

**FLEXSTEEL INDUSTRIES, INC.**  
**AMENDED AND RESTATED**  
**NOMINATING AND COMPENSATION COMMITTEE CHARTER**

**PURPOSE**

The Nominating and Compensation Committee (the “Committee”) is established by and amongst the Board of Directors (“Board” or “Board of Directors”) of Flexsteel Industries, Inc. (the “Company”) for the primary purpose of assisting the Board in the oversight of:

- identifying individuals qualified to become Board members;
- evaluating and recommending director nominees for election at the next annual meeting of shareholders;
- evaluating executive officer compensation plans, policies and programs;
- review benefit plans for the Company’s officers and employees; and
- providing an annual report on executive compensation for inclusion in the Company’s proxy statement.

The Committee has the authority to retain search firms, other advisors and legal counsel, as the Committee shall deem appropriate in identifying director candidates.

The Committee has the authority to obtain advice and assistance from outside legal, accounting, or other advisors as deemed appropriate to perform its duties and responsibilities.

The Committee has the authority to retain compensation consultants as the Committee may deem appropriate to assist in the evaluation of the compensation and benefits of the Company’s CEO and other officers.

The Committee will have the authority to approve the fees and other retention terms of any search firm, compensation consultant or other outside advisor, including legal and accounting advisors (collectively, the “Advisors”), retained by the Committee. The Company will provide appropriate funding, as determined by the Committee, for payment of fees and costs to any Advisors hired by the Committee.

The Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in this Charter. The Committee will report regularly to the Board of Directors regarding the execution of its duties and responsibilities.

**COMPOSITION AND MEETINGS**

The Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent directors (as defined by all applicable rules and regulations), and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. Committee members will serve until their resignation, retirement, removal by the Board or until their successors are duly appointed and qualified. Committee members may be removed by the Board in its sole discretion for any reason or no reason. The Board may fill any vacancy on the Committee. The chair of the Committee will be designated by the full Board or, if it does not do so, the Committee members will elect a chair by the affirmative vote of a majority of the Committee’s

members. The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate, provided that the subcommittees are composed entirely of independent directors as provided above.

The Committee shall meet at least two times annually, or more frequently as determined by the Committee or the Board. The chair of the Committee will preside at each meeting and, in consultation with the other members of the Committee, will set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The Committee will prepare minutes of each meeting, which will be provided to all Committee members and the full Board at the next regularly scheduled meeting of the Committee or the Board, as applicable. In addition, the Committee will make regular reports to the Board and will propose any necessary action to the Board. The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meetings of the Committee to provide such pertinent information as the Committee may request.

## **RESPONSIBILITIES AND DUTIES**

To fulfill its responsibilities and duties, the Committee shall:

### *A. Nominations*

1. Review the qualifications of candidates for director identified by the Committee or suggested by Board members, stockholders, management and others.
2. Consider the performance of incumbent directors and other relevant factors in determining whether to nominate directors for re-election.
3. Recommend to the Board a slate of nominees for election or re-election to the Board at each annual meeting of shareholders.
4. Recommend to the Board candidates to be appointed or elected to the Board as necessary to fill vacancies.

### *B. Compensation*

1. Review and approve corporate goals and objectives, relevant to CEO and other executive officers' compensation; including annual performance objectives.
2. Review and approve all compensation arrangements between the Company and its named executive officers. The Company's CEO may be present at the meeting deliberations on these matters, but is not allowed to vote on these matters.
3. Evaluate the performance of the CEO and other executive officers against the corporate goals and objectives and determine appropriate compensation levels for the CEO based on such evaluations. The Company's CEO may not be present during deliberations or votes on these matters.
4. Periodically review the executive compensation programs and make recommendations to the Board of Directors with respect to new or modified plans, including incentive compensation and equity-based compensation.
5. Review, approve and administer all equity based compensation plans and grant stock awards or stock options under such plans.
6. Review and approve benefit plans of the Company's executives, other officers and other employees.

7. Prepare and publish an annual compensation committee report for inclusion in the Company's proxy statement in accordance with applicable rules and regulations of the U.S. Securities and Exchange Commission ("SEC") and The NASDAQ Stock Market, LLC ("NASDAQ") and any other report or disclosure required to be prepared by the Committee pursuant to the rules of the SEC and NASDAQ for inclusion in the Company's annual shareholder meeting proxy statement or other SEC filing.
8. Review and discuss the Compensation Discussion and Analysis required by SEC rules for inclusion in the Company's annual shareholder meeting proxy statement, Annual Report on Form 10-K or information statement, as the case may be, and based on such review and discussion determine whether or not to recommend to the Board that such Compensation Discussion and Analysis be included in such filing.
9. Periodically review the Company's executive compensation policies and practices to insure that these policies promote the appropriate level of risk-taking behavior.
10. Review the adequacy of this Charter on an annual basis and recommend any proposed changes to the Board for approval.

C. *Succession Planning*

1. Develop and maintain succession planning policies and criteria for the CEO and the Company's senior executives, and confer periodically with the Board of Directors on succession planning;
2. Make recommendations to the Board of Directors regarding succession planning in the event of an emergency or the retirement of the CEO or the Company's senior executives.
3. Establish and maintain specific criteria for successors for the CEO and the Company's senior executives.
4. Review and make recommendations to the Board of Directors regarding internal candidates for eventual promotions to executive positions.
5. Develop and maintain succession planning policies and criteria for members of the Board of Directors, and confer periodically with the Board of Directors on succession planning.

The Committee shall perform any other activities consistent with this Charter, the Company's by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

Date Adopted: June 7, 2010

By: /s/ Mary C. Bottie  
FLEXSTEEL INDUSTRIES, INC.  
Chair- Nominating and  
Compensation Committee