

THE VALSPAR CORPORATION

PRINCIPLES OF CORPORATE GOVERNANCE

Adopted by Board of Directors

June 2008

I. PURPOSE AND NATURE OF VALSPAR'S GOVERNANCE PRINCIPLES

These principles have been adopted by Board resolution as the elements of governance by which the Board will manage its affairs.

These principles replace all previous Board policies on this subject and will be reviewed and modified by the Board as needed on recommendation of the Nominating and Governance Committee.

II. COMMITTEES - STRUCTURE AND PROCEDURES

The standing committees of the Board are at present:

- Nominating and Governance Committee
- Audit Committee
- Compensation Committee

Each committee shall have a charter approved by that committee and by the Board of Directors. The charters for the above committees are attached as Exhibits 1, 2 and 3, respectively. The Board has also adopted a charter, attached as Exhibit 4.

Each committee shall be chaired by an independent director and, effective with the adoption of these principles, such term as chair shall generally be no longer than five successive years with the exception of the Nominating and Governance Committee Chair, which will have an eight year term. If circumstances warrant, term extensions or renewals may be approved by the Nominating and Governance Committee.

The Nominating and Governance Committee will consist of the independent directors and be chaired by the Chairman of the Board except at times when the Chairman is not an independent director. In such case, it will be chaired by an independent director who is the Chair of the Nominating and Governance Committee and serves ex officio as "Lead Director." The Skills/Characteristics and the Principle Duties of the Chair of the Nominating and Governance Committee and Lead Director are attached as Exhibits 5 and 6. The Committee is intended to provide a forum for independent directors to address issues of corporate governance.

As a general rule, directors shall serve on one committee in addition to the Nominating and Governance Committee. Membership on committees shall be rotated periodically to provide all directors experience on all committees; however, this principle of rotation should not deprive the Board of expertise possessed by specific directors.

In addition, the Board has established an Executive Committee consisting of the Chairman of the Board (or Chair of the Nominating and Governance Committee-Lead Director if the Chairman is not an independent director), CEO and such additional directors as the Board may determine. The Executive Committee has the authority to exercise all the powers of the full Board, except the Executive Committee does not have the power to change the membership of, or fill vacancies in, the Executive Committee or to amend the Corporation's By-Laws. Generally, this Committee will only meet or act in emergencies, or when requested by the full Board. The Committee will report any actions to the full Board as soon as reasonably possible.

III. OFFICE OF THE CHAIRMAN AND THE CEO

The Board does not have a policy as to whether the Chairman should be an independent director or a member of management. Instead, the Board selects the Corporation's CEO and Chairman based on what it determines to be in the best interests of the Corporation's shareholders. When the Chairman is a member of management, the Chair of the Nominating and Governance Committee, who shall be an independent director, shall also serve ex officio as the Lead Director. The Chair of the Nominating and Governance Committee shall be responsible for coordinating the activities of the other independent directors and for performing the duties specified in these guidelines and such other duties as are assigned from time to time by the Board.

The Principal Duties of the Chairman of the Board are attached as Exhibit 7. In the event the Board elects a Non-Executive Chair, the respective position descriptions of the Non-Executive Chair and CEO are attached as Exhibits 9 and 10, respectively.

IV. BOARD COMPOSITION, SELECTION, COMPENSATION AND TENURE

The Board is presently comprised of 11 directors and the Board believes that it can function best if board size is kept in the range of 8 to 12 directors.

The Board Candidate Review and Nomination Process is attached as Exhibit 8.

Directors shall be considered "independent" as long as they do not accept any consulting, advisory, or other compensatory fee (other than director fees) from the Corporation, are not an affiliated person of the Corporation or its subsidiaries and are independent within the meaning of applicable laws, regulations and the NYSE listing requirements, as the same may be amended from time to time.

The Board is presently comprised of 10 independent directors and the Chairman/CEO. Independent directors shall always constitute a substantial majority of the Board.

To more closely align their interests with those of shareholders generally, directors are encouraged to hold stock of the Corporation in an amount equal to five times the annual Board retainer fees. Such holdings should be considered long-term investments and be accumulated within five years of joining the Board. Trading in the Corporation's stock is strongly discouraged. Similarly, the CEO is encouraged to hold stock of the Corporation in an amount equal to five times his base salary, and all other executive officers are encouraged to hold stock of the Corporation in an amount equal to three times their base salary, in each case, such holdings should be accumulated within five years of taking office. Restricted or unrestricted shares received as part of director or officer compensation or held in retirement or other benefit plans shall be included in computing such amounts.

The Compensation Committee shall establish director compensation.

The Board expects individual directors to use their judgment in accepting directorships of other corporations or charitable organizations and to allow sufficient time and attention to Corporation matters. Without approval of the Nominating and Governance Committee, non-employee directors may not serve on more than four other public company boards, and employee directors may not serve on more than one other public company board. Before accepting new directorships on other corporate boards, directors must notify the Nominating and Governance Committee. The Committee

should then consider the new directorship in the context of the director's ability to continue to perform their Valspar Board duties.

The Committee, with the assistance of the General Counsel, should also assure that no potential conflicts are presented by any new directorship.

Employee directors receive no additional compensation for serving as Board members.

An employee director shall submit his or her resignation from the Board upon termination of his or her active service as an employee or a significant change in responsibilities, and the Nominating and Governance Committee shall determine whether to accept such resignation.

