

REALTY INCOME CORP
Form 424B5
December 21, 2015

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**Filed Pursuant to Rule 424(b)(5)
Registration No. 333-208652**

PROSPECTUS SUPPLEMENT
(to prospectus dated December 21, 2015)

Dividend Reinvestment and Stock Purchase Plan
13,302,702 Shares
Common Stock

This prospectus describes our Dividend Reinvestment and Stock Purchase Plan (the "Plan"). The Plan provides a convenient and economical way for our stockholders and other investors to purchase shares of our common stock and to reinvest cash dividends in additional shares of our common stock. You should read this prospectus carefully before you invest and retain it for future reference. This prospectus relates to 13,302,702 shares of our common stock registered for sale under the Plan. We currently pay regular monthly distributions to holders of our common stock, which is listed on the New York Stock Exchange under the symbol "O." On December 18, 2015, the last reported sale price of our common stock on the New York Stock Exchange was \$51.08 per share.

Participation in the Plan is entirely voluntary and you may discontinue your participation at any time.

If you are not already a stockholder, you may become a participant in the Plan by enrolling online at shareowneronline.com or by submitting an Account Authorization Form to the Plan Administrator, Wells Fargo Bank N.A., and making an initial cash investment in our common stock of at least \$1,500 (which you may satisfy by authorizing a minimum of fifteen (15) automatic monthly investments of at least \$100) and up to a maximum of \$50,000.

If you are a registered holder of our shares of common stock and participate in the Plan, you may purchase additional shares of our common stock by reinvesting all or a portion of the cash dividends paid on your shares of stock, or by making optional cash investments of at least \$100 and up to a maximum of \$50,000 per month.

If you are a beneficial owner of shares held by a broker or other custodial institution for your account, you may participate in the Plan if your broker has established procedures that permit its customers to participate in plans such as ours.

The purchase price for shares of our common stock purchased directly from us for dividend reinvestments or optional cash investments not exceeding \$50,000 will be the average of the high and low sale price per share as reported on the consolidated tape for New York Stock Exchange listed securities administered by the Consolidated Tape Association on the last day on which our common stock was traded before the

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investment date. The purchase price for shares of our common stock purchased by the Plan Administrator on the open market will be the weighted average price (including any per share fees) of all shares purchased by the Plan Administrator for Plan participants on the relevant investment date. Shares of common stock purchased directly from us for an optional cash investment of more than \$50,000 will be priced at the volume weighted average price per share of our common stock as traded on the New York Stock Exchange during regular trading hours on the investment date.

Investing in our common stock involves risks. See "Risk Factors" beginning on page S-1 of this prospectus and in our periodic reports and other information we file with the Securities and Exchange Commission.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount To be Registered(1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$0.01 per share	13,302,702	(2)	(2)	(2)

(1) Includes an indeterminate number of shares which may be issued by the registrant with respect to such shares of common stock by way of a stock dividend, stock split or in connection with a stock combination, recapitalization, merger, consolidation or otherwise.

(2) We previously registered 16,557,958 shares of our common stock pursuant to our registration statement on Form S-3 (Registration No. 333-186788) filed on February 22, 2013, and a related prospectus supplement and prospectus filed on July 30, 2015 (the "Prior Prospectus Supplement") pursuant to Rule 424(b)(5) under the Securities Act of 1933, as amended (the "Securities Act"). Of those 16,557,958 shares of our common stock, 13,302,702 shares have not been sold (the "Unsold Securities") and are being registered hereunder. As reflected under the caption "Calculation of Registration Fee" in the Prior Prospectus Supplement, a filing fee of \$82,348.04 was previously paid in connection with the registration of such 16,557,958 shares of our common stock, which filing fee was calculated in accordance with Rules 456(b), 457(c) and 457(r) of the Securities Act. A portion of that filing fee, \$73,030.10, was previously paid in connection with the registration of the Unsold Securities and is hereby applied to the registration of the Unsold Securities pursuant to Rule 415(a)(6) under the Securities Act.

The date of this prospectus is December 21, 2015

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Prospectus

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of the securities in any jurisdiction where the offer is not permitted. You should assume that the information in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein or therein are accurate only as of those documents' respective dates. Our business, financial condition, results of operation and prospectus may have changed since those dates.

This document is in two parts. The first part is the prospectus supplement, which adds to and updates information contained in the accompanying prospectus. The second part, the prospectus, provides more general information, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement and the information contained in the accompanying prospectus, you should rely on the information in this prospectus supplement.

Before purchasing any securities, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the incorporated documents described under the heading "Incorporation by Reference" in this prospectus supplement and the accompanying prospectus.

Unless otherwise expressly stated or the context otherwise requires, references to "dollars" and "\$" in this prospectus supplement and the accompanying prospectus are to United States dollars.

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RISK FACTORS

Before you decide to participate in the Plan, you should carefully consider the risks, uncertainties and any cautionary language or other information incorporated by reference in this prospectus, including 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 Securities Exchange Act of 1934, as amended, before acquiring any securities.

Risks Relating to Participation in the Plan

You will not know the price of the shares you are purchasing under the Plan at the time you authorize the investment or elect to have your dividends reinvested.

The price of our shares may fluctuate between the time you decide to purchase shares under the Plan and the time of actual purchase. In addition, during this time period, you may become aware of additional information that might affect your investment decision, but you may not be able to change or cancel your purchase authorization.

You will not be able to direct the specific time or price at which your shares are sold under the Plan.

