

REALTY INCOME CORP
Form 424B5
March 23, 2011

**Filed Pursuant to Rule 424(B)(5)
Registration No. 333-158169**

PROSPECTUS SUPPLEMENT
(to prospectus dated March 24, 2009)

Dividend Reinvestment and Stock Purchase Plan

6,000,000 Shares

Common Stock

This prospectus describes our Dividend Reinvestment and Stock Purchase Plan. The Plan provides a convenient and economical way for our shareholders 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 6,000,000 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 March 21, 2011, the last reported sale price of our common stock on the New York Stock Exchange was \$34.76 per share.

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

If you are not already a shareholder, you may become a participant in the Plan by enrolling online at shareowneronline.com or by submitting an enrollment form to the Plan Administrator, Wells Fargo Bank N.A., and making an initial cash investment in our common stock of at least \$250 (which you may satisfy by authorizing a minimum of five (5) automatic monthly investments of at least \$50) and up to a maximum of \$50,000.

If you are a registered holder of our 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 \$50 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 investment date. The purchase price for shares of our common stock purchased by the Plan Administrator on the open market will be the

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weighted average price (including any per share fees) of all shares purchased by the Plan Administrator for Plan participants on the relevant investment date. Common shares 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 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(2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(3)
Common Stock, par value \$1.00 per share	6,000,000	\$34.58	\$207,480,000.00	\$24,088.43

(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) This estimate is made pursuant to Rule 457(c) under the Securities Act of 1933 (the "Securities Act") solely for purposes of calculating the registration fee, and is based on a price of \$34.58, which represents the average high and low prices per share of the registrant's common stock as reported on the New York Stock Exchange on March 22, 2011.

(3) Calculated in accordance with Rules 456(b), 457(c) and 457(r) of the Securities Act.

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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 advice 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.

DESCRIPTION OF THE PLAN

Purpose

The primary purpose of the Plan is to provide our common shareholders 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 shareholders, 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 shareholder, with an initial cash investment of at least \$250, which you may satisfy by authorizing a minimum of five (5) automatic monthly investments of at least \$50, 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 \$50 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.

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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.

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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.

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
161 North Concord Exchange
South St. Paul, MN 55075-1139

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: www.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, www.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

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Authentication ID and a valid email address. The Plan Administrator's website is *www.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 Advisors, 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 shareholder 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 established procedures that permit its customers to participate in plans such as the Plan, or if you become a shareholder of record of our stock. You can become a shareholder 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 (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 common shares. 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

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(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 shareholders 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 common shares.

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 Enrollment Form online at the Plan Administrator's website, www.shareowneronline.com, or complete an Enrollment Form and mail it to the Plan Administrator. The Enrollment Form is available on the Plan Administrator's website, www.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 Enrollment Form allows you to indicate how you wish to participate in the Plan.

If you do not currently own any of our common stock, you may join the Plan if you make an initial cash investment of at least \$250, which you may satisfy by authorizing a minimum of five (5) automatic monthly investments of at least \$50. You must complete and submit an Enrollment Form in the manner described in the previous paragraph, and make your 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 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 common shares.

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Partial Dividend Reinvestment: You can designate that a portion of the total cash dividends you receive on your shares of our common stock, minus any applicable withholding taxes, be paid to you by check or electronic cash deposit, 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 remaining percentage of such dividends will be received by check or electronic cash deposit.

Direct Deposit: You can designate a portion or the entire total cash dividend to be deposited directly into your bank account. You must designate the banking information where you want your dividends deposited.

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 Enrollment 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 Enrollment 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.

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 www.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 or no dividend reinvestment, you can have your cash dividends deposited directly into your U.S. 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 www.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 U.S. financial institution account for direct deposit or discontinue this feature by notifying the Plan Administrator in writing or online at www.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 \$50 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 share 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 \$250, which you may satisfy by authorizing a minimum of five (5) automatic monthly investments of at least \$50, and may not exceed \$50,000 unless we agree to waive that limit.

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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, or electronic funds transfer, from your checking or savings account at any qualified U.S. financial institution that participates in the automated clearing house. These automatic monthly deductions are made on the 25th of each month, 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.

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 Enrollment 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 www.shareowneronline.com. To purchase shares of our common stock online, you must authorize the withdrawal of funds from your U.S. 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 www.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.

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By Automatic Withdrawal from Your U.S. 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 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 www.shareowneronline.com. Funds will be deducted from your account on the 25th day of each month (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 U.S. 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.