A non-employee director shall submit to the Nominating and Governance Committee a written offer to resign from the Board after a material change in full-time position or responsibilities. A non-employee director shall retire from the Board immediately prior to the next annual meeting following the calendar year in which he or she has first attained the age of 70 or completed 18 years of Board service. Exceptions to this rule may be made by the Board in extraordinary circumstances for limited time periods.

V. INDEPENDENCE OF DIRECTORS

The Board will determine, on an annual basis, whether each director is "independent," as defined in Section IV.

The Corporation has a Related Person Transaction Policy attached as Exhibit 11.

VI. BOARD MEETINGS

At this time, six regular meetings are held each year. The Nominating and Governance Committee shall determine from time to time the appropriate number of meetings.

Appropriate officers of the Corporation may be invited by the CEO and/or Chairman to attend the general session of Board meetings.

Prior to a regular Board meeting, the Chairman of the Board and the Chair of the Nominating and Governance Committee will develop, in consultation with the Chief Executive Officer if the Chief Executive Officer and the Chairman of the Board are not the same person, an agenda for the meeting and any information or material for review. The agenda and information will be sent to the directors in advance of the meeting with sufficient time for review. Development of the agenda is the responsibility of the Chairman of the Board, in collaboration with the Chair of the Nominating and Governance Committee. Directors may request additional subjects be placed on the agenda.

Directors will begin or conclude each meeting with an executive session without management present.

VII. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

All new directors shall be provided an orientation program, including personal briefing sessions from members of senior management on the Corporation's accounting policies, financial reporting, business strategies and key legal and regulatory issues. Directors shall participate in continuing education programs, at the Corporation's

expense, to the extent necessary to assure a current understanding of director responsibilities and best practices.

VIII. COMMUNICATING CONCERNS TO THE BOARD

The Corporation has established several means for shareholders and other interested parties to communicate their concerns to the Board of Directors. If the concern relates to the Corporation's financial statements, accounting practices or internal controls, the concern should be submitted in writing to the Chairman of the Audit Committee in care of the Corporation's Secretary at the Corporation's headquarters address. If the concern relates to the Corporation's governance practices, business ethics or corporate conduct, the concern may be submitted in writing to the Chairman of the Nominating and Governance Committee in care of the Corporation's Secretary at the Corporation's headquarters address. If the shareholder or other interested parties are unsure as to which category his or her concern relates, he or she may communicate it to any one of the independent directors in care of the Corporation's Secretary.

IX. CODE OF CONDUCT AND ETHICS

The Corporation has adopted and has disclosed on its website a code of business conduct and ethics. This code applies to directors, officers and employees. The Corporation is obligated to promptly disclose any waivers of this code for directors or executive officers.

EXHIBIT 1

NOMINATING AND GOVERNANCE COMMITTEE CHARTER

Purpose

This charter establishes the responsibilities of the Nominating and Governance Committee ("Committee") of the Board of Directors ("Board") of The Valspar Corporation (the "Corporation"). The Committee shall review and reassess the charter at least annually and obtain the approval of the Board of Directors.

Composition

The Committee shall be comprised of the directors who are "independent" as defined in Section IV of the Principles of Corporate Governance. The members and Chair of the Committee shall be appointed by the Board of Directors and shall continue to act until their successors are elected, but shall be subject to removal at any time by a majority of the Board. Any resulting vacancy may be filled by the Board.

Statement of Policy, Meetings and Reporting

The Committee shall provide assistance to the Board of Directors in fulfilling its responsibility to the shareholders, potential shareholders, the investment community, and others relating to the proper governance of the Corporation. The Committee shall meet at such times as determined by the Chair of the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business. The Committee may delegate one or more of its functions to subcommittees established from time to time by the Committee, but the Committee remains responsible for any function delegated to a subcommittee. The Committee shall, through its Chair, provide reports of the Committee's meetings and actions to the Board.

Duties and Responsibilities

The Committee's primary responsibility is to provide a forum for all independent directors to address issues of corporate governance. The Committee believes its policies and procedures should remain flexible, in order to best respond to changing conditions and to ensure the Board and shareholders that the corporate governance practices of the Corporation represent "best practices."

In carrying out this purpose, the Committee will:

- Adopt, monitor and recommend to the Board any modifications of the Principles of Corporate Governance which may be necessary from time to time.
- Recommend to the Board the selection and replacement, if necessary, of the CEO and annually evaluate the performance of the CEO.

- Oversee evaluations of the Board and management.
- Begin or conclude each Committee meeting with an executive session without management present.
- Establish criteria for selection of new directors and nominees for vacancies on the Board.
- Identify and assist with the recruitment of qualified candidates for Board membership and for the positions of CEO, Chairman and Chair of the Committee.
- Make recommendations to the Board with respect to (i) the election of the CEO, Chairman and Committee Chairs, (ii) the assignment of individual directors to serve on designated committees and (iii) the selection of director nominees for election by the shareholders.
- Periodically review management succession planning to address leadership continuity.
- Accept or decline any tendered resignation of a director for reason of change of employment.
- Review any director conflict of interest issues and determine how to handle such issues.
- Evaluate the performance of any director whose term is expiring and whether such director should be invited to stand for reelection on the basis of the attached Expectations for Individual Director Performance.
- Establish any special committee that may be necessary to properly govern ethical, legal or other matters, which might arise.
- Review and approve an annual Board meeting calendar recommended by the Chair of the Committee and the Chairman of the Board.
- Be informed regarding the Compensation Committee's actions in approving Board and executive compensation and the underlying philosophy for it.
- Perform an evaluation of the Committee's performance at least annually to determine whether it is functioning effectively.

