

Lumber Liquidators Holdings, Inc.  
Form DEF 14A  
April 05, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)**

**of the Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

**Lumber Liquidators Holdings, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**May 10, 2012**

To Our Stockholders:

The Annual Meeting of the Stockholders of Lumber Liquidators Holdings, Inc. will be held on Thursday, May 10, 2012, at 10:00 a.m., at our headquarters located at 3000 John Deere Road, Toano, Virginia, for the following purposes:

1. To elect two directors, Douglas T. Moore and Jimmie L. Wade, to hold office until the 2015 Annual Meeting of Stockholders and until their successors are elected and qualified (Proposal One);
  2. To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012 (Proposal Two);
  3. To approve, in an advisory (non-binding) vote, executive compensation (Proposal Three); and
  4. To consider and act upon any other business which may properly come before the Annual Meeting.
- Only stockholders of record at the close of business on April 2, 2012 are entitled to notice of, and to vote at, the Annual Meeting.

The foregoing items of business are more fully described in the Proxy Statement accompanying this notice.

**Whether or not you plan to attend the Annual Meeting, your vote is very important. Please vote.** There are four ways that you can cast your vote by Internet, by telephone, by mail or in person at the Annual Meeting. Voting by the Internet or telephone is fast, convenient and your vote is immediately confirmed and tabulated. By using the Internet or telephone, you help us reduce postage and proxy tabulation costs. Please do not return the enclosed paper ballot if you are voting over the Internet or by telephone.

Any stockholder who later finds that he or she can be present at the Annual Meeting, or for any reason desires to do so, may revoke the proxy at any time before it is voted.

By order of the Board of Directors,

E. Livingston B. Haskell

Secretary

Toano, Virginia

April 5, 2012

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS**

**FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 10, 2012.**

The proxy statement and the 2011 Annual Report to Stockholders on Form 10-K are available at [www.lumberliquidators.com/proxy](http://www.lumberliquidators.com/proxy).

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**PROXY STATEMENT**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the Board) of Lumber Liquidators Holdings, Inc. (the Company, us or we) for use at the 2012 Annual Meeting of Stockholders (the Annual Meeting) to be held on Thursday, May 10, 2012, at the time and place set forth in the notice of the meeting, and at any adjournments or postponements thereof. The approximate date on which this Proxy Statement and form of proxy are first being mailed to stockholders is April 5, 2012.

If the enclosed proxy is properly executed and returned, it will be voted in the manner directed by the stockholder. If no instructions are specified, proxies will be voted for the directors listed in Proposal One and in favor of Proposals Two and Three. In addition, if other matters properly come before the meeting or any adjournments or postponements thereof, the persons named in the accompanying proxy and acting thereunder will have discretion to vote on these matters in accordance with their best judgment. Any person giving the enclosed form of proxy has the power to revoke it by voting in person at the meeting, or by giving written notice of revocation to our Corporate Secretary at any time before the proxy is exercised. Please note, however, that if your shares are held of record by a broker, bank or nominee and you wish to vote at the meeting, you will not be permitted to vote in person unless you first obtain a proxy issued in your name from the record holder.

A quorum is necessary for the transaction of business at the Annual Meeting. A quorum exists when a majority of the common stock entitled to vote at the Annual Meeting is present either in person or by proxy. Abstentions, broker non-votes and votes withheld for director nominees will count as shares present at the Annual Meeting for purposes of determining whether a quorum exists. With respect to the election of directors, such election will be decided by plurality vote of the votes cast at the Annual Meeting, either in person or by proxy. Brokers may not vote on the election of directors without instructions from the beneficial owners of the shares. The two nominees for director receiving the highest number of votes cast in person or by proxy at the Annual Meeting will be elected. For the ratification of accountants and advisory vote on executive compensation, the affirmative vote of a majority of the votes cast at the Annual Meeting on each proposal, either in person or by proxy, is required for the approval of each proposal. Abstentions and broker non-votes will not be included in the total of votes cast and will not affect the outcome of the votes. Our transfer agent will tabulate the votes cast by each proxy and in person at the Annual Meeting.

We will bear the cost of the solicitation. In addition to mailing this material to stockholders, we have asked banks and brokers to forward copies to persons for whom they hold our stock and request authority for execution of the proxies. We will reimburse the banks and brokers for their reasonable out-of-pocket expenses in doing so. Our officers and regular employees, without being additionally compensated, may solicit proxies by mail, telephone, telegram, facsimile or personal contact. All reasonable proxy soliciting expenses will be paid by us in connection with the solicitation of votes for the Annual Meeting.

Our principal executive offices are located at 3000 John Deere Road, Toano, Virginia 23168, telephone number (757) 259-4280.

**Record Date and Voting Securities**

Only stockholders of record at the close of business on April 2, 2012 are entitled to notice of and to vote at the Annual Meeting. On that date, we had outstanding and entitled to vote 27,659,312 shares of common stock, \$0.001 par value per share. Each outstanding share of our common stock entitles the record holder to one (1) vote on each matter.

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**PROPOSAL ONE**

**ELECTION OF DIRECTORS**

The Board of Directors is currently fixed at eight (8) members divided into three classes, with each class having as nearly as possible one-third of the total number of directors. The three-year terms of each class are staggered so that the term of one class expires at each annual meeting. The term of office of our Class III directors will end at this year's Annual Meeting of Stockholders. Our Class I directors' terms will end at the Annual Meeting of Stockholders in 2013. Our Class II directors' terms will end at the Annual Meeting of Stockholders in 2014. Each director serves a three-year term and will continue in office until a successor has been elected and qualified, subject to earlier resignation, retirement or removal from office. The Board, upon the recommendation of the Nominating and Corporate Governance Committee, has nominated Douglas T. Moore and Jimmie L. Wade for reelection to the Board as Class III directors for three-year terms ending in 2015. The following pages set forth information concerning the nominees and the directors whose terms of office will continue after the Annual Meeting including certain experiences, qualifications, attributes and/or skills that led us to conclude that each of them should serve as a director.

If any nominee is unable to serve as a director, the persons named in the enclosed proxy reserve the right to vote for a lesser number of directors or for a substitute nominee designated by the Board, to the extent consistent with our Certificate of Incorporation and our Bylaws. All of the nominees listed above have consented to be nominated and to serve if elected. We do not expect that any nominee will be unable to serve.

**Nominees for Election for Terms Expiring in 2015 (Class III)**

***Douglas T. Moore***, 55, has been a director since April 2006. He currently serves as Chief Merchandising and Marketing Officer for hhgregg, Inc. Prior to February 2012, Mr. Moore served as Vice President Operations for Safelite Group, a subsidiary of Beltron, a multi-faceted vehicle glass and claims management service organization, and Principal of First Street Consulting, LLC. Prior to December 2010, Mr. Moore served as Senior Vice President, President Appliances for Sears Holdings Corporation and led the appliance business across the corporation, which included directing the Kenmore brand. From 2007 to 2008, Mr. Moore served as Senior Vice President, Hardlines Merchandising for Sears where he was the chief merchant for the appliance, lawn and garden, tools, home electronics and sporting goods businesses. Prior to joining Sears, Mr. Moore served for 17 years as a senior executive of Circuit City Stores, Inc., with his last position as Executive Vice President, Chief Merchandising Officer. Circuit City filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code in November 2008. Mr. Moore has also held operational and consumer marketing positions at AMF Bowling, Inc., A.H. Robins Company, Inc. and the Carnation Company. He received his undergraduate degree and M.B.A. from the University of Virginia.

Through his more than 20 years of retail experience, Mr. Moore has developed an understanding of strategic and tactical business issues that include store operations, merchandising, supply chain, sourcing and human resource planning. He also possesses senior management, marketing, risk assessment and retail knowledge. He has served on our Board for nearly six years and has been Chairman of our Nominating and Corporate Governance Committee and a member of our Audit Committee since our initial public offering in November 2007 (the IPO). Through his service as a director, Mr. Moore has gained insight, perspective and knowledge regarding our business, growth, operations and personnel.

***Jimmie L. Wade***, 57, has been a director since September 2011. Mr. Wade currently serves as a member of the Board of Directors and the Finance Committee of Advance Auto Parts, Inc. (Advance), and as Chairman of Autopart International, a subsidiary of Advance. Mr. Wade joined Advance in February 1994 and served as President from January 2009 to December 2011 and from October 1999 through May 2005. He also held several other key senior executive roles with Advance at various times including Executive Vice President, from May 2005 to December 2008, and Chief Financial Officer. Before joining Advance, Mr. Wade worked for S.H. Heironimus, Inc., a regional department store, as Vice President, Finance and Operations. Earlier in his career, Mr. Wade held



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positions with American Motor Inns, Inc. and KPMG LLP. He also serves on numerous non-profit boards. Mr. Wade holds a B.S. in accounting from Virginia Tech and is a Certified Public Accountant.

Mr. Wade has extensive experience as a senior executive and director of a leading publicly traded specialty retailer that has achieved significant growth during his tenure. Through his experience, he has gained and developed extensive business, finance, distribution, marketing and leadership skills. Further, he possesses an understanding of strategic business planning, risk assessment and store operations. Mr. Wade has served on our Board since September 2011 and has been a member of our Audit Committee since November 2011. Through his service as a director, Mr. Wade has gained insight, perspective and knowledge regarding our business, growth, operations and personnel.

*The Board of Directors recommends a vote FOR the*

*election of Messrs. Moore and Wade.*

### **Incumbent Directors Whose Terms Expire in 2013 (Class I)**

**Macon F. Brock, Jr.**, 69, has been a director since November 2007. Mr. Brock is a founder and chairman of the board of Dollar Tree, Inc. He served as the president of Dollar Tree from 1986 until 2001 and as chief executive officer from 1993 until 2003. He has been a director of Dollar Tree since 1986 and chairman of the board since 2001. Until 1991, Mr. Brock was an officer and director of K&K Toys, Inc. Mr. Brock is a past chairman of Randolph-Macon College. He serves on the board of directors of rue21, inc. and several privately held companies and non-profit organizations. Mr. Brock earned his B.A. from Randolph-Macon College and served as a Captain in the U.S. Marine Corps.

As a founder and former chief executive officer of a nationwide retail company, Mr. Brock has experience with strategic business development, store operations, logistics, procurement, risk management, sales, marketing and other matters. In addition, he has experience serving as a director of a public company. Since joining our Board in 2007, Mr. Brock has served on both our Compensation Committee and Nominating and Corporate Governance Committee. Through his service as a director, Mr. Brock has gained insight, perspective and knowledge regarding our business, growth, operations and personnel.

**John M. Presley**, 51, has been a director since April 2006. Mr. Presley is the managing director and chief executive officer of First Capital Bancorp in Glen Allen, Virginia. Prior to March 2008, he was head of strategic initiatives at Fifth Third Bancorp, where he was responsible for executing banking strategies in existing and emerging markets. He served as chief financial officer for Marshall & Ilsley Corp. from 2004 to 2006. Earlier in his career, Mr. Presley was chief financial officer of National Commerce Financial Corp. in Memphis, Tennessee, and president and chief executive officer of First Market Bank in Richmond, Virginia. Mr. Presley holds a B.A. in economics and business administration from Rhodes College.

Mr. Presley possesses business, financial, risk management and banking industry expertise. Further, he has experience as a chief executive officer and chief financial officer, as well as knowledge and understanding of generally accepted accounting principles, experience in preparing, auditing and analyzing financial statements, and an understanding of internal control over financial reporting. Mr. Presley has served on our Board for nearly six years and has been Chairman of our Audit Committee, our audit committee financial expert, a member of our Nominating and Corporate Governance Committee and our lead outside director since our IPO. His service as a director has provided him with insight, perspective and knowledge regarding our business, growth, operations and personnel.

