

VALSPAR CORP
Form 424B2
June 16, 2009

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The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**File Pursuant to Rule 424(b)(2)
Registration No. 333-142058**

SUBJECT TO COMPLETION, DATED JUNE 16, 2009

**PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus dated April 12, 2007)**

\$

THE VALSPAR CORPORATION

% Senior Notes due 2019

The notes will mature on _____, 2019 and will bear interest at the rate of _____ % per year. Interest on the notes is payable semi-annually on _____ and _____ of each year, beginning on _____, 2009. We may redeem the notes in whole or in part at any time at the applicable redemption price set forth under Description of the Notes Optional Redemption. If we experience a change of control repurchase event, we may be required to offer to purchase the notes from holders.

The notes will rank equally with all of our other unsecured and unsubordinated indebtedness outstanding from time to time.

Investing in the notes involves risks that are described under Risk Factors beginning on page S-6.

	Per Senior Note	Total
Public offering price(1)	%	\$
Underwriting discount	%	\$
Proceeds, before expenses, to Valspar	%	\$

(1) Plus accrued interest, if any, from _____, 2009.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined that this prospectus supplement or any of the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through The Depository Trust Company on or about _____, 2009.

Joint Book-Running Managers

Banc of America Securities LLC

Goldman, Sachs & Co.

Wachovia Securities

The date of this prospectus supplement is _____, 2009

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You should rely on the information contained in this prospectus supplement and the accompanying prospectus to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus supplement and the accompanying prospectus may only be used where it is legal to sell these securities. The information in this prospectus supplement and the accompanying prospectus may only be accurate on the date of this prospectus supplement.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which contains the terms of this offering of notes. The second part is the prospectus dated April 12, 2007, which is part of our Registration Statement on Form S-3 (Registration No. 333-142058).

This prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred you in *Where You Can Find More Information* in the accompanying prospectus.

No person is authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement or the accompanying prospectus and, if given or made, such information or representations must not be relied upon as having been authorized. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement and the accompanying prospectus, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, or that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is correct as of any time after the date of such information.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer, or an invitation on our behalf or the underwriters or any of them, to subscribe to or purchase any of the notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See *Underwriting*.

In this prospectus supplement and the accompanying prospectus, unless otherwise stated, references to *Valspar*, *the Company*, *we*, *us* and *our* refer to The Valspar Corporation and its subsidiaries.

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Some statements in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Statements in this prospectus supplement, the accompanying prospectus and documents incorporated by reference that are not of historical fact may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as may, will, could, would, should, expect(s), plan to anticipate(s), intend(s), believe(s), estimate(s), predict(s), seek(s), potential, or continue(s) or the negative terms or other comparable terminology. These forward-looking statements are based on management's expectations and beliefs concerning future events and are necessarily subject to risks, uncertainties and other factors, many of which are outside of our control, that could cause actual results to differ materially from such statements. These uncertainties and other factors include, but are not limited to, changes in general economic conditions both domestic and international, including recessions and other external economic and political factors, which may adversely affect our business, the value of our investments, the financial stability of our customers and suppliers and our ability to obtain financing; dependence of internal earnings growth on economic conditions and growth in the domestic and international coatings industry; competitive factors including pricing pressure and product competition; risks related to any future acquisitions, including risks of adverse changes in the results of acquired businesses and the assumption of unforeseen liabilities; risks of disruptions in business resulting from the integration process and higher interest costs resulting from further borrowing for any such acquisitions; our reliance on the efforts of vendors, government agencies, utilities and other third parties to achieve adequate regulatory compliance and avoid disruption of our business; risks of disruptions in business resulting from strains in or the loss of relationships with our material customers and suppliers; risks and uncertainties associated with operations and achievement of growth in developing markets, including China and Central and South America; unusual weather conditions adversely affecting sales; changes in raw materials pricing and availability; delays in passing along cost increases to customers; changes in governmental regulation, including more stringent environmental, health and safety regulations; changes in accounting policies and standards and taxation requirements such as new tax laws or revised tax law interpretations; the nature, cost and outcome of pending and future litigation and other legal proceedings; civil unrest and the outbreak of war and other significant national and international events; and other risks and uncertainties, including those discussed in this prospectus supplement under the caption Risk Factors.

We do not, nor does any other person, assume responsibility for the accuracy and completeness of these statements. We disclaim any intention or obligation to publicly update or revise any of the forward-looking statements after the date of this prospectus supplement to conform them to actual results, whether as a result of new information, future events, or otherwise. All of the forward-looking statements contained in this prospectus supplement, the accompanying prospectus and documents incorporated by reference herein are qualified in their entirety by reference to the factors discussed under the captions Risk Factors in this prospectus supplement and Management's Discussion and Analysis of Financial Condition and Results of Operations in our most recent Form 10-K (incorporated by reference in the accompanying prospectus) and similar sections in our future filings that may be incorporated by reference in the accompanying prospectus.

The above list of uncertainties and other risk factors that may affect results addressed in the forward-looking statements may not be exhaustive. Other sections of this prospectus supplement, the accompanying prospectus and documents incorporated by reference may describe additional uncertainties or risk factors that could adversely impact our business and financial performance. We operate in a continually changing business environment, and new risk factors emerge from time to time. Management cannot predict these new risk factors, nor can it assess the impact, if any, of these new risk factors on our businesses or the extent to which any factor, or combination of factors, may

cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information about Valspar and this offering. It does not contain all of the information that may be important to you in deciding whether to purchase notes. We encourage you to read the entire prospectus supplement, the accompanying prospectus and the documents that we have filed with the SEC that are incorporated by reference before deciding whether to purchase notes.

The Valspar Corporation

The Valspar Corporation is a leading global coatings and paints manufacturer and distributor, based on revenues and trade publication rankings. We manufacture and distribute a broad portfolio of coatings, paints and related products. We operate our business in two reportable segments: Coatings and Paints. Our net sales in 2008 from our Coatings and Paints segments were \$2,053.7 million and \$1,127.1 million, respectively. Our total net sales in 2008 were \$3,482.4 million.

Our Coatings segment includes a broad range of decorative and protective coatings for metal, wood, plastic and glass, primarily for sale to original equipment manufacturing (OEM) customers. Products within our Coatings segment include primers, top coats, varnishes, inks, sprays, stains, fillers and other coatings used by customers in a wide range of manufacturing industries, including building products, appliances, furniture, transportation, agricultural and construction equipment, metal packaging and metal fabrication. We utilize a wide variety of coatings technologies to meet our customers' coatings requirements, including electrodeposition, powder, solvent-based, waterborne and UV light-cured coatings. This segment includes our packaging product line and our three industrial product lines: coil, general industrial and wood.

Our packaging product line includes coatings for the interior and exterior of metal packaging containers, principally food containers and beverage cans. We also produce coatings for aerosol and paint cans, crowns for glass bottles, plastic packaging and bottle closures. We believe we are the world's largest supplier of metal packaging coatings. Consolidation and globalization of our customers has occurred in this product line, and we have responded by offering a wide variety of packaging coatings products throughout the world.

