

Lumber Liquidators Holdings, Inc.

Stock Ownership Guidelines Policy

- I. Purpose:** The Board of Directors (the “Board”) of Lumber Liquidators Holdings, Inc. (the “Corporation”) believes that it is in the best interest of the Corporation and its shareholders to align the financial interests of certain executives and the non-employee members of the Board (“Non-Employee Directors”) with those of the Corporation’s shareholders and further promote the Corporation’s commitment to sound corporate governance.

In this regard, the Compensation Committee of the Board (the “Compensation Committee”) has recommended to the Board, and the Board has adopted, minimum stock ownership guidelines. The Compensation Committee may recommend revisions to, and the Board may revise, this Stock Ownership Guidelines Policy (this “Policy”) in their discretion.

- II. Participation:** This Policy applies to the Chief Executive Officer of the Corporation, the Non-Employee Directors, the Chief Financial Officer, the Executive Officers,¹ and the Founder of the Corporation (each, a “Participant”) for as long as they continue, as applicable, to serve as the Chief Executive Officer of the Corporation, the Chief Financial Officer, a non-employee director of the Corporation, a designated Executive Officer or, in the case of the Founder, as an employee of the Corporation or any of its direct or indirect subsidiaries.

- III. Determination of Policy:** This Policy requires ownership of shares of common stock of the Corporation having a value equal to or greater than the following:

<u>Position</u>	<u>Value of Shares</u>
Chief Executive Officer	5 times base salary
Chief Financial Officer	2 times base salary
Founder	2.5 times base salary
Executive Officers (other than the CEO and CFO)	1 times base salary
Non-Employee Directors	2.5 times annual board retainer (exclusive of committee compensation but inclusive of supplemental base retainer for the Board Chairperson)

- IV. Ownership Calculation:** Target share ownership shall be determined by multiplying the Participant’s annual base salary or annual board retainer for service as a Non-Employee

¹ For purpose of this Policy, “Executive Officers” shall be those employees that are designated by the Board of Directors as Executive Officers. .

Director (exclusive of any compensation for participation as the chairperson or member of any committee of the Board), as the case may be, by the applicable multiple shown above and dividing the result by the average closing price of the Corporation's common stock on the New York Stock Exchange for the prior 60-day period. Target ownership will be calculated as of the last day of each fiscal year by using the Participant's base salary or annual retainer amount, as the case may be, in effect as of the relevant calculation date.

- V. **Time Period for Compliance:** The Participants are expected to meet the applicable guideline no more than five (5) years after first becoming subject to it (the "Compliance Deadline"), and the Participants are expected to continuously own sufficient shares to meet the applicable guideline once attained. For the Participants who are serving in their roles as of the Effective Date (as defined below), the foregoing time period will commence as of the Effective Date. For any individual who becomes a Participant subsequent to the Effective Date, the foregoing time period will commence as of the date he or she becomes a Participant.
- VI. **Eligible Shares:** Stock that may be considered in determining compliance with the Policy includes:
- Shares owned directly by the Participant or indirectly by the Participant through (i) his or her Immediate Family Members residing in the same household or (ii) trusts for the benefit of the Participant or his or her Immediate Family Members. For purposes of this Policy, "Immediate Family Members" means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such security holder, and any person (other than a tenant or employee) sharing the household of such security holder;
 - Vested shares of restricted stock held by the Participant;
 - Shares underlying vested stock options held by the Participant that are "in the money"; and
 - Shares held pursuant to the Lumber Liquidators Holdings, Inc. Outside Director Deferral Plan (i.e., deferred stock units).
- VII. **Holding Requirement:** While a Participant is not in compliance with the applicable guideline, including, without limitation, if a Participant falls below the applicable guideline after attaining the applicable guideline level solely due to a decline in the value of the Corporation's common stock, such Participant is prohibited from selling any common stock of the Corporation, including shares acquired through the exercise of stock options (except for shares withheld to pay any applicable tax liability or the exercise price of the stock options). Notwithstanding the preceding sentence, this holding requirement shall not be applicable until the Compliance Deadline for a particular Participant. The Board shall disclose in its annual Proxy Statement filed with the SEC when an individual falls out of compliance with the stock holding provision and when the individual regains compliance.
- VIII. **Exceptions/Hardship:** In the event a Participant falls below the required holdings solely due to a decline in the value of the shares, the Board, upon recommendation by the

Compensation Committee, may, in its discretion, determine the appropriate hardship relief, if any, for non-compliance with this Policy, including but not limited to allowing Participants additional time to gain or regain compliance and suspending ownership requirements in the event of extreme volatility in the Corporation's stock price.

- IX. Administration:** The Compensation Committee shall be responsible for monitoring the application of this Policy. Participants who are subject to this Policy will be notified each year as to the status of their compliance. This Policy supersedes any previous policy of the Corporation concerning stock ownership guidelines. In the event of any conflict or inconsistency between this Policy and any other materials previously distributed by the Corporation, this Policy shall govern.
- X. Effective Date:** This Policy shall be effective as of December 1, 2016 (the "Effective Date").

(As approved by the Board on December 1, 2016)