

PLAN DESCRIPTION/PROSPECTUS

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS
COVERING SECURITIES REGISTERED
UNDER THE SECURITIES ACT OF 1933

**SUMMARY AND
ENROLLMENT INFORMATION FOR
FLOOR & DECOR HOLDINGS, INC.
EMPLOYEE STOCK PURCHASE PLAN**

The date of this Plan Description/Prospectus is October 23, 2018

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EMPLOYEE STOCK PURCHASE PLAN
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FLOOR & DECOR HOLDINGS, INC.
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INTRODUCTION

Purpose. The purpose of the Floor & Decor Holdings, Inc. Employee Stock Purchase Plan (the “**ESPP**”), as further amended from time to time, is to encourage and enable eligible employees of Floor & Decor Holdings, Inc. (the “**Company**”) and its Designated Subsidiaries (as defined in Question 1 below) to acquire proprietary interests in the Company through the ownership of the Company’s class A common stock, par value \$0.001 per share (“**Common Stock**”). The Company believes that employees who participate in the ESPP will have a closer identification with the Company by virtue of their ability as stockholders to participate in the Company’s growth and earnings. The ESPP has been approved by the Company’s Board of Directors (“the **Board**”), the Compensation Committee of the Board (the “**Committee**”) and the holders of the Common Stock. For purposes of the ESPP, the term “employee” includes only those employees who are employees of the Company or a Designated Subsidiary.

Administration. The ESPP is administered by the Committee and the Committee may select an administrator or any person to whom its duties and responsibilities related to the ESPP may be delegated. UBS Group AG will maintain individual accounts for eligible employees who elect to participate in the ESPP.

Options. Under the ESPP, subject to certain limitations as described herein, eligible employees are granted the right to elect to purchase Common Stock, at a discount, under offerings made under the ESPP (“**Options**”). Such purchases will be made on behalf of eligible employees on specified Exercise Dates (as defined below) in the amount of after-tax payroll deductions elected by the employee, with such amounts to be withheld each payroll period during the applicable Purchase Period (as described below). The amounts of after-tax payroll deduction elections made by employees may be subject to minimum and maximum limits established by the Committee. Such limits may be expressed as either a dollar amount or a percentage of an employee’s Annual Pay (as defined on page 6).

Discounted Purchase Price. Effective July 1, 2018, the Committee has designated a purchase price per share of Common Stock acquired under the ESPP at the lesser of 90% of the closing price of the Common Stock as reported on the principal market, trading system or exchange on which the Common Stock is traded (the “**Market Price**”) on the applicable (i) Offering Date (as defined below) and (ii) Exercise Date (as defined below). The Committee may modify the purchase price, in its sole discretion, at least 30 days prior to an Offering Date. In no event will the purchase price be less than the lesser of 85% of the Market Price of a share of Common Stock on the applicable (i) Offering Date and (ii) Exercise Date. The price of a share of Common Stock will be affected by market conditions and other factors. The Common Stock is currently traded on the New York Stock Exchange under the symbol “FND.”

Offerings. For purposes of the ESPP, a “**Plan Year**” is each calendar year beginning January 1 and ending December 31 for which the ESPP is in effect. The first Plan Year shall commence on July 1, 2018 and end on December 31, 2018. There are currently two “**Purchase Periods**” in each full Plan Year:

- January 1 through June 30; and
- July 1 through December 31.

The first day of each Purchase Period is called the “**Offering Date**”, and the last day of each Purchase Period is called the “**Exercise Date**.” The Committee has the authority to change these dates and duration of the Purchase Periods. You will be notified in advance of any changes in the Purchase Periods.

Shares Available for Purchase. A maximum of 1,500,000 shares of Common Stock are reserved for sale under the ESPP. The maximum number of shares reserved for sale under the ESPP may be adjusted for any future stock splits, stock dividends or other changes affecting the Company’s outstanding Common Stock (see “What happens if there is a change in the capital structure or business of the Company affecting the Common Stock?”).

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Qualified plan/ ERISA status. The ESPP is not (nor is it intended to be) qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the “**Code**”) and is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended.

Taxes. Participating employees will be required to pay all taxes resulting from shares of Common Stock they purchase under the ESPP, including as a result of selling or otherwise disposing of shares of Common Stock, or receiving any dividends thereon. The ESPP is intended to be designed as a “Section 423 Plan” and governed under Code Section 423. As a Section 423 Plan, the ESPP is intended to give eligible employees certain tax benefits in connection with the purchase of Common Stock. For certain information with respect to the United States federal income tax consequences of participating in the ESPP see “Certain U.S. Federal Tax Consequences.”