Our coil coatings are applied to metal coils that are used to manufacture pre-engineered buildings and building components, other metal building and architectural products and appliances. We believe we are the largest supplier of coil coatings in North America. With our broad technology portfolio, we believe we are poised for growth in Asia, South America and Northern and Eastern Europe. The joint venture we established in January 2007 with Tekno S.A. in Brazil strengthened our position in South America, and in the fourth quarter of 2008, we acquired the remaining shares of this business. Our August 2007 acquisition of Teknos Nova Coil TNC Oy in Finland strengthens our position in Northern and Eastern Europe. In December 2007, we acquired control of Aries Coil Coatings S.A. de C.V. (Aries), a privately owned manufacturer of high-performance coil and packaging coatings based in Monterrey, Mexico, which strengthened our North American operations. In the second quarter of 2008, we acquired the remaining shares of this business.

Our general industrial product line provides customers in a wide variety of industries with a single source for powder, liquid and electrodeposition coatings technologies. With our wide range of products and technologies, we are able to supply customers around the world. We have expanded our infrastructure to support customers in Europe, Central and South America and Asia. In 2006, we opened a powder coatings facility in Shanghai, and through the H.B. Fuller powder coatings business acquisition, we added a new powder coatings facility in the United Kingdom.

Our wood product line within the Coatings segment includes decorative and protective coatings for wood furniture, building products, cabinets and floors. With the acquisition of a controlling interest in Huarun Paints in 2006, we believe we are one of the world's largest suppliers of wood coatings. Portions of the wood furniture industry have moved to Asia, and we have color design, manufacturing and technical service capabilities in the region to support this business.

Our architectural product line comprises the largest part of our Paints segment. We offer a broad portfolio of interior and exterior paints, stains, primers, varnishes, high performance floor paints and specialty decorative

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products. We sell these products primarily into the do-it-yourself and professional markets through home centers, mass merchants, hardware wholesalers and independent dealers. We develop customized merchandising and marketing support programs for our architectural paints customers, enabling them to differentiate their paint departments through point-of-purchase materials, labeling and product and color selection assistance. We offer our own branded products and private label brands for customers. At key customers, we also offer additional marketing and customer support by providing Valspar personnel to train paint department employees and to answer coatings questions in stores. In China, we sell our Huarun brand of architectural coatings through about 600 distributors and more than 2,000 retail outlets.

In 2007, we began to build consumer awareness of the Valspar brand through an integrated marketing campaign. In 2008, we continued to invest in the Valspar brand, along with other significant brands such as Cabot stains and Huarun paints.

Within the Paints segment, we also offer automotive refinish paints and aerosol spray paints that are sold through automotive refinish distributors, body shops, automotive supply distributors and automotive supply retailers. Our Valspar Refinish, De Beer and House of Kolor brands are offered in many countries around the world.

In addition to the main product lines within our two segments, we manufacture and sell specialty polymers, colorants and gelcoats, and we sell furniture protection plans. The specialty polymers and colorants are manufactured for internal use and for external sale to other coatings manufacturers. Our gelcoats and related products are sold to boat manufacturers, shower and tub manufacturers and others.

The Valspar Corporation is a Delaware corporation and was founded in 1806. Our principal executive offices are located at 901 3rd Avenue South, Minneapolis, Minnesota 55402, and our telephone number at that address is (612) 851-7000. Our corporate website address is www.valsparglobal.com. The information on our website is not part of this prospectus supplement.

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The Offering

Issuer	The Valspar Corporation.
Securities Offered	\$ aggregate principal amount of % Senior Notes due 2019.
Maturity	The notes will mature on , 2019.
Interest	Interest on the notes will accrue from , 2009 and will be payable semi-annually on and of each year, beginning , 2009.
Ranking	<p>The notes are our unsecured and unsubordinated obligations and will rank equally with all of our other unsecured and unsubordinated debt outstanding from time to time. Holders of the notes will generally have a position junior to the claims of the creditors, including trade creditors, of our subsidiaries. Also, the notes will be effectively subordinated to any secured indebtedness to the extent of the value of the assets securing such indebtedness. As of May 1, 2009, without giving effect to the issuance of the notes and the use of the net proceeds of the notes:</p> <p style="padding-left: 40px;">we had approximately \$981.4 million of outstanding indebtedness on a consolidated basis;</p> <p style="padding-left: 40px;">of such amount, our subsidiaries had an aggregate of approximately \$20.3 million of outstanding indebtedness; and</p> <p style="padding-left: 40px;">we had no secured indebtedness.</p>
Use of Proceeds	We intend to use the net proceeds to repay a portion of our commercial paper borrowings and borrowings under our existing bank credit facilities.
Optional Redemption	<p>We may redeem the notes at our option, at any time in whole or from time to time in part at a redemption price equal to the greater of:</p> <p style="padding-left: 40px;">100% of the principal amount of the notes being redeemed; and</p> <p style="padding-left: 40px;">the Make-Whole Amount (as defined in Description of the Notes Optional Redemption);</p> <p>plus, in each case, accrued and unpaid interest to, but not including, the redemption date.</p>
Repurchase at the Option of Holders Upon a Change of Control	If we experience a change of control repurchase event (which is defined in this prospectus supplement and involves a change in control and related rating of the notes below investment grade), we may be required to offer to purchase the notes at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest.
Covenants	

The indenture relating to the notes will contain certain covenants for your benefit. These covenants will restrict our ability to:

incur debt secured by liens; or

engage in certain sale-leaseback transactions.

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These covenants will, however, be subject to significant exceptions. In addition, neither the indenture nor the notes will limit the amount of indebtedness that we may incur or the amount of assets that we may distribute or invest. We will also be subject to a covenant concerning consolidations, mergers and transfers of substantially all of our property and assets. See Description of the Notes Covenants.

Further Issues

We may from time to time, without notice to or the consent of the holders of the notes, create and issue additional debt securities having the same terms as and ranking equally and ratably with the notes in all respects, as described under Description of the Notes Further Issues.

Book-Entry

The notes will be issued in book-entry form and will be represented by a permanent global certificate deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of Cede & Co., DTC s nominee. Beneficial interests in the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee; and these interests may not be exchanged for certificated notes except in limited circumstances. See Description of the Notes Book-Entry; Delivery and Form; Global Notes.

Risk Factors

Investing in the notes involves risks. See Risk Factors for a description of certain risks you should particularly consider before investing in the notes.

Trustee

U.S. Bank, N.A.

Governing Law

New York.

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The following table sets forth our summary consolidated financial information. The summary operating results data for fiscal years 2008, 2007 and 2006 and the summary financial position data as of October 31, 2008 and October 26, 2007 are derived from our audited consolidated financial statements incorporated by reference in this prospectus supplement. The summary operating results data for fiscal years 2005 and 2004 and the summary financial position data as of October 27, 2006, October 28, 2005 and October 29, 2004 are derived from our audited consolidated financial statements for the years indicated and are not included or incorporated by reference in this prospectus supplement. We have a 4-4-5 week accounting cycle with the fiscal year ending on the Friday on or immediately preceding October 31. Fiscal years 2007, 2006, 2005 and 2004 each included 52 weeks. Fiscal year 2008 included 53 weeks. The summary financial data for the six months ended May 1, 2009 and April 25, 2008 are derived from our unaudited consolidated financial statements for the respective periods. In the opinion of our management, the unaudited financial statements reflect all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the results of operations and financial position of our company as of the date of and for the periods presented. Historical results are not necessarily indicative of the results to be expected in the future.

The summary consolidated financial information should be read in conjunction with, and is qualified by reference to, our consolidated financial statements and the related notes and the Management's Discussion and Analysis of Financial Condition and Results of Operations sections included in our Annual Report on Form 10-K for the year ended October 31, 2008, and our Quarterly Report on Form 10-Q for the quarter ended May 1, 2009, which we have filed with the SEC and which are incorporated by reference into this prospectus supplement.

