Overview

At Lumber Liquidators Holdings, Inc. and its direct and indirect subsidiaries (collectively, “Lumber Liquidators”), we are committed to uncompromising integrity in everything that we do. To help guide you in making ethical decisions, we’ve put together this Code of Business Conduct and Ethics (the “Code”). It embodies our defining values, and reflects the principle that each of us should strive to avoid any circumstances giving rise to even an appearance of impropriety. Everyone at Lumber Liquidators (directors, officers, managers and employees) must sign an acknowledgement that they’ve read and understood the Code and agreed to observe it. In the end, each of us is personally responsible for making sure that our business decisions and actions comply with both the letter and spirit of the Code at all times.

If you are uncertain about what to do in a situation, stop and seek help by referring to the relevant section of the Code. That said, no one set of standards can be considered the final word in every instance – if you do not know whether or how the Code should apply in a particular situation, or if you’re faced with circumstances that present an ethical issue the Code does not address, then you should speak with your manager, your Human Resources representative or someone from the Legal department for guidance. Complying with the Code is a condition of your employment, and, if you violate the Code, Lumber Liquidators may take prompt disciplinary action, up to and including dismissal for cause and possible civil and criminal charges. Each of us also has a duty to report behavior on the part of others that appears to violate the Code (or any of our other compliance policies or procedures).

We will enforce the standards of conduct contained in the Code at all organizational levels. Directors, officers and other managers, in particular, have a special responsibility to lead according to the standards in the Code, in both words and action. And while the Code’s standards are principally based on laws to which we are all subject, in some cases they go beyond legal obligations. Those standards are in some cases explained in more detail in (or implemented through) our Employee Handbook, policy memoranda or compliance manuals. You can get copies of those documents from Human Resources and the Legal department.

Managers and supervisors are expected to adhere to and promote our “open door” policy, meaning that anyone with ethical concerns, questions or complaints can go see them. If you have concerns that you want to raise confidentially, you can do so by means of our confidential hotline, the details of which are set out at the end of the Code, or by raising them with our “lead” outside director, whose contact details are also set out there. No retaliation will be taken against any employee for raising any concern, question or complaint in good faith, and all concerns will be taken seriously and handled promptly, professionally and as confidentially as possible.

Many of the issues that are addressed in the Code are quite complex, and may not be immediately apparent to you. To assist you in understanding your obligations under the Code, we have included several questions and answers addressing a number of the Code’s topics, which are attached as Appendix A.
Working to Ensure that Lumber Liquidators is a Good Corporate Citizen

It is Lumber Liquidators’ policy to be a good “corporate citizen.” You should comply with all applicable laws, rules and regulations wherever we do business. You are also responsible for complying with requirements of contracts that we have entered into with other parties, which could include intellectual property licenses (e.g., software licenses), confidentiality agreements, leases and so forth. Keep in mind that reasons like “everyone does it” or “it’s not illegal” are unacceptable excuses for violating the Code. If you suspect or know someone is violating any law, rule or regulation, or is breaking our contracts, you should immediately report that violation to your immediate supervisor or the Legal department.

Avoiding Conflicts of Interest

A conflict of interest occurs whenever an employee’s private interests interfere with the interests of Lumber Liquidators as a whole. Lumber Liquidators relies on your loyalty in carrying out its business. You may not enter into relationships that might impair your judgment as to what is best for Lumber Liquidators, or that even appear to create a conflict of interest. Nor can you avoid these standards by acting through a friend, a family member or anyone else.

If you think a real or apparent conflict of interest cannot be avoided, you must bring your concern to the attention of your manager, and make full written disclosure of the surrounding circumstances to him or her. He or she will then bring your concern to the attention of the Legal department for review and assessment. It may be that if you have a conflict of interest, you will be required to comply with our Policy Concerning Related Person Transactions, which may require you or Lumber Liquidators to take additional steps to resolve the issue.

You should avoid all conflicts of interest, but some specific guidelines are set out below:

► Outside Employment and Directorships

- No one who is an employee, officer or director of Lumber Liquidators may work for or receive compensation for services, including any part-time or one-time consulting services, from any of Lumber Liquidators’ competitors, customers, distributors or suppliers, unless he or she has the advance approval of the Legal department.

