of grant.

SECTION 6

TERM OF THE PLAN AND OPTION PERIOD:

(a) The Plan shall automatically terminate on December 1, 2009, which is within ten years from the Date of Adoption. No Options shall be granted after the date of such termination. However, the Plan shall remain in effect as to all outstanding Options until the outstanding Options are exercised, canceled, terminated or lapsed.

(b) Such termination shall not adversely affect Options previously granted.

(c) Subject to the provisions of the Plan with respect to death, disability, retirement, termination of employment, or otherwise, the maximum period during which each Option shall be exercised shall be fixed by the Committee, except for Non-employee directors, at the time each such Option is granted, but in no event shall it exceed ten years from the date of such grant.

SECTION 7

OTHER PROVISIONS:

The Committee may grant either Incentive Stock Options or Nonqualified Stock Options to employees. Where an Incentive Stock Option and a Nonqualified Stock Option are awarded by the Committee, such Options shall constitute separate grants and shall clearly be identified as such. In no event will the exercise of one such Option affect the right to exercise the other such Option. If an Incentive Stock Option is awarded, absolutely all terms and conditions making it so must be complied with by the Company and the Optionee.

(a) **OPTION PRICE:** The Option price for shares of Common Stock of the Company shall be one hundred percent (100%) of the fair market value of such Common Stock on the date the Option is granted. For the purposes of this Plan, such fair market value shall be determined (i) in case the Common Stock shall not then be listed and traded upon a recognized securities exchange, upon the basis of the mean between the bid and asked quotations for such stock on the date of grant (as reported by a recognized stock quotation service) or, in the event that there shall be no bid or asked quotations on the date of grant, then upon the basis of preceding the date of grant, or (ii) in the case the Common Stock shall then be listed and traded upon a recognized securities exchange, upon the basis of the mean between the highest and lowest selling prices at which shares of the Common Stock were traded on such recognized securities exchange on the date of grant or, if the Common Stock was not traded on said date, upon the basis of the mean of such prices on the date nearest preceding the date of grant, and upon any other factors which the Committee shall deem appropriate.

(b) **MAXIMUM OPTION GRANTS:** The aggregate fair market value (determined at the time the Option is granted) of the stock with respect to which Incentive Stock Options are exercisable for the first time by such individual during any calendar year (under all such plans of the Company and its parent and subsidiary corporations, if any) shall not exceed \$100,000. Options granted in excess of the applicable statutory limit shall be treated as Nonqualified Stock Options.

(c) **EXERCISE OF OPTIONS:** Each Option granted under the Plan shall be exercisable at the Option price set forth in the Agreement, on such date or dates during such Option Period (not exceeding ten years from the date of such grant) and for such number of shares as determined by the Committee and as is set forth in the Agreement with respect to such Option. However, no Option granted hereunder to any employee may be exercised except in the case of death, disability or retirement pursuant to any pension or retirement plan of the Company, until two years of continued employment with the Company has elapsed. Any Optionee desiring to exercise any Option hereunder shall give written notice to the designated financial officer of the Company and include therein full payment for the shares supporting such Option. Full payment of the exercise price including any tax due is to be made in cash or with the consent of the Committee with the stock of the Company or with a combination of both. Notice is only valid when full payment is included therewith.

(d) **TRANSFERABILITY OF OPTIONS:** An Option granted under the Plan may not be transferred except by will or the laws of descent and distribution, and during the lifetime of the Optionee shall only be exercisable by the Optionee. The Optionee shall have no interest in the stock subject to Options and shall have no rights until the shares are fully paid for and certificates for such stock are issued to the Optionee.

(e) PAYMENT FOR SHARES: No shares shall be issued to any Optionee until notice, as defined in Section 7(c) has been given to the Company. Within 45 days after the receipt of said notice to exercise the Option, the Company shall deliver to the Optionee certificates representing all stock purchased thereunder.

(f) RESTRICTION ON SALE OF SHARES: Any stock received pursuant to the exercise of an Incentive Stock Option which is sold within either: 1) two years from the effective date of the Option grant, or 2) within one year of the effective date of exercise, shall not be afforded the tax treatment of Incentive Stock Options. However, if any Optionee disposes of shares of Common Stock of the Company acquired on the exercise of an Incentive Stock Option by sale or exchange, either: 1) within two years after the date of the Option grant of the Incentive Stock Option under which the stock was acquired, or 2) within one year after the acquisition of such shares, he shall notify the Company of such disposition and of the amount realized upon such disposition.

(g) If any Option is not granted, exercised or held pursuant to the provisions of this Section, it will be considered to be a Nonqualified Stock Option to the extent that any or all of the Option grant or exercise is in conflict with the above restrictions.

SECTION 8

DEATH, RETIREMENT AND TERMINATION OF EMPLOYMENT:

Any Option granted to an employee, the period of which has not lapsed or expired, shall terminate at the time of the death of the Optionee to whom the Option was granted or on the retirement or termination for any reason of such Optionee's employment with the Company, and no shares may thereafter be delivered pursuant to such Option, except that:

(a) within two years after the date of the Optionee's death, during which two year period the Option may be exercised by the Optionee's estate, legal representative, or legatee or such other person designated by an appropriate court as the person entitled to exercise such Option but only to the extent the Optionee was entitled to exercise it at the time of his or her death. The Option must be exercised in the manner provided for in Section 7(c).