* * *

The Company is excited about offering eligible employees the ability to purchase shares of Common Stock at a discount and to enable eligible employees to participate in the potential growth and success of the Company. While the Company hopes for, and is working toward, future growth and success, no one – including the Company – can guarantee the performance of shares of Common Stock. The Company has not assumed the obligation to make up any losses suffered should any losses occur.

The questions and answers that follow provide certain additional information about the ESPP and only summarize certain aspects of the ESPP. In the case of any inconsistency between this summary and the ESPP plan document, the terms of the official plan document will govern. Eligible employees are urged to read the full text of the ESPP, which may be obtained as described under the section entitled “Available Information.” You should review this Plan Description/Prospectus carefully and evaluate whether it is appropriate for you, given your personal circumstances, to participate in the ESPP. Your decision to participate is an important investment decision which, like any investment decision, involves risk, including the possibility of loss. Participation in the ESPP is entirely voluntary and the Company will not make any recommendations to its employees regarding participation in the ESPP.

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HIGHLIGHTS OF THE ESPP

- ✓ Offers eligible employees a convenient way to purchase Common Stock at a discounted price (currently set at the lesser of 90% of the Market Price of a share of Common Stock on the applicable (i) Offering Date and (ii) Exercise Date).
- ✓ Purchases are made by after-tax payroll deductions of up to \$2,500 per Purchase Period, subject to certain limitations.
- ✓ UBS is responsible for the recordkeeping of stock purchases and maintaining brokerage accounts for participants.
- ✓ Two Purchase Periods per full Plan Year.
- ✓ Elections to participate are available before each Purchase Period with payroll deductions made during the Purchase Period. Actual stock purchases will be on each Exercise Date or as soon as administratively practical thereafter.
- ✓ Favorable tax treatment on original discount if a two year holding period is satisfied; no additional tax on the value of the discount at the time of exercise or purchase.
- ✓ Upon purchase of shares of Common Stock, participants will be stockholders of the Company and will have all rights of stockholders (such as voting rights, ability to sell shares, and the right to receive stockholder communications such as proxy statements and annual reports).

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DESCRIPTION OF THE ESPP

1. *Am I eligible to participate in the ESPP?*

You are eligible to participate in the ESPP if on an Offering Date you:

- are an employee of the Company or a Designated Subsidiary (as defined below);
- have been employed continuously by the Company and/or a subsidiary for a period of at least 90 days preceding the Offering Date (other than any period of leave of less than 90 days); and
- are not deemed for the purposes of Code Section 423 to own, directly or indirectly and by certain rules of constructive ownership, stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company, or a subsidiary or parent corporation of the Company (if any).

Notwithstanding the foregoing, the Committee may exclude the employees of any specified Designated Subsidiary from any offering under the ESPP. The Committee may adopt different terms and conditions that may apply to a Designated Subsidiary, provided that such terms and conditions are consistent with the Plan and Code Section 423.

The term “**Designated Subsidiary**” means each subsidiary corporation of the Company as of July 1, 2018 and any future subsidiary and parent corporations of the Company (if any) that are not specifically excluded from participation by the Committee. Subsidiaries and parents located in foreign jurisdictions will not be considered Designated Subsidiaries unless specifically designated by the Committee.

Currently, U.S.-based employees of the Company and its subsidiaries who meet the criteria above are eligible to participate in the ESPP. Employees of non-US based subsidiaries are not currently eligible to participate in the ESPP.

If you have any questions about your eligibility, please contact Floor and Decor, Human Resources Department, ESPP Administration, 2233 Lake Park Drive, Suite 400, Smyra, GA 30080 or via telephone at 770-257-1345.

2. *How may I participate?*

If you are an eligible employee and wish to participate in the ESPP, you must complete the ESPP enrollment during the Subscription Period established by the committee prior to the Purchase Period in which you want to start participating.

Your ESPP enrollment must be completed by no later than the last day of the applicable Subscription Period in order for you to start your participation in the ESPP during a Purchase Period. The Committee may designate other periods in its sole discretion, but in no event will a Subscription Period and the applicable Purchase Period together exceed 27 months. You will be notified in advance of any changes in the Subscription Periods.

Once enrolled in the ESPP, you will automatically continue in the ESPP until you elect to cancel your participation in the ESPP, the ESPP is terminated, or you become ineligible to continue as an ESPP participant.