	Six Months Ended		Fiscal Year Ended				
	May 1, 2009	April 25, 2008	October 31, 2008	October 26, 2007	October 27, 2006	October 28, 2005	October 29, 2004
	(Unaudited)						
	(In thousands)						
Operating Results:							
Net Sales	\$ 1,307,881	1,601,503	\$ 3,482,378	\$ 3,249,287	\$ 2,978,062	\$ 2,713,950	\$ 2,440,692
Costs and Expenses:							
Cost of Sales	897,401	1,146,777	2,504,947	2,277,490	2,072,157	1,928,352	1,697,176
Operating Expenses	319,143	322,641	684,056	662,224	598,468	514,735	473,719
Income from Operations	91,337	132,085	293,375	309,573	307,437	270,863	269,797
Other (Income) Expense	640	3,943	6,933	(11,860)	3,799	621	(139)
Interest Expense	22,507	29,597	57,745	61,662	46,206	44,522	41,399
Income before Income Taxes	68,190	98,545	228,697	259,771	257,432	225,720	228,537
Net Income	\$ 45,298	\$ 64,862	\$ 150,766	\$ 172,115	\$ 175,252	\$ 147,618	\$ 142,836
Financial Position (at end of period):							
Total Assets	\$ 3,332,444	\$ 3,611,535	\$ 3,520,042	\$ 3,452,281	\$ 3,191,535	\$ 2,732,383	\$ 2,634,258

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Working Capital*	477,539	513,320	435,897	458,141	389,394	432,966	387,743
Property, Plant and Equipment, Net	459,361	516,717	489,716	514,396	459,605	427,822	428,431
Long-Term Debt, Excluding Current Portion	695,392	807,900	763,129	648,988	350,267	706,415	549,073
Stockholders Equity	1,414,114	1,424,778	1,452,868	1,380,797	1,240,063	1,061,092	1,000,363
Other Statistics:							
Property, Plant and Equipment Expenditures	\$ 23,316	\$ 17,833	\$ 43,045	\$ 76,940	\$ 75,417	\$ 62,731	\$ 61,375
Depreciation and Amortization Expense	42,641	39,388	80,831	71,811	68,716	68,395	60,537
Research and Development Expense	45,612	47,350	96,552	90,322	82,608	79,286	75,880

* Defined as accounts receivable plus inventory less accounts payable.

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RISK FACTORS

You should carefully consider the following risk factors and the information under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended October 31, 2008 which is incorporated by reference into this prospectus supplement and the accompanying prospectus, as well as the other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, before making an investment decision. The following is not intended as, and should not be construed as, an exhaustive list of relevant risk factors. There may be other risks that a prospective investor should consider that are relevant to its own particular circumstances or generally.

Risks Related to Our Business

Deterioration of economic conditions could harm our business.

Our business may be adversely affected by changes in national or global economic conditions, including inflation, interest rates, the availability of capital markets, consumer spending rates, energy availability and costs (including fuel surcharges), and the effects of governmental initiatives to manage economic conditions. The recent volatility in financial markets and the deterioration of national and global economic conditions could impact our operations as follows:

the value of our investments in debt and equity securities may decline, including our assets held in pension plans;

financial stability of our customers and suppliers may be compromised, which could result in additional bad debts for us or non-performance by suppliers; and

it may become more costly or difficult to obtain financing to fund operations or investment opportunities, or to refinance our debt in the future.

Additionally, we utilize hedges and other derivative financial instruments to reduce our exposure to various interest rate risks, which qualify for hedge accounting for financial reporting purposes. Volatile fluctuations in market conditions could cause these instruments to become ineffective, which could require any gains or losses associated with these instruments to be reported in our earnings each period.

Fluctuations in the supply and prices of raw materials could negatively impact our financial results.

We purchase the raw and intermediate materials needed to manufacture our products from a number of suppliers. The majority of our raw materials are petroleum-based derivatives and minerals and metals. Under normal market conditions, these materials are generally available on the open market. From time to time, however, the prices and availability of these raw materials may fluctuate significantly, which could impair our ability to procure necessary materials, or increase the cost of manufacturing our products. During the past three to four years, our raw material costs have increased significantly. When raw material costs increase, our profit margins are reduced unless and until we are able to pass along the increases to our customers through higher prices. If raw material costs continue to increase, and if we are unable to pass along, or are delayed in passing along, raw material cost increases to our customers, we will experience profit margin reductions.

Many of our customers are in cyclical industries, which may affect the demand for our products.

Many of our customers, especially for our industrial products, are in businesses and industries that are cyclical in nature and sensitive to changes in general economic conditions. As a result, the demand for our products by these customers depends, in part, upon general economic conditions. In 2007 and 2008, the downward trend in the U.S. housing market negatively affected sales of our architectural paints and industrial coatings applied to new and existing homes and to consumer products for home use. Downward economic cycles affecting the industries of our customers will reduce sales of our products. When general economic conditions deteriorate, we may suffer reductions in our sales and profitability.

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The industries in which we operate are highly competitive and some of our competitors may be larger and may have greater financial resources than we do.

All aspects of the coatings and paints business are highly competitive. We face strong competitors in all areas of our business. Any increase in competition may cause us to lose market share or compel us to reduce prices to remain competitive, which could result in reduced margins for our products. Competitive pressures may not only impair our margins but may also impact our revenues and our growth. A number of our competitors are larger than us and may have greater financial resources than we do. Increased competition with these companies could curtail price increases or could require price reductions or increased spending on marketing and sales, any of which could adversely affect our results of operations.

Industry sources estimate that the top ten largest coatings manufacturers represent more than half of the world's coatings sales. Our larger competitors may have more resources to finance acquisitions or internal growth in this competitive environment. Also, we buy our raw materials from large suppliers, primarily chemical companies. In many of our product lines, we then sell our finished goods to large customers, such as do-it-yourself home centers, large equipment manufacturers and can makers. Our larger competitors may have more resources or capabilities to conduct business with these large suppliers and large customers. Finally, many of our larger competitors operate businesses other than paints and coatings. These competitors may be better able to compete during industry downturns.

We have a significant amount of indebtedness.

Our total debt, including notes payable, was \$981.4 million at May 1, 2009. Our level of indebtedness may have important consequences. For example, it:

may require us to dedicate a material portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions or other general corporate purposes;

could make us less attractive to prospective or existing customers or less able to fund potential acquisitions; and

may limit our flexibility to adjust to changing business and market conditions and make us more vulnerable to a downturn in general economic conditions as compared to a competitor that may have lower indebtedness.

Our strategy of growth through acquisitions may not be successful.

Acquisitions have historically contributed significantly to the growth of our company. As part of our growth strategy, we intend to continue pursuing acquisitions of complementary businesses or products and joint ventures. If we are successful in completing such acquisitions, we may experience:

difficulties in assimilating acquired companies and products into our existing business;

delays in realizing the benefits from the acquired companies or products;

diversion of our management's time and attention from other business concerns;

lack of or limited prior experience in any new markets we may enter;

unforeseen claims and liabilities, including unexpected environmental exposures or product liability;

unforeseen adjustments, charges and write-offs;

problems enforcing the indemnification obligations of sellers of businesses or joint venture partners for claims and liabilities;

unexpected losses of customers of, or suppliers to, the acquired business;

difficulty in conforming the acquired business standards, processes, procedures and controls with our operations;

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variability in financial information arising from the implementation of purchase price accounting;

difficulties in retaining key employees of the acquired businesses; and

challenges arising from the increased scope, geographic diversity and complexity of our operations.

