

DiamondRock Hospitality Co
Form 424B5
April 13, 2009

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus Supplement dated April 13, 2009

PROSPECTUS SUPPLEMENT
(To Prospectus dated March 6, 2009)

Filed Pursuant to Rule 424(b)5
Registration No. 333-157753

11,500,000 Shares

Common Stock

We are selling 11,500,000 shares of our common stock pursuant to this prospectus supplement and the accompanying prospectus.

We are organized and conduct our operations to qualify as a real estate investment trust, or REIT, for federal income tax purposes. To assist us in complying with certain federal income tax requirements applicable to REITs, our charter contains certain restrictions relating to the ownership and transfer of our stock, including an ownership limit of 9.8% on our common stock.

Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol DRH . On April 9, 2009, the closing sale price for our common stock, as reported on the NYSE, was \$5.03 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page S-5 of this prospectus supplement and page 10 of our Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference herein.

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts	\$	\$
Proceeds, before expenses, to us	\$	\$

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We have granted the underwriters an option to purchase up to 1,725,000 additional shares of our common stock to cover over allotments, if any.

The underwriters expect to deliver the shares on or about April , 2009.

Neither the Securities and Exchange Commission, or SEC, nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Merrill Lynch & Co.

Wachovia Securities

The date of this prospectus supplement is April , 2009.

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You should rely only on the information provided or incorporated by reference in this prospectus supplement and accompanying prospectus. We have not authorized anyone to provide you with different or additional information. We are not making an offer to sell these securities in any jurisdiction where the offer or sale of these securities is not permitted. You should not assume that the information appearing in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein or therein is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or documents incorporated by reference, the information in this prospectus supplement will supersede such information.

References in this prospectus to we, our, us and our company refer to DiamondRock Hospitality Company, including as the context requires, DiamondRock Hospitality Limited Partnership, our operating partnership, as well as our other direct and indirect subsidiaries, including our existing taxable REIT subsidiaries.

DIAMONDROCK HOSPITALITY COMPANY

Overview

We are a lodging-focused real estate company that owns, as of March 31, 2009, twenty premium hotels and resorts that contain approximately 9,600 guestrooms. We are committed to maximizing stockholder value through investing in premium full-service hotels and, to a lesser extent, premium urban limited-service hotels located throughout the United States. Our hotels are concentrated in key gateway cities and in destination resort locations and are all operated under a brand owned by one of the top three national brand companies (Marriott International, Inc., Starwood Hotels & Resorts Worldwide, Inc. or Hilton Hotels Corporation).

We are owners, as opposed to operators, of hotels. As an owner, we receive all of the operating profits or losses generated by our hotels, after we pay the hotel managers a fee based on the revenues and profitability of the hotels and reimburse all of their direct and indirect operating costs.

As an owner, we create value by acquiring the right hotels with the right brands in the right markets, prudently financing our hotels, thoughtfully re-investing capital in our hotels, implementing profitable operating strategies, approving the annual operating and capital budgets for our hotels, closely monitoring the performance of our hotels, and deciding if and when to sell our hotels. In addition, we are committed to enhancing the value of our operating platform by being open and transparent in our communications with investors, monitoring our corporate overhead and following corporate governance best practice.

We differentiate ourselves from our competitors because of our adherence to three basic principles:

high-quality urban- and resort-focused branded real estate;

conservative capital structure; and

thoughtful asset management.

High-Quality Urban- and Resort-Focused Branded Real Estate

We own twenty premium hotels and resorts in North America. These hotels and resorts are primarily categorized as upper upscale as defined by Smith Travel Research and are generally located in high barrier to entry markets with multiple demand generators.

Our properties are concentrated in five key gateway cities (New York City, Los Angeles, Chicago, Boston and Atlanta) and in destination resort locations (such as the U.S. Virgin Islands and Vail, Colorado). We believe that gateway cities and destination resorts will achieve higher long-term growth because they are attractive business and leisure destinations. We also believe that these locations are better insulated from new supply due to relatively high barriers to entry and expensive construction costs.

We believe that the higher quality lodging assets create more dynamic cash flow growth and superior long-term capital appreciation.

In addition, a core tenet of our strategy is to leverage national hotel brands. We strongly believe in the value of powerful national brands because we believe that they are able to produce incremental revenue and profits compared

to similar unbranded hotels. In particular, we believe that branded hotels outperform unbranded hotels in an economic downturn. Dominant national hotel brands typically have very strong reservation and reward systems and sales organizations, and all of our hotels are operated under a brand owned by one of the top three national brand companies (Marriott, Starwood or Hilton) and all but two of our hotels are managed by the brand company directly. Generally, we are interested in owning only those hotels that are operated under a nationally recognized brand or acquiring hotels that can be converted into a nationally branded hotel.

Capital Structure

Since our formation in 2004, we have been consistently committed to a flexible capital structure with prudent leverage levels. During 2004 through early 2007, we took advantage of the low interest rate environment by fixing our interest rates for an extended period of time. Moreover, during the recent peak in the commercial real estate

market, we maintained low financial leverage by funding the majority of our acquisitions through the issuance of equity. This strategy allowed us to maintain a balance sheet with a moderate amount of debt. During the peak years, we believed, and present events have confirmed, that it would be inappropriate to increase the inherent risk of a highly cyclical business through a highly levered capital structure.

We believe the current economic environment has confirmed the merits of our financing strategy. We believe that we maintain a reasonable amount of fixed interest rate mortgage debt with limited near-term maturities. As of December 31, 2008, we had \$878.4 million of debt outstanding, which consisted of \$57 million outstanding on our senior unsecured credit facility and \$821.4 million of mortgage debt. We currently have eight hotels with an aggregate historic cost of \$845 million, which are unencumbered by mortgage debt. As of December 31, 2008, our debt had a weighted-average interest rate of 5.44% and a weighted-average maturity of 6.3 years. In addition, as of December 31, 2008, 92.9% of our debt was fixed rate.

We have a limited amount of debt with near-term maturities and we believe that we can refinance or repay all of such debt. Over 80% of our debt matures in 2015 or later. We expect that we will be able to either refinance or repay approximately \$68 million of debt coming due in 2009 and early 2010 with a combination of cash flow from operations, proceeds from refinancing the mortgage debt on the existing mortgaged hotels or incurring new mortgage debt on one or more of our unencumbered hotels. If efficient mortgage debt is unavailable, we have the ability to repay the 2009 and 2010 debt maturities with borrowings under our \$200 million senior unsecured credit facility, which had approximately \$143 million available as of December 31, 2008.

The following table sets forth our debt obligations as of December 31, 2008.

	Principal Balance (In thousands)	Maturity Date
Courtyard Manhattan/Midtown East	\$ 41,238	12/2009
Marriott Griffin Gate Resort	28,434	1/2010
Bethesda Marriott Suites(1)	5,000	7/2010
Senior unsecured credit facility(2)	57,000	2/2011
Mortgage debt coming due in 2015	236,681	Various
Mortgage debt coming due in 2016	510,000	Various
Total	\$ 878,353	

(1) This mortgage may be prepaid at any time prior to maturity without penalty.

(2) Our senior unsecured credit facility matures in February 2011. We have a one-year extension option to extend the maturity to 2012.

We prefer a relatively simple but efficient capital structure. We have not invested in joint ventures and have not issued any operating partnership units or preferred stock. We endeavor to structure our hotel acquisitions so that they will not overly complicate our capital structure; however, we will consider a more complex transaction if we believe that the projected returns to our stockholders will significantly exceed the returns that would otherwise be available.

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During the current recession, our corporate goals and objectives are focused on preserving and enhancing our liquidity. While there can be no assurance that we will be able to accomplish any or all of these steps, we have taken, or are evaluating, a number of steps to achieve these goals as follows:

We chose to not pay a 2008 fourth quarter dividend and we intend to pay our next dividend to our stockholders of record as of December 31, 2009. We expect the 2009 dividend will be in an amount equal to 100% of our 2009 taxable income.

Depending on our 2009 liquidity needs, we may elect to pay a portion of our 2009 dividend in shares of our common stock, as permitted by the Internal Revenue Service's Revenue Procedure 2009-15.

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We also have significantly curtailed capital spending for 2009 and expect to fund less than \$10 million in capital expenditures in 2009, compared to an average of \$35 million per year of owner-funded capital expenditures during 2006, 2007 and 2008.

We are considering the sale of one or more of our hotels.

We have amended our credit facility to reduce the risk of default under one of our financial covenants. We may seek further amendments to our credit facility to make additional changes to the financial covenants.

We have engaged mortgage brokers to determine potential options for additional property-specific mortgage debt or the refinancing of our two mortgage loans that mature prior to the end of January 2010 aggregating approximately \$68 million, which is the amount that will be due at maturity.

Our current liquidity strategy is to take reasonable steps to further delever the Company in the near term, focusing on reducing amounts outstanding under our credit facility, including using the proceeds of this offering to repay all or a portion of our current outstanding borrowings under our credit facility.

As of December 31, 2008, 93.5% of our outstanding debt consisted of property specific mortgage debt. All of this mortgage debt was borrowed by unique special purpose entities 100% owned by us. Moreover, all of our property specific mortgage debt consists of single property mortgages that do not contain any cross-default, financial covenants or general recourse provisions to any assets outside of the special purpose entities, including our parent company or our operating partnership. Only our \$200 million credit facility includes a corporate guarantee and financial covenants, but the amount outstanding under our credit facility as of December 31, 2008 comprised less than 7% of our outstanding debt.

If you want to find more information about us, please see the sections entitled [Where You Can Find More Information](#) and [Incorporation of Information We File with the SEC](#) below.

Recent Developments

Possible Refinancing

We have a \$40.2 million mortgage payment coming due on the Courtyard Manhattan/Midtown East on December 11, 2009. We recently commenced preliminary discussions with a lender who indicated an interest in providing up to \$43 million of mortgage debt with a term of 5 years on the hotel. However, there can be no assurances that this lender will lend us any money or that the terms of the loan will be satisfactory to us, as we have not yet agreed with the lender on a term sheet, a loan commitment or definitive documentation nor have we locked the interest rate on the potential loan. Moreover, at present, the lender has performed very limited due diligence on the hotel. We expect the lender's due diligence to include, among other things, finalizing the lender's projections of future hotel cash flows, obtaining a satisfactory appraisal of the hotel, hiring an engineer to examine the condition of the hotel as well as our compliance with all environmental laws. In addition, the lender will engage lawyers to review all material contracts at the hotel, as well as our title to the hotel and compliance with zoning and permitting requirements. We anticipate that the definitive documentation will provide that once the lender has completed its due diligence, the lender will have the right to decide, in its sole discretion, whether or not to fund the loan. In addition, the lender will have no obligation to fund the loan if, at the time of closing of the loan, the lender believes that there has been a material adverse change in future cash flows at the hotel. In the event that the lender decides not to fund the loan, we expect to be able to refinance the existing mortgage with a combination of cash flow from operations, proceeds from incurring mortgage debt on one or more of our unencumbered hotels or, if efficient mortgage loan debt is not available, a draw on our

credit facility.

Update on Hotel Sales

We recently announced that we were considering the sale of one or more of our hotels and had engaged two brokers to market eleven of our hotels. While a number of prospective buyers have toured our hotels and some have submitted bids, to date, we have not received any bids that we consider attractive compared to our internal valuation. We nevertheless continue to evaluate this process.

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First Quarter Preliminary Results

Our first fiscal quarter ended on March 27, 2009. The projected financial information for the fiscal quarter ended March 27, 2009, specifically, EBITDA and the related reconciliation to projected net income, has been derived from our unaudited financial statements. Our unaudited financial statements for the fiscal quarter ended March 27, 2009 are preliminary operating results and are derived from preliminary hotel operations and corporate level expenses. These financial statements are subject to normal and recurring adjustments that may arise during the financial statement closing process. Revenue per available room, or RevPAR, is an operating statistic used by us to measure the operating performance of our hotels against comparable prior year periods. While we have not finalized our quarterly financial statement closing process, we currently expect to report the following financial and operating results for the first fiscal quarter of 2009:

RevPAR: Our same-store revenue per available room, or RevPAR, is expected to be approximately \$98.80, which is a decrease of 16.5 percent compared to the first fiscal quarter in 2008.

EBITDA: Our EBITDA is expected to be between \$17.5 million and \$19.5 million, compared to EBITDA of \$28.8 million in the first quarter of 2008. Our EBITDA was reduced \$1.4 million from the impact of non-cash ground rent and non-cash amortization of unfavorable contract liabilities for each of the fiscal quarters ended March 27, 2009 and March 21, 2008.

The comparisons of the 2009 first fiscal quarter to the 2008 first fiscal quarter are positively impacted by disruption from the renovation of the Chicago Marriott which was ongoing during the first quarter in 2008. Excluding the Chicago Marriott from our 2009 and 2008 first fiscal quarters would increase our 2009 RevPAR contraction from the comparable period of 2008 by approximately 2.4%.