In carrying out its duties, the Committee will consult with and solicit the views of the CEO.

The Committee shall have direct access to independent professional resources necessary to perform its functions including the ability to retain and compensate professionals to assist with director recruitment and other functions of the Committee.

EXPECTATIONS FOR INDIVIDUAL DIRECTOR PERFORMANCE

It is expected that each Board member, in carrying out the duties and responsibilities of Board service, will be guided by the following performance objectives:

- **Code of Ethics and Business Conduct** - Has read, understands and follows the Valspar Code of Ethics and Business Conduct.
- **Representation of Shareholders and Other Stakeholders** - Clearly recognizes the role of directors is to represent the interests of shareholders. Takes into consideration the interests of employees, customers, and the communities in which the Corporation's facilities are located. Understands the difference between function of the Board and that of management.
- **Judgment and Knowledge** - Demonstrates judgment and knowledge in the ability to assess corporate strategy, business plans, management evaluation and other key issues. Sufficiently informed and knowledgeable to contribute effectively to Board's monitoring responsibilities.
- **Meaningful Participation** - Comfortable being an active, inquiring participant. Participates in Board process in a meaningful way. Mindful not to get overly involved in operational details and the management process. Has confidence and willingness to express ideas and engage in constructive discussion. Actively participates in decision-making and is willing to make tough decisions. Is diligent and faithful in attending Board and Committee meetings.
- **Communications** - Communicates freely with other Board members. A good sounding board for other directors and the CEO. Willing to challenge fellow directors and CEO. Asks insightful questions and raises thought provoking perspectives. Willing to hold management accountable for performance and results. Team player; works well with other directors while not necessarily sharing their views. Listens with an open mind.
- **Expertise** - Fulfills specific Board needs. Makes individual's expertise available to the Board. Draws on relevant experience in addressing issues facing the Corporation. Willing to respond to appropriate requests of CEO outside of Board meetings for advice and support.
- **Vision and Leadership** – Understands the Corporation's philosophy and strategy. Oriented toward the future, and sensitive to future direction of industry. Fulfills legal and fiduciary responsibilities. Supports the Corporation's mission and values, and is open, honest and direct. Makes appropriate time commitment for Board service. Has no conflict of interest in serving on Board.
- **Professional Status** - Standing and reputation in the business and professional communities in which the director operates. Appropriately represents the Corporation in such communities.

EXHIBIT 2

AUDIT COMMITTEE CHARTER

Purpose

This charter establishes the responsibilities of the Audit Committee (“Committee”) of the Board of Directors (“Board”) of The Valspar Corporation (the “Corporation”). The Committee shall review and reassess the charter at least annually and obtain the approval of the Board of Directors. The Committee shall provide the New York Stock Exchange with timely annual written affirmation of having conducted such review and reassessment.

Composition

The Committee shall be members of, and appointed by, the Board of Directors and shall be comprised of at least five Directors, each of whom is independent of management and the Corporation. Members of the Committee shall be considered independent as long as they do not accept any consulting, advisory, or other compensatory fee (other than Board or Committee fees) from the Corporation and are not an affiliated person of the Corporation or its subsidiaries, and meet the independence requirements of the stock exchange listing standards. Each member of the Committee shall be financially literate, as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Committee; and at least one member shall be an “Audit Committee financial expert” as defined by the SEC regulations. The members and Chair of the Audit Committee shall be appointed by the Board of Directors and shall continue to act until their successors are elected, but shall be subject to removal at any time by a majority of the Board. Any resulting vacancy may be filled by the Board.

Statement of Policy

The Audit Committee shall provide assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to: the integrity of the Corporation’s financial statements; the financial reporting process; the systems of internal accounting and financial controls; the performance of the Corporation’s internal audit function and independent auditors; the independent auditor’s qualifications and independence; and the Corporation’s compliance with ethics policies, environmental and safety regulations and legal and other regulatory requirements. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors, the internal auditors, and management of the Corporation.

Responsibilities

The primary responsibility of the Audit Committee is to oversee the Corporation’s financial reporting process on behalf of the Board and report the results of their activities to the Board. Management is responsible for the preparation, presentation, and integrity of the Corporation’s financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Corporation. The independent auditors are responsible for auditing the Corporation’s financial statements and for reviewing the Corporation’s unaudited interim financial statements.

In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible, in order to best respond to changing conditions and to ensure the Board and shareholders that the corporate accounting and reporting practices of the Corporation are in accordance with all requirements. The Committee shall meet at such times as determined by the Chair of the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business. The Committee may delegate one or more of its functions to subcommittees established from time to time by the Committee, but the Committee remains responsible for any function delegated to a subcommittee.