- No one who is an employee, officer or director of Lumber Liquidators may serve on the board of directors of another company or as a member of a governmental agency or other body, unless he or she has the advance approval of the Legal department.

- Where approval is granted, appropriate steps must be taken to separate company and non-company activities. The Legal department will assist you in determining what steps are appropriate.

As of the December 31, 2009, all outside employment and directorships that were previously disclosed to and approved by the Legal department shall remain approved.
The Legal department, however, may revoke such approval. Activities that have not been notified to the Legal department should not be considered to be automatically approved.

► **Investing in Competitors, Customers, Distributors and Suppliers**

- You generally may not have financial interests in any competitor, customer, distributor or supplier that could lead either to a conflict of interest or the appearance of one.

- Where approval is granted, appropriate steps must be taken to separate company and non-company activities. The Legal department will assist you in determining what steps are appropriate.

Please consult the Legal department if you have any questions regarding this provision. Such investments may also be subject to our Policy Concerning Related Person Transactions.

► **Accepting Gifts and Entertainment**

- You may accept gifts with a value of $50 or less, unless that gift comes with an understanding (express or implied) that you are in any way obliged to do something in exchange for the gift, or if the gift might reasonably be expected to affect your judgment.

- You may accept entertainment with a value of $50 or less if it is reasonable in the context of the business at hand and facilitates Lumber Liquidators’ interests. That said, hospitality should be reciprocated when practical.

- If you are offered a gift or entertainment with a value of more than $50, you must notify the Legal department before accepting it, and Lumber Liquidators may require you not to accept any such gift. You may not ask for gifts, gratuities or business courtesies, either for your own benefit or for the benefit of any family member or friend.

► **Loans**

- Lumber Liquidators will not make loans to, or guarantee the obligations of, employees incurred for personal reasons unless approved by both the General Counsel and the Chief Financial Officer.

- The law prohibits making any such loans to any of Lumber Liquidators’ directors or executive officers under any circumstances.

► **Public Service**

We encourage you to be active in the political and civic life of your community, including charitable or educational activities. Please remember, however, that when making any public communication, your views are yours individually and are not being
expressed as an employee of Lumber Liquidators. Any potential conflict of interest that arises out of your involvement in the community – if for instance, the community is engaged in some sort of negotiation with Lumber Liquidators – should be discussed with legal counsel for the community and the Legal department as soon as it becomes apparent to you.

► Charitable Contributions

Except for charitable events officially sponsored by Lumber Liquidators, you may not solicit the donation of cash, merchandise or similar items or services from vendors or customers. With regard to charitable events officially sponsored by Lumber Liquidators, you should be clear that any contribution made by a vendor or customer does not come with an understanding (either express or implied) that you will do something in exchange for the contribution or that the contribution is required in order to do business with us.

All charitable contributions made by or on behalf of Lumber Liquidators shall comply with our Charitable Contributions policy.

Dealing Fairly with Customers, Suppliers and Competitors

Lumber Liquidators is committed to dealing fairly and honestly with its customers, suppliers, competitors and employees.

► Our Customers

We believe that doing business with our customers in an honest and fair manner means that we must earn their business based on the quality of our products and services and our ability to fulfill our commitments. Accordingly:

- You must not use false data or manipulate information in a manner to suggest that our products or services have characteristics or comply with specifications when you know that they do not.

- You may not refuse to deal with customers just because they are also buying products and services from our competitors (failure to adhere to this policy could constitute a potential violation of antitrust laws).

- If you are responsible for customer invoicing, you must accurately reflect the cost of services or products purchased and all other terms on relevant invoices.

- You may not offer customers any benefits or rewards that violate our business practices or policies (e.g., policies on customer discounts) or violate any applicable law. Except for approved promotions or standard discounts on our products or services, you may not offer customers any benefit or rewards that have a value greater than $50. Reasonable business entertainment is permitted so long as it would not subject Lumber Liquidators to criticism if disclosed publicly and does not violate any applicable law.
► Our Suppliers

Doing business in an honest and fair manner with our suppliers means that employees responsible for buying or leasing materials and services on our behalf must do so objectively. Accordingly:

- Suppliers should be chosen on the basis of the price, quality and desirability of their goods and services.
- You must not accept or seek out any benefit from a supplier or potential supplier that would even appear to compromise your judgment.
- You may not require a supplier to give up trade with any of our competitors or to make purchases of our products and services in order to continue a relationship with us, unless there is a legitimate business purpose for doing so (failure to adhere to this policy could constitute a potential violation of antitrust laws).