**Thomas D. Sullivan**, 52, is our founder and has been the chairman of our Board since our inception in 1994. Prior to September 2006, Mr. Sullivan also served as our president and chief executive officer since our incorporation in 1994. He currently advises and supports our marketing and advertising departments and is active in our sourcing initiatives. In addition, he appears in some of our advertising materials and participates in public relations events on our behalf. Mr. Sullivan serves on the board of directors of several privately held companies.

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As our founder and former president and chief executive officer, Mr. Sullivan has an intimate understanding of our business, customers, employees, risks and culture. Furthermore, he has an in-depth knowledge of our industry, suppliers and competitors. He possesses an entrepreneurial mindset and acumen for sales and marketing.

### **Incumbent Directors Whose Terms Expire in 2014 (Class II)**

**Robert M. Lynch**, 46, has been a director since January 2012. He currently serves as our president and chief executive officer, and from January 2011 to January 2012, served as our president and chief operating officer. Prior to joining the Company in January 2011, Mr. Lynch was the president and chief executive officer of Orchard Supply Hardware, a member of the Sears Holdings Corporation family of companies, from 2004 to 2010. Previously, Mr. Lynch worked at The Home Depot, Inc., from 1998 to 2004, in various store operations and business development positions. Mr. Lynch has also held positions at Accenture Consulting and at Ernst & Young in the National Consumer Products & Retail Consulting Practice. Mr. Lynch began his career with Wal-Mart Stores, Inc. Mr. Lynch holds an M.B.A. from The Amos Tuck School of Business Administration at Dartmouth College and a B.S. in psychology with an emphasis on human resource management from Brigham Young University.

As our president, chief operating officer and now chief executive officer, Mr. Lynch has experience with and knowledge of, among other things, our business plans, personnel, risks and financial results. Since joining the Company, he has been directly involved in our merchandising initiatives and international expansion. Further, Mr. Lynch possesses senior management experience and retail finance and operations expertise. He has an acute understanding of our business model, value proposition and market.

**Peter B. Robinson**, 63, has been a director since April 2010. Mr. Robinson served as an executive vice president of Burger King Corporation responsible for Burger King's global marketing and strategy functions until his retirement in December 2010. Prior to assuming that role in December 2009, Mr. Robinson was an executive vice president and president of Burger King's Europe, Middle East and Africa business segment. Before joining Burger King, Mr. Robinson worked for General Mills, Inc. as president of Pillsbury USA, and senior vice president of General Mills Inc. from 2001 to 2006. Earlier in his career, Mr. Robinson held positions of increasing responsibility at The Pillsbury Company, PepsiCo, Kraft General Foods, and Procter & Gamble, Ltd. UK. Mr. Robinson holds a B.A. in economics from Newcastle University. He serves on the board of directors of First Niagara Financial Group, Inc. and the Newcastle University Business School Advisory Board.

Mr. Robinson has more than 30 years of experience in the consumer foods industry in the United States, Europe, Middle East and Africa. Through this experience, he has acquired and developed leadership, operations, and risk assessment skills. In addition, he possesses strategic development abilities, senior management experience and consumer marketing knowledge. Mr. Robinson has served on our Board since April 2010 and has been a member of our Compensation Committee since May 2010. Through his service as a director, Mr. Robinson has gained insight, perspective and knowledge regarding our business, growth, operations and personnel.

**Martin F. Roper**, 49, has been a director since April 2006. Mr. Roper is the president and chief executive officer of The Boston Beer Company, Inc., where he has worked since 1994. Prior to assuming his current positions in January 2001, he had served as the president and chief operating officer of that company since December 1999. Mr. Roper has served on the board of directors of Boston Beer since 1999. He holds a B.A. in engineering and M.Eng. from Cambridge University and an M.B.A. from Harvard Business School.

As a director and chief executive officer of a publicly traded company, Mr. Roper has senior management, strategic development and financial experience. In addition, Mr. Roper possesses experience in public relations, consumer marketing, investor relations, product development and risk management. Mr. Roper has served on our Board for nearly six years and has been Chairman of the Compensation Committee and a member of the Audit Committee since our IPO. His experience as a director has provided him with insight, perspective and knowledge regarding our business, growth, operations and personnel.

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### **CORPORATE GOVERNANCE**

We are committed to having sound corporate governance principles. Our Code of Business Conduct and Ethics, which applies to our directors, officers and employees, our Corporate Governance Guidelines and the charters of the Audit, Compensation and Nominating and Corporate Governance Committees are available on our website, [www.lumberliquidators.com](http://www.lumberliquidators.com), and are also available in print, free of charge, to any stockholder who requests them. Such requests should be directed to Corporate Secretary, Lumber Liquidators Holdings, Inc., 3000 John Deere Road, Toano, Virginia 23168.

#### **Independence**

The Board, in its business judgment, has determined that the following six of its eight members are independent from us, including under the independence standards contained in rules of the New York Stock Exchange: Macon F. Brock, Jr., Douglas T. Moore, John M. Presley, Peter B. Robinson, Martin F. Roper and Jimmie L. Wade. In reaching this conclusion, the Board considered whether we conduct business and have other relationships with organizations of which certain members of the Board or members of their immediate families are or were directors or officers. Our non-management directors had no transactions, arrangements or relationships with us, other than as directors and stockholders.

#### **Lead Outside Director**

Our Corporate Governance Guidelines provide for a lead outside director to be elected by vote of the outside directors to serve in that role either until the expiration of his or her then-current term as a director or until the outside directors otherwise choose to elect a new lead outside director. The lead outside director is responsible for coordinating the activities of the other outside directors, including the establishment of the agenda for executive sessions of the outside directors, with or without the presence of management. Currently, Mr. Presley serves as our lead outside director.

#### **Board Leadership Structure**

The Board does not have a policy on whether or not the roles of chief executive officer and chairman of the Board should be separate and, if they are to be separate, whether the chairman of the Board should be selected from the non-employee directors or be an employee. The offices of chief executive officer and chairman of the Board have been at times combined and at times separated, and the Board considers such combination or separation in conjunction with, among other things, its succession planning processes. Our Board believes that it should be free to make a choice regarding the leadership structure from time to time in any manner that is in our and our stockholders' best interests.

We currently have separate individuals serving as chairman of the Board and as chief executive officer. Under the current structure, both the chairman and chief executive officer have responsibility for our business strategy and financial performance. Our chairman focuses on strategic matters relating to our marketing efforts and certain merchandising opportunities, while the chief executive officer is responsible for our operations and day-to-day management direction and execution. We believe that this separation of the positions represents the appropriate structure for us at this time.

#### **Committees of the Board**

The Board has established three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee, each composed of directors the Board has determined to be independent. Each committee operates pursuant to a written charter adopted by the Board that sets forth its roles and responsibilities and provides for an annual evaluation of its performance. The charters of all three committees are available at the investor relations page of our website at [www.lumberliquidators.com](http://www.lumberliquidators.com) and

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will be provided to any stockholder without charge upon the stockholder's written request to our Corporate Secretary. Each year, committee and committee chair assignments are made at the Board meeting immediately following the Annual Meeting of Stockholders. The current composition of each committee is as follows:

<b>Audit</b>	<b>Compensation</b>	<b>Nominating and Corporate Governance</b>
John M. Presley *	Martin F. Roper *	Douglas T. Moore *
Douglas T. Moore	Macon F. Brock, Jr.	Macon F. Brock, Jr.
Martin F. Roper	Peter B. Robinson	John M. Presley
Jimmie L. Wade		

\* Indicates chairperson of the committee.

The Board may establish such other committees as it deems appropriate, in accordance with applicable law and regulations and our Certificate of Incorporation and Bylaws.

**Audit Committee.** The Audit Committee assists the Board in fulfilling the oversight responsibility of the Board to the stockholders relating to the integrity of our financial statements, compliance with legal and regulatory requirements, the qualifications, independence and performance of our independent registered public accounting firm and the performance of the internal audit function. The Committee is directly responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm. The Audit Committee approves procedures for the pre-approval of audit and non-audit services provided to us by any independent auditors. It is also responsible for establishing, publishing, maintaining and overseeing our whistleblower procedures and our compliance and ethics program.

The Board, in its business judgment, has determined that all of the members of the Audit Committee are independent, as determined in accordance with the rules of the New York Stock Exchange and any relevant federal securities laws and regulations. The Board also has determined that all of the Committee members are financially literate as defined by the rules of the New York Stock Exchange and that Mr. Presley qualifies as an audit committee financial expert as defined by regulations of the Securities and Exchange Commission ( SEC ).

No member of the Audit Committee served on any audit or similar committee of any other publicly held company in 2011.

**Compensation Committee.** The Compensation Committee has overall responsibility for evaluating and approving our executive officer incentive compensation, benefit, severance, equity-based or other compensation plans, policies and programs. The Compensation Committee also has produced an annual report on executive compensation that is included in this Proxy Statement. The Board, in its business judgment, has determined that all of the members of the Compensation Committee are independent, as determined in accordance with the rules of the New York Stock Exchange.

**Nominating and Corporate Governance Committee.** The Nominating and Corporate Governance Committee assists the Board in implementing sound corporate governance principles and practices. The Nominating and Corporate Governance Committee also is charged with considering and recruiting individuals qualified to become Board members, conducting inquiries into the background, independence and qualifications of any candidates and recommending to the Board the director nominees. In performing these duties, the Nominating and Corporate Governance Committee uses its network of contacts to compile potential candidates, but may also engage, if it deems appropriate, a professional search firm. It also reviews the qualifications and independence of the members of the Board and its various committees on a regular basis and makes any recommendations the committee members may deem appropriate from time to time concerning any recommended changes in the composition of the Board. The Board, in its business judgment, has determined that all of the members of the Nominating and Corporate Governance Committee are independent, as determined in accordance with the rules of the New York Stock Exchange.

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The Nominating and Corporate Governance Committee will consider timely stockholder recommendations for candidates to serve on the Board. Such recommendations shall be sent to our Corporate Secretary and shall include (1) all information relating to the recommended person that is required to be disclosed in solicitations of proxies for election of directors in an election contest and such other information as we may require pursuant to any policy governing the selection of directors, and (2) a written consent from the recommended individual to being named in the proxy statement as a nominee and to serving as a director if elected. If the recommendation is not timely and in proper form, the nominee will not be considered by the committee. To be timely for the 2013 Annual Meeting, the recommendation must be received within the time frame set forth in Deadlines for Submission of Stockholder Proposals below. Nominees for director are selected in the context of an assessment of the perceived needs of the Board at the time and on the basis of, among other things, the following:

strength of character	specific areas of expertise
judgment	understanding of our business
skill	principles of diversity
education	reputation
business experience	other personal attributes or special talents

Nominees should also be willing to spend the time necessary to discharge their responsibilities appropriately and to ensure that other existing or future commitments do not materially interfere with their responsibilities as members of the Board.

In determining the composition of the Board, the Nominating and Governance Committee seeks to include a diverse and complimentary range of skills and experience among our directors. Although it does not have a formal diversity policy, the Nominating and Governance Committee believes that the presence of differing viewpoints on the Board is a benefit to us. Accordingly, the Nominating and Corporate Governance considers principles of diversity, which include, among other things, diversity in backgrounds, perspectives, expertise and qualifications, when assessing the Board as a whole, and individual director candidates.

## **Risk Management**

We have designed and implemented processes to manage risk in our business. The Board's role in risk management is primarily one of oversight with the day-to-day responsibility for risk management implemented by our management team. The Board regularly reviews information provided by management regarding our business strategy, financial position and operations, and considers associated risks. In addition, the Board executes its oversight role through its Audit and other committees which report regularly to the Board on their activities.