Please note: It is your responsibility to ensure that the Company is properly carrying out your instructions. You should regularly examine the UBS Confirmations issued to you, particularly when any change has occurred or you have submitted any new instructions, to verify that your instructions are being followed.

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3. Do I have to make an enrollment election prior to each Purchase Period?

No, your enrollment election will carry forward from one Purchase Period to the next. Contributions will not be changed or stopped unless you make a change and will stop when you are no longer eligible to participate in the ESPP.

4. What amount may I have deducted?

You may authorize a payroll deduction (on an after tax basis) of up to \$2,500 of your Annual Pay (as defined below) to be withheld for the first Purchase Period, which will be subject to increase or decrease in future Purchase Periods at the Committee's discretion. Your payroll deduction authorization will remain in effect until modified or terminated by you or the Committee or until you have reached one of the limits discussed below under the caption "Are there any limitations on the number of shares of Common Stock that I may purchase?"

The term "**Annual Pay**" means an amount equal to your annual basic rate as determined from the payroll records of the Company or a Designated Subsidiary (including amounts you contribute under Code Sections 401(k) or 125). However, Annual Pay does not include all other cash compensation paid to you during a Purchase Period by the Company or a Designated Subsidiary, including, without limitation, overtime, bonuses, any contributions by the Company or a Designated Subsidiary, to, or benefits paid under, the ESPP or any other pension, profit-sharing, fringe benefit, group insurance or other employee welfare plan or any deferred compensation arrangement (other than pursuant to Code Sections 401(k) or 125), expenses and reimbursements, and any other special or extraordinary compensation. The Committee may adjust the types of compensation constituting Annual Pay in a uniform and consistent basis to all eligible employees. You will be notified in advance of any such adjustments.

5. May I increase or decrease my payroll deduction?

Yes. You may increase or decrease the amount of your payroll deductions twice during a calendar year subject to the limits described above. Any changes in your payroll deduction will become effective 45 days after a notice of change is received by the payroll department of the Company or the Designated Subsidiary that you work for (your **Employer**) but will not take effect until the Purchase Period following receipt of such notice.

6. May I cancel/stop a deferral election during a Purchase Period?

Yes. You may cancel your election during a Purchase Period. Any cash balance accumulated in your account that has not already been applied to purchase shares of Common Stock will be delivered to you by Payroll (without interest) as soon as practicable after delivery of the notice of cancellation.

7. If I cancel an election to purchase shares during the Purchase Period, when can I commence contributions again?

If you cancel an election to purchase shares, you may commence contributions again if you enroll in the next Purchase Period.

8. Will interest accrue on my payroll deductions?

Except as required by law, no interest will accrue on or be payable with respect to your payroll deductions under the ESPP.

9. When will purchases be made?

Unless otherwise determined by the Committee, there are two Purchase Periods in each full Plan Year:

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- January 1 through June 30; and
- July 1 through December 31.

For each Purchase Period that an employee elects to participate in the ESPP, the employee's aggregate payroll deductions made during that Purchase Period will be credited to the employee's ESPP account. The entire amount credited to the employee's ESPP account will then be used to purchase whole shares of Common Stock on the applicable Exercise Date (*i.e.*, the last date of a Purchase Period). If the Committee determines that all or any portion of the shares of Common Stock to be purchased cannot reasonably be purchased on the Exercise Date for any reason, than such shares will be purchased as soon as administratively feasible after the end of the Purchase Period.

10. How will the purchase be made?

Shares of Common Stock will automatically be purchased on your behalf on each Exercise Date, and the maximum number of whole shares of Common Stock will be purchased at the applicable purchase price with the amount of payroll deductions accumulated in your account during the Purchase Period. If the full amount of your payroll deductions cannot be used to purchase a whole number of shares of Common Stock, any amount remaining will be accumulated in your account or may be refunded to you at your request.

11. What price will I pay for my Floor & Decor stock purchases under the ESPP?

The Committee has determined that, effective July 1, 2018, the price for Common Stock purchased under the ESPP the lesser of 90% of the Market Price of a share of Common Stock on the applicable (i) Offering Date and (ii) Exercise Date.

The Committee may modify the purchase price for a Purchase Period at least 30 days prior to the applicable Offering Date, but in no event may the purchase price be less than lesser of 85% of the Market Price of a share of Common Stock on the applicable (i) Offering Date and (ii) Exercise Date. Such modification may include an increase or decrease in purchase price. You will be notified in advance of any such changes.