► Our Competitors

Our policy is to compete solely on the merits of our products and services, and we will not tolerate it if you make false or misleading statements or spread innuendo about our competitors, their products or their services. Accordingly:

- Any comparison you make of our products or services to those of our competitors must be accurate and factually supported.
- You may not use any illegal or unethical methods to gather competitive information, including but not limited to stealing proprietary information or trade secret information or attempting to induce disclosure of such information by past or present employees of other companies through misrepresentation or other means.
- You should treat information about our competitors with sensitivity and discretion.
- Any information you have about our competitors should be made available only in the proper context and to employees with a legitimate need to know

If you have any concerns about the legality of information about our competitors that you possess or the means by which it was gathered, you should consult with the Legal department.

Safeguarding Confidential and Proprietary Information

You have a duty to safeguard confidential and proprietary information at all times, whether it is information about Lumber Liquidators or information that our suppliers or customers have entrusted to us. Generally speaking, this will be information that has not been
disclosed to the general public, that gives us a competitive advantage or that could expose us to harm or liability if released prematurely or inappropriately. Common examples include financial information, corporate strategy, customer arrangements, supplier formulas, patents, trademarks and trade secrets. If you are unsure about whether information should be treated as confidential or proprietary, consult with your immediate supervisor or the Legal department.

Confidential or proprietary information should never be discussed in public places such as elevators, airplanes or restaurants. In no event should such information be disclosed to anyone else unless authorized by the Legal department. In addition, some personal information is confidential, such as performance assessments, disciplinary action and medical and benefits information, and that information may be discussed only with management and Human Resources.

Your duty to preserve the confidentiality of any information entrusted to you will continue even after you leave Lumber Liquidators.

**Don’t Take Personal Advantage of Corporate Opportunities**

You owe a duty to Lumber Liquidators to advance its legitimate interests when the opportunity to do so arises. You may not appropriate, for yourself or any other person or organization, the benefit of any business venture or potential opportunity that you learn about in the course of your employment and that is in Lumber Liquidators’ line of business unless you obtain the consent of the General Counsel. It is never permissible for you to compete against Lumber Liquidators, either directly or indirectly.

**Being Environmentally and Socially Responsible**

Lumber Liquidators is committed to being a positive force in the communities in which it and its suppliers operate, and supports addressing environmental, labor and health and safety issues that may arise in connection with its operations. We believe that implementing high standards for the environment and worker health and safety leads to higher-quality products and reduced costs both for us and our customers. To achieve these objectives, Lumber Liquidators has formalized its expectations regarding supplier environmental, labor, and health and safety policies in a “Supplier Code of Conduct with Respect to Environmental and Social Responsibility,” which includes a “Supply Chain Environmental and Social Responsibility Policy.” If you have any questions regarding Lumber Liquidators’ environmental or social responsibility policies, you should consult those materials, which are available from the Legal department.

**Avoiding Anti-Competitive Behavior**

Lumber Liquidators is subject to various laws (sometimes known as “competition” or “antitrust” laws) that govern how it can compete in order to prevent interference with the competitive market system. Under these laws, companies or individuals may not enter into agreements with competitors, or otherwise act to unreasonably restrict competition. Illegal practices include price fixing, allocating customers or territories or unlawfully abusing a dominant market position. In order to ensure compliance with the antitrust laws:
• You generally may not discuss competitively sensitive information, such as pricing policies, contract terms, costs, inventories, marketing and product plans, market surveys and other proprietary or confidential information, with competitors.

• Although discussing certain sensitive information with competitors may be permissible under some circumstances, no such discussions should take place unless approved by the Legal department in advance.

• You must promptly report any instance in which a competitor has raised any sensitive topic or otherwise suggested collaboration to the Legal department.