If you instruct the Plan Administrator to sell shares under the Plan, you will not be able to direct the time and price at which your shares are sold. The price of our shares may decline between the time you decide to sell shares and the time of actual sale. If you decide to withdraw from the Plan, the Plan Administrator will send you a Direct Registration Account Statement unless you request a certificate for whole shares credited under the Plan. If you request a certificate, the market price of our shares may decline between the time you decide to withdraw and the time you receive the certificate.

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DESCRIPTION OF THE PLAN

Purpose

The primary purpose of the Plan is to provide our common stockholders as well as new investors with a convenient and economical method of purchasing our common stock. Once enrolled in the Plan, you may reinvest cash dividends and, through optional cash payments, purchase additional shares of common stock at regular intervals. Although we expect the Plan to appeal to many stockholders, it is entirely optional. A secondary purpose of the Plan is to enable us to raise additional capital by selling newly issued shares of our common stock under the Plan.

Advantages of Plan Participation

Participation in the Plan will enable you to:

Make an initial investment in shares of our common stock through the Plan if you are not already a stockholder, with an initial cash investment of at least \$1,500, which you may satisfy by authorizing a minimum of fifteen (15) automatic monthly investments of at least \$100, and which may not exceed \$50,000 per month unless we agree to waive that limit.

Invest in additional shares of our common stock if you are already a holder of our common stock by making optional cash investments at any time of at least \$100 and not more than \$50,000 per month, unless we agree to waive that limit in any month.

Choose to have cash dividends on some or all of your shares of our common stock automatically reinvested in shares of our common stock.

Continue to receive cash dividends on any shares of our common stock held in the Plan that you have not chosen to reinvest in additional shares of our common stock, subject to the minimum reinvestment requirements as discussed below.

Make automatic monthly investments in additional shares of our common stock by electronic funds transfer.

Deposit all of your common stock certificates with the Plan Administrator for safekeeping, thereby reducing your risk of loss of physical certificates.

Have full investment of your funds under the Plan because the Plan permits your account to be credited with both whole and fractional shares. Dividends will be paid not only on whole shares but also proportionately on fractional shares.

Sell or make gifts of shares of our common stock held in the Plan.

Receive notices of Plan transactions and periodic statements of Plan activity.

Administration

Plan Administrator. Wells Fargo Shareowner Services, a division of Wells Fargo Bank N.A. (or a successor thereto) will serve as the Plan Administrator, and will purchase shares of our common stock for participants in the Plan, serve as custodian for shares on deposit in the Plan, keep records, send statements of account to Participants and perform other duties relating to the Plan. Shares of our common stock purchased under the Plan will be registered in the name of the Plan Administrator (or its nominee) and held by the Plan Administrator for each participant in the Plan. Wells Fargo Shareowner Services serves as transfer agent, registrar and dividend paying agent for our common stock.

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Contacting the Plan Administrator. For inquiries and requests for service regarding the Plan, including optional cash investments, sales, transfers, deposits or withdrawals, or to provide notices to the Plan Administrator, you may contact the Plan Administrator as follows:

By telephone: Between the hours of 7:00 A.M. and 7:00 P.M. Central Time, Monday through Friday (interactive voice response is available 24 hours a day, 7 days per week):
1-877-218-2434 toll-free from the United States
1-651-450-4064 from outside the United States

In writing: Please send your inquiry, request or notice to one of the following addresses:
Wells Fargo Shareowner Services
P.O. Box 64856
St. Paul, MN 55164-0856
Certified/Overnight Mail:
Wells Fargo Shareowner Services
1110 Center Pointe Curve, Suite 101
Mendota Heights, MN 55120
Please include in your letter a telephone number where you may be reached during business hours in addition to your name, address and Plan account number.

On the Internet: shareowneronline.com
Internet account access is available 24 hours a day, 7 days per week.

Electronic Communications. In order to promote cost efficiency and to minimize the impact of paper on the environment, we actively encourage Plan participants to access their accounts electronically through the Plan Administrator's website, shareowneronline.com, and to enroll in eDelivery of account statements, tax documents, company communications, proxy materials and annual reports. Online access to your Plan account will require your 10-digit account number, your 12-digit Authentication ID and a valid email address. The Plan Administrator's website is shareowneronline.com.

Notices to You. The Plan Administrator will send all notices and other communications to you at your last known address on file with the Plan Administrator. **You should notify the Plan Administrator promptly, in writing, of any change in address.**

Use of Broker/Dealer. The Plan Administrator is authorized to choose a broker/dealer, including an affiliated broker/dealer, to effect open market purchases and sales of shares of our common stock for Plan participants. The Plan Administrator has selected Wells Fargo Securities, LLC as the registered broker/dealer to handle the purchases and sales of common stock on behalf of Plan participants. The broker/dealer will receive fees and commissions for effecting such transactions. From time to time we may change the amount of fees charged to Plan participants. If there is any change in the broker/dealer utilized to effect share transactions under the Plan, the Plan Administrator will furnish you with the name of the new broker/dealer upon written request from you.

Eligibility to Participate

You may participate in the Plan if you are:

a current stockholder of record of our common stock (shares are registered in your name with our transfer agent);

a new investor who is a person or legal entity residing in the United States; or

a new investor who is a citizen or resident of a country other than the United States, if there are no laws or governmental regulations that would prohibit you from participating in the Plan, or that would affect the terms of the Plan.

If you are a beneficial owner of shares of our common stock held by a broker or other custodial institution for your account, you may participate in the Plan only if your broker or custodian has

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established procedures that permit its customers to participate in plans such as the Plan, or if you become a stockholder of record of our stock. You can become a stockholder of record by transferring one or more of the shares of our stock from your brokerage or custodial account into your name, or by enrolling in the Plan as a new investor. We reserve the right to deny, modify, suspend or terminate participation by any person or entity.