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

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the same investment date. The Plan Administrator will have no responsibility as to the market value of shares acquired for Plan participants' accounts.

Optional Investments in Excess of Plan Limits.

Optional cash investments of more than \$50,000 per month (including any initial investment in excess of \$50,000) may be made only by investors that submit requests for waiver that are approved by us. It is entirely within our discretion as to whether any request for waiver of the limit on optional cash investments will be approved.

Requests for Waiver. If you wish to make an optional investment in excess of \$50,000 initially or for any month, you should contact the Plan Administrator by calling 877-218-2434 and request a waiver. You may direct questions about the waiver process to that number as well. If you do not receive a response from us regarding a waiver request, you should assume that we have denied your request.

Action on Requests for Waiver. In acting on a request for waiver, we will consider relevant factors, including among others:

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

our need for additional funds;

the attractiveness of obtaining those funds through the sale of our common stock under the Plan in comparison to other available sources of funds;

the purchase price likely to apply to any sale of our 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 optional investments in excess of \$50,000 for the month for which Plan participants have submitted requests for waiver.

If requests for waiver are submitted for an aggregate amount greater than the amount we are then willing to accept, we may honor those requests in order of receipt, pro rata or on any other basis that we, in our sole discretion, consider appropriate. The Plan does not provide for a predetermined maximum limit on the amount that may be invested or the number of shares that may be purchased pursuant to a request for waiver.

Source of Shares. Shares of our common stock purchased under the Plan pursuant to a waiver of the Plan maximum purchase amount will be issued directly by us.

Settlement. Newly issued shares purchased will be posted to your account within three business days following the end of the applicable pricing period.

Optional investments that do not exceed \$50,000 per month, as well as dividend reinvestments, will not be subject to a waiver.

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.

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Pricing Limitations Relating to REIT Status. The following pricing limitation is imposed in order to ensure compliance with certain tax rules applicable to REITs, and is not intended to imply that we intend to offer discounted share purchase pricing for dividend reinvestment or optional cash purchases.

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Whether you are reinvesting dividends or making optional cash purchases, you may not purchase shares of common stock on any particular trading day (whether such shares are newly issued shares or purchased by the agent in open market or privately negotiated transactions) for an amount per share, less any per share brokerage commissions or similar costs paid by us that are in excess of the amounts paid by you (such excess, the "Costs"), which is less than 95% of the value of a share on that particular trading day. In the event that shares would be purchased for less than this amount, the number of shares credited to your account will be reduced so that such limitation is satisfied. For these purposes, value generally means the average of the high and low New York Stock Exchange prices for the day of purchase for shares newly issued by the Company, and the weighted average purchase price for other shares. 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 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 shareholders and proxy statements.

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Participation and Transaction Fees

The following fees apply to your participation in the Plan:

Enrollment in Plan-current shareowners	Company paid
Initial Investment	\$15
Reinvestment of dividends	5% of the dividend amount up to a maximum of \$1 per transaction
Optional investments	
Transaction fee automatic monthly investments	\$2.00 per transaction
Transaction fee individual electronic investments	\$3.50 per transaction
Transaction fee check optional investments	\$5.00 per transaction
Trading fee (open market purchases only)	\$0.06 per share
Sale of shares	
Transaction fee	\$15.00
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.	

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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 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 2% 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 www.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.

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Selling Your Shares

You may request that any or all of the shares held for you through the Plan be sold by contacting the Plan Administrator online at www.shareowneronline.com, by submitting to the Plan Administrator the tear-off stub on your account statement or by calling the Plan Administrator toll free at 1-877-218-2434 (1-651-450-4064 outside of the United States). The Plan Administrator will aggregate all shares for which requests to sell are received from Plan participants and then will complete the sale of such shares in the open market. Shares are sold daily. Depending on the number of shares being sold and current trading volume in the shares, sales may be executed in multiple transactions and may be traded on more than one day. The fee (including brokerage fees and commissions) in connection with the sale of shares is \$15.00 per sale transaction plus \$.12 per share sold.

The price per share sold (including brokerage fees and commissions) will be the average weighted price for all shares sold for the Plan on the applicable trade date or dates less the per share transaction fee. The selling price will not be known until the sale is completed.

A check for the proceeds of the sale of shares less applicable taxes and transaction fees, will normally be mailed to you by first class mail within two (2) business days after the final trade settlement date.

You should be aware that the share price of our common stock may fluctuate between the time your sale request is received by the Plan Administrator and the time sale is made on the open market. You should evaluate this possibility while deciding whether and when to sell any shares through the Plan because the price risk will be borne solely by you.

Basis of Shares Sold

Absent an election to the contrary from you, the Plan Administrator intends to use the "average basis method" (as defined in applicable Treasury Regulations) for shares of our common stock acquired by or for you on or after January 1, 2012, and does not intend to use the average basis method for shares acquired by or for you before such date. This method of computing tax basis will apply to shares acquired by or for you under the Plan, except to the extent you provide notice to the Plan Administrator that you elect to use a different method of computing the tax basis of your shares held in the Plan. You may make an election to use a different method of determining such tax basis at any time on a prospective basis. However, if you elect to use the average basis method for shares acquired in the plan before January 1, 2012, certain complexities may arise regarding the calculation of the tax basis of your shares. 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 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 www.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.

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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 Enrollment Form. The Enrollment 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 Enrollment 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 Enrollment 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 Enrollment 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 www.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 shareholders there are shares credited to your Plan account, proxy material 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 shareholders if you return an executed proxy in a timely manner. You may instead vote all of such shares in person at the shareholders' meeting.

Shareholder Communications. If you participate in the Plan, you will receive all communications sent to all holders of our common stock. If you elect to receive shareholder communications electronically, you may receive these communications by email instead of in paper form.

Multiple Accounts. We reserve the right to aggregate all optional investments for Plan participants with more than one account using the same name, address or social security or taxpayer identification number. We also may aggregate Plan accounts that we believe to be under common control or

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management or to have common ultimate beneficial ownership. If we exercise our right to aggregate investments and the resulting investment in the Plan would exceed \$50,000 per month without a request for waiver approved by us, the amount in excess of \$50,000 will be returned without interest as promptly as reasonably practicable.

Interpretation of the Plan. We reserve the right to interpret and regulate the Plan as we deem necessary or desirable in connection with the Plan's operations. Any such determination by us will be conclusive and binding on Plan participants.

Change of Plan Administrator. We reserve the right to appoint another institution to serve as Plan Administrator in place of the current Plan Administrator. All Plan participants will receive notice of any such change.

Plan Change or Termination. At our direction, the Plan Administrator may terminate your participation in the Plan if you do not own at least one full share in your name or held through the Plan. We also reserve the right to deny, modify, suspend or terminate participation in the Plan by otherwise eligible persons to the extent we deem it advisable or necessary in our discretion to comply with applicable laws or to eliminate practices that are not consistent with the purposes of the Plan. If your participation in the Plan is terminated, you will receive a direct registration for all full Plan shares and a check in the amount of the market value of any fractional Plan share. We also reserve the right to suspend, modify or terminate the Plan at any time. You will receive notice of any suspension, material modification or termination of the Plan. We and the Plan Administrator also reserve the right to change any administrative procedures of the Plan.

Responsibilities of the Plan Administrator and Realty Income. Neither we nor the Plan Administrator or its independent agent will be liable for any act done in good faith or required by applicable law or for any good faith omission to act. This includes any claim of liability (i) arising out of the failure to terminate your account upon your death prior to receipt of a notice in writing of such death, (ii) with respect to the prices or times at which shares are purchased or sold under the Plan, (iii) relating to any fluctuation in the value of the shares acquired for Plan participants, or (iv) your failure to receive communications regarding the Plan if you have failed to update your address or e-mail address on file with the Plan Administrator.

Neither we nor the Plan Administrator, which is acting solely as our agent in connection with the Plan, will have any duties or responsibilities in connection with the Plan other than those expressly set forth in the Plan or as imposed by applicable laws, and no implied duties, fiduciary or otherwise, shall be read into this Plan.

In the absence of negligence or willful misconduct on its part, the Plan Administrator, whether acting directly or through agents or attorneys shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties hereunder. In no event shall the Plan Administrator be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profit), even if the Plan Administrator has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Plan Administrator shall: (i) not be required to and shall make no representations and have no responsibilities as to the validity, accuracy, value or genuineness of any signatures or endorsements, other than its own; and (ii) not be obligated to take any legal action hereunder that might, in its judgment, involve any expense or liability, unless it has been furnished with reasonable indemnity.

The Plan Administrator shall not be responsible or liable for any failure or delay in the performance of its obligations under this Plan arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or

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malfunctions of utilities; computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental actions; it being understood that the Plan Administrator shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Shares of our common stock acquired under the Plan are not insured by the Federal Deposit Insurance Corporation or any other government agency, are not deposits or other obligations of, and are not guaranteed by, Wells Fargo Bank, N.A., and are subject to investment risks, including possible loss of principal amount invested. Wells Fargo Bank, N.A. and Realty Income provide no advice and make no recommendations with respect to purchasing or selling shares of Realty Income. Any decision to purchase or sell must be made by each individual Plan Participant based on his or her own research and judgment.

The Plan and its operation are governed by and shall be construed in accordance with the laws of the state of California.

The payment of dividends is at the discretion of our Board of Directors and will depend upon future earnings, our financial condition and other factors. The Board of Directors may change the amount and timing of dividends at any time without notice.

You should recognize that neither we nor the Plan Administrator can provide any assurance of a profit or protection against loss on any shares purchased under the Plan.

SUPPLEMENTAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The discussion below is a supplement to, and is intended to be read together with, the discussion in the accompanying prospectus under the heading "United States Federal Income Tax Considerations."

The following is a general summary of certain United States federal income tax considerations to U.S. participants in the Plan, as well as considerations regarding our election to be taxed as a real estate investment trust, or REIT, and the ownership and disposition of shares our common stock. This summary is based on current law, is for general information only and is not tax advice.

This summary is limited to holders who hold shares of our common stock as "capital assets" (generally, property held for investment within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended, or the Code). Your tax treatment will vary depending on your particular situation, and this discussion does not address all the tax consequences that may be relevant to you in light of your particular circumstances. This discussion does not address the tax consequences relevant to persons who receive special treatment under the United States federal income tax law, except to the extent discussed under the headings " Taxation of Tax-Exempt Stockholders" and " Taxation of Non-U.S. Holders" in the accompanying prospectus. Holders of our common stock receiving special treatment include, without limitation:

financial institutions, banks and thrifts;

insurance companies;

tax-exempt organizations;

"S" corporations;

traders in securities that elect to mark to market;

partnerships, pass-through entities and persons holding our common stock through a partnership or other pass-through entity;

holders subject to the alternative minimum tax;

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regulated investment companies and REITs;

foreign corporations or partnerships, and persons who are not residents or citizens of the United States;

broker-dealers or dealers in securities or currencies;

United States expatriates;

persons holding our common stock as a hedge against currency risks or as a position in a straddle; or

United States persons whose functional currency is not the United States dollar.

The information in this summary is based on current law, including:

the Code,

current, temporary and proposed Treasury regulations promulgated under the Code,

the legislative history of the Code,

current administrative interpretations and practices of the Internal Revenue Service, or IRS; and

court decisions,

in each case, as of the date of this prospectus supplement. In addition, the administrative interpretations and practices of the IRS include its practices and policies as expressed in private letter rulings which are not binding on the IRS except with respect to the particular taxpayers who requested and received those rulings. Future legislation, Treasury regulations, administrative interpretations and practices and/or court decisions may adversely affect the tax considerations described in this prospectus supplement. Any such change could apply retroactively to transactions preceding the date of the change. We have not requested and do not intend to request a ruling from the IRS that we qualify as a REIT or regarding the tax consequences associated with participating in the Plan, and the statements in this summary are not binding on the IRS or any court. Thus, we can provide no assurance that the tax considerations contained in this summary will not be challenged by the IRS or will be sustained by a court if so challenged. State, local and foreign income tax laws may differ substantially from any corresponding federal income tax laws. This discussion does not address any aspect of the laws of any state, local or foreign jurisdiction, or any federal tax other than the income tax.

You are urged to consult your tax advisors regarding the tax consequences to you of:

participation in the Plan and any elections you make under the Plan;

the acquisition, ownership, and/or sale or other disposition of the common stock offered under this prospectus supplement, including the federal, state, local, foreign and other tax consequences;

our election to be taxed as a REIT for federal income tax purposes; and

potential changes in the applicable tax laws.

Participation in the Plan by U.S. Participants

The following summary describes certain United States federal income tax consequences of participating in the Plan to U.S. participants. When we use the term "U.S. participant," we mean a participant in the Plan who, for United States federal income tax purposes is:

a citizen or resident of the United States;

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a corporation or other entity created or organized in or under the laws of the United States or of any State thereof or in the District of Columbia;

an estate the income of which is subject to United States federal income taxation regardless of its source; or

a trust whose administration is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust. Notwithstanding the preceding sentence, to the extent provided in the Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to this date that elect to continue to be treated as United States persons, shall also be considered U.S. participants.

If a partnership or other entity treated as a partnership for U.S. federal income tax purposes is a participant in the Plan, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership participating in the Plan, you should consult your tax advisor regarding the tax consequences of the ownership and disposition of our common stock the partnership holds in the Plan.

Distributions you receive on shares of our common stock you hold in the Plan and that are reinvested in newly issued shares will be treated for federal income tax purposes as a taxable stock distribution to you. Accordingly, to the extent we have current or accumulated earnings and profits for federal income tax purposes, you will receive taxable dividend income in an amount equal to the fair market value of the shares of our common stock that you receive on the date we make distributions. For the tax treatment of distributions in excess of current and accumulated earnings and profits, see the accompanying prospectus under the heading "United States Federal Income Tax Considerations United States Federal Income Tax Considerations for Holders of Our Capital Stock". We intend to take the position that the fair market value of the newly issued shares purchased with reinvested distributions will equal the average of the high and low New York Stock Exchange prices of our common stock on the date we make such distributions, and that the fair market value of shares of our common stock purchased by the Plan Administrator in the open market or in privately negotiated transactions will equal the weighted average price (including any per share fees not paid by the participant, as discussed below) of all shares purchased by the Plan Administrator for Plan participants.

Your statement of account will show the fair market value of the common stock purchased with reinvested distributions on the applicable date we make distributions. You also will receive a Form 1099-DIV after the end of the year which will show for the year your total dividend income, your amount of any return of capital distribution and your amount of any capital gain dividend.

The IRS has indicated in certain private letter rulings that a participant in both the dividend reinvestment and optional cash purchase portions of a plan similar to our Plan who makes an optional cash purchase under the plan will be treated as having received a distribution equal to the excess, if any, of the fair market value on the investment date of the common shares over the amount of the optional cash payment made by the participant. Certain other private letter rulings have held that a participant in the optional cash purchase portion of a plan who makes an optional cash purchase of shares under the plan at a discount will not be treated as having received a distribution. We presently intend to take the position that a holder who makes an optional cash purchase of common shares under the Plan will be treated as having received a distribution equal to the excess, if any, of the fair market value, determined as described above, on the investment date of the common shares over the amount of the optional cash payment made by the participant. Any such distribution would result in taxable dividend income, reduced basis in the shares of common stock, capital gain or some combination thereof, under the rules described above.

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The IRS has held in certain private letter rulings that brokerage commissions paid by a corporation with respect to open market purchases on behalf of participants in a dividend reinvestment plan or pursuant to the optional cash purchase features of a plan were to be treated as constructive distributions to participants who were shareholders of the corporation. In these rulings the IRS determined that the payment of these fees or commissions was subject to income tax in the same manner as distributions and includable in the participant's cost basis of the shares purchased. Under the Plan, you are required to pay certain fees and costs associated with certain transactions, and your participation in the Plan. We presently expect such amounts will be sufficient to pay any third party costs, such as brokerage commissions, related to purchases and sales of shares of our common stock. However, to the extent that we pay brokerage commissions or similar costs in excess of the amounts paid by you with respect to any open market or privately negotiated purchases made with reinvested dividends or optional cash purchases by the Plan Administrator, we presently intend to take the position that shareholder participants received their proportionate amount of the commissions or similar costs as distributions in addition to the amounts described above. We intend to take the position that administrative expenses of the Plan paid by us are not constructive distributions to you.

Under recently promulgated Treasury Regulations, an investor who participates in a "dividend reinvestment plan" (or DRP) (as defined in applicable Treasury Regulations) 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. As set forth in "Description of the Plan Selling Your Shares Basis of Shares Sold" above, absent an election to the contrary from you, the Plan Administrator intends to use the "average basis method" under recently promulgated Treasury Regulations for shares of our common stock acquired by or for you on or after January 1, 2012, and does not intend to use the average basis method for shares acquired by or for you before such date. Under this method, all of the shares of our common stock that you hold in the Plan and that were acquired on or after January 1, 2012 will generally have a single basis, which will be determined by averaging the basis of all such shares that you hold in the Plan. However, if you elect to use the average basis method election for shares acquired in the Plan before January 1, 2012, certain complexities may arise regarding the calculation of the tax basis of your shares.

To the extent