12. What rights will I have in my shares?

Any Common Stock you purchase under the ESPP will be credited to your ESPP account and will be deemed to be transferred to you on the applicable Exercise Date. Only upon the issuance of the shares of Common Stock to you or your agent (and only in respect to such shares purchased) will you obtain the rights of a stockholder of the Company, including, without limitation, any right to vote the shares of Common Stock or to receive any dividends or any other distributions thereon.

13. Will I receive dividends on my shares?

The Company does not currently expect to pay any cash dividends on its common stock. Any payment of future dividends will be dependent on the Company's earnings, financial requirements and other factors. If, however, cash dividends are paid on shares of Common Stock acquired through the ESPP, they will be automatically paid by check directly to you by the Company. Any dividends paid in property other than cash or Common Stock will be distributed to you as soon as practicable.

14. Will I receive certificates for my shares?

The Company or the Board may determine from time to time the manner in which shares of Common Stock purchased under the ESPP are delivered. Currently, the Company does not issue certificates for shares of Common Stock purchased under the ESPP. All of the shares of Common Stock that you purchase under the ESPP will be delivered by the Company to a securities brokerage firm, as selected by

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the Board or the Committee, to be maintained by the securities brokerage firm in a separate account for you.

15. What reporting do I receive?

You will receive a Form 1099 if you sell any shares of Common Stock, a separate tax reporting statement with information to be used when preparing your income tax return. It is important to retain this statement since it provides information required for income tax purposes.

16. How may I sell my shares?

You may sell shares of Common Stock purchased under the ESPP regardless of how long you have held the shares; however, the length of time you hold the shares will impact your tax consequences. See "Certain U.S. Federal Tax Consequences" for more information.

17. Are my stock transactions under the ESPP subject to any restrictions?

All shares of Common Stock purchased under the ESPP will be subject to such stock transfer orders and other restrictions as the Committee may deem advisable to assist in the compliance with any applicable tax withholding laws or under the rules, regulations and other requirements of the Securities and Exchange Commission ("**SEC**"), any stock exchange upon which the Common Stock is then listed or any national securities association system upon whose system the Common Stock is then quoted, any applicable Federal or state securities law, and any applicable corporate law.

18. What if my employment ends or I cease to be an eligible employee?

If your employment is terminated for any reason or if you cease to be an eligible employee more than 15 days prior to the end of the applicable Exercise Date, your entire payroll deduction amount on the effective date of any such occurrence will be refunded to you. If your employment is terminated for any reason or if you cease to be an eligible employee within 15 days prior to the applicable Exercise Date, your entire payroll deduction amount on the effective date of any such occurrence will be used to purchase shares of Common Stock under the ESPP as of the next succeeding Exercise Date.

If you are employed by a Designated Subsidiary that ceases to be part of the ESPP, the entire amount of your payroll deductions will be refunded to you.

19. Are there any limitations on the number of shares of Common Stock that I may purchase?

Notwithstanding anything herein to the contrary, you will not be granted an Option under the ESPP:

- if, immediately after the grant, you (or any other person whose stock would be attributed to you pursuant to Code Section 424(d)) would own stock and/or hold outstanding Options under the ESPP to purchase stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or of any subsidiary or parent corporation of the Company;
- that permits you to purchase stock under all employee stock purchase plans (as described in Code Section 423) of the Company and any subsidiary or parent corporation of the Company, at a rate that exceeds \$25,000 of fair market value of such stock (determined at the time such Option is granted) for any calendar year in which such Option is outstanding at any time; or
- that permits you to purchase more than 1,000 shares of Common Stock during any one Purchase Period pursuant to the Plan.

You may elect to purchase less than the number of shares of Common Stock which you are entitled to elect to purchase.

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20. Can my rights under the ESPP be suspended?

Yes. In the event you make a hardship withdrawal of your deferral contributions under any 401(k) profit sharing plan maintained by the Company, any subsidiary or parent corporation of the Company, or an affiliate, or any other plan qualified under Code Section 401(a) that contains a Code Section 401(k) feature, to the extent required by such plan or applicable law, your payroll deductions and the purchase of shares of Common Stock on your behalf under the ESPP will be suspended until the first payroll period following the Offering Date beginning 6 months after the date you obtained the hardship withdrawal. In such a case, any payroll deductions not yet applied to the purchase of Common Stock will be refunded to you as soon as administratively practicable. In order to resume your participation in the ESPP after such 6-month period, you must make a new election to participate in the ESPP.