Restrictions on Eligibility

REIT Qualification Restrictions. We may terminate, by written notice at any time, any participant's individual participation in the Plan if we determine, in our sole discretion, that such participation would be in violation of the ownership limits set forth in our charter or otherwise jeopardize our status as a REIT. See "Restrictions on Ownership and Transfer of Stock" on page 21 of the accompanying Prospectus. To the extent that the reinvestment of dividends or distributions (as applicable) under the Plan would cause a participant or any other person to exceed the ownership limits, such reinvestment will be void *ab initio*. Any such participant will be entitled to receive cash dividends or distributions (as applicable), without interest, in lieu of such reinvestment.

Exclusion from the Plan for Short-term Trading, Illegality or Other Practices. Participants should not use the Plan to engage in short-term trading activities or any other activities that could affect the normal trading volume or pricing of our shares of common stock. If a participant does engage in those activities we may prevent that participant from continuing to participate in the Plan. In addition, we also may prevent participation by financial intermediaries, investment clubs or other nominees who engage in positioning transactions in order to benefit from any discount from the market price for shares acquired under the Plan. You also will not be able to participate in the Plan if your participation (i) could result in a violation of any securities laws or any other applicable laws, (ii) could require additional steps by us or you to ensure compliance with any laws, or (iii) is not authorized or lawful in your jurisdiction.

Restrictions at Our Discretion. We reserve the right to modify, suspend or terminate participation in the Plan by otherwise eligible stockholders in order to eliminate practices which we determine, in our sole discretion, to be inconsistent with the purposes or operation of the Plan or which may adversely affect the market price or trading volume of our shares of common stock.

Joining the Plan

If you are eligible to participate in the Plan, you may join the Plan at any time. Once you have enrolled, you will remain enrolled until you withdraw from the Plan, we terminate the Plan or we terminate your participation in the Plan.

The steps you must take to join the Plan vary depending upon whether you are already a registered holder of shares of our common stock:

If you already own our common stock and the shares are registered in your name, you must complete and submit an Account Authorization Form online at the Plan Administrator's website, *shareowneronline.com*, or complete an Account Authorization Form and mail it to the Plan Administrator. The Account Authorization Form is available on the Plan Administrator's website, *shareowneronline.com*, or may be obtained at any time by contacting the Plan Administrator at 1-877-218-2434 (or 1-651-450-4064 if calling from outside of the United States). The Account Authorization Form allows you to indicate how you wish to participate in the Plan.

If you do not currently own any shares of our common stock, you may join the Plan if you make an initial cash investment of at least \$1,500, which you may satisfy by authorizing a minimum of fifteen (15) automatic monthly investments of at least \$100. You must complete and submit an Account Authorization Form in the manner described in the previous paragraph, and make your

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required initial investment by one of the methods described below under the caption "Optional Investments within Plan Limits Payment Options." The maximum initial investment is \$50,000 unless we agree to waive that limit in accordance with the procedures described below under the caption "Optional Investments in Excess of Plan Limits."

If you currently own shares of our common stock but the shares are held in a brokerage or other custodial institution account, you can participate directly in the Plan by coordinating your participation in the Plan through the broker or other intermediary in whose name your shares are held (if your broker or other intermediary has procedures that permit such participation), by directing your broker or other intermediary to register some or all of your shares directly in your name with our transfer agent and then enrolling in the Plan as described in the first bullet point, or by enrolling in the Plan as a new investor as described in the second bullet point.

Dividend Reinvestment

Reinvestment Options. When you enroll in the Plan, you must choose from one of the options below. You may change your election at any time regarding cash dividends on our common stock and choose:

Full Dividend Reinvestment: Dividends on all shares of our common stock registered in your name, minus any applicable withholding taxes, will be reinvested in additional shares of our common stock. You will also be entitled to invest optional cash payments in additional shares of common stock.

Partial Dividend Reinvestment: You can provide that a portion of the dividends on the shares of our common stock registered in your name, minus any applicable withholding taxes, be paid to you in cash, with the balance to be applied to the purchase of additional shares of our common stock. Such designation is made by specifying the percentage of dividends to be reinvested. The percentage must be from 10 to 90 percent, in increments of 10 percent. The amount of such dividends paid in cash will be paid to you by check or you can designate all or a portion of the cash dividend you are entitled to receive to be deposited directly into your bank account. You must designate the banking information where you want your dividends deposited.

If you own fewer than 100 shares, you will receive an annual statement detailing all transactions for the year including 1099-DIV tax reporting information. If you own 100 shares or more, you will receive monthly account statements. These statements contain information that is required for tax reporting purposes. Therefore it is imperative that you keep the statements until Plan shares have been disposed of and all tax obligations have been met.

Dividend Reinvestment Dates. Dividends will be reinvested in additional shares of our common stock on the regular dividend payment dates (each of which is an "investment date" for reinvested dividends), or as soon as practicable thereafter. Historically, we have paid dividends on or about the fifteenth day of each month.

Initial Dividend Option Selection. If an Account Authorization Form specifying "Full Dividend Reinvestment" or "Partial Dividend Reinvestment" is properly completed and received by the Plan Administrator in sufficient time to process prior to payment of a particular dividend, then reinvestment of the designated dividends will commence with that dividend payment. If the Account Authorization Form is received from a new investor in our common stock along with payment for an initial investment, sufficient time to process prior to payment of a particular dividend will mean received in time to effect the initial investment in shares of our common stock prior to the record date for that dividend. Otherwise, reinvestment of dividends will begin with the following dividend payment.