(b) within five years after termination of employment by reason of retirement pursuant to any pension or retirement plan of the Company and to the extent the Optionee would have been able to exercise it at the time of such termination. The Option must be exercised in the manner provided for in Section 7(c).

(c) within two years after termination of employment by reason of disability to the extent the Optionee would have been able to exercise it at the time of such termination. The Option must be exercised in the manner provided for in Section 7(c).

Nothing in this Section 8 shall extend the option period as established at time of grant.

SECTION 9

AMENDMENT OF THE PLAN:

The Board of Directors may amend, suspend or discontinue the Plan, but may not, without the approval of the Company's shareholders, make any amendment which would:

(a) abolish the Committee, change the qualifications of its members, or withdraw the administration of the Plan from its supervision, or permit any person while a member of the Committee to become eligible to participate in the Plan subject to Section 5(e);

(b) make any material change in the class of eligible employees as defined in the Plan;

(c) increase the aggregate number of shares for which Options may be granted under the Plan;

(d) extend the term of the Plan or the maximum Option Period;

or

(e) change the right of any Non-employee director to receive automatic non-discretionary grants of Options under this Plan. The Plan provisions relating to grants to Non-employee directors shall not be amended more than once every six months, other than to comport with changes in the Internal Revenue Code, the Employee Retirement Income Security Act, or the rules thereunder.

REQUIREMENTS OF LAW:

(a) WITHHOLDING TAXES: The Company shall have the right to deduct from all payments under this Plan, in cash, or deduct from payroll wages, an amount necessary to satisfy any federal, state or local withholding tax requirements or otherwise.

(b) GOVERNING LAW: The Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Minnesota.

(c) AGREEMENT TO COMPLY WITH SECURITIES LAWS AND THE INTERNAL REVENUE CODE: Before the Company delivers any stock purchased, the following written statement may be required from the Optionee:

"I agree not to dispose of the shares purchased by me pursuant to the Flexsteel Industries, Inc. 1999 Stock Option Plan, otherwise than in compliance with the Securities Act of 1933, as amended, and rules and regulations promulgated thereunder and all other laws, rules and regulations applicable."

(d) If any term in this Plan pertaining to Incentive Stock Options does not conform to Section 422 of the Internal Revenue Code of 1986, as amended, those terms will be invalid and taken out of the Plan. However, removal of any invalid terms will not affect the remaining terms of the Plan.

September 6, 2000

RE: REGISTRATION STATEMENT ON FORM S-8
FLEXSTEEL INDUSTRIES, INC. 1999 STOCK OPTION PLAN

Ladies and Gentlemen:

I have acted as counsel for the Company in connection with the registration statement under the Securities Act of 1933, as amended, of shares of Common Stock (the "Common Stock"), par value \$1.00 per share, of the Company to be issued pursuant to the Flexsteel Industries, Inc. 1999 Stock Option Plan (the "Plan").

I have reviewed the Company's Restated Articles of Incorporation, and By-Laws and such other corporate records of the Company and documents and certificates of public officials and others as I have deemed necessary as a basis for the opinion hereinafter expressed.

Based on the foregoing and having regard for such legal considerations as I deem relevant, I am of the opinion that the shares of Common Stock, when issued and delivered in accordance with the terms of the options issued under the Plan, will be duly authorized, validly issued, fully paid and nonassessable.

I hereby consent to the filing of this opinion as an Exhibit to such Registration Statement.

Very truly yours,

/s/ Irving C. MacDonald
Irving C. MacDonald

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of Flexsteel Industries, Inc. on Form S-8 of our reports dated August 5, 1999 appearing in and incorporated by reference in the Annual Report on Form 10-K of Flexsteel Industries, Inc. for the year ended June 30, 1999.

Minneapolis, Minnesota
September 12, 2000

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints K. Bruce Lauritsen and R.J. Klosterman, and each of them, his/her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him/her and in his/her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his/her substitute or substitutes, may all fully do or cause to be done by virtue hereof.

DATE	SIGNATURE/TITLE
Date: March 14, 2000 -----	/s/ John R. Easter ----- John R. Easter CHAIRMAN, BOARD OF DIRECTORS AND DIRECTOR
Date: March 14, 2000 -----	/s/ K. Bruce Lauritsen ----- K. Bruce Lauritsen DIRECTOR, PRINCIPAL EXECUTIVE OFFICER AND PRESIDENT
Date: March 14, 2000 -----	/s/ Edward J. Monaghan ----- Edward J. Monaghan DIRECTOR
Date: March 14, 2000 -----	/s/ James R. Richardson ----- James R. Richardson DIRECTOR
Date: March 14, 2000 -----	/s/ R.J. Klosterman ----- R.J. Klosterman CHIEF FINANCIAL OFFICER AND PRINCIPAL FINANCIAL OFFICER AND PRINCIPAL ACCOUNTING OFFICER
Date: March 14, 2000 -----	/s/ Jeffrey T. Bertsch ----- Jeffrey T. Bertsch DIRECTOR
Date: March 14, 2000 -----	/s/ Patrick M. Crahan ----- Patrick M. Crahan DIRECTOR
Date: March 14, 2000 -----	/s/ L. Bruce Boylen ----- L. Bruce Boylen DIRECTOR
Date: March 14, 2000 -----	/s/ Thomas E. Holloran -----

Thomas E. Holloran
DIRECTOR

Date: March 14, 2000

/s/ Marvin M. Stern

Marvin M. Stern
DIRECTOR

Date: March 14, 2000

/s/ Lynn J. Davis

Lynn J. Davis
DIRECTOR