

LUMBER LIQUIDATORS HOLDINGS, INC.
POLICY CONCERNING RELATED PERSON TRANSACTIONS

Statement of Policy

“Related person transactions” may be entered into by Lumber Liquidators Holdings, Inc. (the “Company”) or any of its consolidated subsidiaries (collectively with the Company, the “Affiliated Group”) only in accordance with the procedures set out below.

A related person transaction is a transaction, arrangement or relationship involving the Affiliated Group (whether or not the Company or the subsidiary is a direct party thereto), on the one hand, and (i) a member of the Board of Directors of the Company (each, a “Director”) or executive officer, his or her immediate family members (i.e., spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law and brothers- and sisters-in-law, step-children and step-parents and any individual, other than tenants, who shares the person’s home) or any entity, including not-for-profit and charitable organizations, that any of them controls or in which any of them has a substantial beneficial ownership interest; or (ii) any person who is the beneficial owner of more than 5% of the voting securities of the Company or a member of the immediate family of such person, if at the time of the transaction, arrangement or relationship, such person was known to the Company to be such a beneficial owner. Related person transactions do not include (i) any employee benefit plan, policy, program, agreement or other arrangement that has been approved by the Board of Directors of the Company (the “Board of Directors”), the Compensation Committee of the Board of Directors or recommended by that Committee for approval by the Board of Directors, or (ii) any transaction (other than consulting or employment) in the ordinary course of business and/or in compliance with approved Company policy, if applicable, that does not involve an amount exceeding \$100,000 in aggregate.

Reporting, Review and Approval of Related Person Transactions

Directors and executive officers of the Affiliated Group are prohibited from having a direct or indirect financial or business interest in any entity that does business with the Affiliated Group, except in specified limited circumstances. Directors and executive officers are also prohibited from having a financial or business interest in any transaction between the Affiliated Group and a third party. To facilitate compliance with these prohibitions, Directors and executive officers are required to report to the General Counsel circumstances that may create or appear to create a conflict between the personal interests of the individual and the interests of the Affiliated Group, regardless of the amount involved. Each Director and executive officer annually confirms to the Company certain information about related person transactions as part of the preparation of the Company’s annual report on Form 10-K and its annual proxy statement. Director nominees and persons promoted to executive officer positions must also confirm such information. Management also reviews its records and makes additional inquiries of management personnel and, as appropriate, third parties and other resources for purposes of identifying related person transactions, including related person transactions involving beneficial owners of more than 5% of the Company’s voting securities.

The Audit Committee of the Board of Directors shall evaluate each related person transaction for the purpose of recommending to the disinterested members of the Board of Directors that the transactions are fair, reasonable and within Company policy, and should be

ratified and approved by the Board of Directors. At least annually, management shall provide to the Audit Committee information pertaining to related person transactions. The Audit Committee shall consider each related person transaction in light of all relevant factors and the controls implemented to protect the interests of the Company and its shareholders.

Relevant factors shall include:

- the benefits of the transaction to the Affiliated Group;
- the terms of the transaction and whether they are arm's-length and in the ordinary course of the Affiliated Group's business;
- the direct or indirect nature of the related person's interest in the transaction;
- the size and expected term of the transaction; and
- other facts and circumstances that bear on the materiality of the related person transaction under applicable law and listing standards.

Approval by the Board of Directors of any related person transaction involving a Director must also be made in accordance with applicable law and the Company's organizational documents as from time to time in effect. Where a vote of the disinterested Directors is required, such vote shall be called only following full disclosure to such Directors of the facts and circumstances of the relevant related person transaction.

Related person transactions entered into, but not approved or ratified as required by this Policy, shall be subject to termination by the Company (or the relevant subsidiary), if so directed by the Audit Committee or the Board of Directors, as applicable, taking into account such factors as such body deems appropriate and relevant.

Disciplinary Penalties

Appropriate disciplinary penalties for violations of this Policy may include reprimands, warnings, suspensions with or without pay, demotions, salary reductions, dismissals and restitution. Disciplinary action may also extend to a violator's supervisor insofar as the Company determines that the violation involved the participation of the supervisor or reflected the supervisor's lack of diligence in causing compliance with this Policy. Any person who takes any action whatsoever in retaliation against any employee who has in good faith raised any question or concern about compliance with this Policy will be subject to serious sanctions, which may include dismissal for cause.

Documentation and Disclosure of Related Person Transactions

Each related person transaction shall be documented in writing and preserved in accordance with the Company's record retention policies as from time to time in effect.

As a publicly-traded company, the Company is required to make certain disclosures concerning related person transactions under regulations of the Securities and Exchange Commission. Information about related person transactions is also relevant for purposes of complying with the continued listing and disclosure requirements of the New York Stock Exchange pertaining to director independence and for purposes of complying with financial reporting requirements. To the extent applicable, the Company shall comply fully with all such requirements.