In addition, an acquisition could materially impair our operating results by causing us to incur debt or requiring us to amortize acquisition expenses or the cost of acquired assets. Any of these factors may make it more difficult to repay our debt. We can give no assurance that we will continue to be able to identify, acquire and integrate successful strategic acquisitions in the future or be able to implement successfully our operating and growth strategies within our existing markets or with respect to any future product or geographic diversification efforts.

We derive a substantial portion of our revenues from foreign markets, which subjects us to additional business risks.

We conduct a substantial portion of our business outside of the United States. We and our joint ventures currently have production facilities, research and development facilities, and administrative and sales offices located outside the United States, including facilities and offices located in Australia, Brazil, Canada, China, Finland, France, Germany, Ireland, Malaysia, Mexico, The Netherlands, Singapore, South Africa, Switzerland, Thailand, the United Kingdom and Vietnam. In 2008, revenues from products sold outside the United States accounted for approximately 41% of our net sales.

We expect sales from international markets to continue to represent a significant portion of our net sales. Notwithstanding the benefits of geographic diversification, our business is subject to risks related to the differing legal, political, social and regulatory requirements and economic conditions of many jurisdictions. Risks inherent in international operations include the following:

agreements may be difficult to enforce and receivables difficult to collect;

foreign customers may have longer payment cycles;

foreign countries may impose additional withholding taxes or otherwise tax our foreign income, or adopt other restrictions on foreign trade or investment, including currency exchange controls;

foreign operations may experience staffing difficulties and labor disputes;

transportation and other shipping costs may increase;

foreign governments may nationalize private enterprises;

unexpected adverse changes in export duties, quotas and tariffs and difficulties in obtaining export licenses;

intellectual property rights may be more difficult to enforce;

fluctuations in exchange rates may affect product demand and may adversely affect the profitability in U.S. dollars of products and services we provide in international markets where payment for our products and services is made in the local currency;

general economic conditions in the countries in which we operate could have an adverse effect on our earnings from operations in those countries;

our business and profitability in a particular country could be affected by political or economic repercussions on a domestic, country specific or global level from terrorist activities and the response to such activities;

unexpected adverse changes in foreign laws or regulatory requirements may occur; and

compliance with a variety of foreign laws and regulations may be burdensome.

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We have certain key customers.

Our relationships with certain key customers are important to us. From 2006 through 2008, sales to our largest customer, Lowe's Companies, Inc., have ranged from 16.0% to 17.6% of our total net sales. In 2008, our ten largest customers accounted for approximately 32% of our total net sales. Although we sell various types of products through various channels of distribution, we believe that the loss of a substantial portion of our sales to Lowe's Companies, Inc. could have a material adverse impact on us.

Environmental laws and regulations affect our business.

We are subject to numerous environmental laws and regulations that impose various environmental controls on us, including among other things, the discharge of pollutants into the air and water, the handling, use, treatment, storage and clean-up of hazardous and non-hazardous wastes, the investigation and remediation of soil and groundwater affected by hazardous substances, or otherwise relating to environmental protection and various health and safety matters. These laws and regulations govern actions that may have adverse environmental effects and also require compliance with certain practices when handling and disposing of hazardous wastes. These laws and regulations also impose strict, retroactive and joint and several liability for the costs of, and damages resulting from, cleaning up current sites, past spills, disposals and other releases of hazardous substances and violations of these laws and regulations can also result in fines and penalties. We are currently undertaking remedial activities at a number of our facilities and properties, and have received notices under the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, or analogous state laws of liability or potential liability in connection with the disposal of material from our operations or former operations.

We are also subject to the risk that new environmental laws or regulations, or changes in existing laws or regulations or their interpretation, could expand our potential liability by regulating additional substances or increasing our obligations with respect to the handling, disposal or remediation of regulated substances.

In addition, our customers' or consumers' perceptions about the acceptability or potential environmental or health effects of certain substances could require us to invest additional amounts to develop products that exclude those substances. If we are unable to develop products that exclude those substances when and if required by our customers, we may experience reduced sales and profitability.

Risks Related to the Notes

The notes are effectively junior to the existing and future liabilities of our subsidiaries.

The notes are our unsecured obligations and will rank equally in right of payment with all of our other existing and future unsecured, unsubordinated obligations. The notes are not secured by any of our assets. Any future claims of secured lenders with respect to assets securing their loans will be prior to any claim of the holders of the notes with respect to those assets.

Our subsidiaries are separate and distinct legal entities from us. Our subsidiaries have no obligation to pay any amounts due on the notes or to provide us with funds to meet our payment obligations on the notes, whether in the form of dividends, distributions, loans or other payments. In addition, any payment of dividends, loans or advances by our subsidiaries could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon the subsidiaries' earnings and business considerations. Our right to receive any assets of any of our subsidiaries upon their bankruptcy, liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade

creditors. In addition, even if we are a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of its subsidiaries and any indebtedness of its subsidiaries senior to that held by us. As of May 1, 2009, we had approximately \$981.4 million of indebtedness on a consolidated basis, none of which was secured, with approximately \$20.3 million of such indebtedness at our subsidiaries.

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Our credit ratings may not reflect all risks of your investments in the notes.

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the notes. These credit ratings may not reflect the potential impact of risks relating to structure or marketing of the notes. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating.

If an active trading market does not develop for the notes, you may be unable to sell your notes or to sell your notes at a price that you deem sufficient.

The notes are a new issue of securities for which there currently is no established trading market. We do not intend to list the notes on a national securities exchange. While the underwriters of the notes have advised us that they intend to make a market in the notes, the underwriters will not be obligated to do so and may stop their market making at any time. No assurance can be given:

that a market for the notes will develop or continue;

as to the liquidity of any market that does develop; or

as to your ability to sell any notes you may own or the price at which you may be able to sell your notes.

We may not be able to repurchase the notes upon a change of control and a related change in the rating of the notes to below investment grade.

Upon the occurrence of specific kinds of change of control events and a related change in the rating of the notes to below investment grade, each holder of notes will have the right to require us to repurchase all or any part of such holder's notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase. If we experience a change of control, there can be no assurance that we would have sufficient financial resources available to satisfy our obligations to repurchase the notes. Our failure to purchase the notes as required under the indenture governing the notes would result in a default under the indenture, which could have material adverse consequences for us and the holders of the notes. See "Description of the Notes—Repurchase at the Option of Holders Upon a Change of Control."

USE OF PROCEEDS

The net proceeds to us from the sale of the notes will be approximately \$ (after underwriting discounts and commissions and our estimated offering expenses). We intend to use the net proceeds to repay a portion of our commercial paper program and bank borrowings. At May 1, 2009, the weighted average interest rate of our outstanding indebtedness was approximately 3.4% and the weighted average maturity was approximately 3.3 years; the weighted average interest rate of our commercial paper program was approximately 0.84%. Borrowings under our commercial paper program and short term bank borrowings were used for working capital, acquisitions and general corporate purposes.

Table of Contents**CAPITALIZATION**

The following table sets forth, as of May 1, 2009, our consolidated short-term debt and total long-term debt, Huarun redeemable stock, and stockholders' equity on an actual basis and as adjusted to give effect to the sale of the notes and the application of the net proceeds to repay a portion of our commercial paper program and bank borrowings. You should read this table in conjunction with our consolidated financial statements and the notes thereto which are incorporated by reference.