With regard to those committee activities, the Audit Committee has principal responsibility for implementing the Board's risk management oversight role. The Audit Committee reviews management's assessment of the key risks that we face, including the main controls upon which we rely to mitigate those risks. In particular, the Audit Committee focuses on financial and enterprise risk, including internal controls, and assesses our risk profile with our management and internal and external auditors. The internal control risk profile drives our internal audit plan. The Audit Committee also handles violations of our Code of Ethics and related corporate policies. The Nominating and Corporate Governance Committee assists in risk management by overseeing our compliance with legal and regulatory requirements and risks relating to our governance structure. The Compensation Committee reviews risks relating to the incentives inherent in our compensation policies.

## **Board and Committee Attendance and Executive Sessions**

During fiscal year 2011, the Board held a total of seven meetings and took additional actions by unanimous written consent; the Audit Committee held seven meetings; the Compensation Committee held two meetings; and the Nominating and Corporate Governance Committee held three meetings. At the meetings of the Board, it is

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the practice of the Board to hold an executive session without management present, as well as a separate executive session with just the independent directors. During fiscal year 2011, each director attended 100% of the meetings of the Board and committees on which he served.

We strongly encourage all directors to attend Annual Meetings of Stockholders. All of our directors serving at the time attended the 2011 Annual Meeting of Stockholders, and it is expected that all current directors will attend the 2012 Annual Meeting of Stockholders.

**Communications to the Board**

Stockholders, employees and other interested parties may contact an individual director, the Board as a group, the Lead Outside Director or a specified Board committee or group, including the non-employee directors as a group, at the following address: Corporate Secretary, Lumber Liquidators Holdings, Inc., 3000 John Deere Road, Toano, Virginia 23168, Attn: Board of Directors. We will receive and process communications before forwarding them to the addressee. Directors generally will not be forwarded communications that are primarily commercial in nature, relate to improper or irrelevant topics, or request general information about us, including inquiries regarding employment opportunities.

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**EXECUTIVE OFFICERS**

The following sets forth biographical information for our executive officers. Such information with respect to our chairman, Thomas D. Sullivan, and our president and chief executive officer, Robert M. Lynch, is set forth above in the Proposal One Election of Directors section.

**Carl R. Daniels**, 58, has been our senior vice president, supply chain since October 2011. From 2009 to 2011, Mr. Daniels served as senior vice president of supply chain and operations at Harbor Freight Tools Inc. Prior to assuming that position, he served as vice president of logistics for Michaels, Inc. from 2008 to 2009 and senior vice president of logistics for Retail Ventures Services, Inc. from 2002 to 2008. Earlier in his career, he held executive level logistics positions at Midas International, Inc. and certain regional department stores and retailers. He holds a B.S. in business administration and industrial management from Youngstown State University.

**E. Livingston B. Haskell**, 39, has been our secretary and general corporate counsel since July 2006. Prior to assuming this position, Mr. Haskell was a partner at Williams Mullen and, before February 2006, was an associate at that firm. Mr. Haskell holds a B.S. in finance and marketing from the McIntire School of Commerce at the University of Virginia and a J.D. from Washington and Lee University.

**Seth P. Levy**, 54, has been our chief information officer and senior vice president, information technology since March 2009. Prior to assuming this position, Mr. Levy served as executive vice president, chief information officer of Movie Gallery, Inc. from January 2008 to September 2008, and performed information technology consulting services for Movie Gallery from October 2007 through December 2007. Movie Gallery filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code in February 2010. Mr. Levy worked at Electronics Boutique for eight years in several roles of increasing responsibility including senior vice president, chief information officer. Mr. Levy began his career at May Department Stores, where he held a variety of positions over a period of 17 years. Mr. Levy holds a B.A. from the University of California, San Diego.

**E. Jean Matherne**, 57, has been our senior vice president, human resources since January 2008. Prior to assuming this position, Ms. Matherne was the senior vice president human resources and organizational development from 2005 to 2006 for Collegiate Funding Services, a division of JP Morgan Chase. She worked from 2000 to 2005 as the vice president, human resources for Hamilton Beach/Proctor-Silex, Inc. Prior to that employment, she worked for Albright & Wilson Americas, Inc., an international chemical company, for 11 years, where among other positions, she was vice president of human resources and organizational development. Ms. Matherne holds a B.A. in sociology from the University of Houston.

**Marco Q. Pescara**, 47, has been our chief marketing officer (a position formerly known as senior vice president, direct marketing and advertising) since April 2006. Prior to assuming that position, Mr. Pescara served for more than five years as the vice president of direct response and marketing integration at Hickory Farms, Inc. Mr. Pescara holds a B.S. in history from the University of Toledo, an M.S. in public relations and media planning from Boston University and an M.B.A. from the University of Pittsburgh.

**William K. Schlegel**, 54, has been our chief merchandising officer since March 2011. From 2009 to 2010, Mr. Schlegel served as Vice President of Merchandising at Harbor Freight Tools USA, Inc. Between 2007 and 2009, he held the position of Vice President of Merchandising at Gander Mountain Company. He was president of Pine Creek Consulting from 2002 to 2007. Mr. Schlegel also held global procurement and merchandising roles during nearly 10 years of service at The Home Depot, Inc. He holds a B.S.B.A. in business and marketing from Roosevelt University.

**Daniel E. Terrell**, 47, has been our chief financial officer since October 2006. Prior to assuming this position, Mr. Terrell served as our controller from November 2004. Mr. Terrell was previously the vice president, controller & credit of Peebles Inc., a specialty apparel retailer that he joined in 1990 and where he continued to work after it was acquired in 2003 by Stage Stores, Inc. Before joining Peebles, Mr. Terrell worked for Ernst & Young. Mr. Terrell holds a B.S. in accounting from Virginia Tech.

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**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

***Executive Summary***

Our overall compensation philosophy is to maintain effective compensation programs that are as simple and flexible as possible, and permit us to make responsive adjustments to changing market conditions. We strive to provide our executives with compensation that is competitive within our industry, considering, among other things, geographic location. In doing so, we seek to attract and retain the key employees necessary to achieve the continued growth and success of our business while remaining mindful of our desire to control costs. Further, it is our intent to align executive pay with stockholders' interests, recognize individual accomplishments and unite executive management behind common objectives.

The Compensation Committee of the Board is responsible for implementing and administering our compensation plans and programs. The Compensation Committee consults, and expects to continue to consult, with the chief executive officer, the chairman and other members of management in the exercise of its duties. Notwithstanding such consultation, the Compensation Committee retains absolute discretion over all compensation decisions with respect to the executive officers, including the chief executive officer and the chairman.

The Compensation Committee reviews our executive compensation program every year and may conduct an in-depth market analysis of executive compensation as it determines is necessary to ensure that our compensation programs meet our objectives. Decisions by the Compensation Committee relating to the compensation of our executive officers are reported to and approved by the full Board. The Compensation Committee considers recommendations of the chairman and the chief executive officer with respect to the compensation of our executive officers but makes its own determinations in all cases. In determining the compensation of our executive officers, the Compensation Committee evaluates total overall compensation, as well as the mix of salary, cash bonus incentives and equity incentives, using a number of factors including the following:

our financial and operating performance, measured by attainment of specific strategic objectives and operating results;

the duties, responsibilities and performance of each executive officer, including the achievement of identified goals for the year as they pertain to the areas of our operations for which the executive is personally responsible and accountable;

historical cash and equity compensation levels; and

compensation competitiveness.

Compensation levels for executives are differentiated based on the principle that total compensation should increase with an executive's position and responsibilities, while at the same time, a greater percentage of total compensation should be tied to corporate and individual performance as position and responsibilities increase.

***2011 Compensation Program***

In 2011, we employed a mix of base salary, annual cash bonus awards and equity incentive awards to compensate our executive officers. In setting the value and combination of the various components, we sought to compensate our executives in accordance with each executive's individual performance and with our performance on both a short-term and long-term basis. Our expectation remained that a significant portion of an executive's total compensation be tied both to our annual and long-term performance as well as to the creation of stockholder value.



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*Base Salary.* Base salary levels for our executive officers are reviewed each year and adjusted based upon a variety of factors including the executive's tenure with us, scope of responsibility, individual performance, internal equity, experience and changes in the competitive marketplace. The factors impacting base salary levels are not independently assigned specific weights. In early 2011, Jeffrey W. Griffiths, our former CEO, reviewed the base salary for each executive officer, including himself, and presented the Compensation Committee with recommendations regarding changes in the base salaries for such executive officers. The Compensation Committee considered Mr. Griffiths' recommendations as well as the factors noted above in determining the base salaries for the executive officers.

With regard to our named executive officers, the following adjustments to their base salaries were recommended by the Compensation Committee and approved by the Board:

<b>Executive</b>	<b>2010 Base Salary(1)(\$)</b>	<b>2011 Base Salary(2)(\$)</b>	<b>Percentage Change</b>
Mr. Lynch	n/a	500,000	n/a
Mr. Griffiths	540,750	540,750	0.0%
Mr. Terrell	275,000	280,500	2.0%
Mr. Schlegel	n/a	275,000	n/a
Mr. Levy	257,500	265,225	3.0%

(1) These figures represent the annualized base salary for each individual after his 2010 review.

(2) These figures represent the annualized base salary for each individual after his 2011 review.

These adjustments in the base salaries for our named executive officers, which were effective in March 2011, were based upon the factors noted above as well as, among other things, each individual's accomplishments during the year, influence on our performance and responsibilities for our operations, as well as the economic environment and expense considerations.

*Annual Cash Bonus Awards.* In 2011, our executive officers had the opportunity to earn an annual cash bonus under our Annual Bonus Plan for Executive Management (the "Bonus Plan"). The Bonus Plan is expressed as a percentage of annual base salary. The targeted bonus percentages vary among the Bonus Plan participants based upon, among other things, their responsibilities, ability to influence operations and performance, and position. Specifically, the following sets forth the target bonus amounts for our named executive officers and the amounts awarded and to be paid to each under the Bonus Plan for 2011:

<b>Executive</b>	<b>2011 Base Salary(1)(\$)</b>	<b>Target Bonus Percentage</b>	<b>Target Bonus Amount(\$)</b>	<b>Percentage of Target Bonus Awarded for 2011</b>	<b>Bonus Amount Awarded for 2011(2)(\$)</b>
Mr. Lynch	500,000	75%	375,000	17.8%	66,563
Mr. Griffiths	540,750	100%	540,750	0.0%	
Mr. Terrell	280,500	60%	168,300	13.3%	22,300
Mr. Schlegel	275,000	50%	114,583(3)	20.2%	23,203
Mr. Levy	265,225	50%	132,613	18.5%	24,533

(1) These figures represent the base salary for each individual after their 2011 reviews.

(2) The bonus awards for 2011 were determined in March 2012 and are scheduled for payment in April 2012.

(3) Mr. Schlegel's target bonus amount was pro-rated based on his hire date.

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The Bonus Plan includes two components. The first component is based upon our performance against financial goals set by the Compensation Committee. The second relates to each individual's performance against established personal goals for that individual. These personal goals are based on the areas of our operations for which the executive is personally responsible and accountable. For our executives, the target bonus amount is weighted more heavily toward the corporate financial performance component, thereby more closely aligning executives' interests with the interests of stockholders. Specifically, in 2011, the two components were weighted for the named executive officers as follows:

75% on corporate performance against financial goals, and

25% on the achievement of personal goals established for each named executive officer.

