

## **CLAWBACK POLICY**

### **Restatement; Formation of Committee**

In the event of a restatement of Lumber Liquidators Holdings, Inc.'s (the "Company") financial results (other than a restatement caused by a change in applicable accounting rules or interpretations), a committee consisting of the non-management members of the Board of Directors (the "Independent Director Committee") shall review and determine whether any bonus, incentive payment, equity award or other compensation awarded or received by an executive officer of the Company, as defined by Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended, was based on any financial results or operating metrics that were satisfied as a result of such officer's knowing or intentional fraudulent or illegal conduct.

### **Committee Determination; Compensation Subject to Recovery**

If the Independent Director Committee determines that such executive officer received any bonus, incentive payment, equity award or compensation based on any financial results or operating metrics that were satisfied as a result of such officer's knowing or intentional fraudulent or illegal conduct, then the Independent Director Committee shall recover from such executive officer such compensation (in whole or in part) as it deems appropriate under the circumstances.

In determining whether to recover a payment, the Board shall take into account such considerations as it deems appropriate, including whether the assertion of a claim may violate applicable law or prejudice the interests of the Company in any related proceeding or investigation. The Board shall have sole discretion in determining whether an officer's conduct has or has not met any particular standard of conduct under law or Company policy.

Notwithstanding anything to the contrary herein, following a restatement of the Company's financial statements, the Company shall recover from the Chief Executive Officer and the Chief Financial Officer that which is required to be recovered by Section 304 of Sarbanes-Oxley Act of 2002.

### **Exceptions**

In determining whether to seek recovery, the Independent Director Committee may take into consideration whether (i) to do so would be unreasonable or (ii) if it would be better for the Company not to do so. In making such determination, the Independent Director Committee shall take into account such considerations as it deems appropriate, including, without limitation, (A) the likelihood of success under governing law versus the cost and effort involved, (B) whether the assertion of a claim may prejudice the interests of the Company, including in any related proceeding or investigation, (C) the passage of time since the occurrence of the act in respect of the applicable fraud or intentional illegal conduct and (D) any pending legal proceeding relating to the applicable fraud or intentional illegal conduct.

## **Due Process Rights**

Before the Independent Director Committee determines to seek recovery pursuant to this policy, it shall provide to the applicable executive officer written notice and the opportunity to be heard, at a meeting of the Independent Director Committee (which may be in-person or telephonic, as determined by the Independent Director Committee).

## **Manner of Repayment**

If the Independent Director Committee determines to seek a recovery pursuant to this policy, it shall make a written demand for repayment from the executive officer and, if the executive officer does not within a reasonable period tender repayment in response to such demand, and the Independent Director Committee determines that he or she is unlikely to do so, the Independent Director Committee may seek a court order against the executive officer for such repayment.

## **Definitions**

For the purposes of this policy, (i) the term “executive officer” has the meaning given to that term in the Securities Exchange Act of 1934, as amended, and (ii) the term “performance-based compensation” means all bonuses and other incentive and equity compensation awarded to each of the Company’s executive officers, the amount, payment and/or vesting of which was calculated based wholly or in part on the application of objective performance criteria measured during any part of the period covered by the restatement.