

LUMBER LIQUIDATORS HOLDINGS, INC.
COMPENSATION COMMITTEE CHARTER

I. Statement of Purpose

The Compensation Committee (the “Committee”) is a standing committee of the Board of Directors (the “Board of Directors” or “Board”) of Lumber Liquidators Holdings, Inc. (the “Company”). The purpose of the Committee is to discharge the responsibility of the Board of Directors to determine the compensation of the Company’s executive officers, including the Chief Executive Officer, and such other employees as the Committee may determine (such officers and employees are referred to herein as “management”), and related compensation matters. The Committee shall also prepare a report on executive compensation for inclusion in the Company’s annual proxy statement.

II. Organization

A. *Charter.* At least annually, this charter shall be reviewed and reassessed by the Committee and any proposed changes shall be submitted to the Board of Directors for approval.

B. *Members.* The members of the Committee shall be appointed by the Board of Directors and all members shall meet the independence requirements of applicable law and the listing standards of the New York Stock Exchange (the “NYSE”), the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the requirements of a “non-employee director” pursuant to Section 16b-3 of the Securities Exchange Act of 1934, as amended. The Committee shall be comprised of at least three members. Committee members shall serve at the pleasure of the Board of Directors and may be removed by the Board of Directors at any time by an affirmative vote of a majority of the Board of Directors. The Board of Directors shall also designate a Committee Chairperson.

C. *Meetings.* In order to discharge its responsibilities, the Committee shall meet at least three times per year; additional meetings may be scheduled as required.

D. *Quorum; Action by Committee.* A quorum at any Committee meeting shall be at least two members. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called and held, except as specifically provided herein. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.

E. *Agenda, Minutes and Reports.* The Chairperson of the Committee shall be responsible for establishing the agendas for meetings of the Committee. An agenda, together with materials relating to the subject matter of each meeting, shall be sent to members of the Committee prior to each meeting. Minutes for all meetings of the Committee shall be prepared to document the Committee’s discharge of its responsibilities. The minutes shall be circulated in draft form to all Committee members to ensure an accurate final record, shall be approved at a subsequent meeting of the Committee and shall be made available periodically to the full Board of Directors. The Committee shall make regular reports to the Board of Directors.

F. *Performance Evaluation.* The Committee shall evaluate its performance on an annual basis and develop criteria for such evaluation.

III. Responsibilities

The following shall be the principal responsibilities of the Committee:

A. *Goals and Objectives; Compensation of Chief Executive Officer.* The Committee shall review and approve periodically, but no less frequently than annually, the Company's goals and objectives relevant to compensation of the Chief Executive Officer (including both base and incentive compensation). The Committee shall evaluate the performance of the Chief Executive Officer in light of those goals and objectives and shall determine and approve the compensation level of the Chief Executive Officer (including both base and incentive compensation) based on such evaluation

B. *Compensation Levels of Executive Officers.* The Committee shall review and approve, at least annually, the compensation level (including both base and incentive compensation) and direct and indirect benefits of executive officers of the Company.

C. *Incentive Compensation.* The Committee shall make recommendations to the Board of Directors with respect to the establishment and terms of incentive-compensation and equity-based plans and shall administer such plans, including determining any awards to be granted thereunder to management, including the Chief Executive Officer.

D. *Risk Assessment.* The Committee shall review the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, review and discuss at least annually the relationship between risk management policies and practices and compensation, and evaluate compensation policies and procedures that could mitigate any such risk.

E. *Employment Agreements and Post-Service Arrangements.* The Committee shall be responsible for reviewing offers of employment, employment agreements, severance agreements, change in control agreements or provisions, and other compensation matters (collectively referred to herein as "compensation arrangements"), and shall: (i) review and recommend for Board approval the compensation arrangements of the Chief Executive Officer, including actual equity grants; (ii) review and approve the compensation arrangements of all other Executive Officers (as designated by the Board of Directors), including actual equity grants, and report its decisions to the Board; (iii) review the compensation arrangements of employees identified as a potential successor to an Executive Officer, (iv) review and recommend for Board approval all employment agreements with Executive Officers, and (v) review and approve all employment agreements with employees other than Executive Officers, and report its decisions to the Board.

F. *Evaluation of Compensation Program.* The Committee shall review on a periodic basis the operation of the Company's compensation program to evaluate its coordination and execution and shall recommend to the Board of Directors steps to modify compensation programs that provide benefits or payments that are not reasonably related or are disproportionate to the benefits received by the Company.

G. *Perquisite Policies.* The Committee shall establish and review periodically policies with respect to perquisites of the Chief Executive Officer and other executive officers.

H. *Stock Ownership Guidelines.* The Committee shall review annually any stock ownership guidelines applicable to the Board of Directors and management of the Company and shall recommend to the Board of Directors revisions to such guidelines as appropriate.

I. *Appointment and Monitoring of Named Fiduciaries.* With respect to any funded employee benefit plan covering employees of the Company subject to the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974, the Committee shall have the authority to appoint and terminate the named fiduciary or named fiduciaries of such.

J. *Review of Compensation Discussion and Analysis; Compensation Disclosures; Committee Report.* The Committee shall (i) review the Compensation Discussion and Analysis section proposed for inclusion in the Company's Annual Report on Form 10-K and annual proxy statement and the related tabular and other disclosures about director and executive compensation; (ii) discuss the Compensation Discussion and Analysis section with management and recommend to the Board of Directors whether such section should be included in such Annual Report and proxy statement; and (iii) furnish for inclusion in such Annual Report and proxy statement its report with respect to such discussion and recommendation as required by applicable law.

K. *Advisory Votes on Executive Compensation.* The Committee shall review and make recommendations to the Board of Directors related to the Company's most recent advisory votes on executive compensation matters, including advisory votes on executive compensation and the frequency of those votes.

L. *Committee Performance Evaluation.* The Committee shall evaluate its performance on an annual basis and develop criteria for such evaluation.

M. *Access to Records, Consultants and Others.* The Committee shall have the sole authority and responsibility to engage and terminate any outside compensation consultant, legal counsel or other advisor to assist in evaluating and determining appropriate compensation levels for the Chief Executive Officer or other members of management and to approve the terms of any such engagement and the fees of any such consultant, counsel or advisor. The Committee may select a compensation consultant, legal counsel or other advisor only after taking into consideration factors relevant to that person's independence from management of the Company, including any factors prescribed by law or applicable listing standards. In discharging its responsibilities, the Committee shall have full access to any relevant records of the Company and may also request that any officer or other employee of the Company, including the Company's senior compensation or human resources executives, the Company's outside counsel or any other person meet with any members of, or consultants, counsel or advisors to, the Committee. The Company shall provide funding to the Committee sufficient to pay the fees and expenses of any compensation consultant, legal counsel or advisor retained by the Committee, as well as necessary or appropriate administrative expenses of the Committee incurred in discharging its responsibilities.

N. *Delegation.* The Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Committee.

O. *Other Duties.* The Committee shall also carry out such other duties that may be delegated to it by the Board of Directors from time to time.

This charter shall not be construed in a manner that imposes upon the Committee or its members additional duties or responsibilities or a higher standard of conduct or care than that imposed upon directors or committees of boards of directors generally, pursuant to applicable law.