	At May 1, 2009	
	Actual	As Adjusted
	(Dollars in thousands, except per share amounts)	
	(Unaudited)	
Short-term debt:		
Commercial paper	\$ 123,934	\$
Short-term borrowings	162,043	
Current portion of long-term debt		
Total short-term debt	\$ 285,977	\$
Long-term debt:		
5.625% Senior Notes due 2012	\$ 200,000	\$ 200,000
5.100% Senior Notes due 2015	150,000	150,000
6.050% Senior Notes due 2017	150,000	150,000
Notes offered hereby		
Notes to banks (0.835% - 3.528)%	182,890	182,890
Industrial development bonds (0.77% payable in 2015)	12,502	12,502
Obligation under capital lease		
Current portion of long-term debt		
Total long-term debt, net of current portion	695,392	
Huarun Redeemable Stock	40,213	40,213
Stockholders' equity		
Common stock (par value \$0.50 per share; shares authorized 250,000,000, shares issued, including shares in treasury, 118,442,624)	59,220	59,220
Additional paid-in capital	335,523	335,523
Retained earnings	1,188,631	1,188,631
Other	32,975	32,975
Less cost of common stock in treasury (18,322,477 shares)	(202,235)	(202,235)
Total stockholders' equity	1,414,114	1,414,114

Total long-term debt, Huarun Redeemable Stock and stockholders equity \$ 2,149,719 \$

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The following table sets forth the ratio of our earnings to our fixed charges for the periods indicated:

	Six Months Ended May 1, 2009	Fiscal Year Ended				
		October 31, 2008	October 26, 2007	October 27, 2006	October 28, 2005	October 29, 2004
Ratio of Earnings to Fixed Charges	4.6x	4.5x	4.7x	5.8x	5.4x	5.8x

For purposes of computing the ratios of earnings to fixed charges:

Earnings represent income from continuing operations before taxes and cumulative effect of changes in accounting principles plus fixed charges; and

Fixed Charges for continuing operations consist of interest on indebtedness and amortization of debt expense and the interest component of such rental expense, which has been calculated based on an implied asset value and the weighted average interest rate on our debt for the relevant period.

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DESCRIPTION OF THE NOTES

The following description of the particular terms of the notes supplements the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus, to which reference is made. References to Valspar, the Company, we, us and our in this section are only to The Valspar Corporation and not to its subsidiaries.

General

The notes will be issued under an indenture dated as of April 24, 2002 (the Base Indenture). Certain terms of the notes are contained in a supplemental indenture (the Supplemental Indenture and together with the Base Indenture, the Indenture between us and U.S. Bank, N.A. (the Trustee)). The terms of the indenture are more fully described in the accompanying prospectus. The notes will be a separate series of Valspar's debt securities (as that term is used in the accompanying prospectus) and will be unsecured obligations of Valspar and will rank on a parity with all other unsecured and unsubordinated indebtedness of Valspar. The indenture does not limit the aggregate principal amount of debt securities that may be issued thereunder and provides that debt securities may be issued thereunder from time to time in one or more additional series. The following summary of certain provisions of the notes and the indenture does not purport to be complete and is qualified in its entirety by reference to the actual provisions of the notes and the indenture. Certain terms used but not defined in this prospectus supplement shall have the meanings given to them in the accompanying prospectus, the notes or the indenture, as the case may be.

The notes will be available for purchase in denominations of \$1,000 and integral multiples of \$1,000 in book-entry form only.

We will issue a total of \$ aggregate principal amount of notes that will mature on , 2019 (the notes). We may, without the consent of the holders, reopen the notes and issue more notes having the same terms as the notes being offered by this prospectus supplement (except as to issue price, issue date and first interest payment date). These additional notes, together with the notes offered by this prospectus supplement, will constitute a single series of debt securities under the indenture.

The notes will bear interest at an annual rate of % per year, from , 2009. The first interest payment date on the notes will be , 2009. Interest is payable semi-annually on and to holders of record at the close of business on the and (whether or not that date is a business day), as the case may be, immediately preceding such interest payment date, and on the maturity date. If any interest payment date would otherwise be a day that is not a business day, that interest payment date will be postponed to the next date that is a business day. If the maturity date of a series of notes falls on a day that is not a business day, the related payment of principal and interest of that series will be made on the next business day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next business day.

Optional Redemption

The notes will be redeemable, in whole at any time or in part from time to time, at our option at a redemption price equal to the greater of:

- (i) 100% of the principal amount of the notes to be redeemed; and
- (ii) an amount (the Make-Whole Amount) equal to the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of

redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below), plus basis points,

plus accrued interest thereon to the date of redemption. Notwithstanding the foregoing, installments of interest on notes that are due and payable on interest payment dates falling on or prior to a redemption date will be

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payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to the notes and the indenture.

Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

Comparable Treasury Price means, with respect to any redemption date, (i) the average of four Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations, or (iii) if only one Reference Treasury Dealer Quotation is received, such quotation.

Quotation Agent means the Reference Treasury Dealer appointed by us.

Reference Treasury Dealer means (i) each of Banc of America Securities LLC, Goldman, Sachs & Co. and a Primary Treasury Dealer (as defined below) selected by Wachovia Capital Markets, LLC and its successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), we will substitute therefor another Primary Treasury Dealer, and (ii) any other Primary Treasury Dealer selected by us.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption. If less than all of the notes are to be redeemed, the notes to be redeemed shall be selected by lot by The Depository Trust Company, in the case of notes represented by a global security, or by the Trustee by a method the Trustee deems to be fair and appropriate, in the case of notes that are not represented by a global security.

Sinking Fund

The notes will not be entitled to any sinking fund.

Repurchase at the Option of Holders Upon a Change of Control

If a change of control repurchase event occurs, unless we have exercised our right to redeem the notes as described above, we will make an offer to each holder of notes to repurchase all or any part (in integral multiples of \$1,000) of that holder's notes at a repurchase price in cash equal to 101% of the aggregate principal amount of notes repurchased plus any accrued and unpaid interest on the notes repurchased to the date of purchase. Within 30 days following any change of control repurchase event or, at our option, prior to any change of control, but after the public announcement of the change of control, we will mail a notice to each holder, with a copy to the Trustee, describing the transaction or

transactions that constitute or may constitute the change of control repurchase event and offering to repurchase notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the change of control,

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state that the offer to purchase is conditioned on the change of control repurchase event occurring on or prior to the payment date specified in the notice. We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations under the Exchange Act to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a change of control repurchase event. To the extent that the provisions of any securities laws or regulations conflict with the change of control repurchase event provisions of the notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the change of control repurchase event provisions of the notes by virtue of such conflict.

On the change of control repurchase event payment date, we will, to the extent lawful:

accept for payment all notes or portions of notes properly tendered pursuant to our offer;

deposit with the paying agent an amount equal to the aggregate purchase price in respect of all notes or portions of notes properly tendered; and

deliver or cause to be delivered to the Trustee the notes properly accepted, together with an officers certificate stating the aggregate principal amount of notes being purchased by us.

The paying agent will promptly mail to each holder of notes properly tendered the purchase price for the notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new note equal in principal amount to any unpurchased portion of any notes surrendered; provided that each new note will be in a principal amount of \$1,000 or an integral multiple of \$1,000.