21. Is the ESPP part of a 401(k) Plan?

No. The ESPP is a separate plan from the 401(k) Plan.

22. Is there any vesting period under the ESPP?

No. However, there are different tax consequences upon the sale of your shares depending upon whether you satisfy the applicable holding period (see "Certain U.S. Federal Income Tax Consequences").

23. May I contribute to the ESPP through a lump sum or accelerated payroll deduction?

No. The ESPP is designed to deduct the requested amount in installments through payroll deductions, with no right of prepayment.

24. What if I do not earn enough Annual Pay to pay for my shares?

Notwithstanding anything herein, if in any payroll period, for any reason, after filing an election you have no pay or your pay is insufficient (after other authorized deductions) to permit payroll deductions to be withheld and credited to your ESPP account, you may make an installment payment (or payments) to the ESPP in cash at such time equal to the amount (or amounts) that would have been withheld from your pay. If you fail to make such cash payment (or payments), when your pay is again sufficient to permit the resumption of payroll deductions, you will be required to pay in cash the amount of the deficiency in your account or arrange for uniformly increased payroll deductions such that, assuming the maximum purchase price per share of Common Stock, payment for the maximum number of shares of Common Stock covered by your Option will be completed in the last month of the Purchase Period. If you elect to make increased installment payments, you may, nevertheless, at any time make up the remaining deficiency by making a lump sum payment.

Subject to the foregoing and the ESPP, the Company may treat your failure to make any payment as a cancellation of your election to purchase shares of Common Stock under the ESPP. You will be notified of such cancellation by mail at your last known business or home address and upon such mailing, your only right will be to receive in cash the amount credited to your ESPP account.

25. Are my rights under the ESPP transferable?

No. Neither payroll deductions credited to your account nor any rights with regard to the exercise of an Option or to receive shares of Common Stock under the ESPP may be sold, pledged, assigned or transferred in any manner otherwise than by will or the laws of descent and distribution. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as a cancellation of your election to purchase shares of Common Stock under the ESPP. During your employment, all rights granted to you under the ESPP, including but not

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limited to, the grant of an Option, the right to exercise an Option and the ability to authorize payroll deductions will relate solely to you.

26. What happens if there is a change in the capital structure or business of the Company affecting the Common Stock?

In the event of any change affecting the Company's Common Stock, including a stock split or a stock dividend, the Committee will conclusively determine the appropriate equitable adjustments, if any, to be made under the ESPP, including adjustments to the remaining number of shares of Common Stock authorized for issuance under the ESPP, as well as the price per share of Common Stock covered by any unexercised Option under the ESPP.

27. What happens if the Company merges, consolidates or liquidates?

Subject to any required action by the Company's stockholders, if the Company is the surviving corporation in any merger or consolidation, any Option granted under the ESPP will continue to apply. In the event of the complete liquidation of the Company or of a reorganization, consolidation or merger in which the Company is not the surviving corporation, any Option granted under the ESPP will continue solely until immediately prior to the effective date of such liquidation, reorganization, consolidation or merger in which the Company is not the surviving corporation.

28. What happens if the ESPP does not have enough shares of Common Stock or enough shares cannot be purchased?

If all or any portion of the shares of Common Stock that would otherwise be subject to Options granted on any Offering Date exceeds the number of shares of Common Stock then available under the ESPP (after deduction of all shares of Common Stock for which Options have been exercised or are then outstanding) or if all or any portion of the shares of Common Stock cannot reasonably be purchased on the Exercise Date in the sole discretion of the Committee because of any other reason, the Committee will make a pro rata allocation of the shares of Common Stock remaining available for Options granted in as uniform a manner as will be practicable and as it will determine to be equitable. In such event, all future payroll deductions will automatically terminate after such Exercise Date and the Company will give written notice to each participant of the reduction in the number of shares of Common Stock affected thereby and will similarly reduce the rate of each participant's payroll deductions, if necessary, and return any remaining payroll deduction balance credited to each participant, if necessary.

29. May the ESPP be amended?

The Company, by action of the Board or the Committee, may, at any time, amend the ESPP. No amendment may make any change that adversely affects the rights of a participant with respect to any Option under the ESPP previously granted under the ESPP. Certain amendments may require stockholder approval in order to satisfy Code Section 423 or to comply with any other applicable law, regulation or stock exchange rule.