Protection and Proper Use of Company Assets

Lumber Liquidators’ success requires a commitment on the part of all of its employees to the proper allocation and use of its assets. 1 You have a duty to protect Lumber Liquidators’ assets from loss, damage, misuse, theft or sabotage and use such assets efficiently for the benefit of Lumber Liquidators. Accordingly, with limited exceptions, corporate assets should be used only for business purposes. While bearing in mind the following guidelines, please contact the Legal department with any pressing questions.

► Computers, Other Equipment and Network Security

The computers, computer network, E-mail, and Internet access provided by Lumber Liquidators are intended to be used by you for business purposes. Lumber Liquidators encourages the use of these resources because they help you to be more efficient and productive, and allow you to communicate more effectively. Accordingly, you have a responsibility to use Lumber Liquidators’ computers, computer network, E-mail, and Internet access in a productive manner. To that end, you should be aware that computer software, E-mail messages and files may contain viruses or other destructive programming that could jeopardize Lumber Liquidators’ computer or network security. In addition, you should note that all programs, documents and other work created on company computers or on company time related to the operation of Lumber Liquidators become the property of Lumber Liquidators and are not the property of the individual(s) creating such programs or applications.

► Electronic Communications Remain Company Property

You are responsible for the content of all text, audio, and images that you place on or send over Lumber Liquidators’ computers, computer network, E-mail, or Internet access resources. E-mail messages, computer information, fax communications and voice mail are considered company property, and you should not have any expectation of privacy with respect to them. Please also note that transmitting certain data over E-mail may be subject to special legal requirements.

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1 Such assets may include equipment, supplies, real estate, tools, inventory, funds, computer systems and equipment, computer software, computer data, vehicles, records or reports, nonpublic information, intellectual property or other sensitive information or materials and telephone, voice mail or e-mail communications, as well as Company funds in any form.
Limited Personal Use of Corporate Resources

Company assets should be used to support and conduct our business. In limited circumstances, employees may be permitted distinct and reasonable personal use of certain business equipment and systems. When using our corporate resources for personal use, employees should exercise good judgment and keep personal use to a minimum. Personal use of company resources is limited to basic office services and systems such as telephones, photocopiers, fax machines and personal computers.

Conducting Yourself in the Workplace

You are expected to conduct yourself with professionalism and integrity at all times. Your conduct should be governed by sound judgment, consideration of others and respect for Lumber Liquidators and its property and other assets. We expect a respectful workplace with persons who are considerate of each other and who always act professionally. For further details, please consult Lumber Liquidators’ policies regarding diversity, discrimination, relationships with co-workers, harassment, health and safety, substance abuse, and violence in the workplace, which are available from Human Resources.

Complying with the Securities Laws and Avoiding Insider Trading

In the course of your employment, you may be exposed to information about Lumber Liquidators or other companies that is not available to the general public. Using that “inside” information to trade in securities, whether by you, any of your family members or any other person to whom you may communicate that information, is strictly forbidden. It is unethical and illegal, and could expose you to significant civil and criminal penalties. “Inside” information might include financial results or forecasts, information about possible mergers or acquisitions, significant product developments and major changes in business strategy, but also includes any other information that might influence an investor to buy, sell or hold stock. If you have any questions about what you can or can’t do, you should review our Insider Trading Policy and, if questions persist, consult the Legal department before trading. Any employee who engages in insider trading will be subject to immediate termination.

Maintaining Accurate Books and Records

Lumber Liquidators is legally required to make sure that its books and records accurately and fairly represent transactions and dispositions of our assets in reasonable detail. It is a violation of company policy, and possibly illegal, for any employee to cause our books and records to be inaccurate in any way. You must never create or participate in the creation of records that are misleading or artificial, and should cooperate fully with our internal and independent auditors and management in ensuring that we fulfill our responsibilities. Any attempt to unduly or fraudulently influence, coerce, manipulate or mislead independent or internal auditors regarding our financial statements, accounting practices or internal controls is a violation of the Code. In addition, you must strictly adhere to the following requirements:
Access to Company Assets, Transactions on Management’s Authorization

Access to company assets is permitted only in accordance with management’s general or specific authorization and transactions must be executed only in accordance with management’s general or specific authorizations. Transactions involving Lumber Liquidators must be recorded to permit preparation of our financial statements in conformity with generally accepted accounting principles and related requirements and to maintain accountability over our assets.