In addition, during the first fiscal quarter, we repaid approximately \$5.0 million of debt outstanding under our credit facility. At the end of our first fiscal quarter in 2009, we had \$52 million outstanding on our credit facility.

Non-GAAP Financial Measure

We present EBITDA, which is a non-GAAP financial measure that we believe is useful to investors as a key measure of our operating performance. We caution investors that amounts presented in accordance with our definition of EBITDA may not be comparable to similar measures disclosed by other companies, since not all companies calculate EBITDA in the same manner. EBITDA should not be considered as an alternative measure of our net income (loss), operating performance, cash flow or liquidity. EBITDA may include funds that may not be available for our discretionary use due to functional requirements to conserve funds for capital expenditures and property acquisitions and other commitments and uncertainties. Although we believe that EBITDA can enhance your understanding of our results of operations, this non-GAAP financial measure, when viewed individually, is not necessarily a better indicator of any trend as compared to GAAP measures such as net income (loss) or cash flow from operations. In addition, you should be aware that adverse economic and market conditions may harm our cash flow. Under this section, as required, we include a quantitative reconciliation of EBITDA to the most directly comparable GAAP financial performance measure, which is net income (loss).

EBITDA is defined as net income (loss) before interest, taxes, depreciation and amortization. We believe it is a useful financial performance measure for us and for our stockholders and is a complement to net income and other financial performance measures provided in accordance with GAAP. We use EBITDA to measure the financial performance of our operating hotels because it excludes expenses such as depreciation and amortization, taxes and interest expense, which are not indicative of operating performance. By excluding interest expense, EBITDA measures our financial performance irrespective of our capital structure or how we finance our properties and operations. By excluding

depreciation and amortization expense, which can vary from hotel to hotel based on a variety of factors unrelated to the hotels' financial performance, we can more accurately assess the financial performance of our hotels. Under GAAP, hotels are recorded at historical cost at the time of acquisition and are depreciated on a straight-line basis. By excluding depreciation and amortization, we believe EBITDA provides a basis for measuring the financial performance of hotels unrelated to historical cost. However, because EBITDA excludes depreciation and amortization, it does not measure the capital we require to maintain or preserve our fixed assets. In addition, because EBITDA does not reflect interest expense, it does not take into account the total amount of interest we pay on outstanding debt nor does it show trends in interest costs due to changes in our borrowings or

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changes in interest rates. Because we use EBITDA to evaluate our financial performance, we reconcile it to net income (loss) which is the most comparable financial measure calculated and presented in accordance with GAAP. EBITDA does not represent cash generated from operating activities determined in accordance with GAAP, and should not be considered as an alternative to operating income or net income determined in accordance with GAAP as an indicator of performance or as an alternative to cash flows from operating activities as an indicator of liquidity. The following is a reconciliation between net (loss) income and EBITDA (unaudited in thousands):

	Fiscal Quarter Ended		Fiscal Quarter Ended	
	March 27, 2009			March 21, 2008
	(Projected)			
	Low End	High End	(Historical)	
Net (loss) income(1)	\$ (8,000)	\$ (5,500)	\$ 5,177	
Interest expense	12,000	11,500	10,695	
Income tax benefit	(6,500)	(5,500)	(3,723)	
Depreciation and amortization	20,000	19,000	16,687	
EBITDA	\$ 17,500	\$ 19,500	\$ 28,836	

- (1) Our EBITDA and net (loss) income was reduced \$1.4 million for the impact of non-cash ground rent and non-cash amortization of unfavorable contract liabilities for each of the fiscal quarters ended March 27, 2009 and March 21, 2008.

RISK FACTORS

Investment in our common stock offered pursuant to this prospectus supplement involves risks. You should carefully consider the risk factors and other information included in our most recent Annual Report on Form 10-K, which is incorporated by reference herein, and the other information contained in, or incorporated by reference into, this prospectus supplement and accompanying prospectus, as updated by our subsequent filings under the Securities Exchange Act of 1934, as amended, before acquiring any of our common stock.

THE OFFERING

Issuer	DiamondRock Hospitality Company
Common Stock Offered by Us	11,500,000 shares
Common Stock to be Outstanding after this Offering	101,647,100 shares(1)(2)
NYSE Symbol	DRH

- (1) Based on 90,147,100 shares outstanding as of March 31, 2009. Excludes 1,725,000 shares issuable upon exercise of the underwriters' over-allotment option.
- (2) Excludes 1,978,595 unvested restricted shares of our common stock issued to our executive officers and other employees pursuant to our equity incentive plan, 4,805,849 shares available for future issuance under our equity

incentive plan and 466,819 vested deferred common stock units outstanding as of March 31, 2009.

CAPITALIZATION

The following table sets forth our actual capitalization as of December 31, 2008 and our adjusted capitalization giving effect to:

the offering and sale of 11,500,000 shares of our common stock in this offering at an assumed public offering price per share of \$5.03, which was the last reported sale price of our common stock on the NYSE on April 9, 2009, after deducting underwriting discounts and commissions and estimated transaction expenses payable by us of approximately \$3.1 million; and

the repayment of \$57 million of outstanding debt under our senior unsecured credit facility (\$5.0 million of which was repaid during the quarter ended March 27, 2009 and the remainder of which we intend to repay with proceeds from this offering).

The amount of proceeds we ultimately receive from this offering of common stock is dependent upon numerous factors and subject to general market conditions. Also, we may increase or decrease the number of shares in this offering. Accordingly, the amounts shown in the As-Adjusted column may differ from those shown below.

The capitalization table should be read in conjunction with our consolidated financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of December 31, 2008	
	Historical	As-Adjusted
	(In thousands)	
Cash and cash equivalents	\$ 13,830	\$ 12,572
Mortgage debt	821,353	821,353
Senior unsecured credit facility	57,000	(1)
Total debt	878,353	821,353(1)
Shareholders Equity:		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized; no shares issued and outstanding		
Common stock, \$0.01 par value; 200,000,000 shares authorized; 90,050,264 shares issued and outstanding; 101,550,264 issued and outstanding, as adjusted after this offering(2)	901	1,016
Additional paid-in capital(3)	1,100,541	1,156,168
Accumulated deficit	(83,810)	(83,810)
Total shareholders equity	1,017,632	1,073,374
Total Capitalization	\$ 1,895,985	\$ 1,894,727

- (1) Reflects the repayment during the quarter ended March 27, 2009 of approximately \$5.0 million of debt outstanding under our credit facility with cash available from operations and the repayment of \$52.0 million of debt outstanding under our credit facility with proceeds from this offering, as described in Use of Proceeds.
- (2) Excludes 605,809 unvested restricted shares of our common stock issued to our executive officers and other employees pursuant to our equity incentive plan, 466,819 vested shares of deferred stock units issued to our senior executive officers in connection with our initial public offering and 6,275,471 shares of common stock available for future awards under our equity incentive plan.
- (3) Represents additional paid-in capital, net of estimated issuance costs.

USE OF PROCEEDS

We expect that the net proceeds from this offering will be approximately \$55 million after deducting underwriting discounts and our estimated expenses of approximately \$3.1 million (or approximately \$63.7 million if the

underwriters exercise their option to purchase 1,725,000 additional shares in full) assuming an offering price of \$5.03 per share, the closing sale price for our common stock, as reported on the NYSE on April 9, 2009.

We intend to contribute the net proceeds from the sale of the common stock pursuant to this prospectus supplement to our operating partnership. Our operating partnership will subsequently use the net proceeds of this offering to repay amounts outstanding on our credit facility. We currently have \$52 million outstanding on our credit facility, which bears interest at a variable interest rate of LIBOR plus 95 basis points (1.46% as of March 31, 2009), all of which debt is repayable upon the maturity of our credit facility in February 2012, assuming the exercise of our one-year extension option.

In the event that the underwriters exercise any portion of, or all of, their over-allotment option, we expect to use the additional net proceeds to repay any amounts outstanding on our credit facility and once all amounts owed on the credit facility are repaid, we intend to invest the excess in interest-bearing, short-term investment grade securities or money-market accounts that are consistent with our intention to maintain our qualification as a REIT, pending use for general corporate purposes. Such investments may include, for example, government and government agency certificates, interest-bearing bank deposits and mortgage loan participations.

SUPPLEMENT TO FEDERAL INCOME TAX CONSIDERATIONS

The following summary outlines certain U.S. federal income tax considerations relating to an investment in our common stock, including the federal income tax consequences under current law that are likely to be material to a purchaser of our common stock in this offering who is a U.S. stockholder (as hereinafter defined) and who will hold its shares as a capital asset. This summary does not contain a complete discussion of the federal tax aspects of the investment that may be important to you. Moreover, it does not address any foreign, state or local tax consequences of an investment in our common stock. The provisions of the Internal Revenue Code of 1986, as amended, or the Code, concerning the federal income tax treatment of a REIT and its stockholders are highly technical and complex; the following discussion sets forth only certain aspects of those provisions. This summary is intended to provide you with general information only and is not intended as a substitute for careful tax planning. The discussion below assumes that you will hold our common stock as a capital asset. We do not address the federal income tax consequences that may be relevant to stockholders subject to special treatment under the Code, including, without limitation, insurance companies, regulated investment companies, financial institutions, broker-dealers, tax-exempt or non-U.S. investors (except as specifically discussed below), foreign governments, stockholders that hold our stock as a hedge, part of a straddle, conversion transaction, or other arrangement involving more than one position, or through a partnership or other pass-through entity, or U.S. expatriates.

This summary is based on provisions of the Code, applicable final and temporary Treasury Regulations, judicial decisions and administrative rulings and practice, all in effect as of the date of this prospectus supplement, and should not be construed as legal advice. No assurance can be given that future legislative or administrative changes or judicial decisions will not affect the accuracy of the descriptions or conclusions contained in this summary. In addition, any such changes may be retroactive and apply to transactions entered into prior to the date of their enactment, promulgation or release. We do not expect to seek a ruling from the Internal Revenue Service, or IRS, regarding any of the federal income tax issues discussed in this prospectus supplement, and no assurance can be given that the IRS will not challenge any of the positions we take and that such a challenge will not succeed. ***Prospective purchasers of our stock are urged to consult their own tax advisors prior to any investment in our common stock concerning the potential federal, state, local and foreign tax consequences of the investment with specific reference to their own tax situations.*** This summary supplements and should be read together with the general discussion of the tax considerations relating to our qualification as a REIT described in the accompanying prospectus under the title Federal Income Tax Considerations Related to Our REIT Election.

Taxation of U.S. Stockholders Holding Common Stock

The term U.S. stockholder means an investor that, for U.S. federal income tax purposes, is (i) a citizen or resident of the United States, (ii) a corporation or other entity treated as a corporation, created or organized in or under the laws of the United States, any of its states or the District of Columbia, (iii) an estate, the income of which is subject to United States federal income taxation regardless of its source, or (iv) a trust, (a) if 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) that has a valid election in effect under the applicable Treasury Regulations to be treated as a United States person under the Code. In addition, as used herein, the term U.S. stockholder does not include any entity that is subject to special treatment under the Code.

Distributions by us, other than capital gain dividends, will constitute ordinary dividends to the extent of our current or accumulated earnings and profits as determined for federal income tax purposes. In general, these dividends will be taxable as ordinary income and will not be eligible for the dividends-received deduction for corporate stockholders. Our ordinary dividends generally will not qualify as qualified dividend income taxed as net capital gain for

U.S. stockholders that are individuals, trusts, or estates. However, distributions to U.S. stockholders that are individuals, trusts, or estates generally will constitute qualified dividend income taxed as net capital gains to the extent the U.S. stockholder satisfies certain holding period requirements and to the extent the dividends are attributable to (i) qualified dividend income we receive from other corporations, such as Bloodstone TRS, Inc. and other TRSs, and (ii) dividends paid from our undistributed earnings or from built-in gains taxed at the corporate level and provided we properly designate the distributions as such. We do not anticipate distributing a significant

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amount of qualified dividend income. The discussion in this section applies equally to distributions payable in cash and taxable stock distributions.

To the extent that we make a distribution in excess of our current and accumulated earnings and profits (a return of capital distribution), the distribution will be treated first as a tax-free return of capital, reducing the tax basis in a U.S. stockholder's shares. To the extent a return of capital distribution exceeds a U.S. stockholder's tax basis in its shares, the distribution will be taxable as capital gain realized from the sale of such shares.

Dividends declared by us in October, November or December and payable to a stockholder of record on a specified date in any such month shall be treated both as paid by us and as received by the stockholder on December 31 of the year, provided that the dividend is actually paid by us during January of the following calendar year.

We will be treated as having sufficient earnings and profits to treat as a dividend any distribution up to the amount required to be distributed in order to avoid imposition of the 4% excise tax generally applicable to REITs if certain distribution requirements are not met. Moreover, any deficiency dividend will be treated as an ordinary or a capital gain dividend, as the case may be, regardless of our earnings and profits. As a result, stockholders may be required to treat certain distributions as taxable dividends that would otherwise result in a tax-free return of capital.