30. When does the ESPP end?

The Company, by action of the Board or the Committee, may, at any time, terminate or freeze the ESPP. No such termination will adversely affect Options previously granted under the ESPP. Upon termination of the ESPP, the Company will return or distribute to you any payroll deductions credited to your account (that have not been used to purchase shares of Common Stock) and will distribute to you or credit to your brokerage account any shares of Common Stock credited to your ESPP account. Upon the freezing of the ESPP, any payroll deductions credited to your account (that have not been used to purchase shares of Common Stock) will be used to purchase shares of Common Stock on the effective date of the freezing of the ESPP.

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31. Will this Plan Description/Prospectus be updated annually?

This Plan Description/Prospectus will not be updated unless there is a material change in the ESPP or a change in government regulations that requires such an update.

32. How can I get a copy of the ESPP plan document and this Plan Description/Prospectus?

A copy of the ESPP plan document and this Plan Description/Prospectus may be obtained by contacting the Company's General Counsel at the following address: 2233 Lake Park Drive, Suite 400, Smyrna, GA 30080.

33. Who do I contact if I have any questions about the ESPP?

If you have any questions concerning the ESPP, contact the Company's Human Resources Department at the following address Floor and Decor, Human Resources Department, ESPP Administration, 2233 Lake Park Drive, Suite 400, Smyrna, GA 30080 or via telephone at 770-257-1345.

34. How many shares of Common Stock are available for purchase under the ESPP?

A maximum of 1,500,000 shares of Common Stock are reserved for sale under the ESPP. The maximum number of shares reserves for sale under the ESPP may be adjusted for any future stock splits, stock dividends or other changes affecting the Company's outstanding Common Stock (see "What is the effect of a stock split, stock dividend, etc.?").

OTHER INFORMATION

Certain U.S. Federal Income Tax Consequences

Your income tax liability is your responsibility. This description of U.S. federal income tax consequences is general and is based on existing law, which is subject to change at any time. It does not include any discussion of state, local or foreign income tax consequences or the effect of gift, estate or inheritance taxes, any of which may be significant to a particular individual. You should seek competent professional advice and discuss your specific tax questions regarding participation in the ESPP with your own tax adviser.

Under the Code, you will not recognize taxable income, nor will the Company be entitled to a deduction, when you purchase shares of Common Stock under the ESPP, provided you hold such Common Stock for the applicable two year holding period (discussed below).

You will recognize taxable income upon the "disposition" of Common Stock purchased under the ESPP (in the manner discussed below). For this purpose, the term "disposition" is defined as a sale, exchange, gift or transfer of legal title. However, certain transfers of Common Stock are not treated as dispositions, including, for example, transfers from a decedent to an estate, transfer by bequest or inheritance, transfers to joint ownership with a right of survivorship, certain exchanges of stock pursuant to corporate reorganizations, pledges or hypothecations.

(a) Sale of Common Stock After the Applicable Two Year Holding Period.

If you hold shares of Common Stock purchased under the ESPP for at least two years after the applicable Offering Date, you will be taxed at ordinary income rates in the year of sale of the Common Stock on an amount equal to the lesser of the excess of the fair market value of the Common Stock on the (i) Offering Date over the purchase price, and (ii) date of sale over the purchase price. The remaining gain, if any, from the sale will be treated as a long-term capital gain. The Company will not be entitled to a deduction

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upon your acquisition of Common Stock under the ESPP or a qualifying disposition of Common Stock purchased under the ESPP that is made after the two year holding period.

To calculate your gain or loss on the sale of Common Stock purchased under the ESPP, the amount realized from the sale must be reduced by your basis in such Common Stock (purchase price increased by ordinary income resulting from sale). If such basis exceeds the amount realized on a sale that is made after the two year holding period, the loss will be a long-term capital loss.

Any dividends paid with respect to Common Stock will be included in your income in the year received and will be subject to taxation.

If you die before you dispose of Common Stock purchased under the ESPP (whether occurring prior to or after the two year holding period), your tax return for the year in which you die must include an amount as ordinary income, which will be calculated in the manner described above. The basis of such Common Stock held by your estate or the person receiving the Common Stock by bequest or inheritance will generally be equal to the fair market value of the Common Stock on your date of death, calculated without regard to the ordinary income included on your final income tax return.

(b) Sale of Common Stock Prior to the End of the Applicable Two Year Holding Period.

