

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
Newport News Division

_____)
_____)
IN RE LUMBER LIQUIDATORS
HOLDINGS, INC. SECURITIES
LITIGATION
_____)
_____)
_____)

Master No. 4:13-cv-00157-AWA-DEM
Hon. Arenda L. Wright Allen

NOTICE OF (I) PENDENCY OF CLASS ACTION, CERTIFICATION OF SETTLEMENT CLASS, AND PROPOSED SETTLEMENT; (II) SETTLEMENT FAIRNESS HEARING; AND (III) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

TO: All persons who, from February 22, 2012, through February 27, 2015, inclusive (the "Settlement Class Period") purchased or otherwise acquired the common stock of Lumber Liquidators Holdings, Inc. ("Lumber Liquidators") ("Lumber Liquidators Common Stock") or exchange traded call options on Lumber Liquidators Common Stock ("Lumber Liquidators Call Options"), or sold exchange traded put options on Lumber Liquidators Common Stock ("Lumber Liquidators Put Options"), and were damaged thereby.¹

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by the above-captioned securities class action (the "Action") pending in the United States District Court for the Eastern District of Virginia, Newport News Division (the "Court").

NOTICE OF SETTLEMENT: Please also be advised that the Court-appointed Lead Plaintiffs, Gregg Kiken, Keith Foster, David Lorenzo and Charles Hickman ("Lead Plaintiffs"), on behalf of themselves and the Settlement Class (as defined in ¶ 18 below), have reached a proposed settlement of the Action for \$26,000,000 in cash and 1,000,000 shares of Lumber Liquidators common stock that, if approved, will resolve all claims in the Action (the "Settlement").

PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of cash from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act.

If you have any questions about this Notice, the proposed Settlement, or your eligibility to participate in the Settlement, please DO NOT contact Lumber Liquidators, any other Defendants in the Action, or their counsel. All questions should be directed to Lead Counsel or the Claims Administrator (see ¶ 85 below).

1. **Description of the Action and the Settlement Class:** This Notice relates to a proposed Settlement of claims in a pending securities class action brought by investors alleging, among other things, that defendant Lumber Liquidators and defendants Thomas D. Sullivan, Robert M. Lynch, Daniel E. Terrell and William K. Schlegel (collectively, the "Individual Defendants," and, together with Lumber Liquidators, the "Defendants") violated the federal securities laws by making false and misleading statements and omitting material information about Lumber Liquidators' (1) "sourcing initiatives" in China and basis for margin growth; (2) the existence of illegally high levels of formaldehyde in the Company's flooring products; (3) the importation of flooring products made from illegally harvested wood in violation of the Lacey Act; (4) inadequate internal controls for ensuring compliance with regulations; and (5) the adequacy of the Company's inventory and supply capabilities. A more detailed description of the Action is set forth in ¶¶ 12-17 below. The proposed Settlement, if approved by the Court, will resolve claims of the Settlement Class, as defined in ¶ 18 below.

2. **Statement of the Settlement Class's Recovery:** Subject to Court approval and satisfaction of other conditions, Lead Plaintiffs, on behalf of themselves and the Settlement Class, have agreed to settle the Action in exchange for \$26,000,000 in cash (the "Settlement Cash") and 1,000,000 shares of Lumber Liquidators common stock (the "Settlement Stock," and, together with the Settlement Cash, the "Settlement Amount"). The Net Settlement Fund (*i.e.*, the Settlement Amount plus any and all interest earned thereon (the "Settlement Fund") less (a) any Taxes, (b) any Notice and Administration Costs, (c) any Litigation Expenses awarded by the Court, and (d) any attorneys' fees awarded by the Court) will be distributed to Settlement Class Members according to a Court-approved plan of allocation. The proposed plan of allocation (the "Plan of Allocation") is set forth in ¶¶ 42-69 below.

3. **Estimate of Average Amount of Recovery Per Share:** Based on Lead Plaintiffs' damages expert's estimate of the number of shares of Lumber Liquidators Common Stock purchased during the Settlement Class Period that may have been affected by the conduct at issue in the Action, and assuming that all Settlement Class Members elect to participate in the Settlement, the estimated average recovery (before the deduction of any Court-approved fees, expenses and costs as described herein) is \$1.00 of Settlement Cash and 0.04 shares of Settlement Stock per affected share of Lumber Liquidators Common Stock. Settlement Class Members should note, however, that the foregoing average recovery per share is only an estimate. Some Settlement Class Members may recover more or less than this estimated amount depending on, among other factors, when

¹ Lumber Liquidators Common Stock, Lumber Liquidators Call Options, and Lumber Liquidators Put Options are referred to collectively as "Lumber Liquidators Securities." Any capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement dated June 15, 2016 (the "Stipulation"), which is available at www.LumberLiquidatorsSecuritiesLitigation.com.

and at what prices they purchased or sold their shares, and the total number of valid Claim Forms submitted. Distributions to Settlement Class Members will be made based on the Plan of Allocation set forth herein (see ¶¶ 42-69 below) or such other plan of allocation as may be ordered by the Court.

4. **Average Amount of Damages Per Share:** The Parties do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiffs were to prevail in the Action. Among other things, Defendants do not agree with the assertion that they violated the federal securities laws or that damages were suffered by any members of the Settlement Class as a result of their conduct.

5. **Attorneys' Fees and Expenses Sought:** Lead Counsel, which have been prosecuting the Action on a wholly contingent basis since its inception, have not received any payment of attorneys' fees for their representation of the Settlement Class and have advanced the funds to pay expenses necessarily incurred to prosecute the Action. Court-appointed Lead Counsel, Pomerantz LLP and Bernstein Litowitz Berger & Grossmann LLP, will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 30% of the Settlement Fund (in combination of cash and stock similar to their proportions of the Settlement Fund). In addition, Lead Counsel will apply for reimbursement of Litigation Expenses paid or incurred by Plaintiffs' Counsel in connection with the institution, prosecution and resolution of the claims against the Defendants, in an amount not to exceed \$800,000, which may include an application for reimbursement of the reasonable costs and expenses incurred by Lead Plaintiffs directly related to their representation of the Settlement Class. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. If the Court approves Lead Counsel's fee and expense application, the estimated average cost per affected share of Lumber Liquidators Common Stock will be approximately \$0.33 of Settlement Cash and 0.01 shares of Settlement Stock.