Capital Gain Dividends

Distributions that are properly designated as capital gain dividends will be taxed as long-term capital gains (to the extent they do not exceed our actual net capital gain for the taxable year) without regard to the period for which the stockholder has held its shares. However, corporate stockholders may be required to treat up to 20% of certain capital gain dividends as ordinary income. In addition, U.S. stockholders may be required to treat a portion of any capital gain dividend as unrecaptured Section 1250 gain, taxable at a maximum rate of 25%, if we incur such gain. Capital gain dividends are not eligible for the dividends-received deduction for corporations.

The REIT provisions do not require us to distribute our long-term capital gain, and we may elect to retain and pay income tax on our net long-term capital gains received during the taxable year. If we so elect for a taxable year, our stockholders would include in income as long-term capital gains their proportionate share of such portion of our undistributed long-term capital gains for the taxable year as we may designate. A stockholder would be deemed to have paid its share of the tax paid by us on such undistributed capital gains, which would be credited or refunded to the stockholder. The stockholder's basis in its shares would be increased by the amount of undistributed long-term capital gains (less the capital gains tax paid by us) included in the stockholder's long-term capital gains.

Passive Activity Loss and Investment Interest Limitations

Our distributions and gain from the disposition of our shares will not be treated as passive activity income and, therefore, U.S. stockholders will not be able to apply any passive losses against such income. With respect to non-corporate U.S. stockholders, our dividends (to the extent they do not constitute a return of capital) that are taxed at ordinary income rates will generally be treated as investment income for purposes of the investment interest limitation; however, net capital gain from the disposition of our shares (or distributions treated as such), capital gain dividends, and dividends taxed at net capital gains rates generally will be excluded from investment income except to the extent the U.S. stockholder elects to treat such amounts as ordinary income for federal income tax purposes. U.S. stockholders may not include on their own federal income tax returns any of our tax losses.

Sale or Disposition of Shares

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In general, any gain or loss realized upon a taxable disposition of shares of our common stock by a stockholder that is not a dealer in securities will be a long-term capital gain or loss if the shares have been held for more than one year and otherwise as a short-term capital gain or loss. However, any loss upon a sale or exchange of the shares by a stockholder who has held such stock for six months or less (after applying certain holding period rules) will be treated as a long-term capital loss to the extent of our distributions or undistributed capital gains required to be treated by such stockholder as long-term capital gain. All or a portion of any loss realized upon a taxable disposition of shares may be disallowed if other shares are purchased within 30 days before or after the disposition.

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Unrelated Business Taxable Income

In General

In general, a tax-exempt organization is exempt from federal income tax on its income, except to the extent of its unrelated business taxable income or UBTI, which is defined by the Code as the gross income derived from any trade or business which is regularly carried on by a tax-exempt entity and unrelated to its exempt purposes, less any directly connected deductions and subject to certain modifications. For this purpose, the Code generally excludes from UBTI any gain or loss from the sale or other disposition of property (other than stock in trade or property held primarily for sale in the ordinary course of a trade or business), dividends, interest, rents from real property, and certain other items. However, a portion of any such gains, dividends, interest, rents, and other items generally is UBTI to the extent derived from debt-financed property, based on the amount of acquisition indebtedness with respect to such debt-financed property. ***Before making an investment in shares of our common stock, a tax-exempt stockholder should consult its own tax advisors with regard to UBTI and the suitability of the investment in our stock.***

Distributions we make to a tax-exempt employee pension trust or other domestic tax-exempt stockholder or gains from the disposition of our shares held as capital assets generally will not constitute UBTI unless the exempt organization's shares are debt-financed property (e.g., the stockholder has borrowed to acquire or carry its shares). This general rule does not apply, however, to distributions to certain pension trusts that are qualified trusts (as defined below) and that hold more than 10% (by value) of our stock. For these purposes, a qualified trust is defined as any trust described in Section 401(a) of the Code and exempt from tax under Section 501(a) of the Code. If we are treated as a pension-held REIT, such qualified trusts will be required to treat a percentage of their dividends received from us as UBTI if we incur UBTI. We will be treated as a pension-held REIT if (i) we would fail the requirement that, during the last half of each taxable year, no more than 50% in value of our stock may be owned, directly or indirectly, by or for five or fewer individuals (the 5/50 Test) if qualified trusts were treated as individuals for purposes of the 5/50 Test and (ii) we are predominantly held by qualified trusts. Stock ownership for purposes of the 5/50 Test is determined by applying the constructive ownership provisions of Section 544(a) of the Code, subject to certain modifications. The term individual for purposes of the 5/50 Test includes a private foundation, a trust providing for the payment of supplemental unemployment compensation benefits, and a portion of a trust permanently set aside or to be used exclusively for charitable purposes. A qualified trust described in Section 401(a) of the Code and exempt from tax under Section 501(a) of the Code generally is not treated as an individual; rather, shares held by it are treated as owned proportionately by its beneficiaries. We will be predominantly held by qualified trusts if either (i) a single qualified trust holds more than 25% by value of our stock or (ii) one or more qualified trusts, each owning more than 10% by value of our stock, hold in the aggregate more than 50% by value of our stock.

In the event we are a pension-held REIT, a qualified trust owning 10% or more of our shares should expect to recognize UBTI as a result of its investment, and we cannot assure you that we will never be treated as a pension-held REIT. The percentage of any dividend received from us treated as UBTI would be equal to the ratio of (a) the gross UBTI (less certain associated expenses) earned by us (treating us as if we were a qualified trust and, therefore, subject to tax on UBTI) to (b) our total gross income (less certain associated expenses). A *de minimis* exception applies where the ratio set forth in the preceding sentence is less than 5% for any year; in that case, no dividends are treated as UBTI. Our gross UBTI for these purposes would include the rent we receive from Bloodstone TRS, Inc. and, therefore, could be substantial.

Special Issues

Social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans that are exempt from taxation under paragraphs (7), (9), (17), and (20), respectively, of Section 501(c) of the Code are subject to different UBTI rules, which generally will require them to characterize

distributions from us as UBTI.

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Information Reporting Requirements and Backup Withholding Tax

We will report to our U.S. stockholders and to the IRS the amount of distributions paid during each calendar year, and the amount of tax withheld, if any. Under the backup withholding rules, a U.S. stockholder may be subject to backup withholding at the current rate of 28% with respect to distributions paid, unless such stockholder (i) is a corporation or other exempt entity and, when required, proves its status or (ii) certifies under penalties of perjury that the taxpayer identification number the stockholder has furnished to us is correct and the stockholder is not subject to backup withholding and otherwise complies with the applicable requirements of the backup withholding rules. A U.S. stockholder that does not provide us with its correct taxpayer identification number also may be subject to penalties imposed by the IRS. Any amount paid as backup withholding will be creditable against the stockholder's income tax liability.

Taxation of Non-U.S. Stockholders Holding Common Stock

The rules governing U.S. federal income taxation of our stockholders who are beneficial owners of our common stock and who are not U.S. stockholders, such as nonresident alien individuals, foreign corporations, and foreign trusts and estates (non-U.S. stockholders), are complex. This section is only a summary of such rules. ***We urge prospective non-U.S. stockholders to consult their own tax advisors to determine the impact of federal, state, local and foreign income tax laws on ownership of our common stock, including any reporting requirements.***

Distributions

A non-U.S. stockholder that receives a distribution that is not attributable to gain from our sale or exchange of United States real property interests (as defined below) and that we do not designate as a capital gain dividend or retained capital gain generally will recognize ordinary income to the extent that we pay the distribution out of our current or accumulated earnings and profits. A withholding tax equal to 30% of the gross amount of the distribution ordinarily will apply unless an applicable tax treaty reduces or eliminates the tax. Under some treaties, lower withholding rates do not apply to dividends from REITs. However, if a distribution is treated as effectively connected with the non-U.S. stockholder's conduct of a U.S. trade or business, the non-U.S. stockholder generally will be subject to federal income tax on the distribution at graduated rates (in the same manner as U.S. stockholders are taxed on distributions) and also may be subject to the 30% branch profits tax in the case of a corporate non-U.S. stockholder. We plan to withhold U.S. income tax at the rate of 30% on the gross amount of any distribution paid to a non-U.S. stockholder that is neither a capital gain dividend nor a distribution that is attributable to gain from the sale or exchange of United States real property interests unless either (i) a lower treaty rate applies and the non-U.S. stockholder files with us any required IRS Form W-8 (for example, an IRS Form W-8BEN) evidencing eligibility for that reduced rate or (ii) the non-U.S. stockholder files with us an IRS Form W-8ECI claiming that the distribution is effectively connected income.

A non-U.S. stockholder generally will not incur tax on a return of capital distribution in excess of our current and accumulated earnings and profits that is not attributable to the gain from our disposition of a United States real property interest if the excess portion of the distribution does not exceed the adjusted basis of the non-U.S. stockholder's common stock. Instead, the excess portion of the distribution will reduce the adjusted basis of that common stock. However, a non-U.S. stockholder will be subject to tax on such a distribution that exceeds both our current and accumulated earnings and profits and the non-U.S. stockholder's adjusted basis in the common stock, if the non-U.S. stockholder otherwise would be subject to tax on gain from the sale or disposition of its common stock, as described below. Because we generally cannot determine at the time we make a distribution whether or not the distribution will exceed our current and accumulated earnings and profits, we normally will withhold tax on the entire amount of any distribution at the same rate as we would withhold on a dividend. However, a non-U.S. stockholder may obtain a refund of amounts that we withhold if we later determine that a distribution in fact exceeded our current

and accumulated earnings and profits.

We may be required to withhold 10% of any distribution that exceeds our current and accumulated earnings and profits. Consequently, although we intend to withhold at a rate of 30% on the entire amount of any distribution that is neither attributable to the gain from our disposition of a United States real property interest nor designated

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by us as a capital gain dividend, to the extent that we do not do so, we will withhold at a rate of 10% on any portion of a distribution not subject to withholding at a rate of 30%.

Subject to the exception discussed below for 5% or smaller holders of regularly traded classes of stock, a non-U.S. stockholder will incur tax on distributions that are attributable to gain from our sale or exchange of United States real property interests under special provisions of the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA. The term United States real property interests includes interests in U.S. real property and shares in U.S. corporations at least 50% of whose assets consist of interests in U.S. real property. Under those rules, a non-U.S. stockholder is taxed on distributions attributable to gain from sales of United States real property interests as if the gain were effectively connected with the non-U.S. stockholder's conduct of a U.S. trade or business. A non-U.S. stockholder thus would be taxed on such a distribution at the normal capital gain rates applicable to U.S. stockholders, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of a nonresident alien individual. A corporate non-U.S. stockholder not entitled to treaty relief or exemption also may be subject to the 30% branch profits tax on such a distribution. We generally must withhold 35% of any distribution subject to these rules that we could designate as a capital gain distribution (35% FIRPTA Withholding). A non-U.S. stockholder may receive a credit against its tax liability for the amount we withhold.

A non-U.S. stockholder that owns no more than 5% of our common stock at all times during the one-year period ending on the date of a distribution will not be subject to 35% FIRPTA Withholding with respect to such distribution that is attributable to gain from our sale or exchange of United States real property interests, provided that our common stock continues to be regularly traded on an established securities market in the United States. Instead, any such distributions made to such non-U.S. stockholder will be subject to the general withholding rules discussed above, which generally impose a withholding tax equal to 30% of the gross amount of each distribution (unless reduced by treaty).

Dispositions

If the gain on the sale of the common stock were taxed under FIRPTA, a non-U.S. stockholder would be taxed on that gain in the same manner as U.S. stockholders with respect to that gain, subject to applicable alternative minimum tax, and a special alternative minimum tax in the case of nonresident alien individuals. A non-U.S. stockholder generally will not incur tax under FIRPTA on a sale or other disposition of our stock if we are a domestically controlled qualified investment entity, which means that, during the shorter of the period since our formation and the five-year period ending on the date of the distribution or dispositions, non-U.S. stockholders hold, directly or indirectly, less than 50% in value of our stock. We cannot assure you that we will be a domestically controlled qualified investment entity. However, the gain from a sale of our common stock by a non-U.S. stockholder will not be subject to tax under FIRPTA if (i) our common stock is considered regularly traded under applicable Treasury Regulations on an established securities market, such as the New York Stock Exchange, and (ii) the non-U.S. stockholder owned, actually or constructively, 5% or less of our common stock at all times during a specified testing period. Since the completion of our initial public offering, we believe our common stock has been regularly traded on an established securities market. Accordingly, a non-U.S. stockholder should not incur tax under FIRPTA with respect to gain on a sale of our common stock unless it owns, actually or constructively, more than 5% of our common stock provided that our common stock continues to be regularly traded on an established securities market.