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Change in Dividend Option Selection. You may change your dividend reinvestment option at any time by notifying the Plan Administrator in writing or online at *shareowneronline.com*. The Plan Administrator must receive notice of your change in dividend reinvestment option in sufficient time to process prior to payment of a particular dividend for the change to be effective in connection with that dividend.

Payment of Cash Dividends. If you choose partial dividend reinvestment, you can have your cash dividends deposited directly into your North American financial institution account, instead of receiving a check by mail. To have your cash dividends deposited electronically, you must request an authorization for electronic direct deposit form or enroll online at *shareowneronline.com*. You should allow 30 days from the date of the Plan Administrator's receipt of the completed form or online request for the direct deposit to be established. You also may change your designated North American financial institution account for direct deposit or discontinue this feature by notifying the Plan Administrator in writing or online at *shareowneronline.com*.

Optional Investments within Plan Limits

Maximum and Minimum Investment Amounts. If you are a participant in the Plan, you may purchase additional shares of our common stock at any time by using the Plan's optional cash investment feature. Optional cash investments may not be less than \$100 and not more than \$50,000 per month, unless we agree to waive that limit in any month. Dividend amounts reinvested in additional shares and stock certificates deposited in the Plan for safekeeping do not count toward the \$50,000 per month limit.

If you are not already a Plan participant at the time you wish to make an optional cash investment, you must enroll in the Plan in connection with that investment. Your initial cash investment must be at least \$1,500, which you may satisfy by authorizing a minimum of fifteen (15) automatic monthly investments of at least \$100, and may not exceed \$50,000 unless we agree to waive that limit.

An optional cash investment in excess of \$50,000 initially or per month may only be made after submission to us of a written request for a waiver, and after we have given our written approval, which we may grant or deny in our sole discretion. See the discussion below under the caption "Optional Investments in Excess of Plan Limits."

Investment Dates. Except as provided in the following paragraph, optional cash investments received by the Plan Administrator are invested in shares of our common stock weekly on Friday or, if such day is not a business day, on the next business day (each of which is an "investment date" for optional cash investments) or as soon as practicable thereafter. Depending on the number of shares being purchased and current trading volume in the shares, purchases may be executed in multiple transactions and may be traded on more than one day. Shares purchased will be credited to your Plan account on each investment date or as soon as practicable thereafter. **Optional cash investments received on or before 5:00 pm Central Time the business day preceding a given investment date will be invested on that investment date.** Optional cash payments received on or after that time will be held by the Plan Administrator until the next investment date. We recommend that optional cash payments be sent so as to be received shortly before an investment date since no interest will be paid on cash held until an investment date.

Under the Plan, you may elect to have monthly optional cash investments automatically deducted by electronic funds transfer from your checking or savings account at any qualified North American financial institution that participates in the automated clearing house. These automatic monthly deductions are made on the 5th day of each month, the 25th day of each month or both, or if such date is not a business day, the deduction will be made on the preceding business day. Funds so deducted will be invested as provided in the previous paragraph.

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Participants should be aware that the share price may fluctuate between the time your purchase request is received by the Plan Administrator and the time the investment is made. The Plan Administrator may, at its own discretion, accept written requests to revoke instructions if requests are received prior to the investment being made.

Payment Options. You have the following three payment options when making optional cash investments. In each case, necessary funds must be drawn in U.S. dollars from an account with a North American financial institution.

By Check: You may send the Plan Administrator a check made payable to "Wells Fargo Shareholder Services." To make an initial investment by check at the time you join the Plan, you should enclose your check with your Account Authorization Form and mail it to the Plan Administrator at the address indicated above under the caption "Administration." To make a payment by check when you are already a Plan participant, you should mail the tear-off portion of your Plan account statement along with your check to the Plan Administrator. **Cash, third party checks, money orders, travelers checks and checks not drawn on a U.S. or Canadian financial institution or not in U.S. dollars will not be accepted and will be returned to the sender.**

By Online Investment: You may make optional cash investments online through the Plan Administrator's website at *shareowneronline.com*. To purchase shares of our common stock online, you must authorize the withdrawal of funds from your North American financial institution checking or savings account by electronic funds transfer. You can authorize an electronic funds transfer withdrawal from your U.S. financial institution checking or savings account by completing and submitting to the Plan Administrator a direct debit authorization form or by providing the authorization online at *shareowneronline.com*. You may make an initial investment online at the time you join the Plan in connection with an online enrollment. Shareowners enrolled in the Plan may submit individual online investments at any time.

By Automatic Withdrawal from Your North American financial institution Account: If you wish to make regular monthly investments without writing checks, in connection with your enrollment in the Plan, you can authorize an automatic monthly electronic funds transfer withdrawal from your North American financial institution checking or savings account by completing and submitting to the Plan Administrator a direct debit authorization form or by providing the authorization online at *shareowneronline.com*. Funds will be deducted from your account on the 5th day of each month, the 25th day of each month or both (or, if that day is not a business day, on the preceding business day). You should allow three to four weeks for your first automatic withdrawal to be initiated. You may change or terminate your automatic withdrawal authorization online or by written notice to the Plan Administrator at least 10 business days before the next scheduled cash withdrawal. It is your responsibility to notify the Plan Administrator immediately of any changes in electronic funds transfer information as it relates to your authorized monthly deduction.

Insufficient Funds. A \$35 fee will be assessed if any check is returned unpaid, or if an automatic withdrawal from your North American financial institution account fails due to insufficient funds. In addition, the Plan Administrator will immediately remove any shares already credited to your Plan account in anticipation of receiving those funds. These shares will be sold to recover any uncollected funds and the return fee. If the net proceeds of the sale of such shares are insufficient to recover in full the uncollected amounts plus the return fee, the Plan Administrator reserves the right to sell such additional shares from any of your accounts maintained by the Plan Administrator as may be necessary to recover in full the uncollected balance plus the return fee.