In carrying out these responsibilities, the Committee will:

- Review and reassess the charter at least annually and obtain the full Board's approval of this Charter.
- Review and recommend to the Board the independent auditors to be selected to audit the financial statements of the Corporation and its divisions and subsidiaries.
- Review and approve management's termination or replacement of the director of internal audit.
- Pre-approve all audit and non-audit services provided by the independent auditors and shall not engage the independent auditors to perform the certain non-audit services prohibited by law or regulation. The Committee may delegate pre-approval authority to the Committee Chair. The decision of the Committee Chair on pre-approval must be presented to the full Audit Committee at its next scheduled meeting.
- Meet with the independent auditors and financial management of the Corporation to review the scope of the proposed audit and the quarterly reviews for the current year, the procedures to be utilized, and the independent auditor's compensation. At the conclusion of the audit, review the management letter issued by the independent auditors, including management's response and corrective actions taken.
- Review and approve all related party transactions required to be disclosed and discuss with management the business rationale for the transactions and whether appropriate disclosures have been made.
- The Audit Committee shall be directly responsible for the appointment and termination (subject to Board review and shareholder approval or ratification, if applicable), compensation and oversight of the work of the independent auditors. The Committee is responsible for ensuring the independence of the independent auditors. The Committee shall annually obtain from the independent auditors a formal written statement delineating all relationships between the independent auditors and the Corporation and shall review any disclosed relationships between the independent auditors and the Corporation and the nature and scope of other professional services provided to the Corporation that may adversely affect the independence of the auditors.
- Review and obtain, at least annually, the independent auditor's internal quality control procedures and any material issues raised by the most recent quality control review within the preceding five years and any steps taken to deal with any such issues.

- Confirm with independent auditors that they are ultimately accountable to the Board and the Committee.
- Review, at least annually, with the independent auditors, the Corporation's internal auditor and financial and accounting personnel, the adequacy and effectiveness of the internal quality control procedures of the Corporation. The Committee shall elicit any recommendations for the improvement of such internal controls or particular areas where new or more detailed controls or procedures are desirable. The Committee shall discuss with management, the internal auditor and the independent auditors the adequacy and effectiveness of the accounting and financial controls including the Corporation's policies and procedures to assess, monitor and manage significant risks or exposures and legal and ethical compliance programs (i.e. Corporation's code of ethics).
- Discuss with management its process for performing its required quarterly certifications under Section 302 of the Sarbanes-Oxley Act.
- Review with management and independent auditors the critical accounting policies and practices of the Corporation and discuss alternative treatments of financial information within generally accepted accounting principles.
- Review with senior management the Corporation's overall anti-fraud programs and controls.
- Review and discuss earnings press releases, interim financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations with management and the independent auditors prior to the filing of the Corporation's Quarterly Report on Form 10-Q. Review with financial management and the independent auditors any significant matters identified during the quarterly interim reviews conducted by the independent auditors. The Committee may delegate these tasks to the Audit Committee Chair.
- Review the internal audit function of the Corporation including the independence and authority of its reporting obligations; the proposed audit plans for the coming year and the coordination of such plans with the independent auditors, including staffing.
- Review semiannually a summary of significant findings from internal audits and a progress report on the proposed internal audit plan, with explanations for major deviations from the original plan.
- Annually review with financial management and the independent auditors the results of their timely analysis of significant financial reporting issues and practices, including changes in, or adoptions of, accounting principles and disclosure practices. Also, review with financial management and the independent auditors their qualitative judgments about the appropriateness, not just acceptability, of accounting principles, underlying estimates and financial disclosure practices used by the Corporation.
- Discuss with management, the internal auditors, and the independent registered public accountants any (i) changes in internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting that are required to be disclosed and (ii) any other changes in internal

control over financial reporting that were considered for disclosure in the Corporation's periodic filings with the SEC.

- Review with management and the independent auditors the financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations to be included in the Corporation's Annual Report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of Form 10-K), including their judgment about the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.
- Provide sufficient opportunity for the internal and independent auditors to meet with the members of the Committee, without members of management present. Among the items to be discussed in these meetings are the auditors' evaluation of the Corporation's financial, accounting and auditing personnel and the cooperation that the independent auditors received during the course of audit. Additionally, the Committee shall have the opportunity to meet separately with management.
- Report the results of the annual audit to the Board and make a timely recommendation to the Board as to the inclusion of the audited financial statements in the Annual Report on Form 10-K for filing with the Securities and Exchange Commission.
- Prepare an Audit Committee Report as required by the Securities and Exchange Commission to be included in the Corporation's annual proxy statement.
- Submit the minutes of all meetings of the Committee to, or discuss the matters discussed at each Committee meeting with, the Board.
- Investigate any matter brought to the attention of the Committee within the scope of its duties, with the power to retain outside counsel for this purpose if, in the Committee's judgment, that is appropriate. Receive corporate attorneys' reports of evidence of a material violation of securities laws or breaches of fiduciary duty.
- Establish procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- Set clear hiring policies for employees or former employees of the independent auditors that meet the SEC regulations and stock exchange listing standards.
- Perform an evaluation of the Committee's performance at least annually to determine whether it is functioning effectively.

EXHIBIT 3

COMPENSATION COMMITTEE CHARTER

Purpose

The Compensation Committee is charged with oversight responsibility for the adequacy and effectiveness of the Corporation's compensation and benefit plans. The Compensation Committee is responsible for all matters relating to (i) compensation of senior management and Directors, (ii) adoption of employee compensation and benefit plans and the administration of such plans, including granting of stock incentives or other benefits, and (iii) the annual report on executive compensation included in the Corporation's proxy statement.