In addition, even if we are a domestically controlled qualified investment entity, upon a disposition of our common stock, a non-U.S. stockholder may be treated as having gain from the sale or exchange of a United States real property interest if the non-U.S. stockholder (i) disposes of an interest in our common stock during the 30-day period preceding the ex-dividend date of a distribution, any portion of which, but for the disposition, would have been treated as gain from sale or exchange of a United States real property interest and (ii) directly or indirectly acquires, enters into a contract or option to acquire, or is deemed to acquire, other shares of our common stock within 30 days before or after

such ex-dividend date. The foregoing rule does not apply if the exception described above for distributions to 5% or smaller holders of regularly traded classes of stock is satisfied.

Furthermore, a non-U.S. stockholder generally will incur tax on gain not subject to FIRPTA if (i) the gain is effectively connected with the non-U.S. stockholder's U.S. trade or business, in which case the non-U.S. stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain, or (ii) the non-U.S. stockholder

is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a tax home in the United States, in which case the non-U.S. stockholder will incur a 30% tax on his or her capital gains.

Purchasers of our stock from a non-U.S. stockholder generally will be required to withhold and remit to the IRS 10% of the purchase price unless at the time of purchase (i) any class of our stock is regularly traded on an established securities market in the United States (subject to certain limits if the shares sold are not themselves part of such a regularly traded class) or (ii) we are a domestically controlled qualified investment entity. The non-U.S. stockholder may receive a credit against its tax liability for the amount withheld.

Legislative or other actions affecting REITs

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. No assurance can be given as to whether, when, or in what form, the U.S. federal income tax laws applicable to us and our stockholders may be enacted. Changes to the federal tax laws and interpretations of federal tax laws could adversely affect an investment in our common stock.

UNDERWRITING

Subject to the terms and conditions contained in an underwriting agreement among us, DiamondRock Hospitality Limited Partnership and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wachovia Capital Markets, LLC, as representatives of the several other underwriters listed on Schedule A thereto, we have agreed to sell to the underwriters, and the underwriters have agreed to purchase from us, the number of shares of our common stock shown opposite their names below:

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated Wachovia Capital Markets, LLC	
Total	

The underwriters have agreed to purchase all of the shares sold under the underwriting agreement if any of those shares are purchased, other than those shares covered by the over-allotment option described below.

We have agreed to indemnify the underwriters and their respective controlling persons against specified liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by counsel and other conditions. The underwriters reserve the right to withdraw, cancel or modify this offer and to reject orders in whole or in part.

Commissions and Discounts

The underwriters have advised us that they propose initially to offer the shares to the public at the public offering price appearing on the cover page of this prospectus supplement, and to dealers at that price less a concession not in excess of \$ per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of \$ per share to other dealers. After this offering, the public offering price may be changed. Sales of shares made outside of the United States may be made by affiliates of the underwriters.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. This information assumes either no exercise or full exercise by the underwriters of the over-allotment option.

	Per Share	Without Option	With Option
Public offering price	\$	\$	\$
Underwriting discount	\$	\$	\$

No Sales of Similar Securities

We and each of our directors and executive officers have agreed not to sell or transfer any common stock, with limited exceptions, for 90 days after the date of this prospectus supplement without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated. Specifically, we and each of our directors and executive officers have agreed, subject to certain exceptions, not to, directly or indirectly:

offer, pledge, sell or contract to sell any common stock;

sell any option or contract to purchase any common stock;

purchase any option or contract to sell any common stock;

grant any option, right or warrant for the sale of any common stock;

lend or otherwise dispose of or transfer any common stock;

enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any common stock, whether any such swap or transaction is to be settled by delivery of common stock or other securities, in cash or otherwise; or

file with the Securities and Exchange Commission, or SEC, a registration statement under the Securities Act relating to any additional shares of common stock.

This lockup provision applies to common stock and to securities convertible into or exchangeable or exercisable for common stock. The lockup applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

In the event that we notify the underwriters in writing that we do not intend to proceed with this offering, if the underwriting agreement does not become effective, or if the underwriting agreement is terminated prior to payment for and delivery of our common stock, the lockup provisions will be released.

New York Stock Exchange Listing

Our common stock is listed on the New York Stock Exchange under the symbol DRH.

Price Stabilization and Short Positions

Until the distribution of the shares is completed, SEC rules may limit the ability of the underwriters to bid for or purchase our common stock. However, the underwriters may engage in transactions that stabilize the price of our common stock, such as bids or purchases to peg, fix or maintain that price.

If the underwriters create a short position in the common stock in connection with the offering, i.e., if they sell more shares than are listed on the cover of this prospectus supplement, the underwriters may reduce that short position by purchasing shares in the open market. The underwriters may also elect to reduce any short position by exercising all or part of the over-allotment option described above. Purchases of the common stock to stabilize its price or to reduce a short position may cause the price of the common stock to be higher than it might be in the absence of those purchases.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor the underwriters make any representation that the underwriters will engage in those transactions or that those transactions, once commenced, will not be discontinued without notice.

Electronic Offer, Sale and Distribution of Securities

In connection with the offering, the underwriters or securities dealers may distribute this prospectus supplement and the accompanying prospectus by electronic means, such as e-mail. In addition, the underwriters will be facilitating Internet distribution for this offering to certain of their Internet subscription customers. The underwriters may agree with us to allocate a limited number of shares for sale to their online brokerage customers. An

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electronic prospectus supplement and the accompanying prospectus is available on the Internet website maintained by the underwriters for their subscription customers. Other than the prospectus supplement and accompanying prospectus in electronic format, the information on websites is not part of this prospectus supplement or the accompanying prospectus.

Compliance with Non-U.S. Laws and Regulations

The underwriters intend to comply with all applicable laws and regulations in each jurisdiction in which they acquire, offer, sell or deliver shares of our common stock or have in their possession or distribute this prospectus supplement or the accompanying prospectus.

Other Relationships

The underwriters and their respective affiliates have engaged in, and may in the future engage in, investment banking, commercial banking and other commercial dealings in the ordinary course of business with us and our affiliates, for which they have received and may continue to receive customary fees and commissions. Affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wachovia Capital Markets, LLC act as lenders and/or as agents under our credit facility and may receive a portion of the proceeds from this offering. Further, affiliates of Wachovia Capital Markets, LLC act as lenders under our mortgage secured by the Bethesda Marriott Suites.

NOTICES TO INVESTORS

No Public Offering Outside the United States

No action has been or will be taken in any jurisdiction (except in the United States) that would permit a public offering of the common stock, or the possession, circulation or distribution of this prospectus supplement, the accompanying prospectus or any other material relating to the company or the common stock in any jurisdiction where action for that purpose is required. Accordingly, the common stock may not be offered or sold, directly or indirectly, and neither this prospectus supplement, the accompanying prospectus nor any other offering material or advertisements in connection with the common stock may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or a solicitation of an offer to buy in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this prospectus supplement and the accompanying prospectus come are advised to inform themselves about and to observe any restrictions relating to this offering, the distribution of this prospectus supplement and the accompanying prospectus and resale of the common stock.

Each of the underwriters may arrange to sell common shares offered hereby in certain jurisdictions outside the United States, either directly or through affiliates, where they are permitted to do so. In that regard, Wachovia Capital Markets, LLC may arrange to sell common shares in certain jurisdictions through an affiliate, Wachovia Securities International Limited, or WSIL. WSIL is a wholly-owned indirect subsidiary of Wells Fargo & Company and an affiliate of Wachovia Capital Markets, LLC. WSIL is a U.K. incorporated investment firm regulated by the Financial Services Authority. Wachovia Securities is the trade name for certain corporate and investment banking services of Wells Fargo & Company and its affiliates, including Wachovia Capital Markets, LLC and WSIL.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, as defined below (each, a Relevant Member State), from and including the date on which the Prospectus Directive is

implemented in that Relevant Member State (the Relevant Implementation Date) an offer of securities described in this prospectus supplement may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that

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it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts; or
- (c) by the underwriters to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the underwriters for any such offer; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of common stock shall result in a requirement for the publication by the Company or the underwriters of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression offer of securities to the public in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

This prospectus supplement is only being distributed to and is directed only at (i) persons who are outside the United Kingdom, (ii) persons in the United Kingdom who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the Order), (iii) high net worth bodies corporate, unincorporated associates and partnerships and trustees of high valued trusts, as described in Article 49(2)(a) to (d) of the Order or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as Relevant Persons). This prospectus supplement is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Without limitation to the other restrictions referred to herein, any investment or investment activity to which this prospectus supplement relates is available only to and will be engaged in only with, Relevant Persons, and persons within the United Kingdom other than Relevant Persons who receive this communication should not rely or act upon this communication.

This prospectus supplement and its contents are confidential and may not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom.

France

The prospectus supplement and the accompanying prospectus (including any amendment, supplement or replacement thereto) have not been prepared in connection with the offering of our securities that has been approved by the Autorité des marchés financiers or by the competent authority of another State that is a contracting party to the

Agreement on the European Economic Area and notified to the Autorité des marchés financiers; no security have been offered or sold and will be offered or sold, directly or indirectly, to the public in France except to permitted investors, or Permitted Investors, consisting of persons licensed to provide the investment service of portfolio management for the account of third parties, qualified investors (investisseurs qualifiés) acting for their own account and/or corporate investors meeting one of the four criteria provided in article D.341-1 of the French Code Monétaire et Financier and belonging to a limited circle of investors (cercle restreint d investisseurs) acting for their own account, with qualified investors and limited circle of investors having the meaning ascribed to

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them in Article L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code Monétaire et Financier; none of this prospectus supplement and the accompanying prospectus or any other materials related to the offer or information contained therein relating to our securities has been released, issued or distributed to the public in France except to Permitted Investors; and the direct or indirect resale to the public in France of any securities acquired by any Permitted Investors may be made only as provided by articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Code Monétaire et Financier and applicable regulations thereunder.

Switzerland

Our securities may not and will not be publicly offered, distributed or re-distributed on a professional basis in or from Switzerland, and neither this prospectus supplement nor the accompanying prospectus nor any other solicitation for investments in our securities may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of articles 652a or 1156 of the Swiss Federal Code of Obligations or of Article 2 of the Federal Act on Investment Funds of March 18, 1994.

This prospectus supplement and the accompanying prospectus may not be copied, reproduced, distributed or passed on to others without the underwriters' prior written consent. This prospectus supplement and the accompanying prospectus are not a prospectus within the meaning of Articles 1156 and 652a of the Swiss Code of Obligations or a listing prospectus according to article 32 of the Listing Rules of the Swiss exchange and may not comply with the information standards required thereunder. We will not apply for a listing of our securities on any Swiss stock exchange or other Swiss regulated market and this prospectus supplement and the accompanying prospectus may not comply with the information required under the relevant listing rules. The securities have not been and will not be approved by any Swiss regulatory authority. The securities have not been and will not be registered with or supervised by the Swiss Federal Banking Commission, and have not been and will not be authorized under the Federal Act on Investment Funds of March 18, 1994. The investor protection afforded to acquirers of investment fund certificates by the Federal Act on Investment Funds of March 18, 1994 does not extend to acquirers of our securities.

LEGAL MATTERS

Certain legal matters will be passed upon for us by Goodwin Procter LLP and for the underwriters by Hunton & Williams LLP.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. Our SEC filing number is 001-32514. You may read and copy any document we file with the SEC at the SEC's public reference room at 100 F Street, N.E. Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC at <http://www.sec.gov>. You can inspect reports and other information we file at the offices of the NYSE, 20 Broad Street, New York, New York 10005. In addition, we maintain a website that contains information about us at www.drhc.com. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus supplement or any other report or documents we file with or furnish to the SEC.

We have filed with the SEC a registration statement on Form S-3 (File No. 333-157753), of which this prospectus supplement is a part, including exhibits, schedules and amendments filed with, or incorporated by reference in, this registration statement, under the Securities Act, with respect to the shares of our common stock registered hereby. This prospectus supplement does not contain all of the information set forth in the registration statement and exhibits

and schedules to the registration statement. For further information with respect to our company and the shares of our common stock registered hereby, reference is made to the registration statement, including the exhibits to the registration statement. Statements contained in this prospectus supplement as to the contents of any contract or other document referred to in, or incorporated by reference in, this prospectus

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supplement are not necessarily complete and, where that contract is an exhibit to the registration statement, each statement is qualified in all respects by the exhibit to which the reference relates. Copies of the registration statement, including the exhibits and schedules to the registration statement, may be examined at the SEC's public reference rooms at 100 F Street, N.E. Room 1580, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Copies of all or a portion of the registration statement can be obtained from the public reference room of the SEC upon payment of prescribed fees. This registration statement is also available to you on the SEC's web site, <http://www.sec.gov>.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference in this prospectus supplement certain information we file with the SEC, which means that we may disclose important information in this prospectus supplement by referring you to the document that contains the information. The information incorporated by reference is considered to be a part of this prospectus supplement, and the information we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below that we filed with the SEC:

our Annual Report on Form 10-K for the year ended December 31, 2008;

our Definitive Proxy Statement on Schedule 14A dated March 3, 2009, as amended on March 6, 2009;

the description of our common stock, par value \$0.01 per share, contained in our Registration Statement on Form 8-A filed on May 25, 2005 (file number 001-32514); and

all documents filed by us with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the termination of this offering.