For the corporate performance goal in 2011, the Compensation Committee determined that fully-diluted earnings per share (EPS), exclusive of non-recurring items, represented the most comprehensive financial measure in evaluating executive performance. A scale was established which set percentages of the corporate performance component that would be paid out depending on our actual EPS for the year. The scale was designed to provide incentive bonuses for superior achievement, while being consistent with the Compensation Committee's views on the appropriate levels of total compensation. The applicable scale for 2011 is set forth below:

Actual 2011 EPS	Corporate Performance Award Percentage
Below \$1.15	Zero
\$1.16 - \$1.19	25%
\$1.20 - \$1.24	50%
\$1.25 - \$1.32	75%
\$1.33 - \$1.45	100%
\$1.46 - \$1.58	110%
Above \$1.58	120%

In 2011, our actual EPS was \$0.93 per share. Accordingly, the corporate performance component of the Bonus Plan was not attained and no amounts were awarded to the Bonus Plan participants for the corporate performance component.

For the personal goal portion of the Bonus Plan in 2011, we sought to establish objectives for the executives that were both specific and, when possible, measurable with the understanding that they must be compatible with the individual's position. The goals were weighted to provide greater consistency between the individual's key areas of responsibility and the determination of the individual's bonus award, if any. For each goal, it was possible for the Bonus Plan participant to receive a partial payment based upon his/her performance as evaluated by the Compensation Committee.

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The Compensation Committee was provided with self-assessments from each named executive officer. In addition, Mr. Lynch provided the Compensation Committee with recommendations regarding the proposed payout for each named executive officer, including himself, under the personal goals component of the Bonus Plan. His recommendations included an assessment of each named executive officer's performance against his personal goals and general contribution to the success of our operations. The Compensation Committee considered, among other things, the self-assessments, Mr. Lynch's recommendations and certain operational and financial information. The Compensation Committee then recommended, and the Board approved, the award of the following sums to the named executive officers under the personal goals component of the Bonus Plan for 2011:

<b>Executive</b>	<b>Personal Goal Target Amount(1)(\$)</b>	<b>Percentage of Personal Goal Target Awarded</b>	<b>Personal Goal Amount Awarded(\$)</b>
Mr. Lynch	93,750	71%	66,563
Mr. Griffiths	135,188	0%	
Mr. Terrell	42,075	53%	22,300
Mr. Schlegel	28,646	81%	23,203
Mr. Levy	33,153	74%	24,533

(1) The Personal Goal Target Amount is 25% of the Target Bonus Amount for each named executive officer.

Mr. Lynch's personal goals involved both financial and operational objectives. Specifically, his goals, and the weighting of those goals as a percentage of his personal goal target, were as follows: (a) assume responsibility for merchandising, supply chain and store operations functions (40%); (b) drive top and bottom line growth initiatives (40%); and (c) leadership and personal development (20%). Upon review and consideration of his performance, it was determined that he partially achieved each of his goals. As a result, Mr. Lynch was awarded 71% of his personal goal target amount.

Mr. Griffiths retired from his position as Chief Executive Officer of the Company effective January 1, 2012 and as an employee of the Company effective March 18, 2012. As a result, Mr. Griffiths was not eligible to receive a payout under the personal goal component of the Bonus Plan.

Mr. Terrell's personal goals were focused primarily on effectively managing our financial strategies and initiatives. Specifically, his goals, and the weighting of those goals as a percentage of his personal goal target, were as follows: (a) the development of standard internal reporting (25%); (b) the development and leadership of an improved inventory control process (25%); (c) the development of enhanced store modeling (25%); and (d) the development and organization of the finance department personnel to meet strategic and operational objectives (25%). Upon review and consideration of his performance, it was determined that he partially achieved each of his goals. As a result, Mr. Terrell was awarded 53% of his personal goal target amount.

Mr. Schlegel's personal goals were focused primarily on effectively managing our merchandising strategies and initiatives. Specifically, his goals, and the weighting of those goals as a percentage of his personal goal target, were as follows: (a) improvement of sales and gross margin through enhanced merchandising and assortment strategies (40%); (b) control of available inventory per store (35%); and (c) leadership and personal development (25%). Upon review and consideration of his performance, it was determined that he achieved his goal relating to leadership and personal development and partially achieved his other goals. As a result, Mr. Schlegel was awarded 81% of his personal goal target amount.

Mr. Levy's personal goals were focused primarily on effectively managing our information technology strategies and initiatives. Specifically, his goals, and the weighting of those goals as a percentage of his personal goal target, were as follows: (a) ensure a successful IT transition to the new distribution center (30%); (b) deliver performance improvements and key enhancements of the SAP system (30%); (c) provide IT support for our store expansion into Canada (20%) and (d) solidify IT aspects of our business continuity planning (20%). Upon review

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and consideration of his performance, it was determined that he achieved his goal relating to the Canadian expansion and partially achieved his other goals. As a result, Mr. Levy was awarded 74% of his personal goal target amount.

*Equity Incentive Awards.* The long-term component of our compensation program consists of the grant of equity awards that are intended to create a mutuality of interest with stockholders by motivating our executive officers to manage our business so that our stockholders' investment will grow in value over time. The equity awards are also intended to reward longevity and increase retention, as we do not maintain a defined benefit pension plan or provide other post-retirement medical or life benefits. Because the benefit received, if any, depends upon the performance of our stock price over the term of the equity incentive award, such awards are intended to provide incentives for executive officers to enhance our long-term performance, as reflected in stock price appreciation over the long term, thereby increasing stockholder value.

We currently provide equity awards pursuant to the Lumber Liquidators Holdings, Inc. 2011 Equity Compensation Plan (the "2011 Plan"), from which we may, among other things, grant stock options, restricted stock awards and other equity awards. Equity awards to the executive officers have generally been in the form of non-qualified stock options with vesting periods of four years and terms of ten years. We intend equity awards to be a significant portion of our executive officers' total compensation in order to align their interests with our long-term growth and success.

In 2011, Mr. Lynch was awarded non-qualified stock options and restricted stock pursuant to his employment agreement, the terms of which are discussed in greater detail below. Mr. Griffiths was not awarded any equity in 2011 in light of previously granted equity awards pursuant to his employment agreement, the terms of which are discussed in greater detail below. In determining the amounts of the equity awards for the other named executive officers, the Compensation Committee considered recommendations submitted by Mr. Griffiths and an evaluation of the fair value of the equity award in relation to the individual's total compensation. The following is a list of the equity awards approved by the Compensation Committee and the Board and awarded to our named executive officers in 2011:

Executive	2011 Option Awards\$(1)	2011 Stock Awards\$(1)
Mr. Lynch	4,399,997	329,982
Mr. Griffiths		
Mr. Terrell	149,989	
Mr. Schlegel	299,995	
Mr. Levy	139,997	

- (1) The amounts in this column reflect the aggregate grant date fair value of option and stock awards granted during the year computed in accordance with ASC 718, *Compensation-Stock Compensation*. For a discussion of the assumptions relating to these valuations, see Note 7 - Stock-Based Compensation to our audited financial statements included in Item 8 of the Form 10-K filed with the SEC on February 22, 2012.

The equity awards for the named executive officers were based upon their respective responsibilities as well as retention considerations, compensation levels among our other executive officers, and other factors noted above. In addition, the award total for Mr. Schlegel reflects 23,715 non-qualified stock options awarded to him in connection with his hiring in March 2011.

**Claw Back Provisions**

Under our equity award agreements, in the event the Compensation Committee determines that an executive willfully engaged in conduct harmful to us, the equity award may be forfeited and/or the executive may be required to repay any stock acquired or received as a result of the award or any sums realized as a result of the sale of stock acquired or received as a result of the award. Likewise, under the Bonus Plan, the Compensation

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Committee may require an executive to repay all or any portion of an award issued under the Bonus Plan if the Compensation Committee determines that the award was earned based on inaccurate financial objectives, performance data, metrics or other information or that the participant willfully engaged in conduct harmful to us.

### ***2012 Compensation Program***

Under the leadership of the Compensation Committee, we intend to continue our management of executive compensation with the following objectives:

to maintain a straightforward and flexible program that allows us to make adjustments in response to changes in market conditions;

to provide compensation packages necessary to attract and retain key executives to help ensure that we remain competitive;

to provide non-equity incentive compensation that depends on the executive's individual performance, and our financial performance, as compared against established goals; and

to provide an appropriate link between compensation and the creation of stockholder value through equity awards tied to our long-term performance.

To achieve these objectives, we will continue to utilize a mix of base salary, annual cash bonus awards and equity incentive awards. These components of executive compensation will be used together to strike an appropriate balance between cash and stock compensation and between short-term and long-term incentives. Base salary will remain a key part of our executive compensation, allowing us to attract and retain qualified executives. The annual cash bonus will be used to incentivize our executives to successfully coordinate efforts, in both the short and long terms, to enhance our business, and therefore stockholder value. The annual cash bonuses will continue to be awarded on the basis of a combination of our achievement of certain objective financial performance measures and individual attainment of personal goals relating to areas of operations that he/she can control or influence. Finally, equity awards will continue to be awarded to executives in the form of stock options, restricted stock and/or unrestricted stock in a manner that seeks to align management's interests with long-term stockholder interests and encourage retention of key performers.

### ***Compensation Risk Assessment***

Among other things, the Compensation Committee reviews our compensation policies and practices to determine whether they subject us to unnecessary or excessive risk. In so doing, the Compensation Committee considers whether such policies and practices are appropriately structured to promote the achievement of goals without encouraging the taking of unwarranted or undue risk.

We believe that our compensation programs discussed above are designed with the appropriate balance of risk and reward in relation to our overall business strategy and do not incent executives or other employees to engage in conduct that creates unnecessary or unjustifiable risks. Specifically, our mix of rewards for short term performance through base salary and annual cash bonus awards and for long term performance through equity incentive awards supports these compensation objectives. Moreover, we believe that our utilization of these different compensation components allows us to manage the risks inherent with performance-based compensation. Additionally, our use of mitigation tools such as claw back provisions, oversight by an independent committee of non-employee directors and significant vesting periods for equity awards, provide additional risk protection.

Based upon the review of our compensation practices and policies, we have concluded that they do not create risks that are reasonably likely to have a materially adverse effect on the Company.

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### ***Tax Deductibility Under Section 162(m)***

Section 162(m) of the Internal Revenue Code imposes a limitation on the deductibility of non-performance based compensation in excess of \$1 million paid to named executive officers of public companies. We intend to qualify executive compensation for deductibility under Section 162(m) if doing so is consistent with our best interests and the interests of our stockholders. Because our corporate objectives may not always be consistent with the requirements of full deductibility, it is conceivable that we may enter into compensation arrangements in the future under which payments are not deductible under Section 162(m). We currently believe that we should be able to continue to manage our executive compensation program for our named executive officers to preserve the related federal income tax deductions, although individual exceptions may occur.

### ***Retirement, Deferred Compensation and Pension Plans***

Our executive officers who are eligible may participate at their election in our 401(k) retirement savings plan that provides employees with an opportunity to contribute a portion of their cash compensation to the plan on a tax-deferred basis to be invested in specified investment options and distributed upon their retirement. Consistent with the 401(k) plan, we match 50% of each employee's contributions to the 401(k) plan up to 6% of eligible compensation (i.e. if the employee contributes 6%, we match with 3%). The employer matching contribution vests based on the employee's years of service. In 2011, none of our named executive officers contributed to the 401(k) plan.

The Board has not adopted any plans for the deferral of executive compensation or for the payment of defined benefits or pensions based on an executive officer's salary and/or years of service. In addition, we have not adopted a supplemental executive retirement plan or other excess plan that pays benefits to highly compensated executives whose salaries exceed the Internal Revenue Service's maximum allowable salary for qualified plans.