6. **Identification of Attorneys' Representatives:** Lead Plaintiffs and the Settlement Class are represented by Jeremy A. Lieberman, Esq. of Pomerantz LLP, 600 Third Avenue, 20th Floor, New York, NY 10016, (212) 661-1100, jalieberman@pomlaw.com and David R. Stickney, Esq. of Bernstein Litowitz Berger & Grossmann LLP, 12481 High Bluff Drive, Suite 300, San Diego, CA 92130, (866) 648-2524, blbg@blbglaw.com.

7. **Reasons for the Settlement:** Lead Plaintiffs' principal reason for entering into the Settlement is the substantial and immediate cash benefit for the Settlement Class without the risks or the delays inherent in further litigation. Moreover, the substantial cash benefit provided under the Settlement must be considered against the significant risk that a smaller recovery – or indeed no recovery at all – might be achieved after contested motions, a trial of the Action and likely appeals that would follow a trial, a process that could be expected to last several years. Defendants, who deny all allegations of wrongdoing or liability whatsoever, are entering into the Settlement solely to eliminate the uncertainty, burden and expense of further protracted litigation.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN NOVEMBER 19, 2016.	This is the only way to be potentially eligible to receive a payment from the Settlement Fund. If you are a Settlement Class Member and you remain in the Settlement Class, you will be bound by the Settlement as approved by the Court and you will give up any Released Plaintiffs' Claims (defined in ¶ 26 below) that you have against Defendants and the other Defendants' Releasees (defined in ¶ 27 below), so it is in your interest to submit a Claim Form.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS RECEIVED NO LATER THAN OCTOBER 27, 2016.	If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that allows you ever to be part of any other lawsuit against any of the Defendants or the other Defendants' Releasees concerning the Released Plaintiffs' Claims.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED NO LATER THAN OCTOBER 27, 2016.	If you do not like the proposed Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of Litigation Expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation or the fee and expense request unless you are a Settlement Class Member and do not exclude yourself from the Settlement Class.
FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN OCTOBER 27, 2016, AND GO TO THE SETTLEMENT HEARING ON NOVEMBER 17, 2016, AT 10:00 A.M.	Filing a written objection and notice of intention to appear by October 27, 2016, allows you to speak in Court, at the discretion of the Court, about the fairness of the proposed Settlement, the Plan of Allocation, and/or the request for attorneys' fees and reimbursement of Litigation Expenses. If you submit a written objection, you may (but you do not have to) attend the hearing and, at the discretion of the Court, speak to the Court about your objection.
DO NOTHING.	If you are a member of the Settlement Class and you do not submit a valid Claim Form, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

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WHY DID I GET THIS NOTICE?

8. The purpose of this Notice is to inform you of the existence of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Settlement Class if you so wish to do. It is also being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation and the motion by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses (the "Settlement Hearing"). See ¶ 75 below for details about the Settlement Hearing, including the date and location of the hearing.

9. The Court directed that this Notice be mailed to you because you or someone in your family or an investment account for which you serve as a custodian may have purchased or otherwise acquired Lumber Liquidators Common Stock or Lumber Liquidators Call Options or sold Lumber Liquidators Put Options during the Settlement Class Period. The Court has directed us to send you this Notice because, as a potential Settlement Class Member, you have a right to know about your options before the Court rules on the proposed Settlement. Additionally, you have the right to understand how this class action lawsuit may generally affect your legal rights.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement.

11. If the Court approves the Settlement and a plan of allocation, then payments to Authorized Claimants will be made after any appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time to complete.

WHAT IS THIS CASE ABOUT?

12. On November 26, 2013, the Action was commenced with the filing of a securities class action complaint in the United States District Court for the Eastern District of Virginia, Newport News Division, styled *Kiken v. Lumber Liquidators Holdings, Inc., et al.*, No. 4:13-cv-00157-AWA-DEM. On September 17, 2014, *City of Hallandale Beach Police Officers' and Firefighters' Personnel Retirement Trust v. Lumber Liquidators Holdings, Inc.*, No. 4:14-cv-00154-AWA-DEM, was filed in the Alexandria Division, and was subsequently transferred to the Newport News Division. By Order dated March 23, 2015, the Court granted the joint motion of Kiken, Foster, Lorenzo and Hickman to consolidate the two actions, appointed Kiken, Foster, Lorenzo and Hickman as Lead Plaintiffs and approved Lead Plaintiffs' selection of Pomerantz LLP and Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel and Cohen Milstein, Sellers, & Toll, PLLC as Liaison Counsel. By the same Order, the Court amended the caption of the Action to be: *In re Lumber Liquidators Holdings, Inc. Securities Litigation*, No. 4:13-cv-00157-AWA-DEM.

13. On April 22, 2015, Lead Plaintiffs filed and served their Consolidated Amended Complaint for Violations of the Federal Securities Laws (the operative complaint, or "Complaint") asserting claims against Defendants Lumber Liquidators, Lynch, Terrell, Sullivan and Schlegel under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, and against the Individual Defendants under Section 20(a) of the Exchange Act. The Complaint alleges, among other things, that Defendants made materially false and misleading statements and omitted material information about Lumber Liquidators' (1) "sourcing initiatives" in China and basis for margin growth; (2) the existence of illegally high levels of formaldehyde in its flooring products; (3) the importation of flooring products made from illegally harvested wood in violation of the Lacey Act; (4) inadequate internal controls for ensuring compliance with regulations; and (5) the adequacy of the Company's inventory and supply capabilities. The Complaint further alleges that the prices of Lumber Liquidators Securities were artificially inflated as a result of Defendants' false and misleading statements and omissions, and declined when the truth was revealed through a series of corrective disclosures in 2013, 2014 and 2015.

14. On June 2, 2015, Defendants filed their motion to dismiss the Complaint, which Lead Plaintiffs opposed.

15. On December 21, 2015, the Court denied Defendants' motion to dismiss in its entirety.

16. Following lengthy, arm’s length, and mediated negotiations, on April 26, 2016, the Parties reached an agreement in principle to settle the Action in return for (1) a cash payment of twenty-six million dollars (\$26,000,000.00); and (2) one million (1,000,000) shares of Lumber Liquidators common stock. On June 15, 2016, the Parties entered into the Stipulation and Agreement of Settlement (the “Stipulation”) setting forth the terms and conditions of the Settlement. The Stipulation can be viewed at www.LumberLiquidatorsSecuritiesLitigation.com. The Stipulation provides that, among other things, certain of Lumber Liquidators insurance carriers will file an Interpleader Action with the Court, pursuant to which the carriers will submit to the registry of the Court twenty-six million dollars (\$26,000,000), which constitutes the remaining limits of liability under the Insurance Policies (the “Insurance Proceeds”). Defendants will request and advocate to the Court for payment of all Insurance Proceeds towards the Settlement Fund in this Action, subject to a pass through structure related to the Federal Derivative Actions. In the event that the money to fund the Settlement Cash does not become available through the Interpleader Action described herein and further described in the Stipulation, Defendants have the option, but not the obligation, to fund the Settlement Cash. The Settlement is conditioned on receipt of both the Settlement Cash and the Settlement Stock.

17. On July 8, 2016, the Court entered an order preliminarily approving the Settlement, authorized this Notice to be disseminated to potential Settlement Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT? WHO IS INCLUDED IN THE SETTLEMENT CLASS?

18. If you are a member of the Settlement Class, you are subject to the Settlement, unless you timely request to be excluded. The Settlement Class consists of:

All persons or entities who, during the Settlement Class Period (February 22, 2012, through February 27, 2015, inclusive), purchased or otherwise acquired Lumber Liquidators Common Stock or Lumber Liquidators Call Options, or sold Lumber Liquidators Put Options, and who were damaged thereby.

Excluded from the Settlement Class are Defendants, the directors and Officers of Lumber Liquidators at all relevant times, members of their Immediate Families and their heirs, successors or assigns, and any entity in which any Defendant or any member of the Immediate Family of any Individual Defendant has or had a controlling interest.

Also excluded from the Settlement Class are any persons or entities who or which exclude themselves by submitting a request for exclusion in accordance with the requirements set forth in this Notice. See “What if I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself,” at ¶¶ 71-73 below.

PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU ARE A SETTLEMENT CLASS MEMBER AND YOU WISH TO BE POTENTIALLY ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN POSTMARKED NO LATER THAN NOVEMBER 19, 2016.

WHAT ARE LEAD PLAINTIFFS’ REASONS FOR THE SETTLEMENT?

19. Lead Plaintiffs and Lead Counsel believe that the claims asserted against Defendants have merit. They recognize, however, the expense and length of continued proceedings necessary to pursue their claims against the Defendants through summary judgment motions, trial and appeals, as well as the very substantial risks they would face in establishing liability and damages.

20. For example, Defendants had substantial arguments that the decline in Lumber Liquidators’ stock price was not caused by revelations concerning the alleged actual reasons behind the Company’s extraordinary margin growth, revenue, and earnings (*i.e.*, the importation of flooring products containing high levels of formaldehyde or made from illegally harvested wood from the Russian Far East), and that even if some portion of the decline in Lumber Liquidators’ stock price was caused by such revelations, any resulting damages to Lead Plaintiffs and the Settlement Class were much smaller than claimed by Lead Plaintiffs. Had any of these arguments been accepted in whole or in part, it could have eliminated or, at a minimum, drastically limited any potential recovery. Further, Lead Plaintiffs would have to prevail at several stages – motion for summary judgment, and trial, and even if they prevailed on those, on the appeals that were likely to follow. Moreover, even if Lead Plaintiffs were to win at trial, and also withstand the Defendants’ inevitable challenges on appeal, Lead Plaintiffs might not be able to collect some, or all, of the judgment, given Lumber Liquidators’ present distressed financial condition. Thus, there were significant risks attendant to the continued prosecution of the Action, and there was no guarantee that further litigation would have resulted in a higher recovery, or any recovery at all.

21. In light of the aforementioned risks and others, Lead Plaintiffs and Lead Counsel believe that the proposed Settlement, consisting of \$26 million Settlement Cash and 1 million shares of Lumber Liquidators Settlement Stock, is fair, reasonable and adequate, and in the best interests of the Settlement Class.

22. Defendants have agreed to the Settlement, among other reasons, to eliminate the burden and expense of continued litigation. Defendants have denied the claims asserted against them in the Action and deny that the Lead Plaintiffs or the Settlement Class suffered damages or that the prices of Lumber Liquidators Securities were artificially inflated by reasons of alleged misrepresentations, non-disclosures, or otherwise.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

23. If there were no Settlement and Lead Plaintiffs failed to establish any essential legal or factual element of the claims against Defendants, neither Lead Plaintiffs nor the other members of the Settlement Class would recover anything from Defendants. Also, if Defendants were successful

in proving any of their defenses, either at summary judgment, at trial or on appeal, the Settlement Class could recover substantially less than the amount provided in the Settlement, or nothing at all.

**HOW ARE SETTLEMENT CLASS MEMBERS AFFECTED BY THE ACTION AND THE SETTLEMENT?
WHAT CLAIMS WILL BE RELEASED BY THE SETTLEMENT?**

24. As a Settlement Class Member, you are represented by Lead Plaintiffs and Lead Counsel, unless you enter an appearance through counsel of your own choice, at your own expense. You are not required to retain your own counsel. Settlement Class Members may enter an appearance through an attorney if they so desire, but such counsel must file and serve a notice of appearance as provided in ¶¶ 80 and 81 below and will be retained at the individual Settlement Class Member's expense.

25. If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the Action against Defendants and will provide that, upon the Effective Date of the Settlement, Lead Plaintiffs and each of the other Settlement Class Members, on behalf of themselves, and on behalf of (as applicable) their agents, representatives, attorneys, advisors, administrators, accountants, consultants, assigns, assignees, partners, successors-in-interest, insurance carriers and reinsurers, current and former Officers, directors, officials, auditors, parents, affiliates, subsidiaries, successors, predecessors, employees, fiduciaries, service providers and investment bankers, estates, heirs, executors, beneficiaries, trusts and trustees, each in their respective capacities as such, will have fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Plaintiffs' Claim (as defined in ¶ 26 below) against Defendants and the other Defendants' Releasees (as defined in ¶ 27 below), and shall forever be barred and enjoined from prosecuting any or all of the Released Plaintiffs' Claims against any of the Defendants' Releasees.

26. "Released Plaintiffs' Claims" means each and every claim, action, cause of action, proceeding, adjustment, execution, offset, contract, judgment, obligation, suit, debt, due, sum of money, account, reckoning, bond, bill, specialty, variance, covenant, trespass, damage, demand (whether written or oral), agreement, promise, liability, controversy, cost, expense, attorneys' fee and loss of any sort whatsoever, whether in law or equity (including, without limitation, injunctions, accountings, restitution and disgorgement), and whether based on any federal, state or foreign statutory or common-law right of action or otherwise (including, without limitation, claims based upon the Securities Exchange Act of 1934), foreseen or unforeseen, matured or unmatured, known or unknown, accrued or not accrued, existing now or sought to be created in the future, including Unknown Claims, that (a) one or more of Lead Plaintiffs or any other Settlement Class Member (i) asserted in the Complaint or in any other complaint filed in this Action or in any action consolidated into this Action, or (ii) could have asserted or could assert in any forum, that arise out of or relate in any way to the allegations, transactions, facts, matters or occurrences, representations or omissions or circumstances involved, set forth, or referred to in the Complaint and that relate to the purchase or acquisition of Lumber Liquidators Securities during the Settlement Class Period or (b) that arise out of or relate in any way to the defense or settlement of the claims asserted in this Action against the Defendants. "Released Plaintiffs' Claims" do not include (i) any claims relating to the enforcement of the Settlement; and (ii) any claims of any person or entity who or which submits a request for exclusion that is accepted by the Court.

27. "Defendants' Releasees" means each and every one of, and "Defendants' Releasees" means all of, (i) Defendants and (ii) for each of them, (x) their respective agents, representatives, attorneys (including Defendants' Counsel), advisors, administrators, accountants, consultants, assigns, assignees, partners, successors-in-interest, insurers (including without limitation the Insurance Carriers) and reinsurers, in their respective capacity as such (y) to the extent the Defendant is an entity, its current and former Officers, directors, officials, any and all in-house counsel and outside counsel, auditors, parents, affiliates, subsidiaries, successors, predecessors, employees, fiduciaries, service providers and investment bankers, in their respective capacity as such and (z) to the extent the Defendant is an individual, each of his estates, heirs, executors, beneficiaries, trusts and trustees, in their respective capacity as such.

28. "Unknown Claims" means any and all Released Plaintiffs' Claims that Lead Plaintiffs, any other Settlement Class Member or any Plaintiffs' Releasee does not know or suspect to exist in his, her or its favor at the time of the release of such claims, and any Released Defendants' Claims that any Defendant or any Defendants' Releasee does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to this Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Lead Plaintiffs and Defendants shall expressly waive, and each of the other Settlement Class Members, Plaintiffs' Releasee and Defendants' Releasee shall be deemed to have waived, and by operation of the Judgment or the Alternate Judgment, if applicable, shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiffs and Defendants acknowledge, and each of the other Settlement Class Members, Plaintiffs' Releasees and Defendants' Releasees shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

29. The Judgment will also provide that, upon the Effective Date of the Settlement, Defendants and the other Defendants' Releasees, on behalf of themselves, and on behalf of (as applicable) their agents, representatives, attorneys, advisors, administrators, accountants, consultants, assigns, assignees, partners, successors-in-interest, insurance carriers and reinsurers, current and former Officers, directors, officials, auditors, parents, affiliates, subsidiaries, successors, predecessors, employees, fiduciaries, service providers and investment bankers, estates, heirs, executors, beneficiaries, trusts and trustees, each in their respective capacities as such, will have fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Defendants' Claim (as defined in ¶ 30 below) against Lead Plaintiffs

and the other Plaintiffs' Releasees (as defined in ¶ 31 below) and shall forever be barred and enjoined from prosecuting any or all of the Released Defendants' Claims against any of the Plaintiffs' Releasees.

30. "Released Defendants' Claims" means each and every claim, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law, that arises out of or relates in any way to the institution, prosecution, or settlement of the claims asserted in the Action against the Defendants. Released Defendants' Claims do not include any claims relating to the enforcement of the Settlement or any claims against any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court.

31. "Plaintiffs' Releasees" means each and every one of, and "Plaintiffs' Releasees" means all of, (i) Lead Plaintiffs and all other Settlement Class Members and (ii) for each of them, (x) their respective agents, representatives, attorneys (including Plaintiffs' Counsel), advisors, administrators, accountants, consultants, assigns, assignees, partners, successors-in-interest, insurance carriers and reinsurers, in their respective capacity as such, (y) to the extent the Settlement Class Member is an entity, its current and former Officers, directors, officials, any and all in-house counsel and outside counsel, auditors, parents, affiliates, subsidiaries, successors, predecessors, employees, fiduciaries, service providers and investment bankers, in their respective capacity as such and (z) to the extent the Lead Plaintiff or Settlement Class Member is an individual, each of his or her estates, heirs, executors, beneficiaries, trusts and trustees, in their respective capacity as such.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

32. To be potentially eligible for a payment from the proceeds of the Settlement, you must be a member of the Settlement Class and you must timely complete and return the Claim Form with adequate supporting documentation **postmarked no later than November 19, 2016**. A Claim Form is included with this Notice, or you may obtain one from the website maintained by the Claims Administrator for the Settlement, www.LumberLiquidatorsSecuritiesLitigation.com, or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll-free at (877) 234-5462. Please retain all records of your ownership of and transactions in Lumber Liquidators Securities, as they may be needed to document your Claim. If you request exclusion from the Settlement Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund.

HOW MUCH WILL MY PAYMENT BE? WHAT IS THE PROPOSED PLAN OF ALLOCATION?

33. At this time, it is not possible to make any determination as to how much any individual Settlement Class Member may receive from the Settlement. A Claimant's recovery will depend upon several factors, including, when and at what prices he, she or it purchased or sold the securities, and the total number and amounts of valid Claim Forms submitted.

34. As set forth above, Lumber Liquidators has agreed to pay or caused to be paid \$26 million in cash and 1 million shares of Lumber Liquidators common stock to settle the Action. Lumber Liquidators will transfer the 1,000,000 shares of Lumber Liquidators common stock to a designee chosen by Lead Plaintiffs within 7 days after approval of the Settlement. The Settlement Amount plus any interest earned thereon is referred to as the "Settlement Fund." If the Settlement is approved by the Court and the Effective Date occurs, the "Net Settlement Fund" (that is, the Settlement Fund less (i) any Taxes; (ii) any Notice and Administration Costs; (iii) any Litigation Expenses awarded by the Court; and (iv) any attorneys' fees awarded by the Court) will be distributed to Settlement Class Members who submit valid Claim Forms, in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

35. The Net Settlement Fund will not be distributed to Authorized Claimants unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.

36. Neither Defendants nor any other person or entity that paid any portion of the Settlement Amount on their behalf are entitled to get back any portion of the Settlement Fund once the Court's order or judgment approving the Settlement becomes Final. Defendants shall not have any liability, obligation or responsibility for the administration of the Settlement, the disbursement of the Net Settlement Fund or the plan of allocation.

37. Approval of the Settlement is independent from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

38. Unless the Court otherwise orders, any Settlement Class Member who fails to submit a Claim Form postmarked on or before November 19, 2016, shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation, including the terms of any Judgment entered and the releases given. This means that each Settlement Class Member releases the Released Plaintiffs' Claims (as defined in ¶ 26 above) against the Defendants' Releasees (as defined in ¶ 27 above) and will be enjoined and prohibited from filing, prosecuting, or pursuing any of the Released Plaintiffs' Claims against any of the Defendants' Releasees whether or not such Settlement Class Member submits a Claim Form.

39. Participants in and beneficiaries of a plan covered by ERISA ("ERISA Plan") should NOT include any information relating to their transactions in Lumber Liquidators Common Stock held through the ERISA Plan in any Claim Form that they may submit in this Action. They should include ONLY those shares that they purchased outside of the ERISA Plan. Claims based on any ERISA Plan's purchases of Lumber Liquidators Common Stock during the Settlement Class Period may be made by the Plan's trustees. To the extent any of the Defendants or any of the other persons or entities excluded from the Settlement Class are participants in the ERISA Plan, such persons or entities shall not receive, either directly or indirectly, any portion of the recovery that may be obtained from the Settlement by the ERISA Plan.

40. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her or its Claim Form. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the Claim of any Settlement Class Member.

41. Only Settlement Class Members, *i.e.*, persons and entities who, during the Settlement Class Period, purchased Lumber Liquidators Common Stock or Lumber Liquidators Call Options, or sold Lumber Liquidators Put Options, and were damaged as a result, will be potentially eligible

to share in the distribution of the Net Settlement Fund. Persons and entities that are excluded from the Settlement Class by definition or that exclude themselves from the Settlement Class pursuant to request will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms.

PROPOSED PLAN OF ALLOCATION

42. The Plan of Allocation is not a formal damage analysis. Rather, the objective of the Plan of Allocation is to equitably distribute the Settlement proceeds to those Settlement Class Members who suffered economic losses as a proximate result of the alleged wrongdoing. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Settlement Class Members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

43. In developing the Plan of Allocation, Lead Plaintiffs consulted with their damages expert who reviewed publicly available information regarding Lumber Liquidators and performed statistical analyses of the price movements of Lumber Liquidators Common Stock and the price performance of relevant market and other indices during the Settlement Class Period. The damages expert isolated the losses in Lumber Liquidators Common Stock that resulted from the alleged violations of the federal securities laws, eliminating losses attributable to market forces, industry factors, or Company-specific factors unrelated to the alleged violations. The estimated artificial inflation in Lumber Liquidators Common Stock is shown in Table A set forth at the end of this Notice.

44. For losses to be compensable under the federal securities laws, the disclosure of the alleged misrepresentations or omissions must be the cause of the decline in the price or value of the security. In this case, Lead Plaintiffs allege that Defendants made false statements and omitted material facts during the period from February 22, 2012 through and including February 27, 2015, that caused the market prices of Lumber Liquidators Securities to be artificially inflated. Alleged corrective disclosures removed artificial inflation (or deflation, as applicable) from the prices of Lumber Liquidators Securities on June 21, 2013, September 27, 2013, November 22, 2013, July 10, 2014, February 25, 2015, and March 2, 2015. Accordingly, if Lumber Liquidators Common Stock was sold or Call Options were divested (through sale, exercise or expiration) before June 21, 2013 (the earliest alleged corrective disclosure date), the “Recognized Loss Amount” (defined below at ¶ 47) for those shares or options is \$0.00, and any loss suffered is not compensable under the federal securities laws. Likewise, if Lumber Liquidators Common Stock or Call Options were purchased and subsequently divested between two alleged corrective disclosure dates, the Recognized Loss Amount for those shares or options is \$0.00. With respect to Put Options, those options must have been sold (written) during the Settlement Class Period and not closed out (through repurchase, exercise or expiration) through at least one of the alleged corrective disclosure dates in order to have been damaged by the alleged violations of the federal securities laws; otherwise the Recognized Loss Amount for such Put Options is \$0.00.

45. There are potentially two components of the Settlement Fund to be distributed to Authorized Claimants: (i) Settlement Cash; and (ii) Settlement Stock. In the event that the Settlement Stock is sold prior to distribution of the Net Settlement Fund, all distributions of settlement proceeds to Authorized Claimants will be in cash. In the event, however, that Lead Counsel does not sell all of the Settlement Stock prior to distribution, the Settlement Stock will be distributed to Authorized Claimants as described below.

46. The Settlement Stock will be distributed only to Authorized Claimants whose *pro rata* share of the Settlement Stock is equal to one hundred or more shares, and the Settlement Stock will be distributed in one share increments or multiples thereof. For those Authorized Claimants whose *pro rata* share of the Settlement Stock is less than one hundred shares, and for shares not in one whole share increments, the amount will be paid in cash (subject to a \$10.00 threshold). Lead Counsel will seek approval of the appropriate value of the Settlement Stock to be distributed in cash in connection with their motion for approval of distribution of the Net Settlement Fund to Authorized Claimants, to be filed once the claims administration process has been completed.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

47. Based on the formula set forth below, a “Recognized Loss Amount” shall be calculated for each purchase of Lumber Liquidators Common Stock and Call Options and for each sale of Put Options during the Settlement Class Period that is listed in the Proof of Claim Form and for which adequate documentation is provided.

48. Lumber Liquidators Securities for which an Authorized Claimant may be entitled to receive a distribution from the Net Settlement Fund consist of the following:

- (a) Lumber Liquidators Common Stock purchased during the Settlement Class Period;
- (b) Exchange-traded call options (previously defined as “Call Options”) on Lumber Liquidators Common Stock purchased during the Settlement Class Period; and
- (c) Exchange-traded put options (previously defined as “Put Options”) on Lumber Liquidators Common Stock sold (*i.e.*, written) during the Settlement Class Period.

49. In the calculations below, all purchase and sale prices shall exclude any fees, taxes and/or commissions. Furthermore, if a Recognized Loss Amount calculates to a negative number, that Recognized Loss Amount shall be zero.

50. The “90-day lookback” provision of the Private Securities Litigation Reform Act of 1995 (“PSLRA”) is incorporated into the calculation of the Recognized Loss Amount for Lumber Liquidators Common Stock. The limitations on the calculation of the Recognized Loss Amount imposed by the PSLRA are applied such that losses on Lumber Liquidators Common Stock purchased during the Settlement Class Period and held as of the close of the 90-day period subsequent to the Settlement Class Period (the “90-Day Lookback Period”) cannot exceed the difference between the purchase price paid for such stock and the average price of the stock during the 90-Day Lookback Period. The Recognized Loss Amount on Lumber Liquidators Common Stock purchased during the Settlement Class Period and sold during the 90-Day Lookback Period cannot exceed the

difference between the purchase price paid for such stock and the rolling average price of the stock during the portion of the 90-Day Lookback Period elapsed as of the date of sale.

Recognized Loss Amount for Lumber Liquidators Common Stock

51. For each share of Lumber Liquidators Common Stock purchased during the period from February 22, 2012, through and including February 27, 2015, and

- (a) sold prior to the close of trading on June 20, 2013, the Recognized Loss Amount is \$0.00.
- (b) sold during the period from June 21, 2013 through February 27, 2015, inclusive, the Recognized Loss Amount shall be **the lesser of:** (i) the amount of artificial inflation per share as set forth in Table A on the date of purchase **minus** the amount of artificial inflation per share as set forth in Table A on the date of the sale; or (ii) the purchase price **minus** the sale price.
- (c) sold during the period from March 2, 2015 through May 28, 2015, inclusive (*i.e.*, sold during the 90-Day Lookback Period), the Recognized Loss Amount shall be **the lesser of:** (i) the amount of artificial inflation per share as set forth in Table A on the date of purchase; (ii) the purchase price **minus** the sale price; or (iii) the purchase price **minus** the “90-Day Lookback Value” on the date of sale provided in Table B below.
- (d) still held as of the close of trading on May 28, 2015, the Recognized Loss Amount shall be **the lesser of:** (i) the amount of artificial inflation per share as set forth in Table A on the date of purchase; or (ii) the purchase price **minus** the average closing price for Lumber Liquidators Common Stock during the 90-Day Lookback Period, which is \$30.14.

Recognized Loss Amount for Lumber Liquidators Call Options

52. For each Lumber Liquidators Call Option² purchased during the Settlement Class Period that was still held as of the opening of trading on one or more of the alleged corrective disclosure dates (*i.e.*, on June 21, 2013, September 27, 2013, November 22, 2013, July 10, 2014, February 25, 2015, and/or March 2, 2015), and

- (a) that was subsequently sold, the Recognized Loss Amount per option is equal to the purchase price per option minus the sale price per option.
- (b) that was subsequently exercised, the Recognized Loss Amount per option is equal to the purchase price per option **minus** the value of the option on the date of exercise, where the value of the option on the date of exercise is equal to the closing price of Lumber Liquidators Common Stock **minus** the strike (exercise) price of the option.
- (c) that expired unexercised while still owned, the Recognized Loss Amount per option is equal to the purchase price per option.

53. For each Lumber Liquidators Call Option purchased during the Settlement Class Period that was not still held at the opening of trading on one or more of the alleged corrective disclosure dates, the Recognized Loss Amount per option is \$0.

54. No loss shall be recognized based on a sale or writing of any call option that was subsequently repurchased, exercised or expired.

Recognized Loss Amount for Lumber Liquidators Put Options

55. For each Put Option sold (written) during the Settlement Class Period, for which the Claimant was still obligated at the opening of trading on one or more of the alleged corrective disclosure dates (*i.e.*, on June 21, 2013, September 27, 2013, November 22, 2013, July 10, 2014, February 25, 2015, and/or March 2, 2015), and

- (a) that was subsequently repurchased, the Recognized Loss Amount per option is equal to the repurchase price per option **minus** the sale price per option.
- (b) that was subsequently exercised (*i.e.*, put to the Authorized Claimant), the Recognized Loss Amount per option is equal to the value of the option on the date of exercise **minus** the sale price per option, where the value of the option on the date of exercise is equal to the strike (exercise) price of the option **minus** the closing price of Lumber Liquidators Common Stock on the date of exercise.
- (c) that expired unexercised, the Recognized Loss Amount per option is \$0.00.

56. For each Put Option sold (written) during the Settlement Class Period for which the Claimant was not still obligated at the opening of trading on one or more of the alleged corrective disclosure dates, the Recognized Loss Amount per option is \$0.

57. No loss shall be recognized based on a purchase of any put option that was subsequently sold, exercised or expired.

ADDITIONAL PROVISIONS

58. The Net Settlement Fund will be allocated among all Authorized Claimants as set forth below.

59. If a Settlement Class Member has more than one purchase or sale of Lumber Liquidators Securities during the Settlement Class Period, all purchases and sales shall be matched on a First In, First Out (“FIFO”) basis. Settlement Class Period sales will be matched first against Lumber Liquidators Securities held as of the opening of trading February 22, 2012, and then against purchases in chronological order, beginning with the earliest purchase made during the Settlement Class Period.

² Exchange-traded call (put) options are traded in units called contracts. Each call (put) option contract entitles the owner of the call (put) option contract to purchase (sell) 100 shares of the underlying stock upon exercise. Herein, one option means an option with one share of Lumber Liquidators Common Stock as the underlying security.

60. A Claimant's "Recognized Claim" under the Plan of Allocation will be the sum of his, her or its Recognized Loss Amounts, as modified under ¶ 62 below.

61. The Net Settlement Fund will be distributed *pro rata* to Authorized Claimants based on the relative size of their Recognized Claims. Specifically, a "Distribution Amount" will be calculated for each Authorized Claimant, which will be the Authorized Claimant's Recognized Claim divided by the total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

62. However, cumulative payments of all claims associated with Lumber Liquidators Call Options and Lumber Liquidators Put Options will be limited to 1% of the Net Settlement Fund.³ Thus, if the cumulative Recognized Loss Amounts for Call Options and Put Options exceeds 1% of all Recognized Claims, then the Recognized Loss Amounts calculated for option transactions will be reduced proportionately until they collectively equal 1% of all Recognized Claims. In the unlikely event that the Net Settlement Fund, allocated as such, is sufficient to pay 100% of the Lumber Liquidators Common Stock-based claims, any excess amount will be used to pay the balance on the remaining option-based claims.

63. If any Authorized Claimant's Distribution Amount calculates to less than \$10.00 (either (i) in cash if the Settlement Stock has been sold, or (ii) in cash and stock, based on the then-current price of Lumber Liquidators Common Stock), it will not be included in the calculation and no distribution will be made to such Authorized Claimant.

64. Purchases and sales of Lumber Liquidators Securities will be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance or operation of law of Lumber Liquidators Securities during the Settlement Class Period will not be deemed a purchase or sale of Lumber Liquidators Securities for the calculation of an Authorized Claimant's Recognized Loss Amount, nor will the receipt or grant be deemed an assignment of any claim relating to the purchase of any Lumber Liquidators Securities unless: (i) the donor or decedent purchased such securities during the Settlement Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such securities; and (iii) it is specifically so provided in the instrument of gift or assignment.

65. The date of covering a "short sale" is deemed to be the date of purchase of the Lumber Liquidators Common Stock. The date of a "short sale" is deemed to be the date of sale of the Lumber Liquidators Common Stock. Under the Plan of Allocation, however, the Recognized Loss Amount on "short sales" of Lumber Liquidators Common Stock is zero.

66. With respect to Lumber Liquidators Common Stock purchased or sold through the exercise of an option, the purchase/sale date of the Lumber Liquidators Common Stock is the exercise date of the option and the purchase/sale price of the Lumber Liquidators Common Stock is the exercise price of the option.

67. After the initial distribution of the Net Settlement Fund, the Claims Administrator shall make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks. To the extent any monies remain in the fund nine (9) months after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determine that it is cost-effective to do so, the Claims Administrator shall conduct a re-distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks and who would receive at least \$10.00 on such additional re-distributions may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determine that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance shall be contributed to non-sectarian, not-for-profit organization(s), to be recommended by Lead Counsel and approved by the Court.

68. Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiffs, Plaintiffs' Counsel, Lead Plaintiffs' damages expert, Defendants, Defendants' Counsel, or any of the other Releasees, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or further Orders of the Court. Lead Plaintiffs, Defendants and their respective counsel, and all other Defendants' Releasees, shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the Plan of Allocation, or the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund, or any losses incurred in connection therewith.

69. The Plan of Allocation set forth herein is the plan that is being proposed to the Court for its approval by Lead Plaintiffs after consultation with their damages expert. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Settlement Class. Any Orders regarding any modification of the Plan of Allocation will be posted on the settlement website, www.LumberLiquidatorsSecuritiesLitigation.com.

WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS SEEKING? HOW WILL THE LAWYERS BE PAID?

70. Plaintiffs' Counsel have not received any payment for their services in pursuing claims against the Defendants on behalf of the Settlement Class, nor have Plaintiffs' Counsel been reimbursed for their out-of-pocket expenses incurred in the prosecution of this Action. Before final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 30% of the Settlement Fund (in combination of cash and stock similar to their proportions of the Settlement Fund). At the same time, Lead

³ Call Options and Put Options account for less than 1% of the combined dollar trading volume of all Lumber Liquidators Securities during the Class Period.

Counsel also intend to apply for reimbursement of Litigation Expenses in an amount not to exceed \$800,000, which may include an application for reimbursement of the reasonable costs and expenses incurred by Lead Plaintiffs directly related to their representation of the Settlement Class. The Court will determine the amount of any award of attorneys' fees or reimbursement of Litigation Expenses. Such sums as may be approved by the Court will be paid from the Settlement Fund. ***Settlement Class Members are not personally liable for any such fees or expenses.***

WHAT IF I DO NOT WANT TO BE A MEMBER OF THE SETTLEMENT CLASS? HOW DO I EXCLUDE MYSELF?

71. Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails or delivers a written request for exclusion from the Settlement Class, addressed to *In re Lumber Liquidators Holdings, Inc. Securities Litigation*, EXCLUSIONS, c/o A.B. Data, Ltd., P.O. Box 173013, Milwaukee, WI 53217. The exclusion request must be **received no later than October 27, 2016**. You will not be able to exclude yourself from the Settlement Class after that date. Each request for exclusion must: (a) state the name, address and telephone number of the person or entity requesting exclusion, and in the case of entities the name and telephone number of the appropriate contact person; (b) state that such person or entity "requests exclusion from the Settlement Class in *In re Lumber Liquidators Holdings, Inc. Securities Litigation*, No. 4:13-cv-00157-AWA-DEM"; (c) state the number of Lumber Liquidators Securities that the person or entity requesting exclusion purchased and/or sold during the Settlement Class Period (from February 22, 2012 through February 27, 2015, inclusive), as well as the dates and prices of each such purchase and sale; and (d) be signed by the person or entity requesting exclusion or an authorized representative. A request for exclusion shall not be effective unless it provides all the information called for in this paragraph and is received within the time stated above, or is otherwise accepted by the Court.

72. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Plaintiffs' Claims against any of the Defendants' Releasees.

73. If you ask to be excluded from the Settlement Class, you will not be eligible to receive any payment out of the Net Settlement Fund.

74. Defendants have the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by Lead Plaintiffs and Defendants.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?

75. The Settlement Hearing will be held on November 17, 2016, at 10:00 a.m., before the Honorable Arenda L. Wright Allen at the United States District Court for the Eastern District of Virginia, Courtroom 3 of the Walter E. Hoffman United States Courthouse, 600 Granby Street, Norfolk, VA 23510. The Court reserves the right to approve the Settlement, the Plan of Allocation, Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses and/or any other matter related to the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Class.

76. Settlement Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if a Settlement Class Member does not attend the hearing. Participation in the Settlement is not conditioned on attendance at the Settlement Hearing.

77. Any Settlement Class Member who or which does not request exclusion may object to the Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the Eastern District of Virginia at the address set forth below on or before October 27, 2016. You must also serve the papers on Lead Counsel and on representative Defendants' Counsel at the addresses set forth below so that the papers are **received on or before October 27, 2016**.

<u>Clerk's Office</u>	<u>Lead Counsel</u>	<u>Representative Defendants' Counsel</u>
United States District Court Eastern District of Virginia Clerk of the Court Walter E. Hoffman United States Courthouse 600 Granby Street Norfolk, VA 23510	Pomerantz LLP Jeremy A. Lieberman, Esq. 600 Third Avenue 20 th Floor New York, NY 10016 -or- Bernstein Litowitz Berger Grossmann LLP David R. Stickney, Esq. 12481 High Bluff Drive Suite 300 San Diego, CA 92130	Cooley LLP Lyle Roberts, Esq. 1299 Pennsylvania Ave, N.W. Suite 700 Washington, DC 20004

78. Any objection: (a) must state the name, address and telephone number of the person or entity objecting and must be signed by the objector; (b) must contain a statement of the Settlement Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (c) must include documents sufficient to prove membership in the Settlement Class, including the number of Lumber Liquidators Securities that the objecting Settlement Class Member purchased and/or sold during the Settlement Class Period (from February 22, 2012 through February 27, 2015, inclusive), as well as the dates and prices of each such purchase and sale. Documents sufficient to prove membership in the Settlement Class include brokerage statements, confirmation slips, or authorized statements from a broker containing the transaction and holding information found in a confirmation slip or

account statement. You may not object to the Settlement, the Plan of Allocation or Lead Counsel’s motion for attorneys’ fees and reimbursement of Litigation Expenses if you exclude yourself from the Settlement Class or if you are not a member of the Settlement Class.

79. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first file and serve a written objection in accordance with the procedures described above, unless the Court orders otherwise.

80. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation or Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of Litigation Expenses, and if you file and serve a timely written objection as described above, you must also file a notice of appearance with the Clerk’s Office and serve it on Lead Counsel and Defendants’ Counsel at the addresses set forth above so that it is **received on or before October 27, 2016**. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

81. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Lead Counsel and Defendants’ Counsel at the addresses set forth in ¶ 77 above so that the notice is **received on or before October 27, 2016**.

82. The Settlement Hearing may be adjourned by the Court without further written notice to the Settlement Class. If you plan to attend the Settlement Hearing, you should confirm the date and time with Lead Counsel.

83. Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of Litigation Expenses. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.

WHAT IF I BOUGHT SECURITIES ON BEHALF OF SOMEONE ELSE?

84. If, during the Settlement Class Period of February 22, 2012, through February 27, 2015, inclusive, you purchased Lumber Liquidators Common Stock or Lumber Liquidators Call Options or sold Lumber Liquidators Put Options for the beneficial interest of persons or organizations other than yourself, you must either: (a) within seven (7) calendar days of receipt of this Notice request from the Claims Administrator sufficient copies of the Notice and Claim Form (the “Notice Packet”) to forward to all such beneficial owners, and within seven (7) calendar days of receipt of those Notice Packets, forward them to all such beneficial owners; or (b) within seven (7) calendar days of receipt of this Notice, provide a list of the names and addresses of all such beneficial owners to *In re Lumber Liquidators Holdings, Inc. Securities Litigation*, c/o P.O. Box 173013, Milwaukee, WI 53217. If you choose the second option, the Claims Administrator will send a copy of the Notice Packet to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Claim Form may also be obtained from the website maintained by the Claims Administrator, www.LumberLiquidatorsSecuritiesLitigation.com, or by calling the Claims Administrator toll-free at (877) 234-5462.

**CAN I SEE THE COURT FILE?
WHOM SHOULD I CONTACT IF I HAVE QUESTIONS OR WOULD LIKE ADDITIONAL INFORMATION?**

85. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in this Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the Eastern District of Virginia, Walter E. Hoffman United States Courthouse, 600 Granby Street, Norfolk VA 23510. Additionally, copies of the Stipulation, this Notice, the Claim Form, proposed Judgment and any related orders entered by the Court will be posted on the website maintained by the Claims Administrator, www.LumberLiquidatorsSecuritiesLitigation.com.

All inquiries concerning this Notice and the Claim Form, or requests for additional information, should be directed to:

In re Lumber Liquidators Holdings, Inc. Securities Litigation
c/o A.B. Data, Ltd.
P.O. Box 173013
Milwaukee, WI 53217
(877) 234-5462
info@LumberLiquidatorsSecuritiesLitigation.com

and/or

Jeremy A. Lieberman, Esq.
POMERANTZ LLP
600 Third Avenue
20th Floor
New York, NY 10016
(212) 611-1100
jalieberman@pomlaw.com

-or-

David R. Stickney, Esq.
BERNSTEIN LITOWITZ BERGER GROSSMANN LLP
12481 High Bluff Drive
Suite 300
San Diego, CA 92130
(866) 648-2524
blbg@blbglaw.com

DO NOT CALL OR WRITE THE COURT, THE OFFICE OF THE CLERK OF THE COURT, DEFENDANTS OR THEIR COUNSEL REGARDING THIS NOTICE.

Dated: July 8, 2016

By Order of the Court
United States District Court
Eastern District of Virginia
Newport News Division

TABLE A

Estimated Artificial Inflation in Lumber Liquidators Common Stock from February 22, 2012 through February 27, 2015

From	To	Inflation Per Share
2/22/2012	6/20/2013	\$70.10
6/21/2013	9/26/2013	\$64.66
9/27/2013	11/21/2013	\$59.22
11/22/2013	7/9/2014	\$45.86
7/10/2014	2/24/2015	\$31.64
2/25/2015	2/27/2015	\$13.62

* If the per-share price inflation on the date of purchase of Lumber Liquidators Common Stock provided in Table A above exceeds the per-share purchase price of such stock, then the per-share price inflation shall be equal to the per-share purchase price for such stock.

TABLE B

Lumber Liquidators Common Stock 90-Day Lookback Values

Sale/Disposition Date	90-Day Lookback Value
3/2/2015	\$38.83
3/3/2015	\$39.81
3/4/2015	\$38.42
3/5/2015	\$37.27
3/6/2015	\$36.48
3/9/2015	\$35.06
3/10/2015	\$34.28
3/11/2015	\$34.08
3/12/2015	\$34.30
3/13/2015	\$33.93
3/16/2015	\$33.57
3/17/2015	\$33.24
3/18/2015	\$32.97
3/19/2015	\$32.71
3/20/2015	\$32.43
3/23/2015	\$32.15
3/24/2015	\$31.95
3/25/2015	\$31.95
3/26/2015	\$31.84
3/27/2015	\$31.77
3/30/2015	\$31.70
3/31/2015	\$31.66
4/1/2015	\$31.72
4/2/2015	\$31.78
4/6/2015	\$31.87
4/7/2015	\$31.94
4/8/2015	\$32.02
4/9/2015	\$32.10
4/10/2015	\$32.14
4/13/2015	\$32.18
4/14/2015	\$32.22

Sale/Disposition Date	90-Day Lookback Value
4/15/2015	\$32.26
4/16/2015	\$32.29
4/17/2015	\$32.29
4/20/2015	\$32.29
4/21/2015	\$32.32
4/22/2015	\$32.36
4/23/2015	\$32.40
4/24/2015	\$32.41
4/27/2015	\$32.43
4/28/2015	\$32.46
4/29/2015	\$32.32
4/30/2015	\$32.21
5/1/2015	\$32.09
5/4/2015	\$31.99
5/5/2015	\$31.89
5/6/2015	\$31.79
5/7/2015	\$31.69
5/8/2015	\$31.62
5/11/2015	\$31.55
5/12/2015	\$31.45
5/13/2015	\$31.36
5/14/2015	\$31.27
5/15/2015	\$31.18
5/18/2015	\$31.08
5/19/2015	\$31.00
5/20/2015	\$30.90
5/21/2015	\$30.73
5/22/2015	\$30.56
5/26/2015	\$30.42
5/27/2015	\$30.28
5/28/2015	\$30.14