You may request a copy of these documents, and any exhibits we have specifically incorporated by reference as an exhibit in this prospectus supplement, at no cost by writing us at the following address or calling us at the telephone number listed below:

DiamondRock Hospitality Company
6903 Rockledge Drive, Suite 800
Bethesda, MD 20817
Attention: Investor Relations
(240) 744-1150

Readers should rely on the information provided or incorporated by reference in this prospectus supplement. Readers should not assume that the information in this prospectus supplement is accurate as of any date other than the date on the front cover of the document.

Prospectus

Common Stock, Preferred Stock, Depositary Shares and Warrants

Under this prospectus, we may offer, from time to time, in one or more series or classes, the following securities:

shares of our common stock;

shares of our preferred stock;

depositary shares representing shares of our preferred stock; and

warrants exercisable for our common stock, preferred stock or depositary shares representing preferred stock.

We refer to our common stock, preferred stock, depositary shares and warrants collectively as the securities.

We may offer the securities separately or together, in separate series or classes and in amounts, at prices and on terms described in one or more supplements to this prospectus. The applicable prospectus supplement also will contain information, where applicable, about U.S. federal income tax considerations relating to, and any listing on a securities exchange of, the securities covered by the prospectus supplement.

We may offer the securities directly to investors, through agents designated from time to time by them or us, or to or through underwriters or dealers. For more detailed information, see **Plan of Distribution** beginning on page 33. No securities may be sold without delivery of a prospectus supplement describing the method and terms of the offering of those securities.

Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol DRH.

You should read this entire prospectus, the documents that are incorporated by reference in this prospectus and any prospectus supplement carefully before you invest in any of these securities.

Investing in our securities involves risks. See **Risk Factors on page 1 for risks relating to an investment in our securities.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated March 6, 2009

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You should rely only on the information provided or incorporated by reference in this prospectus or any applicable prospectus supplement. We have not authorized anyone to provide you with different or additional information. We are not making an offer to sell these securities in any jurisdiction where the offer or sale of these securities is not permitted. You should not assume that the information appearing in this prospectus or any applicable prospectus supplement or the documents incorporated by reference herein or therein is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

References in this prospectus to we, our, us and our company refer to DiamondRock Hospitality Company, including as the context requires, DiamondRock Hospitality Limited Partnership, our operating partnership, as well as our other direct and indirect subsidiaries, including our existing taxable REIT subsidiaries.

OUR COMPANY

We are a lodging focused real estate company. We are committed to maximizing stockholder value through investing in premium full-service hotels and, to a lesser extent, premium urban select-service hotels located throughout the United States. We believe we have been organized and have operated in a manner that allows us to qualify for taxation as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Code, commencing with our taxable year ended December 31, 2005.

Our Structure

We were formed as a Maryland corporation in May 2004. We conduct our business through a traditional umbrella partnership REIT, or UPREIT, in which our hotel properties are owned by DiamondRock Hospitality Limited Partnership, our operating partnership, limited partnerships, limited liability companies or other subsidiaries of our operating partnership. We are the sole general partner of our operating partnership and currently own, either directly or indirectly, all of the limited partnership units of our operating partnership. In the future, we may issue limited partnership units to third parties from time to time in connection with acquisitions of hotel properties. In order for the income from our hotel property investments to constitute rents from real properties for purposes of the gross income tests required for REIT qualification, the income we earn cannot be derived from the operation of any of our hotels. Therefore, we lease each of our hotel properties to a wholly-owned subsidiary of Bloodstone TRS, Inc., a taxable REIT subsidiary, or TRS, except for the Frenchman's Reef & Morning Star Marriott Beach Resort, which is owned by a Virgin Islands corporation that we have elected to be treated as a TRS. As a result, we do not utilize a lease structure for that hotel. We refer to these subsidiaries of Bloodstone TRS, Inc. as our TRS lessees. We may form additional TRSs and TRS lessees in the future.

Our Principal Office

Our corporate headquarters is located at 6903 Rockledge Drive, Suite 800, Bethesda, MD 20817. Our telephone number is (240) 744-1150. Our Internet address is <http://www.drhc.com>. The information found on or accessible through our website is not incorporated into and does not constitute a part of this prospectus or any other report or document we file with or furnish to the Securities and Exchange Commission, or SEC.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC utilizing a shelf registration process. This prospectus provides you with a general description of the offered securities. Each time we sell any of the offered securities we will provide a prospectus supplement and attach it to this prospectus. The prospectus supplement will contain specific information about the method and terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and a prospectus supplement, you should rely on the information in that prospectus supplement. You should read both this prospectus and the applicable prospectus supplement, together with any additional information described under the heading Where You Can Find More Information.

RISK FACTORS

Investment in any securities offered pursuant to this prospectus involves risks. You should carefully consider the risk factors incorporated by reference to our most recent Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q and the other information contained in this prospectus, as updated by our subsequent filings

under the Exchange Act, and the risk factors and other information contained in the applicable prospectus supplement before acquiring any of such securities. The occurrence of any of these risks might cause you to lose all or part of your investment in the offered securities. Please also refer to the section below entitled Forward-Looking Statements.

FORWARD-LOOKING STATEMENTS

We make statements in this prospectus that are forward-looking statements within the meaning of the federal securities laws. In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated market condition and demographics are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as believe, expect, may, will, should, seek, approximately, intend, anticipate or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans, market statistics or intentions.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise and we may not be able to realize them. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

financing risks, including the risk of over leverage and the corresponding risk of default on our mortgage loans and other debt and potential inability to refinance existing indebtedness;

adverse economic or real estate developments in our markets;

national and local economic, business, real estate and other market conditions;

the degree and nature of our competition;

increased interest rates and operating costs;

difficulties in identifying properties to acquire;

difficulties in completing acquisitions;

availability of and our ability to retain qualified personnel;

our failure to maintain our status as a REIT for federal income tax purposes;

changes in our business or investment strategy;

availability, terms and deployment of capital;

general volatility of the capital markets and the market price of our common stock;

environmental uncertainties and risks related to natural disasters;

changes in real estate and zoning laws and increases in real property tax rates; and

the other risk factors identified in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, as well as in our other reports we file from time to time with the SEC.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. You should carefully consider this risk when you make an investment decision concerning our common stock. Except to the extent required by applicable law, we do not intend and disclaim any obligation to publicly update or revise any forward-looking statement or the Risk Factors to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the section above entitled Risk Factors.

USE OF PROCEEDS

Unless otherwise described in the applicable prospectus supplement to this prospectus used to offer specific securities, we intend to use the net proceeds from the sale of securities under this prospectus for general corporate purposes, which may include acquisitions of additional properties as suitable opportunities arise, the repayment of

outstanding indebtedness, capital expenditures, the expansion, redevelopment and/or improvement of properties in our portfolio, working capital and other general purposes. Pending application of cash proceeds, we may use the net proceeds to temporarily reduce borrowings under our revolving credit facility or we will invest the net proceeds in interest-bearing accounts and short-term, interest-bearing securities which are consistent with our intention to qualify as a REIT for federal income tax purposes. Further details regarding the use of the net proceeds of a specific series or class of the securities will be set forth in the applicable prospectus supplement.

RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED DIVIDENDS

The following table sets forth the ratio of earnings to combined fixed charges and preferred dividends for the periods indicated below (in thousands).

	Year Ended December 31 2008	Year Ended December 31 2007	Year Ended December 31 2006
Continuing Operations Before Income Taxes	\$ 43,533	\$ 68,161	\$ 37,453
Realized Interest	53,698	54,514	40,168
	166	159	77
	(259)	(50)	(604)
	\$ 97,158	\$ 122,784	\$ 77,094
Income Before Interest	\$ 50,404	\$ 51,445	\$ 36,934
	3,035	3,019	2,630
	259	50	604
	53,698	54,514	40,168
Fixed Charges	\$ 53,698	\$ 54,514	\$ 40,168

Combined Fixed Charges totaling \$95.1 million consisting of termination fees of \$2.9 million in connection with the early retirement of long-term debt, charges of \$77.1 million in connection with the restructuring of the Company's operations and write-downs of \$15.1 million of value of cell site equipment. Excluding these items, the ratio of earnings to fixed charges and preferred dividends both would have been 1.0x. Income before taxes for 2008 included pretax gains totaling \$1,943.5 million and a pretax gain of \$1,345.5 million from the exchange of wireless properties with Bell Atlantic and a pretax gain of \$36.0 million from the sale of certain PCS assets and a pretax gain of \$562.0 million from the sale of certain PCS assets.

of 4 investments, principally consisting of WorldCom common stock. Income before pretax charges totaling \$51.9 million consisting of a \$15.0 million write-down of an asset and other charges of \$25.4 million incurred in connection with the acquisition of certain restructuring activities of the Company's information services business and a charge incurred in connection with a litigation settlement. Excluding these items, the ratio of earnings to combined fixed charges would have been 4.85 for 2000 and the ratio of earnings to combined fixed charges and preferred stock dividends would have been 4.84 for 2000. (3) Income before taxes for 1999 included a charge of \$5 million from the sale of WorldCom common stock. Income before taxes also included a charge of \$5 million in connection with the closing of the Company's mergers with Aliant Communications International, Liberty Cellular Inc., Advanced Information Resources Limited, and Southern Data Services. Excluding these items, the ratio of earnings to combined fixed charges would have been 4.95 for 1999 and the ratio of earnings to combined fixed charges and preferred stock dividends would have been 4.93 for 1999. (4) Income before taxes for 1998 included a charge of \$296.2 million, principally from the sale of WorldCom common stock. Income before taxes also included pretax charges totaling \$310.5 million consisting of merger and integration charges of \$100 million incurred in connection with the closing of the Company's merger with 360 Communications Company, a write-down of \$55.0 million resulting from changes in a customer care and support program, and a major customer and termination fees of \$3.5 million incurred due to the early termination of a term debt. Excluding these items, the ratio of earnings to fixed charges would have been 4.95 for 1998 and the ratio of earnings to combined fixed charges and preferred stock dividends would have been 4.93 for 1998. (5) Income before taxes for 1997 included pretax gains of \$209.6 million, principally from the sale of WorldCom common stock and the Company's healthcare operations. Income before taxes also included a charge of \$16.9 million to reflect the fair value less cost to sell the Company's operations. Excluding these items, the ratio of earnings to fixed charges would have been 4.95 for 1997 and the ratio of earnings to combined fixed charges and preferred stock dividends would have been 4.93 for 1997.

DESCRIPTION OF DEBT SECURITIES The following description sets forth certain provisions of the debt securities to which any prospectus supplement may relate. A prospectus supplement will describe the particular terms and provisions of, and the extent to which the provisions described below may apply to, a series of debt securities. ALLTEL will issue debt securities under an indenture as supplemented and amended from time to time between ALLTEL and the Trustee Company, National Association, which acts as trustee. The indenture and its supplements contain the full legal text of the matters described in this section. Because this section does not describe every aspect of the securities, and it is subject to and qualified in its entirety by the terms of all of the provisions of the indenture, including the definition of certain terms used in this section, we include references in parentheses to certain sections of the indenture. **GENERAL** The indenture does not limit the amount of debt securities that we may issue; . allows us to issue debt securities in one or more series; . does not require us to issue all of the debt securities of a series at the same time; . allows us to reopen a series to issue additional debt securities without the consent of the debt holders of that series. Each series of debt securities will constitute unsecured and unsubordinated debt securities of ALLTEL and will rank on an equal basis with ALLTEL's other unsecured and unsubordinated debt securities. Any secured indebtedness of ALLTEL will rank ahead of the debt securities. We operate our operations primarily through our subsidiaries and substantially all of our consolidated assets are located in our subsidiaries. Accordingly, our cash flow and our ability to meet our obligations under the indenture will be largely dependent on the earnings of our subsidiaries and the distribution or payment of these earnings to us in the form of dividends or loans or advances and repayment of loans to us. Our subsidiaries are separate and distinct legal entities and have no obligation to make any payments which will be due on our debt securities, or to make any funds available for payment of the principal or interest due on our debt securities. Because we are a holding company, our obligations under the indenture will be effectively subordinated to all existing and future liabilities of our subsidiaries. We will not, and the rights of our creditors, including the rights of the holders of the debt securities, will not, participate in any distribution of assets of any of our subsidiaries, when such subsidiary is