### ***Say-on-Pay Advisory Vote on Executive Compensation***

The Compensation Committee considered the results of the advisory vote by stockholders on executive compensation, or the say-on-pay vote, at the Company's 2011 Annual Meeting of Stockholders. There was strong support at the 2011 Annual Meeting for the compensation program offered to the Company's named executive officers with more than 92.5% of votes cast in favor. The Compensation Committee believes that these results evidence the overall belief of the Company's stockholders that our compensation policies are working and that such policies are aligned with our stockholders' interests. Accordingly, the Compensation Committee made no significant changes to the Company's executive compensation program as a result of the say-on-pay vote. At the 2011 Annual Meeting, the shareholders of the Company also voted in favor of an annual say-on-pay vote and the Company has elected to follow such advisory vote.

### **Compensation Committee Report**

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this Proxy Statement. Based upon that review and discussion, the Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, for filing with the Securities and Exchange Commission.

#### COMPENSATION COMMITTEE

Martin F. Roper, Chairperson

Macon F. Brock, Jr.

Peter B. Robinson

**Table of Contents****Compensation Committee Interlocks and Insider Participation**

None of the members of our Compensation Committee will be or have ever been one of our officers or employees. None of our executive officers serves or has served as a member of the Board, compensation committee or other Board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our Compensation Committee.

**Annual Compensation of Executive Officers*****Summary Compensation Table***

The following table and descriptions set forth information concerning compensation paid to or earned by our chief executive officer, chief financial officer, and the three other most highly compensated individuals who were serving as our executive officers at the end of the 2011 fiscal year and whose annual salary and bonus exceeded \$100,000 during the 2011 fiscal year. We refer to these individuals throughout this Proxy Statement as our named executive officers.

**Summary Compensation Table**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)(1)</b>	<b>Option Awards (\$)(1)</b>	<b>Non-Equity Incentive Plan Compensation (\$)(2)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Robert M. Lynch(3) President and chief executive officer	2011	471,154	60,000	329,982	4,399,997	66,563	7,191	5,334,887
Jeffrey W. Griffiths(4) Chief executive officer	2011	540,750					48,477	589,227
	2010	535,303			749,920	37,853	12,550	1,335,626
	2009	524,904				477,663	10,721	1,013,288
Daniel E. Terrell(5) Chief financial officer	2011	279,336			149,989	22,300	3,356	454,981
	2010	265,481			180,761	24,750	3,356	474,348
	2009	234,423			160,000	104,363	12,271	511,057
William K. Schlegel(6) Chief merchandising officer	2011	216,827			299,995	23,203	27,573	567,598
Seth P. Levy(7) Chief information officer; Senior vice president, information technology	2011	263,591			139,997	24,533	50,774	478,895

- (1) The amounts in this column reflect the aggregate grant date fair value of stock and option awards granted during the year computed in accordance with ASC 718, *Compensation-Stock Compensation*. For a discussion of the assumptions relating to these valuations, see Note 7 Stock-Based Compensation to our audited financial statements included in Item 8 of the Form 10-K filed with the SEC on February 22, 2012.
- (2) The amounts in the column reflect annual cash bonus awards through our non-equity incentive plan, referred to as our Bonus Plan.
- (3) Mr. Lynch became our President and Chief Operating Officer effective January 17, 2011, and became Chief Executive Officer on January 1, 2012. Mr. Lynch was paid a signing bonus of \$60,000. All other compensation includes \$7,191 in health benefits, group health plan contributions and life insurance premiums for 2011.

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- (4) Mr. Griffiths retired as Chief Executive Officer effective January 1, 2012. All other compensation includes \$15,185, \$12,550 and \$10,721 in health benefits, group health plan contributions and life insurance premiums for 2011, 2010 and 2009, respectively, and \$33,292 in relocation expense reimbursement for 2011.
- (5) All other compensation includes \$3,356, \$3,356 and \$12,271 in group health plan contributions and life insurance premiums for 2011, 2010 and 2009, respectively.
- (6) Mr. Schlegel became our Chief Merchandising Officer on March 14, 2011. His option awards were granted to him in connection with his hiring. All other compensation includes \$5,743 in group health plan contributions and life insurance premiums and \$21,830 in relocation expense reimbursement for 2011.
- (7) Mr. Levy was not a named executive officer prior to 2011. All other compensation includes \$10,609 in health benefits, group health plan contributions and life insurance premiums and \$40,165 in relocation expense reimbursement for 2011.

**Grants of Plan-Based Awards**

The following table provides information on grants of plan-based awards made to our named executive officers during fiscal 2011:

**Grants of Plan-Based Awards for Fiscal Year 2011**

Name	Award Type	Grant Date	Option Award Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)		All Other Stock Awards: Number of Shares of Stock or Units(#)	All Other Option Awards: Number of Securities Underlying Options(#)	Exercise Price of Option Awards (\$)	Grant Date Fair Value of Stock and Option Awards(\$)
				Target (\$)	Maximum \$(2)				
Robert M. Lynch	Annual Bonus Plan			375,000	431,250				
	Stock Options	1/17/2011	12/17/2010				325,203(3)	26.73	4,399,997
	Restricted Stock	1/17/2011	12/17/2010			12,345(4)			329,982
Jeffrey W. Griffiths	Annual Bonus Plan			540,750	621,863				
Daniel E. Terrell	Annual Bonus Plan			168,300	193,545				
	Stock Options	3/3/2011	3/3/2011				12,234(5)	23.49	149,989
William K. Schlegel	Annual Bonus Plan			114,583	131,770				
	Stock Options	3/14/2011	3/14/2011				23,715(6)	24.25	299,995
Seth P. Levy	Annual Bonus Plan			132,613	152,504				
	Stock Options	3/3/2011	3/3/2011				11,419(5)	23.49	139,997

- (1) The Bonus Plan does not include threshold bonus amounts. These amounts reflect the potential range of payments for the Bonus Plan. The actual payments are reflected in the Non-Equity Incentive Plan column of the Summary Compensation Table.
- (2) The amounts reflect the greatest potential payments under the Bonus Plan in the event we exceeded our corporate performance target and maximized the corporate performance component.
- (3) The grants provided for vesting in equal annual amounts on the first five anniversary dates following the date of grant of January 17, 2011.
- (4) The grants provided for vesting in equal amounts on January 17, 2011, July 17, 2011 and January 17, 2012.
- (5) The grants provided for vesting in equal annual amounts on the first four anniversary dates following the date of grant of March 3, 2011.
- (6) The grant provided for vesting in equal annual amounts on the first four anniversary dates following the date of grant of March 14, 2011.

**Discussion of the Summary Compensation Table and Grants of Plan-Based Awards Table**

*Employment Agreement with Robert M. Lynch.* In December 2010, we entered into an agreement with Mr. Lynch whereby he agreed to serve as our president and chief operating officer for a five-year term commencing January 17,



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2011. The agreement provides for an annual base salary of \$500,000, with an increase to \$550,000 on or about March 12, 2012. The agreement also provides for a \$60,000 signing bonus. In addition, the Board in its discretion may award Mr. Lynch an annual performance bonus, based on our financial performance and Mr. Lynch's job performance. Under the agreement, Mr. Lynch was granted options to purchase 325,203 shares of our common stock (approximately 1% of our outstanding shares at that time) at the fair market value as of January 17, 2011. The options vest 20% on each of the first five anniversaries of the grant. Mr. Lynch was also granted 12,345 restricted stock units on January 17, 2011. One-third of the restricted stock units vested on January 17, 2011, July 17, 2011 and January 17, 2012.

Pursuant to an amendment entered by the parties in December 2011, Mr. Lynch agreed to serve as our president and chief executive officer effective January 1, 2012. The amended agreement provides for an annual base salary of \$550,000 beginning January 1, 2012.

The agreement also provides for certain payments in the event of termination, as described below. Mr. Lynch is bound under the agreement by a confidentiality provision and non-competition and non-solicitation clauses that apply to his employment and for a period of two years following the later of the date of termination of his employment and the date (if any) that a court enters a judgment enforcing the relevant provision.

*Employment Agreement with Jeffrey W. Griffiths.* In September 2006, we entered into an agreement with Mr. Griffiths whereby he agreed to serve as our president and chief executive officer for a four-year term commencing September 18, 2006. The agreement provided for an annual base salary of \$500,000, which could be increased based on an annual performance review. In addition, the Board in its discretion could award Mr. Griffiths an annual performance bonus, based on our financial performance and Mr. Griffiths' job performance. Under the agreement, Mr. Griffiths was granted options to purchase 745,000 shares of our common stock (approximately 3% of our outstanding shares at that time) at the fair market value as of October 18, 2006 (determined based on a valuation of the stock as of October 1, 2006). The agreement stated that the options would vest 25% on each of the first four anniversaries of the grant, provided that the options would become fully vested upon the occurrence of a Griffiths Agreement Sale Event (defined as (i) our dissolution or liquidation, (ii) a sale of all or substantially all of our assets or (iii) a merger, reorganization or consolidation in which our stock is converted into or exchanged for securities of a successor entity and the holders of a majority of voting power prior to the transaction do not hold a majority of voting power of the successor entity following the transaction).

Pursuant to an amendment entered by the parties in December 2009, the term of the agreement was extended by an additional eighteen (18) months. Further, in accordance with the amendment, Mr. Griffiths was granted options to purchase a whole number of shares of our common stock with a cumulative fair value of \$750,000. Based on the fair market value of an option on January 1, 2010, Mr. Griffiths was granted options to purchase 80,299 shares of our stock. The exercise price for the options was equal to the fair market value of our stock as of January 1, 2010. The options vested and became exercisable on March 17, 2012, in that Mr. Griffiths' continued employment with us through that date.

The agreement also provided for certain payments in the event of termination, as described below. Mr. Griffiths is bound under the agreement by a confidentiality provision and non-competition and non-solicitation clauses that applied to his employment and for a period of two years following the later of the date of termination of his employment and the date (if any) that a court enters a judgment enforcing the relevant provision.

Other than the agreements with Mr. Lynch and Mr. Griffiths, we have not entered into employment agreements with any of the named executive officers. For additional information concerning our executive compensation policies, see Compensation Discussion and Analysis above.

**Table of Contents****Outstanding Equity Awards at Fiscal Year-End 2011**

The following table sets forth the outstanding equity awards as of the end of the 2011 fiscal year for each of our named executive officers:

**Outstanding Equity Awards at Fiscal Year-End 2011**

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested (\$)
Robert M. Lynch		325,203(1)	26.73	1/17/2021	4,115(2)	72,671
Jeffrey W. Griffiths	253,672(3)		7.83	10/18/2016		
		80,299(4)	26.80	1/1/2020		
Daniel E. Terrell	114,761(5)		7.58	7/13/2016		
	17,625(6)	5,875(6)	10.69	3/28/2018		
	14,446(7)	14,467(7)	10.69	3/12/2019		
	3,551(8)	10,655(8)	24.19	3/11/2020		
		12,234(9)	23.49	3/3/2021		
William K. Schlegel		23,715(10)	24.25	3/14/2021		
Seth P. Levy	10,343(7)	20,344(7)	10.69	3/12/2019		
	2,959(8)	8,879(8)	24.19	3/11/2020		
		11,419(9)	23.49	3/3/2021		

- (1) The grant provided for vesting in equal annual amounts on the first five anniversary dates following the date of grant of January 17, 2011.
- (2) The grant provided for vesting in equal amounts on January 17, 2011, July 17, 2011 and January 17, 2012.
- (3) The grant provided for vesting in equal annual amounts on the first four anniversary dates following the date of grant of October 18, 2006.
- (4) The grant provided for full vesting on March 17, 2012.
- (5) The grants provided for vesting in equal annual amounts on the first four anniversary dates following the date of grant of July 13, 2006; provided, however, vesting was accelerated in 2007 by one year as a result of our IPO.
- (6) The grants provided for vesting in equal annual amounts on the first four anniversary dates following the date of grant of March 28, 2008.
- (7) The grants provided for vesting in equal annual amounts on the first four anniversary dates following the date of grant of March 12, 2009.
- (8) The grants provided for vesting in equal annual amounts on the first four anniversary dates following the date of grant of March 11, 2010.
- (9) The grants provided for vesting in equal annual amounts on the first four anniversary dates following the date of grant of March 3, 2011.
- (10) The grant provided for vesting in equal annual amounts on the first four anniversary dates following the date of grant of March 14, 2011.