If you sell Common Stock purchased pursuant to the ESPP within two years of the applicable Offering Date, the sale will be deemed a “disqualifying disposition” and an amount equal to the lesser of the excess of the fair market value of the Common Stock at the time of (i) purchase over the purchase price, and (ii) disposition over the purchase price will be treated as ordinary income. This amount will be included in your total taxable wages shown on your Form W-2 in the year of the disqualifying disposition. In addition, the Company will be entitled to take a deduction on its income tax return equal to the amount of your ordinary income resulting from the sale.

Your ordinary income is then added to the purchase price of the Common Stock for purposes of determining the basis of the Common Stock. The capital gain or loss on a sale of Common Stock is calculated by subtracting this basis from the amount realized on the sale. The capital gain or loss will either be long-term or short-term depending on the time period that the Common Stock has been held. The capital gain or loss will be long-term provided that the Common Stock is held for more than one year. Otherwise, such amount will be treated as short-term capital gain, which is currently taxed in the same manner as ordinary income.

(c) Withholding.

If you make a disposition of any share or shares of Common Stock issued to you under the ESPP within the two year holding period or within the one year period commencing on the day after the applicable Exercise Date, you are required to immediately, or as soon as practicable thereafter, notify the Company thereof and, if applicable, thereafter immediately deliver to the Company any amount of federal, state or local income taxes and other amounts that the Company informs you the Company is required to withhold.

Notwithstanding anything herein to the contrary, the Company will have the right to make such provisions as it deems necessary to satisfy any obligations to withhold federal, state, or local income taxes or other taxes incurred by reason of the issuance of Common Stock pursuant to the ESPP. Notwithstanding anything herein to the contrary, if applicable, your Employer may require you to remit an amount equal to the required withholding amount and may invalidate any election under the ESPP if you do not remit applicable withholding taxes. Without limiting the generality of the foregoing, solely to the extent permitted by law, your withholding obligations may be satisfied by reducing the number of shares of Common Stock otherwise deliverable to you; subject to the Committee’s prior consent, any method approved by the Committee; or by your paying cash directly to the Company.

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Administration of the ESPP

The ESPP is currently administered by the Committee. Members of the Committee are appointed by the Board and serve on the Committee until the next annual meeting of stockholders at which directors are elected to the Board. However, members of the Committee may be removed at any time by action of the Board. Members of the Committee do not receive additional compensation for administering the ESPP. Requests for further information about the Committee may be made to:

Floor & Decor Holdings, Inc.
Attn: General Counsel
2233 Lake Park Drive
Smyrna, Georgia 30080

The Board may appoint another committee in place of the Committee to administer the ESPP and to the extent that no committee exists that has the authority to administer the ESPP, such functions will be exercised by the Board. The Committee may designate an agent to administer the ESPP, purchase and sell shares of Common Stock in accordance with the ESPP, keep records, send statements of account to employees and to perform other duties relating to the ESPP, as the Committee may request from time to time. The Committee has selected UBS Group AG as its agent to administer the ESPP.

The Committee has the full power and authority, subject to the ESPP, to make such rules and regulations as it deems necessary for the proper administration of the ESPP, to interpret the provisions and supervise the administration of the ESPP, and to take all actions in connection therewith or in relation thereto as it deems necessary or advisable. The Committee may adopt, amend or repeal any guidelines or requirements necessary for the custody and delivery of the Common Stock, including, without limitation, guidelines regarding the imposition of reasonable fees in certain circumstances. The Committee may adopt special guidelines and provisions for persons residing in, or subject to the laws of, jurisdictions outside of the United States to comply with applicable tax and securities laws. All interpretations and determinations of the Committee will be made in its sole and absolute discretion based on the ESPP plan document and will be final, conclusive and binding on all parties.

EFFECTIVE DATE OF THE ESPP

The effective date of the ESPP was July 1, 2018.

SECTION 16 RESTRICTIONS ON RESALE OF COMMON STOCK

Certain officers and directors of the Company are subject to the reporting and “short swing” profits liability provisions of Section 16 of the Securities Exchange Act of 1934 (the “**Exchange Act**”). Such provisions may restrict resale of Common Stock issued by the Company to any person. Because the ESPP meets specified requirements of the Exchange Act, if an eligible employee becomes subject to Section 16(b) of the Exchange Act during a Purchase Period, the purchase of shares of Common Stock under the ESPP during such Purchase Period would be an exempt transaction under Section 16(b) of the Exchange Act. The sale of shares is subject to Section 16.