ized, is subject to the prior claims of the subsidiary's creditors. To the extent that we have recognized claims against our subsidiaries, our claims will still be effectively secured by a security interest in, or mortgages or other liens on, the assets of the subsidiary that are described in the prospectus supplement for the terms of the particular series of debt securities being offered, including: . the title of the debt securities of the series; . the principal amount of the debt securities being offered and any limit upon the aggregate principal amount; . the date or dates when the principal will be payable; . the price or prices at which the debt securities will be issued; 6 . the interest rate or rates of the debt securities, or manner of calculation, if any, at which the debt securities will bear interest, the date or dates from which any such interest will accrue and on which the interest will be payable, and, with respect to securities of the series in registered form, the amount of interest payable on any interest payment date; . whether the amount of payments of interest, premium or make-whole amount, which is the amount in addition to principal and interest, is to be paid to the holder of a debt security as a result of any optional redemption or acceleration of such debt security, or interest on, the debt securities may be determined according to the terms of the prospectus supplement or other method and how such amounts will be determined; . the date or dates on which the principal or interest is to be payable; . any redemption, defeasance, sinking fund, or analogous provisions; . if other than the principal amount thereof, the portion of the principal that will be payable upon declaration of acceleration of the maturity thereof; . whether the debt securities of the series in registered or bearer form, or both; . the terms upon which the securities may be exchanged for securities in registered form and vice versa; . whether the debt securities are to be issued in the form of one or more "global securities" through the book-entry system of the Depository Trust Company, New York, New York; . whether and under what circumstances ALLTEL will pay additional amounts on the debt securities of the series held by a person who is not a U.S. person in connection with similar charges withheld or deducted and, if so, whether ALLTEL will have the option to pay such amounts rather than pay such additional amounts; . the denominations of the debt securities, which will be in \$1,000 or an integral multiple of \$1,000; . whether the debt securities will be convertible into any other securities and the terms and conditions upon which a conversion may occur, including the initial conversion or exchange price or rate, the conversion period and any other additional provisions; . the currency in which we will make payments, and, if a foreign currency, the manner of conversion from United States dollars; . any, of covenant defeasance provisions described in this prospectus or in the indenture; . any, of provisions or other special terms not inconsistent with the provisions of the indenture, that may be required by or advisable under United States law or regulations or in connection with the marketing of debt securities of such series. To the extent not described in this prospectus supplement, the principal and interest, if any, will be payable, and the debt securities of a particular series will be issued in the manner described in the prospectus supplement relating to such series. Debt securities may be issued as registered securities or bearer securities, or both. In this prospectus supplement we refer to the person in whose name a registered security is registered and to the holder of a bearer security as a "holder." A registered security is a security registered in the name of the issuer or its agents of record with the registrar. A global security is a registered security representing the debt of the issuer in the name of a depository. Unless otherwise provided in the applicable prospectus supplement, we will issue each series of debt securities in the form of one or more global securities that will be deposited with, or on behalf of, The Depository Trust Company, as depository. We will not offer, or sell, bearer securities to U.S. persons in connection with their original issuance. If the prospectus supplement will describe federal income tax consequences applicable to a series of debt securities, GLOBAL SECURITIES The debt securities of a series may be issued in whole or in part in the form of one or more global securities that will be deposited with, or on behalf of, a depository in connection with the marketing of such securities. Global securities, if any, are expected to be deposited with, or on behalf of, The Depository Trust Company, as depository. ALLTEL may issue global securities in either registered or bearer form and in either temporary or permanent form. Unless the applicable prospectus supplement provides otherwise, the following provisions will apply to depository arrangements.

y is issued, the depository for such global security or its nominee will credit on its on and transfer system the respective principal amounts of the individual debt l by such global security to the accounts of participants that have accounts with such ounts shall be designated by the underwriters, dealers or agents with respect to such ALLTEL if the debt securities are offered directly. Ownership of beneficial interests in will be limited to participants with the depository or persons that may hold interests pants. Ownership of beneficial interests in any global security will be shown on, and wnership will be effected only through, records maintained by the depository or its t to beneficial interests of participants with the depository) and records of participants icial interests of persons who hold through participants with the depository). Neither stee will have any responsibility or liability for any aspect of the records of the inee or for maintaining, supervising or reviewing any records of the depository or its f participants relating to beneficial ownership interests in the debt securities. The laws e that certain purchasers of securities take physical delivery of such securities in laws, as well as limits on participation in the depository's book-entry system, may own, pledge or transfer beneficial interest in a global security. So long as the al security or its nominee is the registered owner of such global security, the depository case may be, will be considered the sole owner or holder of the debt securities obal security for all purposes under the indenture. Accordingly, except as described in ctus supplement, owners of beneficial interest in a global security will not be entitled ividual debt securities represented by such global security registered in their names, entitled to receive physical delivery of any such debt securities in definitive form and l the owners or holders thereof under the indenture. Each person owning a beneficial urrency must rely on the procedures of the depository or its nominee and, if such person ith the depository, on the procedures of the participant through which such person exercise any rights of a holder under the indenture. Payments of principal of, and any hole amount) and interest on, individual debt securities represented by a global the name of a depository or its nominee will be made to or at the direction of the inee, as the case may be, as the registered owner of the global security under the expects that the depository for a series of debt securities, or its nominee, upon receipt incipal, premium or interest, will immediately credit the accounts of relevant h payments, in amounts proportionate to their respective holdings of beneficial nt global security as shown on the records of the depository or its nominee. ALLTEL yments by participants to owners of beneficial interests in such global security held ants will be governed by standing instructions and customary practices, as is the case or the account of customers in bearer form or registered in street name, and will be the participants. Neither ALLTEL nor the trustee have or will have any responsibility or ent of such amounts to beneficial owners of debt securities including principal, any hole amount) or interest. If the depository for any debt securities is at any time neligible to continue as depository and ALLTEL does not appoint a successor days, ALLTEL will issue individual debt securities in exchange for the global security bt securities. In addition, ALLTEL may at any time and in its sole discretion, subject cribed in the prospectus supplement relating to such debt securities, determine not to t securities represented by one or more global securities and in such event will issue ities in exchange for the global security or securities representing such debt securities. t at any time ALLTEL subjects any part of its property to a lien, ALLTEL will ortionate security to the debt securities. Exceptions to this covenant include the renewal or refunding of purchase-money mortgages or liens, or other liens to which any uired by ALLTEL is subject as of the date of its acquisition by ALLTEL, and the t or pledge to secure public or statutory obligations. Nothing contained in the n affiliate of ALLTEL, including any or all subsidiaries of ALLTEL holding

assets of ALLTEL and its consolidated subsidiaries, from mortgaging, pledging, or any property or assets, whether or not acquired by such person from ALLTEL. As described in this section, the indenture does not contain any covenants or other provisions that would afford holders protection in the event of a highly leveraged transaction involving ALLTEL. SUBJECT TO CERTAIN EXCEPTIONS, ALLTEL and the trustee may amend or supplement the indenture or the debt securities with the consent of the holders of a majority in principal amount of the outstanding debt securities of each series affected by the amendment or supplement, with each series voting as a class. The trustee may waive compliance with any provision with the consent of the holders of a majority in principal amount of the outstanding debt securities of each series, with each series voting as a class. Without the consent of each holder affected, any waiver may not: . reduce the amount of debt securities whose holders must consent to the waiver; . change the rate of or change the time of payment of interest on any debt security; . change the principal of or change the fixed maturity of any debt security; . waive a default in the payment of principal or interest on any debt security; . make any security payable in money other than the currency of the debt security; . reduce any premium payable upon redemption of any debt security; . institute suit for the enforcement of any payment on or with respect to any debt security.

2.) ALLTEL and the trustee may amend or supplement the indenture without the consent of the holders of a majority in principal amount of the outstanding debt securities; 9 . provide for the assumption of all the obligations of ALLTEL under the securities of any corporation in connection with a merger, consolidation, transfer, or lease of all or substantially all of the property and assets substantially as an entirety, as provided for in the indenture; . secure the indenture for uncertificated securities in addition to or in place of certificated debt securities; . change that does not adversely affect the rights of any holder; . provide for the establishment of the form and terms and conditions of, a series of debt securities or to establish the provisions required to be furnished pursuant to the terms of the indenture or any series of debt securities; . provide for the rights of holders. (Section 9.01.)

CONSOLIDATION, MERGER AND TRANSFER

ALLTEL may not consolidate with or merge into, or transfer or lease its property and assets to another entity unless: . the successor entity is a U.S. corporation and ALLTEL remains a U.S. corporation; . the successor entity assumes ALLTEL's obligations under the debt securities and the indenture; and . after giving effect to the transaction, ALLTEL is not in default under the indenture and no event of default under the indenture shall have occurred and be continuing. If ALLTEL is in default under the indenture as described in the previous sentence (other than a lease), ALLTEL's obligations under the debt securities and the indenture terminate after the transaction is completed. (Section 5.01.)

DEPOSITARY OR GOVERNMENT OBLIGATIONS TO PAY SECURITIES

ALLTEL has the obligation to pay the principal of and interest on the debt securities and the indenture with respect to the debt securities of any series or any installment of principal of or interest on that series if ALLTEL: . fails to pay the principal of or interest on the debt securities of that series, with the trustee, in trust for the benefit of the holders of that series or portions thereof, when due, with the principal of and interest on the debt securities of that series, with the trustee, in trust for the benefit of the holders of that series or portions thereof, as the case may be; or the obligations of the United States of America sufficient to pay, when due, principal of and interest on the debt securities with respect to which a deposit is made to maturity; or redemption or principal of or interest, as the case may be; and . all other conditions set forth in the indenture are met. In such event, however, ALLTEL's obligation to pay the principal of and interest on the debt securities shall survive until the securities are no longer outstanding. (Section 8.01; 9.01.)

EFFECTS OF DEFAULT

Holders will have special rights if an event of default occurs and is continuing. Events of default are defined in the indenture as events of default: . default in the payment of principal or interest on any security of such series; . failure by ALLTEL to pay the principal of or interest on any security of such series following sufficient notice to comply with any of its other agreements in the debt securities or in the indenture; and . certain events of bankruptcy or insolvency. (Section 6.01.)

If an event of default occurs with respect to the debt securities of any series and is continuing, the trustee may declare the principal of and interest on at least 25% in principal amount of all of the outstanding debt securities of that series to be due and payable. Upon such declaration, such principal and all accrued interest shall be due and payable immediately. (Section 6.02.) Subject to the provisions in the indenture for the declaration of an event of default, the holders of at least a majority in aggregate principal amount of the

erities of each series affected may direct the time, method and place of conducting any
 remedy available to the trustee or exercising any trust or power conferred on the
 trustee. The trustee may refuse to follow any such direction that conflicts with law or the indenture, that is
 not in the rights of holders of that series or that would subject the trustee to personal
 liability. (Section 6.05.) A holder may pursue a remedy with respect to the indenture or the debt securities
 only if such holder has previously given to the trustee written notice of a continuing event of
 default with respect to the debt securities of such series; . the holders of at least 25% in aggregate principal
 amount of the debt securities of such series shall have made written request to the trustee to
 take such action; and such holder or holders have offered to the trustee indemnity reasonably satisfactory to
 the trustee for any loss, liability or expense to be, or which may be, incurred by the trustee in pursuing
 such action; and . during such 60-day period, the holders of a majority in aggregate principal
 amount of the debt securities of such series have not given the trustee a direction that is inconsistent
 with such request. A holder may not use the indenture to prejudice the rights of another holder or
 the trustee or priority over such other holder. (Section 6.06.) The trustee may refuse to perform
 any right or power unless it receives indemnity satisfactory to it against any loss,
 liability or expense to be, or which may be, incurred by the trustee in pursuing
 such action. (Section 7.01(f).) The trustee may withhold from holders notice of any continuing
 event of default in payment of principal or interest, if it determines that withholding notice is in
 the best interests of the holders. (Section 7.05.) EXCHANGE OF SECURITIES A holder of registered debt securities may
 exchange them for an equal aggregate principal amount of registered debt securities. (Section 2.08(a).) To
 the extent permitted by the terms of a series of debt securities authorized to be issued in registered form
 only, a holder of unregistered debt securities may exchange them for an equal aggregate
 amount of registered or unregistered debt securities. (Section 2.08(b).) A holder may not exchange
 registered debt securities for unregistered debt securities until ALLTEL has notified the trustee and the
 result of such exchange, ALLTEL will not suffer adverse consequences under United
 States laws. Any exchange of debt securities will be for debt securities of the same series
 and in such authorized denominations as the holder may request. Securities must be
 exchanged at the agency ALLTEL maintains for such purpose and all other requirements of
 law are to be fulfilled. CONCERNING THE TRUSTEE ALLTEL maintains banking relationships in
 connection with its business with the trustee. 11 DESCRIPTION OF CAPITAL STOCK The following
 description is given in its entirety by the Delaware General Corporation Law, the Amended and Restated
 Certificate of Incorporation of ALLTEL, as amended (the "ALLTEL Certificate") and ALLTEL's Rights
 Agreement (the "ALLTEL Certificate and Rights Agreement"). The ALLTEL Certificate and Rights Agreement are included as exhibits to
 this report on Form 10-K on file with the SEC. See "Where You Can Find More
 Information." GENERAL The authorized capital stock of ALLTEL consists of 1,000,000,000 shares of
 common stock, par value \$1 per share, 50,000,000 shares of voting cumulative preferred stock,
 50,000,000 shares of non-voting cumulative preferred stock (the "ALLTEL Voting Preferred Stock") and 50,000,000 shares of cumulative
 non-voting preferred stock, no par value (the "ALLTEL Non-Voting Preferred Stock"). ALLTEL
 COMMON STOCK AND RELATED RIGHTS The holders of the ALLTEL common stock have one vote
 per share. Such holders vote as a class together with the holders of the ALLTEL Voting Preferred Stock.
 All shares of ALLTEL common stock will participate equally with the holders of the ALLTEL Voting Preferred
 Stock in the payment of property remaining after payment of liquidation preferences on preferred stock and
 all other claims, on liquidation, dissolution or winding up of the affairs of ALLTEL. The holders of the
 ALLTEL common stock will participate equally in all dividends declared by the ALLTEL board. The outstanding
 shares of ALLTEL common stock are fully paid and non-assessable. The ALLTEL common stock has no
 cumulative voting rights and no redemption, sinking fund or conversion provisions. As of December 31,
 2013, there were 310,854,020 shares of ALLTEL common stock issued and outstanding. The ALLTEL
 Charter provides for a classified board consisting of three classes of directors with each class
 serving a term of three years. The number of directors in each class may be fixed or changed from
 time to time by (i) a majority of stockholders represented and entitled to vote at a meeting called for
 that purpose or (ii) the affirmative vote of the majority of directors then in office.