**Table of Contents****Option Exercises for 2011**

The following table provides information concerning the exercises of stock options during the fiscal year 2011 on an aggregated basis for each of our named executive officers:

**Option Exercises and Stock Vested for Fiscal Year-End 2011**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Robert M. Lynch			8,230	180,895
Jeffrey W. Griffiths	303,418	4,404,117		
Daniel E. Terrell				
William K. Schlegel				
Seth P. Levy				

**Potential Payments Upon Termination or Change of Control**

Under his employment agreement, which expired on March 17, 2012, in the event of his disability or death, Mr. Griffiths was entitled to receive a prorated portion of his annual performance bonus. If (a) we terminated Mr. Griffiths' employment without Cause (as defined in his agreement), (b) Mr. Griffiths terminated his employment within 60 days following a Griffiths Agreement Sale Event (as defined above under the description of Mr. Griffiths' employment agreement) that results in a material reduction in his compensation or responsibilities, or (c) Mr. Griffiths terminated his employment for Good Reason (as defined in his agreement), Mr. Griffiths was entitled to receive two times his base salary in a lump sum and a prorated portion of his annual performance bonus. If Mr. Griffiths' employment had been terminated under one of these three circumstances as of December 31, 2011, Mr. Griffiths would have been entitled to receive \$1,216,668, assuming the Compensation Committee awarded him 0% of his corporate performance target and 100% of his personal goal target related to his annual performance bonus. Upon the occurrence of a Griffiths Agreement Sale Event, Mr. Griffiths' options would have become fully vested, as disclosed in the table below.

Mr. Lynch's employment agreement provides for the termination of his employment by the Company without Cause, termination by him as the result of a Good Reason Event and termination by him following a Change of Control and a resulting material reduction in his compensation or job responsibilities (as those terms are defined in the employment agreement). Termination under any of these circumstances entitles Mr. Lynch to receive the following:

his salary earned through the date of termination and accrued but unused paid time off;

an amount, paid in twelve equal monthly installments, equal to his current rate of annual salary then in effect; and

for a period of twelve months, if Mr. Lynch elects to continue health, vision and dental insurance through COBRA continuation coverage, an amount equal to that portion of the COBRA premium the Company would have paid had Mr. Lynch maintained such insurance while employed by the Company.

If Mr. Lynch's employment had been terminated under one of these three circumstances as of December 31, 2011, Mr. Lynch would have been entitled to receive \$511,418. Mr. Lynch will not be entitled to any compensation or other benefits under the employment agreement if his employment is terminated by the Company for Cause or by him in the absence of either a Good Reason Event or a Change of Control and resulting material reduction in his compensation or job responsibilities.

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We do not have any agreements with any of the other named executive officers that provide for severance payments upon termination of their employment or in connection with a change in control of us. The agreements pursuant to which equity awards have been granted to the named executive officers, however, contain provisions for accelerated vesting upon a change in control of us.

The following table shows the value, as of the end of the 2011 fiscal year, to our named executive officers of unvested stock awards where the vesting would accelerate upon a change in control:

Name	Unvested Stock Options at 12/31/2011(#)	Unvested Stock Awards at 12/31/2011(#)	Exercise Price(\$)	Value of Unvested Stock Options or Award (Based on Closing Price of Stock at 12/31/2011(2)(\$)	Total Value of Stock Options or Award that may Accelerate Upon Change in Control(\$)
Robert M. Lynch	325,203(1)	4,115(1)	26.73	(3) 109,994	109,994
Jeffrey W. Griffiths	80,299(1)		26.80	(3)	
Daniel E. Terrell	20,342(1) 10,655(1) 12,234(1)		10.69 24.19 23.49	141,784 (3) (3)	141,784
William K. Schlegel	23,715(1)		24.25	(3)	
Seth P. Levy	20,344(1) 8,879(1) 11,419(1)		10.69 24.19 23.49	141,798 (3) (3)	141,798

(1) Upon change in control, 100% of the unvested options or awards vest.

(2) The closing price on 12/30/2011 was \$17.66.

(3) The closing price on 12/30/2011 was below the exercise price.

**Equity Compensation Plan Information**

The following table sets forth information as of December 31, 2011, with respect to compensation plans under which shares of our common stock are authorized for issuance:

	Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights (#)	Weighted-average Exercise Price of Outstanding Options and Rights (\$)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (#)
Equity Compensation Plans Approved by Security Holders			
2004 Stock Option and Grant Plan(1)(2)	909,926	7.65	
2006 Equity Plan for Non-Employee Directors(1)(3)	66,559	7.58	
2007 Equity Compensation Plan(1)(4)	1,252,995(5)	20.02(6)	
2011 Equity Compensation Plan(1)(7)	105,176(8)	17.17(6)	1,817,427

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### Equity Compensation Plans Not Approved by Security Holders

Total	2,334,656	14.42(6)	1,817,427
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- (1) In 2011, the Board adopted, and the stockholders approved, the 2011 Equity Compensation Plan to succeed the 2007 Equity Compensation Plan. In 2007, the Board adopted, and the stockholders approved, the 2007 Equity Compensation Plan to succeed the 2004 Stock Option and Grant Plan and the 2006 Equity Plan for Non-Employee Directors. As a result, no further awards will be granted under the 2004 Stock Option and Grant Plan, the 2006 Equity Plan for Non-Employee Directors or the 2007 Equity Compensation Plan.

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- (2) The 2004 Stock Option and Grant Plan, which we refer to as the 2004 Plan, permitted the grant of incentive and non-qualified stock options and restricted and unrestricted stock awards to our officers, employees, consultants and other key persons (including prospective employees).
- (3) The 2006 Equity Plan for Non-Employee Directors, which we refer to as the 2006 Director Plan, permitted the grant of non-qualified stock options and restricted and unrestricted stock awards to our non-employee directors.
- (4) The 2007 Equity Compensation Plan, which we refer to as the 2007 Plan, permitted the grant of non-qualified and incentive stock options and other stock-based awards to our employees, non-employee directors and other service providers.
- (5) Includes stock options to purchase 1,149,456 shares and 103,539 restricted stock units.
- (6) Weighted average exercise price of outstanding options; excludes restricted stock units.
- (7) The 2011 Equity Compensation Plan, which we refer to as the 2011 Plan, permits the grant of non-qualified and incentive stock options and other stock-based awards, including, without limitation, restricted stock, restricted stock units, unrestricted stock awards and stock appreciation rights, to our employees, non-employee directors and other service providers. Award grants may be made with the intention of qualifying under the requirements of Section 162(m) of the Internal Revenue Code as performance-based compensation. The 2011 Plan is administered by our Compensation Committee. There are 5,300,000 shares of our common stock authorized for issuance, subject to adjustment and reduced by (i) any shares that have been issued under the 2007 Plan, and (ii) any shares that are subject to outstanding awards under the 2007 Plan that have not been forfeited or cancelled. No more than 900,000 shares may be issued under the 2011 Plan as restricted stock (either as a separate award or to settle restricted stock units) or unrestricted stock.
- (8) Includes stock options to purchase 68,406 shares and 36,770 restricted stock units.

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**DIRECTOR COMPENSATION**

Directors who are our employees do not receive compensation for their service on the Board or any Board committee. Each of our non-employee directors receives an annual retainer of \$90,000. In addition, our non-employee directors receive the following annual retainers for serving on the specified committees:

\$15,000 for serving as the chairperson of the Audit Committee;

\$7,500 for serving as the chairperson of the Compensation Committee;

\$5,000 for serving as the chairperson of the Nominating and Corporate Governance Committee;

\$7,500 for serving as a member (but not the chairperson) of the Audit Committee;

\$3,750 for serving as a member (but not the chairperson) of the Compensation Committee; and

\$2,500 for serving as a member (but not the chairperson) of the Nominating and Corporate Governance Committee.

In 2011, our non-employee directors elected to have the retainers paid in restricted stock units. The restricted stock units were granted on the date of the 2011 Annual Meeting and they vest on the date of the 2012 Annual Meeting. In calculating the number of restricted stock units reflecting the value of the retainers for our non-employee directors, we used the closing price of our common stock on the date of the grant. Directors were reimbursed for expenses incurred in connection with their service as directors, including travel expenses for meeting attendance.

**Mr. Sullivan's Compensation**

Mr. Sullivan, our founder and the chairman of the Board, is an employee of the Company and receives a salary and other compensation for his services. In 2011, he did not receive an increase in his base salary. Mr. Sullivan participated in the Bonus Plan and his target bonus amount was 100% of his base salary, with 75% based on corporate performance against financial goals and 25% on achievement of personal goals. His personal goals were directed at the effective management of our marketing and advertising strategies. Like the other Bonus Plan participants, Mr. Sullivan did not receive an award under the corporate performance component of the Bonus Plan. He did receive a cumulative score of 95% toward his personal goal component, which totaled \$77,057.

Mr. Sullivan did not receive any equity incentive award in 2011. He does not receive an annual retainer or other compensation for serving as a director or on any committee.

**Table of Contents****Director Compensation Table**

The following table sets forth compensation earned by our directors who are not named executive officers in the fiscal year ended December 31, 2011:

**Director Compensation in Fiscal 2011**

Name	Stock Awards(1)(\$)	Non-Equity		Total(\$)
		Incentive Plan Compensation(\$)	Other Compensation(\$)	
Macon F. Brock, Jr.(2)	96,225			96,225
Douglas T. Moore(3)	102,495			102,495
John M. Presley(4)	107,491			107,491
Peter B. Robinson(5)	93,727			93,727
Martin F. Roper(6)	104,993			104,993
Thomas D. Sullivan		77,057	338,795(7)	415,852
Jimmie L. Wade				

- (1) The amounts in this column reflect the aggregate grant date fair value of awards granted during the year computed in accordance with ASC 718, *Compensation-Stock Compensation*. Stock awards granted in 2011 had a grant date fair value of \$25.49 per share. For a discussion of the assumptions relating to these valuations, see Note 7 Stock-Based Compensation to our audited financial statements included in Item 8 of the Form 10-K filed with the SEC on February 22, 2012.
- (2) Stock awards include 3,775 shares of restricted stock units that were outstanding as of December 31, 2011.
- (3) Stock awards include 4,021 shares of restricted stock units that were outstanding as of December 31, 2011.
- (4) Stock awards include 4,217 shares of restricted stock units that were outstanding as of December 31, 2011.
- (5) Stock awards include 3,677 shares of restricted stock units that were outstanding as of December 31, 2011.
- (6) Stock awards include 4,119 shares of restricted stock units that were outstanding as of December 31, 2011.
- (7) Other compensation includes base salary of \$324,450, group health plan contributions and life insurance premiums of \$7,255, and matching contributions to our 401(k) plan of \$7,090.

**Outside Directors Deferral Plan**

On November 21, 2008, the Board adopted the Lumber Liquidators Holdings, Inc. Outside Directors Deferral Plan (the Deferral Plan ) under which each of our non-employee directors has the opportunity to defer receipt of all or a portion of his fees until his departure from the Board. In so doing, the Board intended to provide an incentive to the non-employee directors to own shares of our common stock, thereby aligning their interests more closely with the interests of our stockholders. Deferral elections must be made by December 31 for the deferral of fees in the next calendar year.