Appointment, Qualifications and Removal

The Compensation Committee will consist of not less than five (5) members of the Board of Directors who (i) are not officers or employees of the Corporation or any of its affiliates, (ii) do not have any relationship with the Corporation or any of its affiliates that would interfere with the exercise of their independence and (iii) are "outside" and "independent" within the meaning of applicable laws, regulations and NYSE listing requirements, as the same are amended from time to time. Experience with executive compensation is relevant in selecting candidates for the Compensation Committee. The members and Chair of the Compensation Committee shall be appointed by the Board of Directors and shall continue to act until their successors are elected, but shall be subject to removal at any time by a majority of the full Board. Any resulting vacancy may be filled by the Board.

Powers

To assist the Compensation Committee in fulfilling its duties, management shall provide the Compensation Committee with information and recommendations as needed and requested. At its discretion, the Compensation Committee shall have access to the Corporation's General Counsel and/or outside legal counsel and the Corporation's Human Resources Department and/or outside compensation consultants, if it deems such access to be necessary or beneficial. The Compensation Committee has the sole authority to retain and terminate any such consultants, including sole authority to approve the fees and other terms for such consultants. All costs incurred by the Compensation Committee with respect to the use of outside counsel and consultants shall be paid by the Corporation.

Meetings and Subcommittees

The Compensation Committee shall meet at such times as determined by the Chair of the Compensation Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business. The Compensation Committee may delegate one or more of its functions to subcommittees established from time to time by the Compensation Committee, but the Compensation Committee remains responsible for any function delegated to a subcommittee.

Duties and Responsibilities

The Compensation Committee shall:

Annually

- Review market data to assess the Corporation's competitive position with respect to executive and director compensation.
- Approve base salaries, annual incentive awards and long-term incentive awards for all corporate officers. In determining the long-term incentive component of compensation, the Compensation Committee shall consider the Corporation's performance and relative shareholder return, the value of similar incentive awards granted to officers at comparable companies and the awards granted to the Corporation's officers in past years. With respect to the compensation of the CEO, the Compensation Committee shall also consider the annual performance evaluation of the CEO conducted by the Nominating and Governance Committee. Once approved by the Committee, the officers' compensation shall be reviewed with the Board.
- Establish Director Compensation, including retainers, stock options, special committee fees and other similar components of compensation.
- Review human capital development plans and activities to oversee the recruitment, development and retention of leadership that is diverse, talented, skilled and capable of executing the strategic plans of the Corporation.
- Establish and certify achievement of performance objectives for Internal Revenue Code Section 162(m) purposes.
- Determine "eligible persons" for participation in the Corporation's stock incentive plans. Approve participants, types of awards and number of shares covered by each award. Approve all decisions regarding the modifications of terms or conditions of any award or award agreement.
- Conduct a performance evaluation of the Compensation Committee.
- Prepare and submit to the Board of Directors, "Compensation Committee Report" for inclusion in the Corporation's annual proxy statement and in accordance with the rules and regulations of the Securities and Exchange Commission.

Periodically

- To the extent deemed necessary by the Committee, develop and recommend Board approval of new incentive compensation and benefit programs, including equity-based compensation programs, and amend or recommend termination of existing programs as appropriate.
- Monitor, review and, to the extent deemed necessary by the Committee, develop new compensation plans and programs for Directors.
- To the extent requested by the Board, oversee the administration of the Corporation's defined benefit and defined contribution plans. When appropriate, recommend to the Board of Directors new plans, major plan amendments and plan terminations.

Reporting

The Compensation Committee shall, through its Chair, provide reports of the Compensation Committee's meetings and actions to the Board of Directors. Such reports shall contain recommendations for Board action when required under the provisions of any compensation or benefit plan or any applicable regulation or when deemed appropriate by the Committee.

EXHIBIT 4

BOARD OF DIRECTORS CHARTER

This charter is intended as a tool to assist directors in fulfilling their responsibilities as Board members. It is qualified in its entirety by reference to the Corporation's Articles and Bylaws, and Delaware law. It is not an attempt to limit, enlarge or change in any way the responsibilities of the directors as determined by such Articles, Bylaws and Delaware law.

The business affairs of the Corporation shall be managed under the direction of the Board of Directors. The Board of Directors may, by resolution, delegate its authority to Corporation management or to Committees of the Board. Committees of the Board (except in the case of a Committee of independent persons) and Corporation management shall be subject at all times to the direction and control of the Board.

In carrying out its duties, the Board shall have access to such management personnel as it deems necessary and shall have the authority to engage, at Corporation expense, such independent advisors and professionals as the Board, in the exercise of its judgment, deems appropriate.

Without limiting the Board's general governance responsibilities, the Board shall:

- See that an effective Board of Directors is in place and that the Board possesses within its membership the appropriate skills to enable it to fulfill its responsibilities.
- Approve the Corporate Mission Statement for the Corporation.
- Elect the Chief Executive Officer and replace if necessary. Elect all other executive officers on the recommendation of the Chief Executive Officer. Ensure that successors are identified or that a plan is in place to identify successors for the Chief Executive Officer and for other senior management positions.
- Annually approve the Corporate Strategic Plan.
- Approve the Annual Operating Budget and Capital Plan.
- Under established policies, approve significant decisions not delegated to management involving major acquisitions, divestitures, capital investments and loan facilities.
- Through its committee system provide oversight regarding certain activities of the Corporation. The current committees are Nominating and Governance, Audit and Compensation.
- Designate additional committees from time to time as may be necessary to fulfill the responsibilities of the Board.
- Begin or conclude each meeting with an executive session.
- Perform an evaluation at least annually to determine whether the Board and its Committees are functioning effectively.

EXHIBIT 5

SKILLS/CHARACTERISTICS FOR CHAIR OF NOMINATING AND GOVERNANCE COMMITTEE AND LEAD DIRECTOR

The chair of the Nominating and Governance Committee (also designated ex officio as “Lead Director”) must be an independent/outside director who possesses the ability to remain independent of, but appropriately supportive of, the management of the Corporation, and to represent the interests of the other directors and the shareholders. In addition, the person should have:

- The trust and respect of all other directors, the Chairman and CEO, and the top management of the Corporation.
- Knowledge of the Corporation, its history, its business and the competitive environment in which it operates.
- Knowledge of the corporate governance process, and the ability to determine which issues the Board properly should address and which have been delegated to the CEO and the management of the Corporation.
- The ability to act as a facilitator of the Board members, to draw out their ideas and to bring the group to a consensus.
- The ability to provide wise counsel to the Chairman and CEO and other directors.
- Ability to synthesize input from independent directors on the CEO's performance and the skill to deliver the feedback in an appropriate manner.
- The time and interest necessary to serve in this role.

EXHIBIT 6

PRINCIPAL DUTIES OF CHAIR OF NOMINATING AND GOVERNANCE COMMITTEE AND LEAD DIRECTOR

As Chair of Nominating and Governance Committee:

- Schedule and chair all meetings of the Nominating and Governance Committee of the Board.
- Establish the agenda for Nominating and Governance Committee meetings.
- In collaboration with the Chairman, and in consultation with the CEO if the CEO and the Chairman are not the same person, and considering any input from other directors:
 - Recommend committee chairs and members of Board committees to the Nominating and Governance Committee.
 - Establish the agenda for Board meetings.
- Chair Board meetings in absence of Chairman and chair executive sessions of the Board if Chairman is not an independent director.
- Manage CEO evaluation process including follow-up with CEO.
- Manage Board and individual Board member evaluation processes.

As Lead Director:

- Be available to act as the Board link and advisor to the Chairman and CEO.
- Act as the focal point on the Board for:
 - Following up on issues of corporate governance for which the Nominating and Governance Committee is responsible.
 - Facilitating communication between the Board and the CEO, including to the extent appropriate, reviewing matters discussed by the independent directors in executive session.
 - Handling suggestions from independent directors, especially on sensitive issues that they feel need to be resolved.
 - Assuring that any subjects independent director members want on the agenda are included.
- Provide counsel to the other directors in the performance of their duties.
- Assume additional responsibilities as determined by the independent directors.

EXHIBIT 7

PRINCIPAL DUTIES OF THE CHAIRMAN OF THE BOARD

Board Meetings

Chair all meetings of the Board in a manner which utilizes the time of the Board effectively and which takes full advantage of the expertise and experience that each director has to offer.

In collaboration with the Chair of the Nominating and Governance Committee, and in consultation with the CEO if the CEO and Chairman are not the same person, establish an agenda for each Board meeting which covers all matters which should come before the Board in the proper exercise of its duties.

Corporate Governance

Provide input and support to the Chair of the Nominating and Governance Committee on:

- Selection of committee chairs and membership on Board committees.
- Compensation philosophy for Board service.

Be accountable to and provide leadership for all issues of corporate governance which should come to the attention of the Board and the Nominating and Governance Committee.

Communication

Ensure that the Board is provided with full information on issues relevant to the Board and its responsibilities, including information on the condition of the Corporation, its businesses and the environment in which they operate.

Facilitate and encourage constructive and useful communication between management and the Board and among Board members.

Shareholders' Meetings

Recommend to the Board for its approval an agenda for each shareholders' meeting which covers all matters which should come before the shareholders.

Provide leadership to the Board in establishment of positions which the Board should take on issues to come before the annual meetings of shareholders. Preside at shareholders' meetings.

EXHIBIT 8

BOARD CANDIDATE REVIEW AND NOMINATION PROCESS

Candidate Profile

When a Board vacancy occurs, or the Board otherwise determines that individuals should be recruited for possible nomination to the Board, the Nominating and Governance Committee (the "Committee") in consultation with the CEO will prepare a profile of the candidate who would provide the most meaningful contributions to the Board as a whole. Factors in this profile may include general business experience, industry experience, track record as director of other companies, probable tenure if elected, and other characteristics identified as necessary to complement existing Board membership. This profile is then submitted to the Board of Directors for final review and approval or modification.

Subcommittee

The Board candidate review process may be facilitated by a subcommittee appointed to assist the Committee in identifying, screening and interviewing candidates. Final recommendations to the Board would be made in all instances by the full Committee.

Search

Each member of the Board will be offered the opportunity to submit names of potential candidates for selection. No candidate will be notified of his or her serious consideration for Board membership until after the CEO and the Committee have first indicated their interest in investigating further that person's suitability for directorship and until contact with the candidate is approved by the CEO or the Committee Chair. An executive search firm may be retained by the Committee to assist in locating suitable candidates based on the profile developed.

Initial Screening

The Committee will establish an initial screening process for each search designed to identify those candidates deemed worthy of further consideration by the Committee and the Board.