a Rights Agreement (the "Rights Agreement"), dated January 30, 1997 (the "Dividend Pursuant to which ALLTEL's board declared a dividend of one right ("Right") for each common stock outstanding on February 9, 1997 (the "Record Date") and for each share of common stock issued between the Record Date and the Distribution Date (defined below). The holder of a Right may purchase from ALLTEL, upon the occurrence of certain events, 1/1000 of a share of Series K Cumulative Voting Preferred Stock, par value \$25 per share (the "Series K Stock") for \$100.00 per 1/1000 of a share (the "Purchase Price"). The number of Rights per share of common stock, the number of shares of Series K Stock for which each Right is exercisable and the Purchase Price are subject to adjustment as described below. The certificates for the ALLTEL common stock shall be subject to the Rights Agreement. A separate certificate for each Right will be issued on the close of business on the date that is the earliest to occur of the following two events (the earlier of such dates being the "Distribution Date"): (1) the public announcement that any person (other than ALLTEL, any subsidiary of ALLTEL or any employee benefit plan of ALLTEL) together with its affiliates and associates (the "Acquiring Person"), beneficially owns 15% or more of ALLTEL common stock; or (2) the close of business on the tenth business day after any person commences a tender or exchange offer if upon consummation of such offer the Acquiring Person would beneficially own 15% or more of ALLTEL common stock. 12 The Rights Agreement provides that, until the Distribution Date, the Rights will only be transferred with the ALLTEL common stock. The Rights are not exercisable until the Distribution Date and will expire at the close of business on December 31, 2007 ("Final Expiration Date"), unless earlier redeemed by ALLTEL as described below. If an Acquiring Person acquires 15% or more of ALLTEL common stock (the "Stock Acquisition Date"), the holder of a Right shall have the right to purchase at the then current Purchase Price and terms a certain number of shares of ALLTEL common stock having a value equal to two times the Purchase Price. If an Acquiring Person acquires 15% or more of ALLTEL common stock pursuant to a tender offer, the holder of a Right shall have the right to purchase at a price and on terms determined by at least a majority of the Rights Agreement (defined below) to be in the best interest of ALLTEL and its shareholders (a "Qualifying Offer"). If a Qualifying Offer is made, then Rights holders shall not be entitled to exercise the Rights. The term "Rights Agreement" means: (a) any member of the ALLTEL board who is not an Acquiring Person, and who was a member of the ALLTEL board prior to the date of the Rights Agreement or (b) any person who subsequently becomes a member of the ALLTEL board if his or her election to the ALLTEL board is recommended or approved by a majority of the Continuing Directors. Except for certain transactions involving a Qualifying Offer, if an Acquiring Person acquires 15% or more of ALLTEL common stock on the Stock Acquisition Date either: (a) ALLTEL engages in a merger or other business combination in which ALLTEL does not survive, (b) ALLTEL engages in a merger or other business combination with another person in which ALLTEL survives, but in which ALLTEL is sold, sold, merged or exchanged, or (c) 50% or more of ALLTEL's assets, cash flow or earning power are sold, sold, merged or exchanged, the Rights Agreement provides that each holder of a Right will thereafter have the right to purchase at the then current Purchase Price, common stock of the acquiring company having a value equal to two times the Purchase Price. The Purchase Price payable, and the number of shares of common stock or other securities or property issuable, on exercise of the Rights, are subject to adjustment as described below to prevent dilution following stock dividends, subdivisions, combinations, mergers, acquisitions, reorganizations, reverse mergers, stock splits, stock grants or right grants or distributions. Also, if prior to the Distribution Date ALLTEL is sold, sold, merged or subdivided or combines into a smaller number the outstanding shares of ALLTEL common stock, the number of Rights associated with each share of ALLTEL common stock shall be adjusted in such a manner that the total number of outstanding Rights is unchanged. Until the Distribution Date, on the tenth business day following the Stock Acquisition Date, the ALLTEL board of directors may vote to redeem and terminate the Rights at a price of \$0.01 per Right (the "Right Redemption Price"). If the ALLTEL Board may, at its option, pay the Right Redemption Price in cash, ALLTEL may also pay the Right Redemption Price in any other form of consideration deemed appropriate by the ALLTEL Board. Until a Right holder has no rights as a shareholder of ALLTEL, including, the right to vote or to receive dividends, such Rights have no dilutive effect on the earnings of ALLTEL. Prior to the Distribution Date, the ALLTEL Board may amend the Rights Agreement without the approval of Rights holders.

ution Date, ALLTEL may amend the Rights Agreement without the approval of
cure any ambiguity; (b) correct or supplement any defective or inconsistent
ten or lengthen any required time period; or (d) change any provisions in the Rights
anner which does not adversely affect the interests of the Rights holders (other than an
owever, the Rights Agreement may not be amended to lengthen a time period relating
ay be redeemed if the Rights are not then redeemable, or to lengthen any other time
gthening is for the purpose of protecting the Rights holders. Additionally, after the
LTEL may not make any amendment to the Rights Agreement that changes the
rice, the Final Expiration Date, the Purchase Price or the number of 1/1000 of a share
which a Right is exercisable. The Rights have certain anti-takeover effects. The Rights
dilution to a person or a group that attempts to acquire ALLTEL without
r on: (a) the Rights being redeemed; (b) a substantial number of Rights being
g deemed a Qualifying Offer under the Rights Agreement. However, the Rights should
y merger or business combination in connection with a Qualifying Offer or that is
L. DELAWARE ANTI-TAKEOVER STATUTE Section 203 of the Delaware General
tricts business combinations with certain interested shareholders (defined under the
orporation Law to include persons who beneficially own or acquire 15% or more of a
a's voting stock, with the exception of any person who owned and has continued to own
e 15% limitation since December 23, 1987, hereinafter a "Section 203 Interested
on 203, which applies to ALLTEL, prohibits business combination transactions
ld Delaware corporation and any Section 203 Interested Shareholder for a period of
date on which the Section 203 Interested Shareholder became an interested
a) prior to that date the corporation's board of directors approved either the proposed
or the transaction which resulted in the Section 203 Interested Shareholder becoming
lder, (b) upon consummation of the transaction which resulted in the Section 203
er becoming an interested shareholder, the Section 203 Interested Shareholder owned
oting stock of the corporation outstanding at the time the transaction commenced,
es of determining the number of shares outstanding those shares owned (i) by persons
d also officers and (ii) by employee stock plans in which employee participants do not
rmine confidentially whether shares held subject to the plan will be tendered in a
ffer, or (c) on or subsequent to such date the business combination is approved by the
f directors and authorized at an annual or special meeting of shareholders, and not by
e affirmative vote of at least two-thirds of the outstanding voting stock which is not
203 Interested Shareholder. FAIR PRICE PROVISIONS In addition to the
203, the ALLTEL Certificate contains certain "fair price" provisions which impose
the consummation of business combination transactions ("Section 203 Business
ALLTEL Certificate requires the holders of at least 85% of the voting power of the
any class of stock of ALLTEL entitled to vote generally in the election of directors to
03 Business Combinations involving ALLTEL and a Section 203 Interested
a) after becoming a Section 203 Interested Shareholder, such person shall (i) have
the ALLTEL Continuing Directors (as defined below) maintain representation on the
ortionate to the stockholdings of the holders of ALLTEL voting stock not affiliated
Interested Shareholder, (ii) the Section 203 Interested Shareholder shall not have
d securities from ALLTEL (except in certain limited circumstances) and (iii) the
d Shareholder shall not have acquired any additional outstanding voting stock, or
into voting stock, except as part 14 of the transaction that resulted in the Section 203
er becoming an interested shareholder; and (b) certain minimum price and other
ents are met in connection with the proposed transaction with the Section 203
er. The term "ALLTEL Continuing Directors" is defined as any person who was a
TEL board and elected by shareholders prior to the time when the Section 203
er acquired in excess of 5% of the voting stock of ALLTEL, or any person

need a ALLTEL Continuing Director by a majority of the ALLTEL Continuing
neither Section 203, nor the ALLTEL fair price provision or ALLTEL Certificate,
holders of a controlling interest from exercising control over ALLTEL and would not
acquisition of control of ALLTEL, such provisions may have the effect of discouraging or
t a hostile acquisition of control. RIGHTS OF APPRAISAL Under the Delaware
Law, shareholders may exercise a right to dissent from certain corporate actions and
e fair value of their shares. This remedy is an exclusive remedy, except where the
lves fraud or illegality. The Delaware General Corporation Law provides appraisal
mergers or consolidations and not (unless the certificate of incorporation of a
les, which the ALLTEL Certificate does not) for a sale or transfer of all or
corporation's assets or an amendment to its certificate of incorporation. Moreover, the
orporation Law does not provide appraisal rights in connection with a merger or
the certificate of incorporation so provides, which the ALLTEL Certificate does not)
es of a constituent corporation listed on a national securities exchange (or designated
system security by the National Association of Securities Dealers, Inc.) or held of
2,000 shareholders, unless the applicable agreement of merger or consolidation
of such shares to receive, in exchange for such shares, any property other than shares
ng or surviving corporation, shares of stock of any other corporation listed on a
change (or designated as described above) or held of record by more than 2,000
of any fractional shares or any combination of the foregoing. In addition, the Delaware
Law denies appraisal rights if the shareholders of the surviving corporation in a
to vote to approve the merger. ALLTEL PREFERRED STOCK The Board of
L may issue (without obtaining shareholder approval) shares of preferred stock in such
ropriate. As of February 25, 2002, there were no shares of ALLTEL Voting Preferred
0,843 shares of ALLTEL Non-Voting Preferred Stock issued and outstanding.
d 500,000 shares of Series K Stock for future issuance under the Rights Agreement
r to the issuance of shares of any series of preferred stock, the ALLTEL Board is
ware General Corporation Law and the ALLTEL Certificate to fix, for each series, the
and preferences and the relative, participating, optional or other special rights of the
and any qualifications, limitations and restrictions thereof, as are permitted by
tors should refer to the prospectus supplement relating to the offering of a series of
e specific terms of that series, including: . the distinctive serial designation and the
stituting such series; . the dividend rates or the amount of dividends to be paid on the
whether dividends shall be cumulative and, if so, from which date or dates, the
date or dates for dividends, and the participating and other rights, if any, with respect
ing powers, full or limited, if any, of the shares of such series; 15 . whether the shares
redeemable and, if so, the price or prices at which, and the terms and conditions on
ay be redeemed; . the amount or amounts payable upon the shares of such series and
licable thereto in the event of voluntary or involuntary liquidation, dissolution or
npany; . whether the shares of such series shall be entitled to the benefit of a sinking or
applied to the purchase or redemption of such shares, and if so entitled, the amount
manner of its application, including the price or prices at which such shares may be
ed through the application of such fund; . whether the shares of such series shall be
exchangeable for, shares of any other class or classes or of any other series of the same
classes of stock of ALLTEL or a subsidiary and, if so convertible or exchangeable, the
rices, the rate or rates of exchange, and the adjustments thereof, if any, at which such
ge may be made, and any other terms and conditions of such conversion or exchange; .
consideration for which the shares of such series shall be issued; . whether the shares of
redeemed or converted shall have the status of authorized but unissued shares of
ed stock (or series thereof) and whether such shares may be reissued as shares of the
ss or series of stock; and . such other powers, preferences, rights, qualifications,