Under the Deferral Plan, a non-employee director may elect to defer up to 100% of his compensation in 25% increments and have such compensation invested in deferred stock units. Deferred stock units attributable to the deferral of cash compensation are credited as of the day on which such compensation is otherwise payable in accordance with our then applicable director compensation policies (the Payment Date ), and the number of deferred stock units is determined by dividing the deferred compensation payable on the Payment Date by the closing price of our common stock as of the Payment Date. Deferred stock units credited with respect to restricted common stock awards are determined using the closing price as of the grant date of the award of such shares of common stock. Deferred stock units must be settled in common stock upon the director s departure from the Board. There were 32,960 deferred stock units outstanding in 2011.



**Table of Contents****SECURITIES OWNERSHIP****Securities Ownership of Certain Beneficial Owners**

The following table sets forth information regarding ownership of our common stock by each person (or group of affiliated persons) known to us to be the beneficial owner of more than 5% of the outstanding shares of our common stock and the shares of common stock owned by each director, by each named executive officer, and all of our directors and executive officers as a group as of April 2, 2012. Unless otherwise indicated below, the address of each beneficial owner listed below is c/o Lumber Liquidators Holdings, Inc., 3000 John Deere Road, Toano, Virginia 23168.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class(2)
<b>5% or Greater Owners</b>		
FMR LLC(3)	4,164,159	15.1%
82 Devonshire Street		
Boston, MA 02109		
Mariko O. Gordon	2,670,490	9.7%
Daruma Asset Management, Inc.(4)		
80 West 40 <sup>th</sup> Street		
New York, NY 10018		
Baron Capital Group, Inc.	2,347,900	8.5%
BAMCO, Inc.		
Baron Capital Management, Inc.		
Ronald Baron		
Baron Small Cap Fund(5)		
712 Fifth Avenue		
New York, NY 10019		
Merchants Gate Capital LP(6)	1,899,671	6.9%
40 East 52 <sup>nd</sup> Street		
New York, NY 10022		
BlackRock, Inc.(7)	1,899,076	6.9%
40 East 52 <sup>nd</sup> Street		
New York, NY 10022		
Wellington Management Company(8)	1,481,587	5.4%
280 Congress Street		

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<b>Named Executive Officer</b>		
Jeffrey W. Griffiths(9)	233,971	*
<b>Directors and Executive Officers</b>		
Macon F. Brock, Jr.(10)	40,351	*
Seth P. Levy(11)	29,287	*
Robert M. Lynch(12)	91,893	*
Douglas T. Moore(13)	38,136	*
John M. Presley(14)	54,419	*
Peter B. Robinson(15)	7,345	*
Martin F. Roper(16)	51,325	*
William K. Schlegel(17)	6,613	*
Thomas D. Sullivan	1,235,998	4.5%
Daniel E. Terrell(18)	177,120	*
Jimmie L. Wade		*
All executive officers and directors as a group (15 persons)	1,894,539	6.7%

\* Represents beneficial ownership of less than 1%.

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- (1) Under the rules of the SEC, a person is deemed to be the beneficial owner of a security if that person, directly or indirectly, has or shares the power to direct the voting of the security or the power to dispose or direct the disposition of the security. Accordingly, more than one person may be deemed to be a beneficial owner of the same securities. A person is also deemed to be a beneficial owner of any securities if that person has the right to acquire beneficial ownership within 60 days of the relevant date. Unless otherwise indicated by footnote, the named individuals have sole voting and investment power with respect to beneficially owned shares of stock.
- (2) Based on 27,659,312 shares of our common stock outstanding as of April 2, 2012. In accordance with SEC rules, percent of class as of April 2, 2012 is calculated for each person and group by dividing the number of shares beneficially owned by the sum of the total shares outstanding plus the number of shares subject to options exercisable by that person or group within 60 days.
- (3) According to a Schedule 13G filed with the SEC on February 14, 2012, FMR LLC has sole power to vote or direct the vote of no shares and dispose of 4,164,159 shares of our common stock. FMR, LLC's beneficial ownership is derived as follows: Fidelity Management & Research Company ( Fidelity ), 82 Devonshire Street, Boston, Massachusetts 02109, a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 4,164,159 shares of our common stock as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. The ownership of one investment company, Fidelity Growth Company Fund, 82 Devonshire Street, Boston, Massachusetts 02109, amounted to 2,760,167 shares of our common stock. Edward C. Johnson 3d and FMR LLC, through its control of Fidelity, and the funds each has sole power to dispose of the 4,164,159 shares owned by the funds. Members of the family of Edward C. Johnson 3d, Chairman of FMR LLC, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Edward C. Johnson 3d has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Funds' Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Funds' Boards of Trustees.
- (4) According to a Schedule 13G filed with the SEC on February 14, 2012, Mariko O. Gordon and Daruma Asset Management, Inc. have shared power to vote or direct the vote of 1,077,720 shares and shared power to dispose or to direct the disposition of 2,670,490 shares of our common stock.
- (5) According to a Schedule 13G filed with the SEC on February 14, 2012, Baron Capital Group, Inc. ( BCG ), through certain of its affiliated entities, has shared power to vote or to direct the vote of 2,267,900 shares and shared power to dispose or to direct the disposition of 2,347,900 shares of our common stock. BAMCO, Inc. ( BAMCO ) and Baron Capital Management, Inc. are subsidiaries of BCG and have shared voting power with respect to 2,230,000 shares and 37,900 shares, respectively, and shared dispositive power with respect to 2,310,000 shares and 37,900 shares of our common stock, respectively. Ronald Baron owns a controlling interest in BCG and has shared voting power with respect to 2,267,900 shares and shared dispositive power with respect to 2,347,900 shares of our common stock. Baron Small Cap Fund is an advisory client of BAMCO and reported shared voting and dispositive power with respect to 1,425,000 shares of our common stock.
- (6) According to a Schedule 13G filed with the SEC on February 14, 2012, Merchants' Gate Capital LP, Merchants' Gate Capital GP LLC and Mr. Jason Capello have shared power to vote or direct the vote of 1,899,671 shares and shared power to dispose or to direct the disposition of 1,899,671 shares of our common stock.
- (7) According to a Schedule 13G filed with the SEC on February 13, 2012, BlackRock, Inc. has sole power to vote or direct the vote of 1,899,076 shares and dispose of 1,899,076 shares of our common stock. Relevant subsidiaries of BlackRock, Inc. that are persons described in Rule 13d-1(b) include: (i) BlackRock Japan Co. Ltd; (ii) BlackRock Institutional Trust Company, N.A.; (iii) BlackRock Fund Advisors; (iv) BlackRock Asset

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- Management Canada Limited; (v) BlackRock Asset Management Australia Limited; (vi) BlackRock Advisors, LLC; (vii) Blackrock Capital Management, Inc.; (viii) BlackRock Investment Management, LLC; (ix) BlackRock Asset Management Ireland Limited
- (8) According to a Schedule 13G filed with the SEC on February 14, 2012, Wellington Management Company, LLP has shared power to vote or direct the vote of 1,247,087 shares and shared power to dispose or to direct the disposition of 1,481,587 shares of our common stock.
  - (9) Including 213,971 shares not currently owned but issuable upon the exercise of stock options awarded under our equity compensation plans that are currently exercisable or will become exercisable within 60 days.
  - (10) Including 3,775 shares of restricted stock awarded under our equity compensation plans not currently owned but issuable within 60 days to be invested in deferred stock units under our Deferral Plan.
  - (11) Including 29,287 shares not currently owned but issuable upon the exercise of stock options awarded under our equity compensation plans that are currently exercisable or will become exercisable within 60 days.
  - (12) Including 65,040 shares not currently owned but issuable upon the exercise of stock options awarded under our equity compensation plans that are currently exercisable or will become exercisable within 60 days.
  - (13) Including 13,789 shares not currently owned but issuable upon the exercise of stock options awarded under our equity compensation plans that are currently exercisable or will become exercisable within 60 days and 4,021 shares of restricted stock awarded under our equity compensation plans not currently owned but issuable within 60 days.
  - (14) Including 26,385 shares not currently owned but issuable upon the exercise of stock options awarded under our equity compensation plans that are currently exercisable or will become exercisable within 60 days and 4,217 shares of restricted stock awarded under our equity compensation plans not currently owned but issuable within 60 days to be invested in deferred stock units under our Deferral Plan.
  - (15) Including 3,677 shares of restricted stock awarded under our equity compensation plans not currently owned but issuable within 60 days to be invested in deferred stock units under our Deferral Plan.
  - (16) Including 26,385 shares not currently owned but issuable upon the exercise of stock options awarded under our equity compensation plans that are currently exercisable or will become exercisable within 60 days and 4,119 shares of restricted stock awarded under our equity compensation plans not currently owned but issuable within 60 days to be invested in deferred stock units under our Deferral Plan.
  - (17) Including 5,928 shares not currently owned but issuable upon the exercise of stock options awarded under our equity compensation plans that are currently exercisable or will become exercisable within 60 days.
  - (18) Including 170,120 shares not currently owned but issuable upon the exercise of stock options awarded under our equity compensation plans that are currently exercisable or will become exercisable within 60 days.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the Securities and Exchange Commission initial reports of beneficial ownership and reports of changes in beneficial ownership of our equity securities.

Based solely upon a review of Forms 3, Forms 4 and Forms 5 furnished to us under Rule 16a-3(e) during 2011, and written representations of our directors and officers, we believe that all directors, executive officers and beneficial owners of more than 10% of our common stock have filed with the SEC on a timely basis all reports required to be filed under Section 16(a) of the Securities Exchange Act, except that Carl R. Daniels inadvertently filed late a report on Form 3 covering his initial holdings and a report on Form 4 relating to a stock option grant in November 2011.

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**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

We have a formal written policy concerning related person transactions. Under that policy, a related person transaction is a transaction, arrangement or relationship involving us, on the one hand, and (i) our director, executive officer or employee, his or her immediate family members or any entity that any of them controls or in which any of them has a substantial beneficial ownership interest; or (ii) any person who is the beneficial owner of more than 5% of our voting securities or a member of the immediate family of such person. The Audit Committee evaluates each related person transaction for the purpose of recommending to the disinterested members of the Board whether the transaction is fair, reasonable and within our policy, and should be ratified and approved by the Board. At least annually, management will provide the Audit Committee with information pertaining to related person transactions. Related person transactions entered into, but not approved or ratified as required by the policy concerning related person transactions, will be subject to termination by us or the relevant subsidiary, if so directed by the Audit Committee, taking into account factors as it deems appropriate and relevant.

**Lease Arrangements**

As of March 31, 2012, we lease our Toano finishing, distribution and headquarters facility, which includes a store location, and 24 of our other store locations from ANO LLC ( ANO ), a company that is wholly owned by Tom Sullivan. The operating lease for our Toano facility has a base period that runs through December 31, 2019. Our store leases generally have five-year base periods and one or more five-year renewal periods. Our rent expense attributable to ANO was \$2.6 million in 2011 and we expect a similar rent expense attributable to ANO in 2012. The future minimum payments under our leases with ANO as of December 31, 2011 total approximately \$16.5 million.

As of March 31, 2012, we lease one store location from Wood on Wood Road, Inc. ( Wood on Wood ), which is wholly owned by Mr. Sullivan. In 2011, we leased one store location from BMT Holdings, LLC ( BMT), in which Mr. Sullivan has a 50% membership interest. Each lease is for a five-year base period and has a five-year renewal period. Our rent expense attributable to Wood on Wood was \$0.08 million in 2011. Our rent expense attributable to BMT was \$0.05 million in 2011. We expect to incur similar rent expenses attributable to Wood on Wood in 2011. The future minimum payments under our lease with Wood on Wood as of December 31, 2011 total \$0.2 million. Our lease with BMT terminated in 2011.

We believe that the leases that we have signed to date with ANO, Wood on Wood and BMT, which are described in more detail in Note 6 to our audited financial statements included in Item 8 of the Form 10-K filed with the SEC on February 22, 2012, are on fair market terms. In 2011, any new leases or renewals of existing leases involving Mr. Sullivan or entities with which he is involved were handled in accordance with our related person transaction policy.

**Table of Contents****AUDITOR INFORMATION**

Our management is responsible for our internal controls and the financial reporting process. Our independent registered public accounting firm, Ernst & Young LLP, is responsible for performing an independent audit of our consolidated financial statements in accordance with auditing standards generally accepted in the United States and issuing a report on its audit. Ernst & Young served as our independent registered public accounting firm for the fiscal years ended December 31, 2009, 2010 and 2011. Representatives of Ernst & Young are expected to attend the Annual Meeting, be available to respond to appropriate questions from stockholders and have the opportunity to make a statement if they desire to do so.

**Fees Paid to Independent Registered Public Accounting Firm**

The following information is furnished with respect to the fees billed by our independent registered public accounting firm for each of the last two fiscal years:

	<b>2010</b>	<b>2011</b>
Audit Fees	\$ 675,000	\$ 647,500
Audit-Related Fees	289,875	204,420
Tax Fees	91,613	248,874
Total Fees	\$ 1,056,488	\$ 1,100,794

**Audit fees:** The aggregate amount of fees billed to us by Ernst & Young for professional services rendered in connection with the audit of our annual consolidated financial statements, the reviews of the consolidated financial statements for the fiscal quarters during the year and accounting consultations that relate to the audited consolidated financial statements and are necessary to comply with auditing standards.

**Audit-Related fees:** The aggregate amount of fees billed to us by Ernst & Young for professional services rendered in connection with due diligence services related to acquisition of our China office in 2011, and the changes in our control environment due to the integrated information technology solution implementation and IT audit and consulting fees in both 2011 and 2010.

**Tax fees:** The aggregate amount of fees billed to us by Ernst & Young for professional services related to federal, state and international tax return preparation, tax planning services and assistance with certain federal and state tax audits.

**Audit Committee Pre-Approval Policies and Procedures**

The Audit Committee has determined that Ernst & Young's rendering of all other non-audit services is compatible with maintaining auditor independence. The Audit Committee has adopted a policy for the pre-approval of services provided by the independent registered public accounting firm. Under the policy, pre-approval is generally provided for particular services or categories of services, including planned services, project-based services and routine consultations projects. Each category is subject to a specific budget or quarterly dollar amount. In addition, the Audit Committee may also pre-approve particular services on a case-by-case basis. For each proposed service, the independent registered public accounting firm is required to provide detailed back-up documentation at the time of approval. The Audit Committee has delegated certain pre-approval authority to its Chairman. The Chairman must report any decisions to the Audit Committee at its next scheduled meeting. All services provided by Ernst & Young during 2010 and 2011 were pre-approved.

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### **Audit Committee Report**

The Audit Committee operates under a written charter adopted by the Board of Directors. The charter reflects the requirements of the Sarbanes-Oxley Act of 2002, the Security and Exchange Commission (the SEC) and the New York Stock Exchange (the NYSE). Each member of the Audit Committee is independent in accordance with the applicable rules of the NYSE, the SEC and our corporate governance guidelines.

The Audit Committee reviews and discusses the following matters with management and our independent registered public accounting firm, Ernst & Young LLP:

Quarterly and year-end results, consolidated financial statements and reports, prior to public disclosure.

Our disclosure controls and procedures, including internal control over financial reporting.

The independence of our registered public accounting firm.

Management's report and the independent registered public accounting firm's report and attestation on internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002.

The Audit Committee routinely meets with our internal auditors and independent registered public accounting firm, with and without management present.

The Audit Committee has oversight responsibilities only and it is not acting as an expert in accounting or auditing. The Audit Committee relies without independent verification on the information provided to its members and on the representations made by management and the independent auditors. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States or that the audit of our consolidated financial statements by the independent auditors has been carried out in accordance with auditing standards generally accepted in the United States.

Management has the primary responsibility for the preparation of our 2011 consolidated financial statements and the overall reporting process, including the systems of internal control over financial reporting, and has represented to the Audit Committee that our 2011 consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States. The Audit Committee reviewed and discussed the audited consolidated financial statements with management and the independent auditors. In accordance with the requirements established by the Statement on Auditing Standards No. 61, as amended, *Communications with Audit Committees*, these discussions included, among other things, a review of significant accounting policies, their application and estimates, and the independent auditors' judgment about our accounting controls and the quality of our accounting practices.

The Audit Committee has received from the independent auditors written disclosures and a letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and has discussed with the independent accountant the independent accountant's independence.

Relying on these reviews and discussions, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, for filing with the SEC.

### AUDIT COMMITTEE

John M. Presley, *Chairperson*

Douglas T. Moore

Martin F. Roper

Jimmie L. Wade



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**PROPOSAL TWO**

**RATIFICATION OF THE SELECTION OF**

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected Ernst & Young LLP to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2012. We are asking the stockholders to ratify this selection. If our stockholders fail to ratify the selection of Ernst & Young, the Audit Committee and our Board will consider whether to retain Ernst & Young and may retain that firm or another firm without resubmitting the matter to our stockholders. Even if the selection is ratified, the Audit Committee in its discretion may select a different independent registered accounting firm at any time during the year if it determines that such a change would be in our and our stockholders' best interest.

The affirmative vote of the holders of shares representing a majority of the votes cast at the Annual Meeting, in person or by proxy, is required to ratify the selection of the independent registered public accounting firm.

*The Board of Directors recommends that you vote FOR the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.*

**PROPOSAL THREE**

**ADVISORY (NON-BINDING) VOTE ON EXECUTIVE COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010, requires that we provide our stockholders with the opportunity to vote to approve, on a nonbinding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with Item 402 of the Securities and Exchange Commission's Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion. As noted above, we have elected to conduct this say-on-pay vote annually.

Accordingly, we ask our stockholders to vote on the following resolution at the Annual Meeting:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.

As discussed in the Compensation Discussion and Analysis section above, we believe that the compensation structure for our named executive officers is straightforward, flexible and effective in attracting and retaining talented personnel. In our judgment, the compensation paid to our named executive officers includes a healthy balance between fixed and performance-based compensation as well as a blend between cash and equity components. Furthermore, we maintain that the compensation for our named executive officers is aligned with the interests of our stockholders through incentives based on increasing stockholder value.

The vote on this resolution is not intended to address any specific element of compensation; rather, the vote relates to the compensation of our named executive officers, as described in this proxy statement. The vote is advisory, which means that the vote is not binding on the Company, our Board or the Compensation Committee of the Board. To the extent there is any significant vote against our named executive officer compensation as disclosed in this proxy statement, the Compensation Committee will evaluate whether any actions are necessary to address the concerns of stockholders.

*The Board of Directors recommends that you vote FOR the proposed resolution approving the compensation of our named executive officers, as disclosed in this Proxy Statement.*



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**DEADLINES FOR SUBMISSION OF STOCKHOLDER PROPOSALS**

Stockholders interested in submitting a proposal for inclusion in the proxy materials for the Annual Meeting of Stockholders to be held in 2013 may do so by following the procedures set forth in Rule 14a-8 of the Securities Exchange Act of 1934, as amended. To be eligible for inclusion, stockholder proposals must be received at our principal executive offices in Toano, Virginia on or before December 7, 2012.

If a stockholder wishes to present a proposal at the 2013 Annual Meeting of Stockholders but not have it included in our proxy materials for that meeting, the proposal: (1) must be received by us no later than December 7, 2012, (2) must present a proper matter for stockholder action under Delaware General Corporation Law, (3) must present a proper matter for consideration at such meeting under our Amended and Restated Certificate of Incorporation and Bylaws, (4) must be submitted in a manner that is consistent with the submission requirements provided in our Bylaws, and (5) must relate to subject matter which could not be excluded from a proxy statement under any rule promulgated by the SEC.

**OTHER MATTERS**

Management knows of no matters which may properly be and are likely to be brought before the Annual Meeting other than the matters discussed herein. However, if any other matters properly come before the Annual Meeting, the persons named in the enclosed proxy will vote in accordance with their best judgment.

**AVAILABILITY OF ANNUAL REPORT ON FORM 10-K**

A copy of an Annual Report on Form 10-K, including the financial statements and schedules thereto, required to be filed with the SEC for our most recent fiscal year, may be found on our website, [www.lumberliquidators.com](http://www.lumberliquidators.com). In addition, we will provide each beneficial owner of our securities with a copy of the Annual Report without charge, upon receipt of a written request from such person. Such request should be sent to the Corporate Secretary, Lumber Liquidators Holdings, Inc., 3000 John Deere Road, Toano, Virginia 23168.

**VOTING PROXIES**

The Board recommends an affirmative vote on Proposals One through Three. Proxies will be voted as specified. If signed proxies are returned without specifying an affirmative or negative vote, the shares represented by such proxies will be voted **FOR** the nominees named in Proposal One and **FOR** Proposals Two and Three. Management is not aware of any matters other than those specified herein that will be presented at the Annual Meeting, but if any other matters do properly come before the Annual Meeting, the proxy holders will vote upon those matters in accordance with their best judgment.

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**Electronic Voting Instructions**

**You can vote by Internet or telephone!**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Eastern Time, on May 10, 2012.**

**Vote by Internet**

Go to [www.Investorvote.com/LLI](http://www.Investorvote.com/LLI)

Or scan the QR code with your smartphone

Follow the steps outlined on the secured website.

**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the USA,

US territories & Canada any time on a touch tone telephone

Follow the instructions provided by the recorded message.

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**X**

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q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

**A** The Board of Directors recommends a vote **FOR** all the nominees listed in Proposal 1 and **FOR** Proposals 2 and 3.

1. Election of two Class III Directors for a three year term to hold office until the 2015 Annual Meeting of Stockholders.

		For	Withhold			For	Withhold
01 - Douglas T. Moore	..	..		02 - Jimmie L. Wade	..	..	



			For	Against	Abstain				For	Against	Abstain
2. Ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2012	..	..	..				..	..	..		
						3. Advisory (non-binding) vote to approve named executive officer compensation.	..	..	..		

**B** Non-Voting Items

**Change of Address** Please print new address below.

**C** Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.

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**2012 Annual Meeting**

**May 10, 2012, 10:00 a.m.**

**Lumber Liquidators Holdings, Inc.**

**Corporate Headquarters**

**3000 John Deere Road**

**Toano, VA 23168**

**To enroll to receive future proxy materials on-line, please go to [www.computershare.com/us/ecomms](http://www.computershare.com/us/ecomms)**

**q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE  
BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q**

**Proxy Lumber Liquidators Holdings, Inc.**

**Notice of 2012 Annual Meeting of Stockholders**

**Proxy Solicited by Board of Directors for Annual Meeting May 10, 2012**

Daniel E. Terrell and E. Livingston B. Haskell, or either of them, each with the power of substitution, are hereby authorized to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the Annual Meeting of Stockholders of Lumber Liquidators Holdings, Inc. to be held on May 10, 2012.

**Shares represented by this proxy will be voted by the stockholder. If no such directions are indicated, the Proxies will have authority to vote FOR all nominees listed in Proposal 1 and FOR Proposals 2 and 3.**

**In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.**

(Items to be voted appear on reverse side.)