Shares of Common Stock received under the ESPP have been registered under the Securities Act of 1933, as amended (the “**Securities Act**”). Shares of Common Stock received by a person deemed an “affiliate” of the Company under the Securities Act are subject to the reporting requirements and resale restrictions of Rule 144 promulgated under the Securities Act. For purposes of this section, an “affiliate” is defined under Rule 405 under the Securities Act as “a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with,” the Company. Under Rule 144, affiliates generally include, amongst others, directors and executive officers. Other persons often considered affiliates under Rule 144 are (i) the spouse or any relative of the affiliate who lives in the same household as the affiliate; (ii) certain trusts or estates of which the affiliate (or a member of the affiliate’s family sharing the affiliate’s household) is a trustee, executor or in which any such person has a material interest; and (iii) certain corporations, partnerships or other entities in which the affiliate or the

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affiliate's family has a material interest or has some other position or interest that provides some degree of control or influence. The foregoing is only a summary and is not a complete recitation of applicable law. In view of the complexity of applicable law and the frequency of changes in the SEC's rules and interpretations, employees are encouraged to consult with counsel as often as may be necessary to ensure compliance with applicable law.

AVAILABLE INFORMATION

This document and the documents described below as being incorporated by reference, either currently or when filed with the SEC, together constitute the "Prospectus" for the offer and sale of shares of Common Stock purchased pursuant to the ESPP.

The following documents (or indicated portions thereof), which have been filed with the SEC, are incorporated by reference into the Prospectus:

- (a) the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2017 filed with the SEC on March 5, 2018;
- (b) the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 29, 2018 filed with the SEC on May 3, 2018; and
- (c) the Company's Definitive Proxy Statement on Schedule 14A, dated March 27, 2018, filed with the SEC on March 27, 2018; and
- (d) the description of the Common Stock set forth in the Registrant's registration statement on Form 8-A (File No.001-38070) filed with the SEC on April 24, 2017 pursuant to Section 12 of the Exchange Act; and

All documents filed by the Company with the SEC pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the securities described herein pursuant to the ESPP shall be deemed to be incorporated by reference in this Prospectus and to be part hereof from the date of filing of such documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

In no event, however, will any information that the Company discloses under Item 2.02 or Item 7.01 of any Current Report on Form 8-K that the Company may from time to time furnish to the SEC be incorporated by reference into, or otherwise become a part of, this Prospectus. Any statement contained in a document that is deemed to be incorporated by reference or deemed to be part of this Prospectus after the date of this Prospectus may modify or replace existing statements contained in this Prospectus.

The Company will provide, without charge, all documents or materials provided to the Company's shareholders to each person participating in the ESPP, and, upon written or oral request of such person, a copy of any and all of the documents incorporated by reference in this Prospectus (excluding the exhibits to such documents, unless such exhibits are specifically incorporated by reference into such documents). Requests should be directed to: the Company's General Counsel, 2233 Lake Park Drive, Suite 400, Smyrna, GA 30080.

No person is authorized to give information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities covered hereby in any jurisdiction or to any person to

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whom it is unlawful to make such offer in such jurisdiction. Neither the delivery of this Prospectus nor any sale made hereunder will create, under any circumstances, any implication that there has been no change in the facts herein set forth since the date hereof.

**SECOND AMENDMENT TO
FLOOR & DECOR HOLDINGS, INC.
EMPLOYEE STOCK PURCHASE PLAN**

WHEREAS, Floor & Decor Holdings, Inc. (the “**Company**”) maintains the Floor & Decor Holdings, Inc. Employee Stock Purchase Plan (as amended, the “**Plan**”);

WHEREAS, pursuant to Section 20 of the Plan, the Compensation Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of the Company may at any time amend the Plan; and

WHEREAS, the Committee desires to amend the Plan as set forth herein.


NOW, THEREFORE, pursuant to Section 20 of the Plan, effective as of October 23, 2018, Section 14(c) is deleted in its entirety and replaced with the following:

“(c) A Participant’s cancellation of his or her election to purchase Shares in an offering shall not have any effect upon such Participant’s eligibility to participate in a subsequent offering or in any similar plan which may hereafter be adopted by the Company.”

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Committee has approved the amendment to the Plan as set forth herein, the Committee has authorized the undersigned officer of the Company to execute this amendment, and the undersigned has caused this amendment to be executed this 23rd day of October, 2018.

FLOOR & DECOR HOLDINGS, INC.

By: 

David V. Christopherson
Executive Vice President & General Counsel
Floor & Decor Holdings, Inc.