Maintain Accurate Books and Appropriate Controls

All of Lumber Liquidators’ books and records must be true and complete. False or misleading entries are strictly prohibited, and Lumber Liquidators will not condone any undisclosed liabilities or unrecorded bank accounts or assets established for any purpose. In addition, appropriate administrative and accounting controls must be maintained to provide reasonable assurance that financial and other reports are accurately and reliably prepared and to fully and fairly disclose all required and other material information.

Ensure Proper Payments

You may not authorize the payment of funds by Lumber Liquidators if you know that any part of the payment will be used for any purpose other than the purpose described in the documents supporting the payment.

Making Complete, Accurate and Timely Disclosure

Lumber Liquidators Holdings, Inc. is a publicly traded company and its shares will be listed on the New York Stock Exchange. As a result, we are obligated to make various public disclosures. Lumber Liquidators is committed to full compliance with all relevant disclosure requirements, and has implemented disclosure controls and procedures to assure that its public disclosures will be timely, compliant and otherwise full, fair, accurate and understandable. Those who are responsible for preparing the Lumber Liquidators’ public disclosures, or who provide information as part of that process, are responsible for ensuring that such disclosures are complete, accurate and comply with those disclosure controls and procedures. If you have questions about Lumber Liquidators’ disclosure controls and procedures, please contact the Legal department.

Making Payments to Government Personnel or Others

Commercial bribery of any nature is a violation of our policy and is illegal under U.S. law. You are strictly prohibited from offering any form of bribe, kickback or inducement to any person.

In addition, other practices that are considered acceptable in the commercial business environment, such as providing meals, transportation, entertainment or other things of value, may be illegal when dealing with governmental agents. The U.S. Foreign Corrupt Practices Act (“FCPA”), for example, generally prohibits giving money or anything of value to foreign government officials, foreign political parties or candidates for foreign political office for the
purpose of influencing a foreign government. Violations of the FCPA can lead to fines or imprisonment. Accordingly, you must not give anything of value to governmental agents if it could be interpreted as an attempt to curry favor on behalf of Lumber Liquidators. This includes making any payments through intermediaries, such as sales representatives or consultants.

You should consult with the Legal department if there is any uncertainty about permitted interactions with governmental agents and, in particular, before making any payment or giving anything of value to a foreign official.

**Cooperating with Government Investigations**

Lumber Liquidators will cooperate fully with any governmental inquiry or investigation and expects its employees, officers and directors to do the same. You should promptly notify your immediate supervisor if you become aware of such an inquiry or investigation. Before permitting an inspection, providing information, writing a statement or signing a government document, you should get approval from the Legal department.

**Audits; Investigations; Disciplinary Action**

Lumber Liquidators will conduct periodic audits of compliance with the Code. You are advised that Lumber Liquidators reserves the right to take disciplinary action up to and including dismissal for cause for any violation of the policies in the Code. Such disciplinary action will be based upon the nature and severity of the violation. We also may report certain violations to criminal or civil authorities, as required or appropriate.

**Reporting Concerns and Where to Turn for Advice**

As part of our commitment to ethical and legal conduct, Lumber Liquidators expects employees, officers and directors to report information regarding violations of the Code, other company policies or any federal, state or local laws or regulations, or any questionable accounting, auditing, financial reporting or internal controls matter. You are responsible for reporting any known or suspected violation promptly to any or all of the following:

- Your manager
- Your Human Resources representative
- Legal department
- Confidential toll-free hotline/website

All reports will be treated confidentially to the extent reasonable and possible under the circumstances. Retaliation against employees reporting concerns in good faith is prohibited. Failure to report knowledge of wrongdoing may result in disciplinary action.