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Refunds. You may obtain a refund of any optional cash purchase payment not yet invested by requesting, in writing, the Plan Administrator to refund your payment. The Plan Administrator must receive your request not later than two business days prior to the next investment date. If the Plan Administrator receives your request later than the specified date, your cash purchase payment will be applied to the purchase of shares of common stock.

Purchase of Shares within Plan Limits

Source of Shares. We have the sole discretion to determine whether shares purchased under the Plan will come from the authorized and unissued shares of our common stock or shares purchased on the open market by the Plan Administrator. We will generally not change our determination as to the source of the shares more than once in any three month period.

Pricing of Shares Purchased from Us. The price at which authorized and unissued shares of our common stock will be purchased from us will be the average of the high and low price per share paid on the last day on which our common stock was traded preceding the investment date as reported on the consolidated tape for New York Stock Exchange listed securities administered by the Consolidated Tape Association.

Pricing of Shares Purchased in the Market. The price at which shares of our common stock purchased by the Plan Administrator on the open market will be deemed to have been acquired will be the weighted average price (including any per share fees) of all shares purchased by the Plan Administrator for Plan participants for the relevant investment date. The Plan Administrator may purchase shares in the open market or in negotiated transactions as soon as practicable after the applicable investment date, subject to any waiting periods under applicable securities laws or stock exchange regulations. Such purchases may be made on any securities exchange where our common stock is traded.

The Plan Administrator may commingle any Plan participant's funds (dividends and optional cash payments) with those of others participating in the Plan and may offset purchase and sale orders for the same investment date. The Plan Administrator will have no responsibility as to the market value of shares acquired for Plan participants' accounts.

Waiver Requests within an Announced Waiver Discount Period.

Optional cash investments of more than \$50,000 per month (including any initial investments in excess of \$50,000) ("Large Cash Purchase") may be made only by investors that submit a request for waiver. Large Cash Purchase requests may be approved by us in our sole discretion at any time.

Submission of Requests for Waiver. Investors who wish to make Large Cash Purchases for any month should telephone Wells Fargo Shareowner Services at 1-877-218-2434 or Realty Income at 1-855-204-9800 or access Realty Income's corporate website to determine if we will be considering Large Cash Purchase requests for such month. When you inquire, you will be informed of one of the following:

that we are not currently considering Large Cash Purchase requests; or

that we will be considering Large Cash Purchase requests, in which case we will provide information about submitting a Large Cash Purchase request form.

Large Cash Purchase request forms may be obtained online through our website at www.RealtyIncome.com/WaiverRequest or by requesting a copy by calling Wells Fargo Shareowner Services at 1-877-218-2434. We must receive completed Large Cash Purchase requests by delivery to Waiver-Discount@RealtyIncome.com by no later than 1:00 p.m. Pacific Time on the third business day before the first day of the "pricing period" for the applicable waiver period, as described below. We

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will notify by return email or by telephone any investor whose Large Cash Purchase request has been approved (including the amount of the investment approved) by 1:00 p.m. Pacific Time on the second business day before the first day of the applicable pricing period. The Plan Administrator must receive good funds relating to any approved Large Cash Purchase request by wire transfer to the account designated by us no later than 12:00 p.m. Pacific Time on the business day before the first day of the applicable pricing period. All such funds received after 12:00 p.m. Pacific Time on such business day may be returned without interest.

Action on Large Cash Purchase Requests. We have the sole discretion to grant or refuse to grant, in whole or in part, a Large Cash Purchase request. In acting on a Large Cash Purchase request, we will consider relevant factors, including without limitation:

whether the Plan is then purchasing shares of common stock from us or in the open market;

our need for additional funds;

the attractiveness of obtaining funds through the sale of shares of common stock under the Plan compared to other available sources of funds;

the purchase price likely to apply to any sale of shares of common stock under the Plan;

the party submitting the request, including the extent and nature of that party's prior participation in the Plan and the number of shares of common stock held by that party; and

the aggregate amount of Large Cash Purchases in excess of \$50,000 for the month for which we have received Large Cash Purchase requests under the Plan.

Large Cash Purchases will be priced as follows:

To determine the purchase price of shares of common stock purchased from us pursuant to a Large Cash Purchase request, we will fix the number of trading days in the "pricing period" for the applicable investment. The pricing period generally will consist of one to 15 consecutive trading days, unless the pricing period is extended as described below. On each trading day, we will generally apply an equal portion of the amount approved for investment pursuant to a Large Cash Purchase request to the purchase of shares of common stock, subject to the qualifications described below. Each day in the pricing period on which shares of common stock are purchased is referred to as a "Purchase Date." The price for shares of common stock purchased on each Purchase Date in a pricing period will be equal to 100% (less any applicable discount, as described below) of the composite volume weighted average price, rounded to four decimal places, of shares of common stock, as traded on the composite exchanges during regular NYSE hours on the Purchase Date. We will obtain this composite exchange pricing information from Bloomberg, LP or, if Bloomberg, LP is no longer providing this information, another authoritative source.

We may establish for each pricing period a minimum, or "threshold," price applicable to purchases made pursuant to a Large Cash Purchase request. We will make this determination in our discretion after a review of, among other factors, current market conditions, the level of participation in the Plan and our current and projected capital needs. We will notify an investor of the establishment of a threshold price at the time the Large Cash Purchase request has been approved.