We will not be required to make an offer to repurchase the notes upon a change of control repurchase event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all notes properly tendered and not withdrawn under its offer.

The term below investment grade rating event means the notes are rated below investment grade (defined below) by both rating agencies on any date from the date of the public notice of an arrangement that could result in a change of control until the end of the 60-day period following public notice of the occurrence of a change of control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by either of the rating agencies); provided that a below investment grade rating event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular change of control (and thus shall not be deemed a below investment grade rating event for purposes of the definition of change of control repurchase event) if the rating agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the Trustee in writing at our request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable change of control (whether or not the applicable change of control shall have occurred at the time of the below investment grade rating event).

The term change of control means the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of our voting stock (defined below), measured by voting power rather than number of shares. Notwithstanding the foregoing, a transaction will not be deemed to involve a change of control if (1) we become a wholly owned subsidiary of a holding company and (2) the holders of the voting stock of such holding company immediately following that transaction are substantially the same as the holders of our voting stock immediately prior to that transaction.

The term change of control repurchase event means the occurrence of both a change of control and a below investment grade rating event.

The term investment grade means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating categories of Moody's); a rating of BBB- or better by S&P (or its equivalent under any

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successor rating categories of S&P); or the equivalent investment grade credit rating from any additional rating agency (defined below) or rating agencies selected by us.

The term *Moody's* means Moody's Investors Service, Inc.

The term *rating agency* means (1) each of Moody's and S&P; and (2) if either of Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us (as certified by a resolution of our board of directors) as a replacement agency for Moody's or S&P, or both, as the case may be.

The term *S&P* means Standard & Poor's Ratings Services, a division of McGraw-Hill, Inc.

The term *voting stock* of any specified person (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date means the capital stock or other equity interest of such person that is at the time entitled to vote generally in the election of the board of directors or equivalent body of such person.

Certain Covenants

The Supplemental Indenture contains certain restrictive covenants that are set forth below. Additional covenants relating to the notes, including a covenant concerning consolidations and mergers by Valspar and transfers of substantially all of our property and assets, are contained in the Base Indenture and are described under *Description of Debt Securities* in the accompanying prospectus. You can find the definitions of certain terms used in this section under *Certain Covenant Definitions*.

Limitation on Liens

Valspar will not, and will not permit any Restricted Subsidiary to, incur a Lien on a Principal Property to secure a Debt unless one or more of the following exceptions apply:

1. The Lien equally and ratably secures the notes and the Debt. The Lien may equally and ratably secure the notes and any other obligation of Valspar or a Subsidiary. The Lien may not secure an obligation of Valspar that is subordinated to the notes;
2. The Lien secures Debt incurred to finance all or some of the purchase price or the cost of construction or improvement of property of Valspar or a Restricted Subsidiary. The Lien may not extend to any other Principal Property owned by Valspar or a Restricted Subsidiary at the time the Lien is incurred. However, in the case of any construction or improvement, the Lien may extend to unimproved real property used for the construction or improvement. The Debt secured by the Lien may not be incurred more than 18 months after the later of the (a) acquisition, (b) completion of construction or improvement or (c) commencement of full operation, of the property subject to the Lien;
3. The Lien is on property of an entity at the time the entity merges into or consolidates with Valspar or a Restricted Subsidiary;
4. The Lien is on property at the time Valspar or a Restricted Subsidiary acquires the property;
5. The Lien is on property of a Person at the time such Person becomes a Restricted Subsidiary;

6. The Lien secures Debt of a Restricted Subsidiary owing to Valspar or another Restricted Subsidiary;
7. The Lien is in favor of a government or governmental entity and secures (a) payments pursuant to a contract or statute or (b) Debt incurred to finance all or some of the purchase price or cost of construction or improvement of the property subject to the Lien;
8. The Lien extends, renews or replaces in whole or in part a Lien (existing Lien) permitted by any of clauses (1) through (7). The Lien may not extend beyond (a) the property subject to the existing Lien and (b) improvements and construction on such property. However, the Lien may extend to property that at the time is not a Principal Property. The amount of the Debt secured by the Lien may not exceed

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the amount of the Debt secured at the time by the existing Lien unless the existing Lien or a predecessor Lien was incurred under clause (1) or (6); or

9. The Debt plus all other Debt secured by Liens on Principal Property at the time does not exceed 10% of Consolidated Total Assets. However, the following Debt shall be excluded from all other Debt in the determination: (a) Debt secured by a Lien permitted by any of clauses (1) through (8); and (b) Debt secured by a Lien incurred prior to the date of the Base Indenture that would have been permitted by any of those clauses if the Base Indenture had been in effect at the time the Lien was incurred. Attributable Debt for any lease permitted by clause (4) of the *Limitation on Sale and Leaseback Transactions* covenant of the indenture must be included in the determination and treated as Debt secured by a Lien on Principal Property not otherwise permitted by any of clauses (1) through (8).

In general, clause (9) above, sometimes called a *basket* clause, permits Liens to be incurred that are not permitted by any of the exceptions enumerated in clauses (1) through (8) above if the Debt secured by all such additional Liens does not exceed 10% of Consolidated Total Assets at the time. At May 1, 2009, Consolidated Total Assets were approximately \$3,332 million.

Limitation on Sale and Leaseback Transactions

Valspar will not, and will not permit any Restricted Subsidiary to, enter into a Sale-Leaseback Transaction for a Principal Property unless one or more of the following exceptions apply:

1. The lease has a term of three years or less;
2. The lease is between Valspar and a Restricted Subsidiary or between Restricted Subsidiaries;
3. Valspar or a Restricted Subsidiary under clauses (2) through (8) of the *Limitation on Liens* covenant could create a Lien on the property to secure Debt at least equal in amount to the Attributable Debt for the lease;
4. Valspar or a Restricted Subsidiary under clause (9) of the *Limitation on Liens* covenant could create a Lien on the property to secure Debt at least equal in amount to the Attributable Debt for the lease; or
5. Valspar or a Restricted Subsidiary within 180 days of the effective date of the lease retires Long-Term Debt of Valspar or a Restricted Subsidiary at least equal in amount to the Attributable Debt for the lease. A Debt is retired when it is paid or cancelled. However, Valspar or a Restricted Subsidiary may not receive credit for retirement of Debt of Valspar that is subordinated to the notes; or Debt, if paid in cash, that is owned by Valspar or a Restricted Subsidiary.

In clauses (3) and (4) above, Sale-Leaseback Transactions and Liens are treated as equivalents. Thus, if Valspar or a Restricted Subsidiary could create a Lien on a property, it may enter into a Sale-Leaseback Transaction to the same extent.

Certain Covenant Definitions

Attributable Debt for a lease means, as of the date of determination, the present value of net rent for the remaining term of the lease. Rent shall be discounted to present value at a discount rate that is compounded semi-annually. The discount rate shall be 10% per annum or, if Valspar elects, the discount rate shall be equal to the weighted average Yield to Maturity of the notes under the Base Indenture. Such average shall be weighted by the principal amount of the notes then outstanding. Rent is the lesser of (a) rent for the remaining term of the lease assuming it is not terminated or (b) rent from the date of determination until the first possible termination date plus the termination

payment then due, if any. The remaining term of a lease includes any period for which the lease has been extended. Rent does not include (1) amounts due for maintenance, repairs, utilities, insurance, taxes, assessments and similar charges or (2) contingent rent, such as that based on sales. Rent may be reduced by the discounted present value of the rent that any sublessee must pay from the date of determination for all or part of the same property. If the net rent on a lease is not definitely determinable, Valspar may estimate it in any reasonable manner.