Employees who have questions about the Code should turn to their immediate supervisors in the first instance. Lumber Liquidators’ “open door” policy gives employees the freedom to approach any member of management with ethical questions or concerns without fear of retaliation. All employee communications made in good faith will be treated promptly and professionally and without risk of retaliation whatsoever.
If you become aware of any violation of the Code, you may notify appropriate company authorities using any of the following means:

- Reporting any impropriety, wrongdoing or violation to your manager, Human Resources and/or the Legal department.
- Calling Lumber Liquidators’ confidential, toll-free hotline at 1-800-799-3983. The hotline is operated by an outside service provider.
- Writing a confidential letter addressed to the General Counsel, c/o Lumber Liquidators Holdings, Inc., 3000 John Deere Road, Toano, Virginia 23168. You should mark the envelope and letter as “Confidential,” and need not identify yourself in any way.
- Sending a confidential anonymous message to the General Counsel at https://lumber.silentwhistle.com/ethfeedback/index.jsp. The website is operated by an outside service provider. Additional information about this procedure is available on the website under “Frequently Asked Questions.”
- Writing a confidential letter addressed to Lead Outside Director, c/o Lumber Liquidators Holdings, Inc., 3000 John Deere Road, Toano, Virginia 23168. You should mark the envelope and letter as “Confidential,” and need not identify yourself in any way. You may also send a confidential email message to the Lead Outside Director at Leadoutsidedirector@lumberliquidators.com. However, the identity of the sender will be apparent in any email message sent from within the lumberliquidators.com domain (and may be apparent if sent from an outside email account), so you should use an outside email account with an address that will not identify the sender if you wish to remain anonymous.

**Requesting a Waiver of the Code of Business Conduct and Ethics**

Any request by an employee for a waiver of any standard in the Code may be granted only by the Chief Executive Officer, Chief Financial Officer, General Counsel or by the Senior Vice President of Human Resources and must be notified in advance to the Legal department. Only Lumber Liquidators Holdings, Inc.’s Board of Directors or a designated committee of the Board may provide waivers involving any of Lumber Liquidators’ directors or executive officers. All waivers granted to executive officers and directors will be disclosed to Lumber Liquidators’ stockholders, and any other waiver will be disclosed to the extent required by law. All personnel should be aware that Lumber Liquidators generally won’t grant any waivers and will do so only when good cause is shown for doing so.
Appendix A: Questions and Answers

Conflicts of Interest

Q: I have developed a friendship with a supplier and am considering entering into a partnership with him in a business venture unrelated to Lumber Liquidators. Is this against company policy?

A: In most cases it will be against company policy. Even if you are able to keep your personal and financial dealings from affecting your judgment on behalf of Lumber Liquidators, others may perceive that you are biased. You should discuss your plans with your supervisor or the Legal department before proceeding.

Q: I do a lot of traveling for Lumber Liquidators. Can I use the frequent flyer coupons I receive from airlines for my personal travel plans?

A: It is generally permissible for you to use the frequent flyer coupons and other non-cash benefits you acquire for personal travel. You should not, however, attempt to manipulate the travel plans Lumber Liquidators makes for you in order to receive such benefits. Any additional expense you cause Lumber Liquidators to incur for your benefit amounts to a misappropriation of company funds.

Q: My spouse owns a trucking business, and can provide Lumber Liquidators with a service that is competitive in terms of quality and price. Can my spouse solicit work from Lumber Liquidators?

A: Your spouse might be able to solicit work from Lumber Liquidators, provided that he or she does not use your employment with Lumber Liquidators to influence the selection process.

Insider Trading

Q: I told my in-laws about a new product one of our suppliers is planning to introduce on the market. Now they would like to buy stock in that company. Our insider trading policy doesn’t apply to them, does it?

A: A friend or relative who trades on inside information you acquired at work will be subject to the same penalties as you would be if you traded on it. In addition, you might be penalized for revealing the information. If you possess material, inside information, you are not only prohibited from using it yourself, but you must not reveal the information to anyone else who might use it for personal gain.

Q: When I began work, Lumber Liquidators offered me a stock option allowing me to buy stock at a good price. Does Lumber Liquidators’s insider trading policy limit when I can exercise the option?
A: While insider trading laws generally do not apply to the exercise of stock options, they do apply to the sale of stock received through options. It is permissible for you to exercise a stock option even though you possess material, inside information. However, you must not sell the stock you receive until the information has been made public.

Confidential and Proprietary Information

Q: Can I reveal confidential information about Lumber Liquidators to my spouse when I talk with her or him about my work? I’m sure that she or he will keep it secret.

A: It is not permissible for you to reveal confidential information about Lumber Liquidators to your spouse. Although you and your spouse have a confidential relationship with each other, she or he does not have a confidential relationship with Lumber Liquidators. Because of this, you must be careful not to discuss confidential information with her or him. This is true of anyone outside Lumber Liquidators, including other close family members.