If established for any pricing period, the threshold price will be stated as a dollar amount which the composite volume weighted average price of shares of common stock, rounded to four decimal places, as traded during regular NYSE hours, must equal or exceed for each trading day of such pricing period (not adjusted for discounts, if any) in order for such trading day to be considered a Purchase Date.

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Except as provided below, any trading day for which such volume weighted average price is less than the applicable threshold price will not be considered a Purchase Date, and no funds will be invested in shares of common stock on that date. Funds that are not invested will be returned without interest, as described below, unless an investor elects to purchase shares at the threshold price (less any applicable discount), up to the allowable daily allocation. The availability of this option must be elected by us prior to the commencement of the pricing period.

The establishment of the threshold price and the potential return of a portion of investment funds apply only to investments made pursuant to Large Cash Purchase requests. Establishing a threshold price for a particular pricing period will not affect the establishment of a threshold price for any subsequent pricing period.

If we establish a threshold price for any pricing period, we may elect to extend that pricing period. If we do so, the initial pricing period may be extended by the number of trading days during the initial pricing period, up to three trading days, during which the threshold price is not satisfied or there are no trades of shares of common stock on the composite exchanges.

Neither we nor the Plan Administrator are required to notify you that a threshold price has been established for any pricing period.

If we elect to grant a pricing period extension and the threshold price is satisfied for any additional trading day during an extension, that trading day will be included as a Purchase Date for the extended pricing period. For example, if the extension feature is in use and the initial pricing period is ten trading days, but the threshold price is not satisfied on three out of those ten days, the pricing period will be extended by three trading days. If the threshold price is satisfied on any of the three trading days during the extension period, each of those three trading days will be a Purchase Date for that pricing period.

We may, in our sole discretion, establish a discount from the market price otherwise applicable to Large Cash Purchases (including initial investments) made pursuant to a request for waiver, but we are not obligated to do so. Any discount (including any applicable brokerage fees paid by us) may be 0.0% to 1.25% of the regular market price and may be varied by us in our sole discretion. We may establish any discount in our sole discretion after a review of, among other factors, current market conditions, the level of participation in the Plan, the attractiveness of obtaining financing through the sale of shares of common stock as compared to other sources of funds, and our current and projected capital needs. Establishing a discount for a particular pricing period will not affect the establishment of a discount for any subsequent pricing period.

Any investor purchasing shares of common stock pursuant to a request for a Large Cash Purchase will be treated as the beneficial owner of all shares of common stock purchased on each Purchase Date in the applicable pricing period as of the close of business on such Purchase Date, although Plan shares of common stock will not be credited to such investor's account until the conclusion of the pricing period unless we elect to use the "continuous settlement feature" described below for that pricing period.

If we elect to use the continuous settlement feature, shares of common stock will be credited to the Plan accounts of investors purchasing shares of common stock pursuant to requests for a Large Cash Purchase within three business days after each Purchase Date. We may activate the continuous settlement feature for a particular investment at the time we determine other pricing terms in respect of shares of common stock to be sold pursuant to a Large Cash Purchase request.

We will return, without interest, any amount to be invested pursuant to a Large Cash Purchase request that is not applied to the purchase of shares of common stock because the threshold price is not met or shares of common stock are not traded on the composite exchanges on any

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trading day during a pricing period or extension, as applicable. Any such uninvested funds will be returned within five business days after the last day of the applicable pricing period, as it may be extended. The amount returned will be based on the number of days on which the threshold price was not satisfied or no trades were reported on the composite exchanges compared to the total number of days in the pricing period or extended pricing period, as applicable. For example, the amount returned for a ten-day pricing period will equal one-tenth of the total amount of your proposed Large Cash Purchase investment for each trading day on which the threshold price is not satisfied or shares of common stock are not traded on the composite exchanges.

From time to time, financial intermediaries, including brokers and dealers, and other persons may engage in positioning transactions in order to benefit from any waiver discounts applicable to investments made pursuant to requests for waiver for Large Cash Purchases under the Plan. Those transactions may cause fluctuations in the trading volume of our common stock. Financial intermediaries and such other persons who engage in positioning transactions may be deemed to be underwriters. We have no arrangements or understandings, formal or informal, with any person relating to the sale of shares of common stock to be received under the Plan. We reserve the right to modify, suspend or terminate participation in the Plan by otherwise eligible persons to eliminate practices that are inconsistent with the purpose of the Plan.

We may alter, amend, supplement or waive, in our sole discretion, the time periods and/or other parameters relating to optional cash purchases in excess of \$50,000 made by one or more participants in the Plan or new investors, at any time and from time to time, prior to the granting of any request for waiver or during an active pricing period with notification to participants before a trading day begins. With such notification the participant may decide whether or not to participate in the modified feature or parameter.

Full and Fractional Shares

Your Plan account will be credited with the number of shares, including fractions computed to three decimal places, equal to the total amount you invest (less applicable fees) divided by the applicable purchase price per share. Shares purchased under the Plan will be issued in book-entry form.

Pricing Limitations Relating to REIT Status. The Company reserves the right to revise this requirement if it determines such revision is appropriate to comply with the tax rules applicable to REITs.

Reports to Plan Participants

If you participate in the Plan, you will receive a transaction advice following each optional cash investment or sale or transfer of shares, and will receive an account statement whenever your dividend is reinvested for any month in which your Plan account had activity showing all transactions year-to-date (shares purchased or sold, amounts invested, amount of dividends, purchase prices) and the total number of shares in the account. In the future, we may send quarterly, semi-annual or annual statements rather than monthly statements. If we decide to change the frequency of the account statement, we will notify you. **These statements are your continuing record of the tax cost of your purchases of shares of our common stock under the Plan, and should be retained for income tax purposes until such time as you have disposed of all such shares.** You will also receive copies of our annual reports to stockholders and proxy statements.