Although this process should be tailored to each search, it generally will include the following components, which may be performed by the Committee, the search firm and/or management representatives designated by the Committee:

- A review of each candidate's skills, experience and other relevant biographical information;
- An assessment of each candidate's general interest in serving on a public corporation board;
- An assessment of the candidate's ability to attend the Corporation's Board and committee meetings, based on the then current Board and committee schedules; and
- An initial review of each candidate's memberships and affiliations for potential conflicts of interest.

Candidate Interviews; Committee Review

After the initial screening process is complete, the Committee, in consultation with the CEO, will determine which candidates to pursue further, as well as the interview process to be employed in assessing the candidates' qualifications. It is expected that at least a majority of the members of the Committee, along with the CEO, would interview each candidate. The Committee may also request other directors or members of management to interview candidates.

The Committee, assisted by the General Counsel, will conduct a comprehensive conflicts-of-interest assessment for each candidate as part of the review process, the results of which will be reported to the Committee. Each candidate shall also be asked to indicate his or her willingness to serve on the Board and shall provide such other assurances as the Committee deems necessary or appropriate to confirm that the candidate will be able to dedicate the time and attention necessary to discharge the duties of a director of the Corporation.

Final Selection

After completion of the conflicts review and interviews with all potential candidates, directors involved will report their findings and recommendations to the Committee. The Committee will consider those reports and determine whether one or more of the candidates will be recommended to the full Board.

The Committee and the CEO will then notify the candidate that his or her election will be recommended at the earlier of the next Board meeting or annual meeting of shareholders. Similarly, if one or more candidates are not selected, that decision will also be communicated to the candidates.

Nomination

The Board or the shareholders will be asked to formally elect the candidate(s) at the next scheduled meeting.

Election

Before initial election to the Board, a new director will be advised of the terms of his or her compensation, benefits, liability insurance and such other matters as the Committee may deem appropriate. In addition, all new directors shall be required to attend an orientation conducted at the direction of the CEO and Committee as soon as practicable after joining the Board.

Shareholder and Other Third Party Nominations

Notwithstanding anything to the contrary contained in these procedures, any nominations submitted by a shareholder of the Corporation shall be referred to the Committee, and the Committee, in consultation with the General Counsel, will review such nominations in accordance with the Corporation's articles, bylaws and applicable legal and regulatory requirements.

Bona fide, unsolicited nominations received by the Corporation shall be given due consideration and reviewed and processed by the Committee in a manner determined by the Committee to be appropriate.

EXHIBIT 9

NON-EXECUTIVE CHAIR POSITION DESCRIPTION

The Non-Executive Chair is responsible for leading the activities of the Valspar Board of Directors, including chairing the Board meetings and working closely with the CEO to ensure that the appropriate issues appear on the Board's agenda for discussion. The Non-Executive Chair is the principle confidante of the CEO and ensures that the Board has an open, trustful relationship with the Corporation's senior management team. The Non-Executive Chair coordinates the activities of all of the Board's independent directors. In addition to the duties of all directors, as set forth in the Corporation's Governance Guidelines, the specific responsibilities of the Non-Executive Chair are as follows:

- Lead the Board in all deliberations involving the CEO's employment, including hiring, contract negotiations, performance evaluations, and dismissal;
- Counsel the CEO on issues of interest/concern to directors;
- Work with the CEO to develop an appropriate schedule of Board meetings, seeking to ensure that the directors can perform their duties responsibly, while not interfering with the flow of corporate operations;
- Work with the CEO on preparation of the agendas for the Board and Committee meetings;
- Advise the CEO as to the quality, quantity and timeliness of the flow of information from corporate management that is necessary for the directors to effectively and responsibly perform their duties; although corporate management is responsible for the preparation of materials for the Board, the Non-Executive Chair may specifically request the inclusion of certain material;
- Oversee and monitor the transition process of the new CEO;
- Engage consultants who report directly to the Board;
- Lead the process to interview all Board candidates in conjunction with Nominating and Governance Committee processes and make recommendations to the Board;
- Assist the Board and corporate officers in assuring compliance with and implementation of the Corporation's Principles of Corporate Governance; principally responsible for recommending revisions to the Principles of Corporate Governance;
- Coordinate, develop the agenda for, and chair executive sessions of the Board's independent directors; act as principal liaison between the independent directors and the CEO on sensitive issues;
- Evaluate, along with the members of the Board, the CEO's performance; meet with the CEO to discuss the Board's evaluation;
- In consultation with the CEO, appoint members of the various Board Committees, as well as selection of the Committee chairs;
- Serve as Chair of the Nominating and Governance Committee;
- Advise the Board on emerging governance issues;
- Communicate individually with directors on appropriate issues and provide a synthesis to the CEO of the Board's point of view on issues that come up in between regularly scheduled board meetings; and
- Preside at the shareholders' meetings.