Q: How can I tell if information is proprietary or confidential if it isn’t marked?

A: There are no hard and fast rules with respect to information that is not marked. Such information must be judged on the basis of its content. However, the following tip may help you: If you are not certain whether information has been made available to the public, you should presume it is proprietary if: (1) it is used in conducting Lumber Liquidators’ business; (2) it grants a competitive advantage over those who do not possess it; or (3) it is distributed on a strictly internal basis within Lumber Liquidators.

Payments to Government Personnel and Others

Q: I am doing business in a country where it is customary to provide certain “courtesies” to government officials in exchange for business. Is this a violation of company policy?

A: Even though “courtesies” such as furnishing meals, transportation or entertainment may be consistent with local custom, providing them to foreign government officials may be a violation of U.S. law. Any question concerning Lumber Liquidators’ relationships with foreign officials should be referred to the Legal department in advance of any transaction.

Q: My team and I have been working on getting approval to use a new supplier in a foreign country. A government official recently asked us if we would make a contribution to her favorite charity. How should we deal with her request?

A: Before taking any action, you should consult with the Legal department. The donation could be construed as an attempt to gain the official’s favor, in which case it would be a violation of Lumber Liquidators’ policy.
Appendix B: Form of Employee Acknowledgement

Acknowledgement by Employee

I acknowledge that I have received, read and understood the Lumber Liquidators Holdings, Inc. Code of Business Conduct and Ethics and its direct and indirect subsidiaries (collectively, the “Company”) and that my conduct as [an employee] [officer][director] of Lumber Liquidators must at all times comply with the standards and policies set out in the Code, as well as any other legal or compliance policies or procedures of Lumber Liquidators.

Employee: _________________________

Name (printed): _________________

Date: ___________________________
Appendix C: Acknowledgement for Directors and Executive Officers

Acknowledgement by Directors and Executive Officers
(to be executed annually)

As the [specify office] of Lumber Liquidators Holdings, Inc. (the “Company”), I acknowledge that Lumber Liquidators is committed to honesty and ethical conduct in all areas of its business and that officers with responsibility for the conduct or supervision of Lumber Liquidators’s financial affairs play a special role in preserving and protecting stockholders’ interests.

In furtherance of the above and to the best of my ability, I will adhere to the following principles and responsibilities:

- Act at all times in accordance with Lumber Liquidators’s Code of Business Conduct and Ethics, a copy of which has been provided to me;
- Act at all times with integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships;
- Address any apparent conflict of interest in personal and professional relationships in accordance with the highest ethical standards and promptly disclose to the General Counsel of Lumber Liquidators the nature of any such conflict of interest or any material transaction or relationship that reasonably could be expected to give rise to such a conflict of interest;
- Provide, in Lumber Liquidators’s reports filed with the Securities and Exchange Commission and other public communications, disclosure that is full, fair, accurate, complete, objective, timely and understandable;
- Comply with rules and regulations of all U.S. and non-U.S. governmental entities and other private and public regulatory agencies to which Lumber Liquidators is subject, including any exchanges on which Lumber Liquidators’s securities may be listed;
- Act in good faith, responsibly, with due care, competence and diligence, and without misrepresenting material facts or circumstances;
- Respect the confidentiality of Company information, except when authorized or otherwise required to make any disclosure, and avoid the use of any Company information for personal advantage;
- Share my knowledge with others within Lumber Liquidators, to the extent appropriate and consistent with applicable law;
- Promote ethical behavior among employees under my supervision;
- Accept accountability for adherence to this Code of Ethics and Lumber Liquidators’s Code of Business Conduct and Ethics; and
• Achieve responsible use of and control over all assets and resources of Lumber Liquidators entrusted to me.

I acknowledge that Lumber Liquidators’s Code of Business Conduct and Ethics describe procedures for the internal reporting of violations of such Code. I will comply with those reporting requirements. I will also promote compliance with them by others under my supervision, as well as prompt reporting by them of violations of such Code. I further acknowledge that the consequences of my failure to adhere to Lumber Liquidators’s Code of Business Conduct and Ethics may result in disciplinary action, up to and including termination for cause.

By ____________________________
Name:
Title:
Date: