

LUMBER LIQUIDATORS HOLDINGS, INC.

INSIDER TRADING POLICY

I. Introduction.

Federal and state securities laws prohibit all persons from engaging in any form of securities transaction while in possession of “material non-public information” or otherwise sharing such “material non-public information” with another person (a “típee”) so they can trade. Notably, such prohibition relates not only to information about Lumber Liquidators Holdings, Inc. (the “Company”), but also those companies and other organizations with which the Company may do business. It is unlawful, unethical, and against this Insider Trading Policy (the “Policy”) for any officer, director, or employee of the Company to engage in any securities transaction while in possession of “material non-public information” or otherwise providing such information to another person so they may trade or otherwise benefit. In addition, trading in the securities of the Company during certain periods of time, even while not in possession of material non-public information, may have the appearance of impropriety and are prohibited as described herein.

In light of the potential severe penalties that can result from the activity mentioned above, the Company has adopted the following policies and procedures for your and the Company’s protection.

II. Applicability of Policy.

This Policy applies to:

- (i) all transactions in the Company’s securities by Insiders of the Company or its direct and indirect subsidiaries (collectively with the Company, the “Affiliated Group”);
- (ii) certain transactions in the Company’s securities by any employee of the Affiliated Group; and
- (iii) certain transactions involving securities of other companies.

An “Insider” is any person who has access to material non-public information of the Affiliated Group. Certain persons are deemed to be Insiders by virtue of their positions with the Affiliated Group. These are:

- (i) the Affiliated Group’s officers, directors, and all personnel involved in financial and forecasting functions;
- (ii) their respective secretaries or administrative assistants; and
- (iii) the immediate family¹ and household members of each person specified in clauses (i) and (ii) above.

In addition to these persons, the Company may from time to time issue instructions advising designated personnel that for certain periods they must refrain from trading in Company securities or do so only in accordance with specified pre-clearance procedures.

¹ “Immediate family” includes any child, stepchild, grandchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and adoptive relationships.

“Material non-public information” includes any information not generally known and which a reasonable investor would likely consider important in determining whether to buy, sell or hold company securities, and can be either positive or negative. Some examples of material information include the following:

- Earnings, revenues or other financial information;
- Discussions regarding a potential merger, acquisition, tender offer, joint venture, or asset disposition;
- Introduction of significant new products or services or business development initiatives;
- Developments regarding customers or suppliers, including the gain or loss of customers or suppliers;
- Change in control or management of the Company;
- Events related to our securities (e.g., stock splits, dividend changes, share repurchases);
- Major litigation updates and regulatory developments; and
- Changes in analyst recommendations or credit ratings.

While Insiders are more likely to have access to material non-public information and are therefore subject to the special restrictions described below, all Affiliated Group personnel are reminded that the Company’s Code of Business Conduct and Ethics prohibits them from trading in Company securities when in possession of material non-public information and from “tipping” others about material non-public information about the Company or its business partners.

III. Statement of Policy.

Subject to the exceptions described below, this Policy provides that:

- No Insider or other employee of the Affiliated Group (including non-Insiders) may buy or sell any Company securities when in possession of material non-public information about the Affiliated Group.
- No Insider or other employee of the Affiliated Group (including non-Insiders) may trade in options, warrants, puts and calls or similar instruments on the Company’s securities or sell the Company’s securities short.
- No Insider may hedge and/or pledge any Company security in connection with a margin or similar loan transaction.
- No Insider or other employee of the Affiliated Group (including non-Insiders) may make recommendations or express opinions on the basis of material non-public information about trading in the securities of the Company or disclose material non-public information about the Affiliated Group to any third party, including family or household members.
- No Insider may hold the Company’s securities in margin accounts.

- No Insider may buy or sell the securities of another company if that person is in possession of material non-public information about the other company, or make recommendations or express opinions on the basis of material non-public information about trading in the securities any other company.

IV. Certain Exceptions to Policy.

Retirement Savings Plan. This Policy does not apply to the purchase of stock through a 401(k) plan by means of regular payroll deductions. However, the election to transfer funds into or out of the stock fund is subject to this Policy.

Employee Stock Purchase Plan. This Policy applies to the sale (but not the purchase) of stock through an employee stock purchase plan.

V. Additional Restrictions on Trading Applicable to Insiders.

The Trading Window Rule. No Insider may buy or sell the Company's securities except when the "trading window" is "open." Transactions by Insiders involving the purchase and sale of the Company's securities must take place during an open trading window. For purposes of this Section V, a donation or gift of Company securities is deemed to be a sale and is subject to the provisions of this Policy.

Unless otherwise determined by the Board and executive management, the trading window will generally open the second full trading day after the Company's quarterly earnings are publicly announced and will close 30 full calendar days before the end of each subsequent quarter; provided the Company may decide in its discretion to delay (or cancel) the opening of the trading window or curtail its length. In that case, Insiders will be appropriately notified. However, under no circumstances shall any Insider trade in the Company's securities while in possession of material non-public information regardless of whether or not the trading window is open.

Pre-Clearance. Each Section 16 Insider (as defined below) must obtain prior written clearance from the Company's Chief Legal Officer, or any designee of the Chief Legal Officer who is a member of the Legal Department ("Legal Designee") before he or she makes any purchases or sales of Company securities, including any exercise of employee stock options. Any clearance given for a transaction shall be valid only during the time the relevant trading window is open. If the transaction is not completed within the period established in the prior written clearance, a new pre-clearance must be requested and approved in writing again. If clearance is denied, the fact of such denial must be kept confidential by the requesting person.

"10b5-1" Plans. Implementation of a trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934 ("Exchange Act") allows an Insider to place a standing order with a broker for the purchase or sale of Company securities, so long as the plan specifies the dates, prices and amounts of the contemplated trades or establishes a formula for determining dates, prices and amounts. A trading plan may only be entered into when a person is not in possession of material non-public information and during an open window period. Entry into a 10b5-1 plan requires the prior written clearance of the Company's Chief Legal Officer.

VI. Additional Requirements Applicable to Directors and Officers Pursuant to Section 16 of the Exchange Act.

General. Directors, executive officers, and such other officers as are designated by the Company's Board of Directors (each, a "Section 16 Insider") are also subject to the short-swing profit and reporting rules under Section 16 of the Exchange Act. Section 16(a) provides an extensive reporting scheme for transactions in, and holdings of, such securities, while Section 16(b) provides for the recovery of "short-swing" profits resulting from certain transactions in Company securities "beneficially owned" by them.

Specifically, a director or executive officer of the Affiliated Group is required by law to turn over to the Company any "profit" realized upon a purchase followed by a sale, or a sale followed by a purchase, of any equity security of the Company that is beneficially owned by him or her and made within a period of less than six months. "Equity securities" include common stock, preferred stock, derivative securities related thereto, such as options, warrants or convertible instruments, and other securities with a value derived from the value of an equity security (*e.g.*, restricted units, credits to deferred stock accounts and stock appreciation rights). A profit may result even if the purchase and sale involve different types of equity securities. Moreover, any sale or purchase may be matched with any purchase or sale within the period such that there may be recoverable "profit" even if there has been no economic benefit to the individual in question. The good faith of a Section 16 Insider is irrelevant to whether recovery is required under Section 16.

Beneficial Ownership. Section 16 applies to securities that are beneficially owned by a covered person – that is, securities in which the person, directly or indirectly, has or shares a "pecuniary interest." A pecuniary interest is the opportunity to profit or share in any profit derived from a transaction in the securities. An indirect pecuniary interest is presumed to exist in securities held by immediate family members sharing the same household and may also exist if the securities are held (i) by a partnership of which the Section 16 Insider is the general partner; (ii) by a corporation if the Section 16 Insider is either a controlling stockholder or has, or shares, investment control over the corporation's portfolio; or (iii) by a trust of which the Section 16 Insider is a trustee, settlor or beneficiary.

Transactions. For purposes of Section 16, "purchases" are deemed to include any acquisition of equity securities for value, whether made on the open market or in a private transaction.

For purposes of the short-swing rule, "sales" are deemed to include any disposition of the Company's equity securities for value (including the disposition of stock acquired under the various stock plans referred to below), whether made on the open market or in a private transaction. Under certain circumstances, sales of stock held by donees or pledgees of Section 16 Insiders may also be included.

As indicated above, transactions in the Company's securities by persons related to a Section 16 Insider (*e.g.*, spouse, children, grandchildren and in-laws), or by entities in which he or she may have an indirect interest (*e.g.*, partnerships, corporations and trusts) may be attributed to the Section 16 Insider. Accordingly, such related persons or entities should be advised not to engage in trades within six months of trades engaged in by the Section 16 Insider, or engaged in by each other, without considering the implications of the short-swing profit and reporting rules.

Gifts of the Company's securities generally are not regarded as "purchases" or "sales" for purposes of the short-swing profit rule. Nevertheless, the making or receiving of gifts of Company securities will be considered dispositions or acquisitions by the Section 16 Insider and must be reported to

the Securities and Exchange Commission (“SEC”) as provided below. It should be noted, however, that the status of some gifts may be questionable (*e.g.*, those that are a payment to settle a debt or other obligation), and that the sale of shares which were given to certain donees (*e.g.*, family members) may be attributable to the donor.