Table of Contents**Participation and Transaction Fees**

The following fees apply to your participation in the Plan:

Enrollment in Plan-current shareowners	Company paid
Initial Investment	\$5
Reinvestment of dividends	Company Paid
Optional investments	
Transaction fee automatic monthly investments	Company Paid
Transaction fee individual electronic investments	Company Paid
Transaction fee check optional investments	Company Paid
Trading fee (open market purchases only)	Company Paid
Sale of shares	
Batch Order	\$15.00
Market Order	\$25.00
Limit Order per Transaction (Day/GTD/GTC)	\$30.00
Stop Order	\$30.00
Trading fee (includes brokerage fees and commissions)	\$0.12 per share
Electronic deposit of sale proceeds	\$5.00 U.S. accounts
Safekeeping of stock certificates	Company paid
Gift or other transfer of shares	Company paid
Prior Year Duplicate statement of account	\$15 per year requested
Returned check or failed electronic payment fee	\$35.00

From time to time, we may change the amount of fees charged to Plan participants.

Depositing Shares into the Plan

You may deposit any of our common stock certificates in your possession and registered in your name with the Plan Administrator. Shares so deposited in the Plan will be transferred into the name of the Plan Administrator, as custodian of your shares under the Plan, and credited to your Plan account. Thereafter, the shares will be treated in the same manner as shares purchased through the Plan and dividends on all such deposited shares will be reinvested to the extent you elected the dividend reinvestment option.

Depositing your stock certificates in the Plan offers two significant advantages. First, the risk to you associated with loss, theft or destruction of stock certificates is eliminated. If a stock certificate is lost, stolen or destroyed, no transfer or sale of the shares may take place until a replacement certificate is obtained. This procedure is not always simple and usually results in costs and paperwork to you, to us and to our transfer agent. Second, the deposited shares may be sold through the Plan in a convenient and efficient manner.

Optional mail loss insurance

Please be advised that choosing registered, express or certified mail alone will not protect you should your certificates become lost or stolen.

The Plan Administrator can provide you with low cost loss insurance for certificates being returned for conversion to book-entry form. To take advantage of the optional mail loss insurance, simply include your \$10.00 check, made payable to WFSS Surety Program, along with your certificates and instructions.

To qualify for this service you must choose to use an accountable mail delivery service such as Federal Express, United Parcel Service, DHL, Express Mail, Purolator, TNT or United States Postal

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Service Registered Mail. Any one shipping package may not contain certificates exceeding a total value of \$100,000.

Value of certificate shares is based on the closing market price of the trading day prior to the documented mail date. Claims related to lost securities under this service must be made within 60 days of the date the documented delivery service mail date. This is specific coverage for the purpose of converting shares to book-entry form and the surety is not intended to cover certificates being tendered for certificate breakdown or exchange for other certificates. Mail loss insurance covers the cost of replacement surety bond only, replacement transaction fees may apply.

If you choose another method of delivery or acquire your own mail loss insurance, we recommend you insure your delivery for at least 3% of the market value of your securities.

Please do not endorse the certificates or complete the assignment section.

Withdrawing Shares from Your Plan Account

You may withdraw any number of whole shares from your Plan account at any time by notifying the Plan Administrator to that effect in writing, by telephone or online at *shareowneronline.com*. You may obtain the shares to be withdrawn in book-entry form through the direct registration system maintained by our transfer agent. Any shares remaining in your Plan account will continue to be credited to that account, and dividends paid with respect to such remaining shares will be reinvested in additional shares in accordance with your dividend reinvestment election until your participation in the Plan is terminated.

Pledging Your Plan Account Shares

You may not pledge any shares of our common stock held in your Plan account as collateral for a loan or other obligation. If you wish to pledge shares held in your Plan account, you must first withdraw from your Plan account the number of shares you wish to pledge.

Selling Your Shares

Sales are usually made through an affiliated broker, who will receive brokerage commissions. Typically, the shares are sold through the exchange on which the shares of common stock are traded. Depending on the number of shares to be sold and current trading volume, sale transactions may be completed in multiple transactions and over the course of more than one day. All sales are subject to market conditions, system availability, restrictions and other factors. The actual sale date, time or price received for any shares sold through the Plan cannot be guaranteed.

Participants may instruct the Plan Administrator to sell shares under the Plan through a Batch Order, Market Order, Day Limit Order, Good-'Til-Date/Canceled Limit Order or Stop Order.

Batch Order (online, telephone, mail). The Plan Administrator will combine each request to sell through the Plan with other Plan participant sale requests for a Batch Order. Shares are then periodically submitted in bulk to a broker for sale on the open market. Shares will be sold no later than five business days (except where deferral is necessary under state or federal regulations). Bulk sales may be executed in multiple transactions and over more than one day depending on the number of shares being sold and current trading volumes. Once entered, a Batch Order request cannot be canceled.

Market Order (online or telephone). The participant's request to sell shares in a Market Order will be at the prevailing market price when the trade is executed. If such an order is placed during market hours, the Plan Administrator will promptly submit the shares to a broker for sale on the open market. Once entered, a Market Order request cannot be canceled. Sales requests submitted near the close of

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the market may be executed on the next trading day, along with other requests received after market close.

Day Limit Order (online or telephone). The participant's request to sell shares in a Day Limit Order will be promptly submitted by the Plan Administrator to a broker. The broker will execute as a Market Order when and if the stock reaches, or exceeds the specified price on the day the order was placed (for orders placed outside of market hours, the next trading day). The order is automatically canceled if the price is not met by the end of that trading day. Depending on the number of shares being sold and current trading volumes, the order may only be partially filled and the remainder of the order canceled. Once entered, a Day Limit Order request cannot be canceled by the participant.

Good-'Til-Date/Canceled (GTD/GTC) Limit Order (online or telephone). A GTD/GTC Limit Order request will be promptly submitted by the Plan Administrator to a broker. The broker will execute as a Market Order when and if the stock reaches, or exceeds the specified price at any time while the order remains open (up to the date requested or 90 days for GTC). Depending on the number of shares being sold and current trading volumes, sales may be executed in multiple transactions and may be traded on more than one day. The order or any unexecuted portion will be automatically canceled if the price is not met by the end of the order period. The order may also be canceled by the applicable stock exchange or the participant.

Stop Order (online or telephone). The Plan Administrator will promptly submit a participant's request to sell shares in a Stop Order to a broker. A sale will be executed when the stock reaches a specified price, at which time the Stop Order becomes a Market Order and the sale will be at the prevailing market price when the trade is executed. The price specified in the order must be below the current market price (generally used to limit a market loss).

Basis of Shares Sold

Absent an election to the contrary from you, the Plan Administrator intends to use the first-in, first-out ("FIFO") method when determining the tax basis of any shares of our common stock acquired by or for you under the Plan. Under this method, the shares sold or transferred are charged against the earliest lot purchased or acquired by or for you to determine the basis of the shares. In the alternative, investors may designate their preference of "specific identification" cost basis or the "average basis method" at any time. Such designation must be in writing to the Plan Administrator. An investor who participates in a "dividend reinvestment plan" (or "DRP") may use the "average basis method" when determining the tax basis of any shares they hold in the DRP. We believe and intend to take the position that the Plan qualifies as a DRP. Under this method, after you notify the Plan Administrator of your election to use the average basis method, all sales or other dispositions of shares of our common stock that you hold in the Plan that were acquired on or after January 1, 2012 would generally have a single basis, which would be determined by averaging the basis of all shares acquired through the Plan since such date. You should consult your tax advisor regarding the average basis method and the elections that are appropriate for you.

Gifts and Other Transfers of Shares

If you wish to transfer ownership of all or part of the shares of our common stock in your Plan account through gift, private sale or otherwise, you may effect a transfer by mailing to the Plan Administrator at the address listed above under the caption "Administration" a Stock Power properly executed by you (and any other persons for whom the Plan account is carried) and a Form W-9 (Request for Taxpayer Identification Number and Certification) completed by the transferee. Requests for transfer of such shares are subject to the same requirements as the transfer of common stock certificates, including the requirement of a Medallion signature guarantee on the Stock Power. Brokerage firms and banks generally can provide the Medallion signature guarantee. The Plan

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Administrator will provide the appropriate forms upon request by calling 1-877-218-2434 (1-651-450-4064 outside of the United States and Canada) or the forms may be downloaded at *shareowneronline.com*. Any shares so transferred will be withdrawn from your account, and your next account statement or transaction advice will reflect the number of shares withdrawn.

If you wish to transfer shares from your Plan account to the account of an existing Plan participant or to a new Plan account, you should call the Plan Administrator's toll-free telephone number 1-877-218-2434 (1-651-450-4064 outside of the United States and Canada) to request a Stock Power and, for each new account, a Plan brochure/prospectus and Account Authorization Form. The Account Authorization Form for any new Plan account should be completed by providing the full registration name, address and social security number of each new Plan participant. Each new Plan participant must sign the Account Authorization Form.

The completed Stock Power indicating the number of shares (full and fractional) which should be transferred to the existing or new Plan participant's account should be sent to the Plan Administrator, accompanied by a properly completed Account Authorization Form for any transfer to a new Plan participant's account. You (and any other persons for whom the Plan account is carried) must sign the Stock Power and your signature(s) must be Medallion Guaranteed as discussed above. If your transfer is being made to an existing Plan account, dividends on the shares transferred will be reinvested in accordance with the dividend reinvestment election applicable to the existing account. Dividend reinvestment on shares transferred to a new Plan account will occur in accordance with the election made on the Account Authorization Form.

Termination of Participation

You may terminate participation in the Plan prior to any dividend payment date by giving written notice of termination, signed by all persons for whom the account is carried, to the Plan Administrator, by calling the Plan Administrator or contacting the Plan Administrator online at *shareowneronline.com*. Any notice received too late to process before the payment date will not become effective until after dividends paid on such payment date have been credited to your account and invested as provided in the Plan. After termination, all dividends will be paid to you in cash.

Upon termination of participation in the Plan, unless you have requested on the Plan termination notice that some or all Plan shares be sold, the Plan Administrator will send you a direct registration statement representing the number of full shares held in your name and a check in the amount of the market value of any fractional share.

Other Information

Stock Dividends, Stock Splits and Other Corporate Actions. Any stock dividend or shares resulting from stock splits with respect to shares, both full and fractional, credited to your Plan account will be added to your account. If there occurs any other transaction that results in the number of outstanding shares of our common stock being increased or decreased without the receipt of consideration by us, such as a recapitalization, reclassification, reverse stock split or other combination of shares, your Plan account balance will be adjusted to reflect the results of such a transaction.

Voting of Shares. If on the record date for a meeting of stockholders there are shares credited to your Plan account, proxy materials will be sent to you for such meeting. All shares credited to your Plan account (including any fractional share) will be voted as you direct at each meeting of stockholders if you return an executed proxy in a timely manner. You may instead vote all of such shares in person at the stockholders' meeting.