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Consolidated Total Assets means total consolidated assets as reflected in Valspar's most recent consolidated balance sheet preceding the date of a determination under clause (9) of the **Limitation on Liens** covenant of the indenture.

Debt means any debt for borrowed money or any guarantee of such a debt.

Lien means any mortgage, pledge, security interest or lien to secure or assure payment of Debt.

Long-Term Debt means Debt that by its terms matures on a date more than 12 months after the date it was created or Debt that the obligor may extend or renew without the obligee's consent to a date more than 12 months after the date the Debt was created.

Principal Property means (i) any manufacturing facility that is now or hereafter owned by Valspar or a Restricted Subsidiary and which is located in the United States (excluding territories and possessions other than Puerto Rico), except any such facility that in the opinion of the board of directors of Valspar or any authorized committee of the board is not of material importance to the total business conducted by Valspar and its consolidated Subsidiaries, and (ii) any shares of stock of a Restricted Subsidiary. At May 1, 2009, our Principal Properties consisted of 30 manufacturing facilities at various locations around the United States.

Restricted Subsidiary means a Wholly-Owned Subsidiary that has substantially all of its assets located in the United States (excluding territories or possessions other than Puerto Rico) and owns a Principal Property.

Sale-Leaseback Transaction means an arrangement pursuant to which Valspar or a Restricted Subsidiary now owns or hereafter acquires a Principal Property, transfers it to a person, and leases it back from the person.

Subsidiary means a corporation a majority of whose Voting Stock is owned by Valspar or a Subsidiary.

Voting Stock means capital stock or other equity interest having voting power under ordinary circumstances to vote in the election of the board of directors or the equivalent body.

Wholly-Owned Subsidiary means a corporation all of whose Voting Stock is owned by Valspar or a Wholly-Owned Subsidiary, the accounts of which are consolidated with those of Valspar in its consolidated financial statements.

Yield to Maturity means the yield to maturity on a security at the time of its issuance or at the most recent determination of interest on the security.

Events of Default

An **Event of Default** with respect to the notes, means any of the following:

failure to pay any interest on any of the notes for 30 days after the payment is due;

failure to pay the principal of or any premium on any of the notes when due;

failure to perform any other covenant in the indenture that applies to the notes for 30 days after we have received written notice of the failure to perform in the manner specified in the indenture;

default in payment of principal amount of \$10 million or more under any indebtedness, as defined in the Base Indenture, for borrowed money (including other series of debt securities, as defined in the Base Indenture), or default under any mortgage, lien or other similar encumbrance, indenture or instrument (including the

indenture) which secures any indebtedness for borrowed money, and which results in acceleration of the maturity of an outstanding principal amount of indebtedness greater than \$10 million, unless such default is cured or such acceleration is rescinded;

the entry by a court or agency or supervisory authority having competent jurisdiction of:

a decree or order for relief in respect of Valspar or any Restricted Subsidiary (as defined below) in an involuntary proceeding under any applicable bankruptcy, insolvency, reorganization or other

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similar law, which decree or order remains unstayed and in effect for a period of 60 consecutive days;

a decree or order adjudging Valspar or any Restricted Subsidiary to be insolvent, or approving a petition seeking reorganization, arrangement, adjustment or composition of Valspar or any Restricted Subsidiary, which decree or order remains unstayed and in effect for a period of 60 consecutive days; or

a decree or order appointing any Person to act as a custodian, receiver, liquidator, assignee, trustee or other similar official of Valspar or any Restricted Subsidiary or of any substantial part of the property of Valspar or any Restricted Subsidiary, as the case may be, or ordering the winding up or liquidation of the affairs of Valspar or any Restricted Subsidiary, and such decree or order remains unstayed and in effect for a period of 60 consecutive days;

our commencement, or the commencement by any Restricted Subsidiary, of a voluntary proceeding under any applicable bankruptcy, insolvency, reorganization or other similar law, or certain similar actions specified in the Supplemental Indenture; or

a final judgment for payment of money in excess of \$10 million is entered against us and the judgment is unsatisfied for 60 days without a stay of execution.

The term **Restricted Subsidiary** is defined above on page S-18. The remedies available to the Trustee upon any Event of Default are set forth in the indenture and described in the prospectus accompanying this prospectus supplement.

Book-Entry System

The notes will be issued in the form of one or more fully registered global notes which will be deposited with, or on behalf of, The Depository Trust Company (**DTC**), New York, New York, and registered in the name of Cede & Co., as nominee of DTC. Unless and until exchanged, in whole or in part, for notes in definitive registered form, a global note may not be transferred except as a whole by the depository for such global note to a nominee of such depository, by a nominee of such depository to such depository or another nominee of such depository or by such depository or any such nominee to a successor of such depository or a nominee of such successor.

DTC is a limited-purpose trust company organized under the New York Banking Law, a **banking organization** within the meaning of the New York Banking Law, a member of the Federal Reserve System, a **clearing corporation** within the meaning of the New York Uniform Commercial Code and a **clearing agency** registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions, such as transfers and pledges, among its participants in such securities through electronic computerized book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations and certain other organizations, some of whom own DTC. Access to DTC's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

Purchases of the notes within the DTC system must be made by or through direct participants, which will receive a credit for the notes on DTC's records. The ownership interest of each beneficial owner of the notes will be recorded on the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchases, but beneficial owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owners entered into the transaction. Transfers of ownership interests in the notes are to be accomplished by entries

made on the books of participants acting on behalf of beneficial owners.

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To facilitate subsequent transfers, all notes deposited by participants with DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of the notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the notes. DTC's records reflect only the identity of the direct participants to whose accounts such notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

We will make payments due on the notes to Cede & Co., as nominee of DTC, in immediately available funds. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detailed information, on the relevant payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the account of customers in bearer form or registered in street name, and will be the responsibility of such participant and not our responsibility or DTC, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. is our responsibility. Disbursement of such payments to direct participants is the responsibility of Cede & Co. Disbursement of such payments to the beneficial owners is the responsibility of direct and indirect participants.

Except as provided herein, a beneficial owner of an interest in a global note will not be entitled to receive physical delivery of the notes. Accordingly, each beneficial owner must rely on the procedures of DTC to exercise any rights under the notes. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in definitive form. Such laws may impair the ability to transfer beneficial interests in a global note.

As long as the depository, or its nominee, is the registered holder of a global note, the depository or such nominee will be considered the sole owner and holder of the notes represented thereby for all purposes under the notes and the indenture. Except in the limited circumstances referred to below, owners of beneficial interests in a global note will not be entitled to have such global note or any notes represented thereby registered in their names, will not receive or be entitled to receive physical delivery of certificated notes in exchange for the global note and will not be considered to be the owners or holders of such global note or any notes represented thereby for any purpose under the notes or the indenture. Accordingly, each person owning a beneficial interest in such global note must rely on the procedures of the depository and, if such person is not a participant, on the procedures of the participant through which such person owns its interest to exercise any rights of a holder under the indenture.

If the depository for a global note representing notes is at any time unwilling or unable to continue as depository and a successor depository is not appointed by us within 90 days, we will issue notes in definitive form in exchange for such global note. In addition, we may at any time and in our sole discretion determine not to have the notes represented by one or more global notes and, in such event, we will issue the notes in definitive form in exchange for all of the global notes representing the notes. Finally, if an event of default, or an event which with the giving of notice or lapse of time or both would constitute an event of default, with respect to the notes represented by a global note has occurred and is continuing, then we will issue notes in definitive form in exchange for all of the global notes representing the notes.