ctions thereof as the board of directors may deem advisable. **TRANSFER AND REGISTRAR** First Union National Bank serves as the registrar and transfer and rights in stock. **STOCK EXCHANGE LISTING** Our common stock is listed on the New York Stock Exchange. The trading symbol for our common stock on these exchanges is **DRH**. **DESCRIPTION OF WARRANTS** ALLTEL may issue warrants for the purchase of preferred stock or common stock. Warrants may be issued independently or together with other securities. Each series of warrants will require a separate warrant agreement to be entered into between ALLTEL and a bank or trust company as agent. The warrant agent will act solely as our agent in connection with the warrants and will have no obligation or relationship of agency or trust for or with any holders or beneficial owners. A copy of the warrant agreement will be filed with the SEC in connection with the filing of the prospectus supplement relating to a particular issue of warrants to issue. The prospectus supplement relating to a particular issue of warrants will set forth the terms of those warrants, including the following: . the title of the warrants; . the number of warrants, if any; . the aggregate number of the warrants; . the designation and terms of the warrants; . if applicable, the designation and terms of the securities with which the warrants are issued with and the number of warrants issued with each security; . if applicable, the date from and after which the warrants and any securities issued with them will be exercisable; . the number or amount of securities that may be purchased upon exercise of the warrants; . the date at which the securities may be purchased upon exercise; . the dates on which the warrants will commence and expire; . if applicable, the minimum or maximum amount of securities that may be exercised at any one time; . whether the warrants represented by the warrant agreement may be issued upon exercise of the warrants will be issued in registered or unregistered form; . the currency or currency units in which the exercise price, if any, and the exercise price are payable; . if applicable, a discussion of material income tax considerations; . anti-dilution provisions of the warrants, if any; . any other provisions, including terms, procedures and limitations relating to the exchange and exercise of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrant will entitle the holder of the warrant to purchase at the exercise price set forth in the prospectus supplement the principal amount of debt securities or shares of preferred stock or common stock offered. Holders may exercise warrants at any time up to the close of business on the date set forth in the applicable prospectus supplement. After the close of business on the date set forth in the applicable prospectus supplement, unexercised warrants are void. Holders may exercise warrants as set forth in the prospectus supplement relating to the warrants being offered. Until you exercise your warrants to purchase preferred stock, or common stock, you will not have any rights as a holder of our preferred stock, or common stock, as the case may be, by virtue of your ownership of the warrants. **DESCRIPTION OF DEPOSITARY SHARES** GENERAL ALLTEL may offer fractional shares of preferred stock other than full shares of preferred stock. If we do so, we may issue receipts for fractional shares that each represent a fraction of a share of a particular series of preferred stock. The prospectus supplement will indicate that fraction. The shares of preferred stock represented by depositary shares are held under a depositary agreement between ALLTEL and a bank or trust company that is named in the prospectus supplement and is selected by us (the "Bank Depository"). Each owner of a depositary share will be entitled to all the rights and preferences of the preferred stock represented by the depositary share. Ownership of depositary shares will be evidenced by depositary receipts issued pursuant to the depositary agreement. Depositary receipts will be distributed to those persons purchasing the fractional shares of preferred stock in accordance with the terms of the offering. We have summarized some common provisions of the depositary agreement and the related depositary receipts. The forms of the depositary agreement and the related depositary receipts relating to any particular issue of depositary shares will be filed with the SEC in connection with the issue of depositary shares, and you should read those documents for provisions that may affect your rights. **17 DIVIDENDS AND OTHER DISTRIBUTIONS** If ALLTEL pays a cash dividend on a series of preferred stock represented by depositary shares, the Bank Depository will distribute such dividends to the record holders of such depositary shares. If the

property other than cash, the Bank Depository will distribute the property to the record
ary shares. However, if the Bank Depository determines that it is not feasible to make
roperty, the Bank Depository may, with our approval, sell such property and distribute
a such sale to the record holders of the depositary shares. **REDEMPTION OF**
RES If ALLTEL redeems a series of preferred stock represented by depositary shares,
will redeem the depositary shares from the proceeds received by the Bank Depository
e redemption. The redemption price per depositary share will equal the applicable
ption price per share of the preferred stock. If fewer than all the depositary shares are
ary shares to be redeemed will be selected by lot or pro rata as the Bank Depository
ING THE PREFERRED STOCK Upon receipt of notice of any meeting at which the
ed stock represented by depositary shares are entitled to vote, the Bank Depository
the record holders of the depositary shares relating to such preferred stock. Each
e depositary shares on the record date (which will be the same date as the record date
k) may instruct the Bank Depository as to how to vote the preferred stock represented
ositary shares. The Bank Depository will endeavor, insofar as practicable, to vote the
red stock represented by such depositary shares in accordance with such instructions,
ke all action which the Bank Depository deems necessary in order to enable the Bank
The Bank Depository will abstain from voting shares of the preferred stock to the
ive specific instructions from the holders of depositary shares representing such
VERSION OR EXCHANGE OF PREFERRED STOCK If the deposited preferred
nto or exchangeable for other securities, the depositary shares, as such, will not be
changeable for such other securities. Rather, any holder of the depositary shares may
depositary receipts, together with any amounts payable by the holder in connection
r the exchange, to the depositary with written instructions to cause conversion or
rred stock represented by the depositary shares into or for such other securities. If
ositary shares are to be converted or exchanged, a new depositary receipt or receipts
depositary share not converted or exchanged. **AMENDMENT AND TERMINATION**
RY AGREEMENT The form of depositary receipt evidencing the depositary shares
the depositary agreement may be amended by agreement between the Bank
TEL. However, any amendment that materially and adversely alters the rights of the
shares will not be effective unless such amendment has been approved by the holders
of the depositary shares then outstanding. The depositary agreement may be
nk Depository or ALLTEL only if: (1) all outstanding depositary shares have been
e has been a final distribution in respect of the preferred stock in connection with any
on or winding up of ALLTEL and such distribution has been distributed to the holders
. **18 CHARGES OF BANK DEPOSITARY** ALLTEL will pay all transfer and other
tal charges arising solely from the existence of the depositary arrangements. We will
e Bank Depository in connection with the initial deposit of the preferred stock and
e preferred stock. Holders of depositary receipts will pay other transfer and other
tal charges and any other charges, including a fee for the withdrawal of shares of
surrender of depositary receipts, as are expressly provided in the depositary
heir accounts. **WITHDRAWAL OF PREFERRED STOCK** Except as may be
a the applicable prospectus supplement, upon surrender of depositary receipts at the
Bank Depository, subject to the terms of the depositary agreement, the owner of the
y demand delivery of the number of whole shares of preferred stock and all money
f any, represented by those depositary shares. Partial shares of preferred stock will not
sitary receipts delivered by the holder evidence a number of depositary shares in
of depositary shares representing the number of whole shares of preferred stock to be
Depository will deliver to such holder at the same time a new depositary receipt
number of depositary shares. Holders of preferred stock thus withdrawn may not
se shares under the depositary agreement or receive depositary receipts evidencing

refer. MISCELLANEOUS The Bank Depository will forward to holders of depository and communications from ALLTEL that are delivered to the Bank Depository and that furnish to the holders of the preferred stock. Neither the Bank Depository nor ALLTEL will be prevented or delayed by law or any circumstance beyond our control in performing our obligations under the depository agreement. The obligations of the Bank Depository and ALLTEL under the depository agreement will be limited to performance in good faith of our duties thereunder, and we will not be required to prosecute or defend any legal proceeding in respect of any depository shares or to provide any satisfactory indemnity is furnished. ALLTEL may rely upon written advice of counsel, or upon information provided by persons presenting preferred stock for deposit, or upon receipts or other persons believed to be competent and on documents believed to be true and correct.

RESIGNATION AND REMOVAL OF BANK DEPOSITARY The Bank Depository may resign at any time by giving notice to ALLTEL of its election to do so, and we may at any time remove the Bank Depository. Its resignation or removal will take effect upon the appointment of a successor Bank Depository with the acceptance of such appointment. The successor Bank Depository must be appointed in writing and upon delivery of the notice of resignation or removal and must be a bank or trust company qualified to act as a depository under the depository agreement.

DESCRIPTION OF STOCK PURCHASE CONTRACTS AND EQUITY UNITS We may issue stock purchase contracts, including contracts for the purchase of securities from us, and obligating us to sell to the holders, a specified number of shares of securities or other securities at a future date or dates. We may fix the price and number of shares of securities in the stock purchase contracts at the time we issue the stock purchase contracts or we may fix the price and number of securities will be determined pursuant to a formula set forth in the stock purchase contracts. The stock purchase contracts may be issued separately or as part of units consisting of a stock purchase contract and debt securities or debt obligations of third parties, including obligations of the holders of the units to purchase the securities under the stock purchase contracts. We refer to these units as equity units. The stock purchase contracts may require their obligations under the stock purchase contracts in a specified manner. The stock purchase contracts also may require us to make periodic payments to the holders of the equity units. These payments may be unsecured or refunded on some basis. The applicable prospectus supplement will describe the terms of the stock purchase contracts or equity units offered by that prospectus supplement. The description in the prospectus supplement will not necessarily be complete, and we will file with the SEC the stock purchase contracts or equity units, and, if applicable, collateral or supporting documents, relating to the stock purchase contracts or equity units, which will be filed with the SEC when we issue stock purchase contracts or equity units. Material United States federal income tax consequences applicable to the equity units and the stock purchase contracts will also be discussed in the prospectus supplement. If we issue any stock purchase contracts or equity units, we will file the form of stock purchase contract and equity unit as exhibits to the registration statement and we will include these documents for provisions that may be important to you. You can obtain copies of the stock purchase contract and equity unit by following the directions described under the caption "Where to Find More Information."

PLAN OF DISTRIBUTION We may sell the securities to or through one or more underwriters. We also may sell the securities directly to other purchasers or through agents. Only the persons named in the prospectus supplement are deemed to be underwriters in connection with the distribution of the securities may be effected from time to time in one or more transactions. The prices, which may be changed; . market prices prevailing at the time of sale; . prices determined by reference to prevailing market prices; or . negotiated prices. In connection with the sale of the securities, we may receive compensation from ALLTEL or from purchasers of the securities for whom they are being sold in the form of discounts, concessions, or commissions. Underwriters and agents that participate in the distribution of the securities may be deemed to be underwriters, and any discounts or commissions received by them and any profit on the resale of the securities by them may be deemed to be received by them and commissions under the Securities Act of 1933. We will identify any such persons, and describe any such compensation, in the prospectus supplement. Underwriters and agents may be entered into by ALLTEL, underwriters and agents who participate in the

securities may be entitled to indemnification by ALLTEL against certain liabilities, under the Securities Act of 1933, or to contribution with respect to payments which the issuer may be required to make in respect thereof. Offered securities may also be offered in the applicable prospectus supplement, in connection with a remarketing upon redemption with a redemption or repayment pursuant to their terms, or otherwise, by one or more broker-dealers, acting as principals for their own accounts or as agents for us. Any broker-dealer will be identified and the terms of its agreements, if any, with us and its compensation will be set forth in the applicable prospectus supplement. 20 Unless otherwise indicated in the prospectus supplement, we do not intend to list any of the securities on a national securities exchange, other than the New York Stock Exchange. In the event the securities are not listed on a national securities exchange, certain broker-dealers may make a market in the securities, but will not be obligated to do so and may discontinue making a market in the securities at any time without notice. No assurance can be given that any broker-dealer will make a market in the securities or as to the liquidity of the trading market for the securities, whether or not there is a national securities exchange. The prospectus supplement with respect to the securities will state, if known, whether or not any broker-dealer intends to make a market in the securities. If no such statement has been made, the prospectus supplement will so state. We will set forth the place of sale of the securities in the prospectus supplement. LEGAL OPINIONS Kutak Rock LLP, a law firm, will pass upon legal matters for ALLTEL in connection with the issuance and sale of the securities. Attorneys of Kutak Rock LLP who are or may be participating in the matters described in this prospectus supplement are not providing any legal services in connection with the registration statement beneficially owned as of March 28, 2002, a total of 4,652 shares of common stock. EXPERTS The audited consolidated financial statements and related financial information which are included in ALLTEL's 2001 Annual Report on Form 10-K for the year ended December 31, 2001 and incorporated by reference in this prospectus, have been audited by Arthur Andersen LLP, an independent public accountants, as indicated in their reports dated January 21, 2002, and incorporated herein by reference in reliance upon the authority of said firm as experts in accounting and auditing with respect to said reports. Reference is made to the January 21, 2002 report on the consolidated financial statements which includes an explanatory paragraph with respect to the change in the method of accounting for the amortizing and amortizing unrecognized actuarial gains and losses related to a subsidiary's pension plan, effective January 1, 2001, and the change in the method of accounting for the recognition of revenues, effective January 1, 2000, as discussed in Note 2 to the consolidated financial statements.

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CORPORATE UNITS (INITIALLY CONSISTING OF 25,000,000 CORPORATE UNITS) [LOGO]
ALLTEL CORPORATION ----- PROSPECTUS SUPPLEMENT
----- BANC OF AMERICA SECURITIES LLC MERRILL LYNCH & CO.
BARNEY WACHOVIA SECURITIES, INC. BANC ONE CAPITAL MARKETS,
INVESTMENTS INC. STEPHENS INC. SUNTRUST ROBINSON HUMPHREY
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