EXHIBIT 10

CEO POSITION DESCRIPTION

- Define and lead a corporate culture that promotes safety, environmental responsibility, ethical practices, encourages individual integrity and fulfills external responsibilities;
- Maintain a positive and accountable work climate that is conducive to attracting, retaining and motivating a diverse group of top-quality employees at all levels;
- Seek out, monitor, follow up on and take action on acquisition targets that will add shareholder value and increase the Corporation's global competitiveness;
- Develop and recommend to the Board a long-term strategy and vision for the Corporation that increases shareholder value;
- Develop and recommend to the Board annual business plans and budgets that support the Corporation's long-term strategy and take into account current market conditions and opportunities;
- If not also serving as Chairman, work effectively with the Non-Executive Chair to develop Board agendas and to maintain open and candid dialogue with independent directors;
- Ensure that the day-to-day business affairs of the Corporation are appropriately managed;
- Act as the Corporation's primary spokesperson to the financial community;
- Achieve the Corporation's financial and operating goals and objectives;
- Lead a Corporation-wide commitment to continuous improvement in the quality and value of the Corporation's products and services;
- Ensure that the Corporation achieves and maintains a superior competitive position within its industry;
- Ensure that the Corporation has a world-class management team below the level of the CEO and has an active plan for its development and succession, including a commitment to continue to increase the diversity of the team at all levels;
- Ensure, in cooperation with the board, that there is an effective succession plan in place for the CEO;
- Formulate and oversee the implementation of major corporate policies, including those that ensure compliance with all laws and regulations, as well as those that define the Corporation's culture;
- Spend time communicating with employees throughout the world to ensure that Valspar's culture and goals are well understood and supported; and
- Continue to improve the Corporation's safety performance record.

EXHIBIT 11

RELATED PERSON TRANSACTION POLICY

Policy

It is the policy of the Board of Directors of The Valspar Corporation (the "Corporation") that any Interested Transaction with a Related Person, as those terms are defined in this policy, shall be subject to approval or ratification in accordance with the procedures set forth below.

Scope

This policy is intended to supplement, and not to replace or supersede, the provisions of any other Corporation policy, including but not limited to the Corporation's Principles of Corporate Governance and Code of Ethics and Business Conduct.

Procedures

The Audit Committee of the Board of Directors of the Corporation (the "Committee") shall review the material facts of any Interested Transaction that requires the Committee's approval and either approve or disapprove of the entry into the Interested Transaction, subject to the exceptions described below. Each executive officer, director or nominee for director shall endeavor in good faith to bring to the attention of the Committee any Interested Transaction in which they may be considered a Related Person so that the Committee may properly approve or disapprove the entry into the Interested Transaction. If advance Committee approval of an Interested Transaction is not feasible, then the Interested Transaction shall be considered and, if the Committee determines it to be appropriate, ratified at the Committee's next regularly scheduled meeting. In determining whether to approve or ratify an Interested Transaction, the Committee will take into account, among other factors it deems appropriate, whether the Interested Transaction is on terms generally consistent with those available to an unaffiliated third party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.

The Committee has reviewed the types of Interested Transactions described below in "Standing Pre-Approval for Certain Interested Transaction" and determined that each of the Interested Transactions described therein shall be deemed to be pre-approved or ratified (as applicable) by the Committee under the terms of this policy. In connection with each regularly scheduled meeting of the Committee, a summary of each new Interested Transaction deemed pre-approved pursuant to the clause entitled "Standing Pre-Approval for Certain Interested Transactions" below shall be provided to the Committee for its review.

No director shall participate in any deliberations or approval of an Interested Transaction for which he or she is a Related Person, except that the director shall provide all material information concerning the Interested Transaction to the Committee as the Committee may request.

If an Interested Transaction will be ongoing, the Committee may establish guidelines for the Corporation's management to follow in its ongoing dealings with the Related Person. Thereafter, the Committee, on at least an annual basis, shall review and assess any ongoing

relationship with the Related Person to see that it is in compliance with the Committee's guidelines and that the Interested Transaction remains appropriate.

Definitions

A "Interested Transaction" is any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (1) the Corporation is a participant, and (2) any Related Person has or will have a material direct or indirect interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity).

A "Related Person" is any (a) person who is or was (since the beginning of the last fiscal year for which the Corporation has filed a Form 10-K and proxy statement, even if they do not presently serve in that role) a Section 16 officer, director or nominee for election as a director, (b) greater than 5% beneficial owner of the Corporation's common stock, (c) immediate family member of any of the foregoing, or (d) any firm, corporation, charity or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has control or a substantial ownership interest. Immediate family member includes a person's spouse, parents, stepparents, children, stepchildren, sibling, mothers-and fathers-in-law, sons-and daughters-in-law, and brothers-and sisters-in-law and anyone residing in such person's home (other than a tenant or employee).

Standing Pre-Approval for Certain Interested Transactions

The Committee has reviewed the types of Interested Transactions described below and determined that each of the following Interested Transactions shall be deemed to be pre-approved by the Committee for purposes of this policy. Such pre-approval under this policy shall not be deemed a waiver of any other approval requirements under other applicable policies or procedures maintained by the Corporation.

- 1. Certain transactions with other companies.** Any transaction with another company in which a Related Person's only relationship is as an employee, director or beneficial owner of less than 10% of that company's shares, if the aggregate amount involved does not exceed the greater of \$500,000 or 1% percent of that company's or the Corporation's total annual revenues;
- 2. Transactions where all shareowners receive proportional benefits.** Any transaction where the Related Person's interest arises solely from the ownership of the Corporation's common stock, and all holders of the Corporation's common stock received the same benefit on a *pro rata* basis (e.g. dividends).
- 3. Transactions not exceeding \$100,000.** Any transaction in the ordinary course of business in which the aggregate amount involved will not exceed \$100,000, when aggregated with all similar transactions.