Although DTC has agreed to the procedures provided above in order to facilitate transfers, it is under no obligation to perform these procedures, and these procedures may be modified or discontinued at any time.

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MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

THIS SUMMARY IS OF A GENERAL NATURE AND IS INCLUDED HEREIN SOLELY FOR INFORMATION PURPOSES. THIS SUMMARY IS NOT INTENDED TO BE, AND SHOULD NOT BE, CONSTRUED TO BE LEGAL OR TAX ADVICE. NO REPRESENTATION IS MADE WITH RESPECT TO THE CONSEQUENCES TO ANY PARTICULAR PURCHASER OF THE NOTES. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES.

The following is a summary of certain United States federal income tax considerations relevant to U.S. Holders and Non-U.S. Holders (both as defined below) relating to the purchase, ownership and disposition of the notes. This summary is based upon current provisions of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), existing and proposed Treasury Regulations promulgated thereunder, rulings, pronouncements, judicial decisions and administrative interpretations of the Internal Revenue Service, all of which are subject to change, possibly on a retroactive basis, at any time by legislative, judicial or administrative action. We cannot assure you that the Internal Revenue Service will not challenge the conclusions stated below, and no ruling from the Internal Revenue Service or an opinion of counsel has been (or will be) sought on any of the matters discussed below.

The following summary does not purport to be a complete analysis of all the potential U.S. federal income tax considerations relating to the purchase, ownership, and disposition of the notes. Without limiting the generality of the foregoing, this summary does not address the effect of any special rules applicable to certain types of beneficial owners, including, without limitation, dealers and certain traders in securities or currencies, insurance companies, financial institutions, thrifts, regulated investment companies, tax-exempt entities, U.S. Holders whose functional currency is not the U.S. dollar, former citizens or residents of the United States, persons who hold notes as part of a straddle, hedge, conversion transaction, restructure sale or other risk reduction or integrated investment transaction, investors in securities that elect to use a mark-to-market method of accounting for their securities holdings, individual retirement accounts or qualified retirement plans, controlled foreign corporations, passive foreign investment companies, or investors in pass through entities, including Subchapter S corporations, partnerships and other entities classified as partnerships for U.S. federal income tax purposes. If a partnership holds notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. As a result, persons who are partners of a partnership holding notes should consult their own tax advisors. In addition, this summary is limited to holders who are the initial purchasers of the notes at their original issue price and hold the notes as capital assets within the meaning of Section 1221 of the Internal Revenue Code. This summary does not address the effect of any U.S. state or local income or other tax laws, any U.S. federal estate and gift tax laws, or any foreign tax laws.

Treasury Department Circular 230. To ensure compliance with Treasury Department Circular 230, each holder and/or purchaser of a note is hereby notified that: (a) any discussion of tax issues in this prospectus supplement is not intended or written to be relied upon, and cannot be relied upon, by a holder and/or purchaser for the purpose of avoiding penalties that may be imposed on such holder and/or purchaser under applicable tax law; (b) such discussion is included herein in connection with the promotion or marketing (within the meaning of Circular 230) of the offer to sell notes by the company; and (c) a holder and/or purchaser of a note should seek advice based on its particular circumstances from an independent tax advisor.

Tax Consequences to U.S. Holders

The term "U.S. Holder" means a beneficial owner of a note who is for U.S. federal income tax purposes:

an individual who is a citizen or resident of the United States;

a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

a deceased individual's estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

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a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (b) a valid election is in effect under applicable Treasury Regulations to treat the trust as a United States person.

Taxation of Interest to U.S. Holders

All of the notes bear interest at a fixed rate under the rules regarding original issue discount. Moreover, we do not intend to issue the notes at a discount that will exceed a *de minimis* amount of original issue discount. Accordingly, interest on a note will generally be includable in income of a U.S. Holder as ordinary income at the time a U.S. Holder receives the interest or the interest accrues, in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes. A U.S. Holder using the accrual method of accounting for federal income tax purposes must include interest on the notes in ordinary income as interest accrues. A U.S. Holder using the cash receipts and disbursements method of accounting for U.S. federal income tax purposes must include interest in ordinary income when payments are received, or made available for receipt, by the U.S. Holder.

Possible Effect of Contingent Note Payments to U.S. Holders

If the amount or timing of any payments on a note is contingent, the note could be subject to special rules that apply to contingent payment debt instruments. These rules generally require a U.S. Holder to accrue interest income at a rate higher than the stated interest rate on the note; and to treat as ordinary income (rather than capital gain) any gain recognized on a sale, exchange, repurchase or retirement of the note before the resolution of the contingencies.

For example, if we redeem the notes as described above in *Description of the Notes* *Optional Redemption*, each note holder could be entitled to receive a payment equal to the greater of (a) 100% of the principal amount of the notes to be redeemed; and (b) the sum of the present value of the remaining scheduled payments of principal and interest thereon. Notwithstanding the possibility of such contingent payments, under applicable Treasury regulations, a right to contingent payments on a note may be ignored if the contingency is either remote or incidental. We believe that the possibility of the foregoing contingent payments should be considered as remote and/or incidental, so that the right to those payments should be ignored.

Therefore, for purposes of filing tax or informational returns with the Internal Revenue Service, we will not treat the notes as contingent payment debt instruments. Our determination that the notes are not contingent payment debt instruments is binding on each holder unless the holder explicitly discloses, in the manner required by applicable Treasury regulations, that its determination is different from ours. However, our determination is not binding on the Internal Revenue Service. It is possible that the Internal Revenue Service may make a different determination, in which case the timing and amount of income inclusions by a holder may be affected. This summary assumes that the notes are not subject to the contingent payment debt instrument rules.

If we pay any additional interest on the notes, U.S. Holders will generally be required to recognize additional interest income under the rules described above under *Tax Consequences to U.S. Holders* *Taxation of Interest*. If we make a redemption payment of a present value amount that exceeds 100% of the principal amount of the notes being redeemed, the excess amount will generally be treated as capital gain under the rules described below under *Tax Consequences to U.S. Holders* *Sale, Exchange or Other Disposition of Notes*.

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Sale, Exchange, or Retirement of a Note Held by a U.S. Holder

A U.S. Holder will generally recognize capital gain or loss on a sale, exchange, redemption, retirement or other taxable disposition of a note measured by the difference, if any, between:

the amount of cash and the fair market value of any property received by the U.S. Holder, except to the extent that the cash or other property received in respect of a note is attributable to accrued interest on the note not previously included in income, which amount will be taxable as ordinary income; and

the U.S. Holder's adjusted tax basis in the note.

Such capital gain or loss will be treated as a long-term capital gain or loss if, at the time of the sale or exchange, the note has been held by the U.S. Holder for more than one year; otherwise, the capital gain or loss will be short-term. Non-corporate taxpayers may be subject to a lower federal income tax rate on their net long-term capital gains than the rate applicable to ordinary income. U.S. Holders are subject to certain limitations on the deductibility of their capital losses.

In addition, a U.S. Holder will generally recognize capital gain or loss on the defeasance of a note, except for any payment that is attributable to accrued interest on the note not previously included in income, which amount will be taxable as ordinary income.

Information Reporting and Backup Withholding for U.S. Holders

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