In the event of an unusual transaction which does not clearly constitute a purchase or sale, Section 16 Insiders should consult with the Company’s Chief Legal Officer or any Legal Designee regarding the applicability of the short-swing rule.

Reporting Requirements. The recovery of short-swing profits is facilitated by the requirement that Section 16 Insiders file certain reports relating to their beneficial ownership of equity securities with the SEC through the electronic “EDGAR” filing system. Such reports, which are discussed below, are public information. These reports are made available immediately on the SEC’s and our website, and are studied carefully by individuals interested in instituting actions or the recovery of short-swing profits.

Individuals failing to comply with the reporting requirements may also be subject to civil monetary penalties and to injunctive actions. In addition, the Company is required to disclose in its annual proxy statement the identity of a Section 16 Insider who fails to file any required report on a timely basis.

Within 10 days after election to office, every director and executive officer must file a report on Form 3 disclosing the amount and nature of his or her beneficial ownership of the Company’s equitable securities (including derivative securities), even if no such securities are owned. The information initially reported must be kept current by the filing of further reports on Form 4 and Form 5 as required.

As a general rule, changes in beneficial ownership resulting from transactions which are not exempt from the short-swing rule (including open market purchases and sales) are required to be reported on a Form 4 filed by the second business day following the date that the change occurs. A Form 5 may be required to be filed annually to report those changes and holdings which were not included in an earlier Form 4 (*e.g.*, small acquisitions from the Company under \$10,000 and gifts).

Transactions reportable on Form 4 which occur after termination of service but less than six months after any non-exempt, opposite way transaction prior to such termination would also be reportable on Form 4. A final Form 5 may also be required after termination of service if there are reportable transactions prior to or after termination which were not reported previously.

Since a Section 16 Insider is generally presumed to be the beneficial owner of securities owned by his or her spouse, children and other relatives who share the same household with the Section 16 Insider, or by entities in which he or she may have an indirect interest (*e.g.*, partnerships, corporations and trusts), the Section 16 Insider may be required to file a Form 4 or Form 5, as appropriate, to reflect transactions by such persons or entities in the Company’s equity securities. The existence of beneficial ownership should be determined on the basis of the facts of each particular case and, if appropriate, may be disclaimed on the form being filed.

Upon the election or appointment of a Section 16 Insider of the Affiliated Group, the Company’s Chief Legal Officer or any Legal Designee will prepare a Form 3, following consultation with the Section 16 Insider, and will file it with the SEC. Thereafter, each Section 16 Insider should, in addition to complying with the pre-clearance procedure set forth above, notify the Company’s Chief Legal Officer or

any Legal Designee promptly upon the occurrence of any reportable transaction. Although it is the individual responsibility and legal obligation of each Section 16 Insider to comply with the reporting requirements described herein, the Company's Chief Legal Officer or any Legal Designee will, upon being advised of a transaction, prepare a Form 4 or Form 5 and arrange for its filing.

VII. Pension Fund Blackout Periods.

The Sarbanes-Oxley Act also requires the Company to prohibit all purchases, sales or transfers of Company securities by Section 16 Insiders during a pension fund blackout period. A pension fund blackout period exists whenever 50% or more of the plan participants are unable to conduct transactions in their accounts for more than three consecutive days. These blackout periods typically occur when there is a change in the retirement plan's trustee, record keeper or investment manager. Section 16 Insiders will be notified when these or other restricted trading periods are instituted.

VIII. Monitoring Compliance.

The Company's Chief Legal Officer is responsible for monitoring compliance with all stock trading policies. The Company's Chief Legal Officer or any Legal Designee will distribute quarterly reminders of the Company's stock trading policies to all Insiders and periodic reminders of such policies to other employees, and will periodically review this Policy with the Nominating and Corporate Governance Committee of the Board of Directors. This Policy will, however, continue to apply regardless of whether any such reminders are distributed or any such reviews occur.

Any questions regarding the obligations or interpretation of the Policy, or how to comply with the provisions herein, should be directed to the Chief Legal Officer.

IX. Potential Liability.

Persons who violate this Policy will be subject to disciplinary action, which may include termination of employment as well as ineligibility for future participation in the Company's equity incentive plans. Such persons may also be subject to civil and criminal penalties of up to \$1,000,000 and up to 10 years in jail. Furthermore, the SEC may bar any person who violates the federal securities laws from acting as an officer, director, employee or affiliate of any public company, broker-dealer, investment adviser or investment company.

Lumber Liquidators Holdings, Inc.
Insider Trading Policy
Acknowledgement and Consent

The undersigned hereby acknowledges that he/she has read and understands, and agrees to comply with, the Company's Insider Trading Policy.

Signature: _____

Name Printed: _____

Date: _____