REALTY INCOME CORP
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Prospectus Supplement
(To Prospectus dated April 12, 2006)

$550,000,000

6.750% Notes due 2019

The notes will mature on August 15, 2019. We will pay interest on the notes on February 15 and August 15 of each year. The first interest payment on the notes will be made on February 15, 2008. We may redeem the notes at any time in whole, or from time to time in part, at the make-whole redemption prices described in this prospectus supplement under the caption Description of Notes Optional Redemption. The notes will be our senior unsecured obligations.

Realty Income Corporation, The Monthly Dividend Company®, is a Maryland corporation organized to operate as an equity real estate investment trust, or REIT. We are a fully integrated, self-administered real estate company with in-house acquisition, leasing, legal, retail research, real estate research, portfolio management and capital markets expertise. As of June 30, 2007, we owned a diversified portfolio of 1,998 retail properties located in 48 states with over 17.2 million square feet of leasable space leased to 108 different retail chains doing business in 29 separate retail industries.

Investing in the notes involves risks. See Risk Factors beginning on page S-6 of this prospectus supplement.

	Per Note	Total
Public offering price(1)	99.827 %	$ 549,048,500
Underwriting discount	0.675 %	$ 3,712,500
Proceeds, before expenses, to Realty Income Corporation(1)	99.152 %	$ 545,336,000

(1) Plus accrued interest, if any, from September 5, 2007 if settlement occurs after that date.

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

Delivery of the notes will be made only in book-entry form through the facilities of The Depository Trust Company on or about September 5, 2007.

Joint Book-Running Managers

Banc of America Securities LLC **Citi**

BMO Capital Markets
BNY Capital Markets, Inc.
Morgan Keegan & Company, Inc.
Piper Jaffray
Wells Fargo Securities

The date of this prospectus supplement is August 30, 2007.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
6.750% Notes due 2019	$ 550,000,000	99.827 %	$ 549,048,500	$ 16,856

(1) Calculated in accordance with Rules 456(b) and 457(r) of the Securites Act.

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Prospectus Supplement

Prospectus

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus and, if applicable, any other offering materials we may provide you in connection with this offering. We have not, and the underwriters have not, authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference and, if applicable, any other offering materials we may provide you in connection with this offering is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

PROSPECTUS SUPPLEMENT SUMMARY

This summary may not contain all the information that may be important to you. You should read the entire prospectus supplement and the accompanying prospectus and the documents incorporated and deemed to be incorporated by reference herein and therein, including the financial statements and related notes, and, if applicable, any other offering materials we may provide you in connection with this offering before making an investment decision. Unless this prospectus supplement otherwise indicates or the context otherwise requires, the terms Realty Income, our, us and we as used in this prospectus supplement refer to Realty Income Corporation and its subsidiaries on a consolidated basis. Unless otherwise expressly stated or the context otherwise requires, information relating to our properties excludes properties owned by our wholly-owned subsidiary Crest Net Lease, Inc. and its wholly owned subsidiaries, CrestNet 1, LLC and CrestNet 2, LLC, which we collectively refer to herein as Crest Net or Crest.

In this prospectus supplement, we sometimes refer to our 6.75% Monthly Income Class E Cumulative Redeemable Preferred Stock, our 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock, our 9.375% Class B Cumulative Redeemable Preferred Stock, which we redeemed on June 6, 2004, and our 9.50% Class C Cumulative Redeemable Preferred Stock, which we redeemed on July 30, 2004, as the Class E preferred stock, the Class D preferred stock, the Class B preferred stock and the Class C preferred stock, respectively.

Realty Income

Realty Income is organized to operate as an equity real estate investment trust, commonly referred to as a REIT. Our primary business objective is to generate dependable monthly cash distributions from a consistent and predictable level of funds from operations, or FFO, per share. Additionally, we seek to increase distributions to stockholders and FFO per share through both active portfolio management and the acquisition of additional properties.

We are a fully integrated, self-administered real estate company with in-house acquisition, leasing, legal, retail research, real estate research, portfolio management and capital markets expertise. As of June 30, 2007, we owned a diversified portfolio of 1,998 retail properties located in 48 states, with over 17.2 million square feet of leaseable space leased to 108 different retail chains doing business in 29 separate retail industries. Of the 1,998 properties in the portfolio, 1,990, or 99.6%, were single-tenant, retail properties and the remaining eight were multi-tenant, distribution and office properties. At June 30, 2007, 1,964, or 98.7%, of the 1,990 single-tenant properties were leased with a weighted average remaining lease term (excluding extension options) of approximately 12.6 years.

Recent Developments

Acquisitions During the First Six Months of 2007

During the first six months of 2007, Realty Income invested $98.3 million in 46 new retail properties and properties under development with an initial weighted average contractual lease rate of 8.6%. The 46 new properties are located in 12 states, contain over 554,000 leasable square feet, and are 100% leased with an average lease term of 19.1 years. The 46 new properties acquired by Realty Income are net-leased to six different retail chains in the following five industries: convenience store, grocery, health and fitness, restaurant and sporting goods.

The initial weighted average contractual lease rate is computed as estimated contractual net operating income (in a net-leased property that is equal to the base rent or, in the case of the properties under development, the estimated base rent under the lease) for the first year of each lease, divided by the estimated total costs. Since it is possible that a tenant could default on the payment of contractual rent, we cannot assure you that the actual return on the funds invested will remain at the percentage listed above.

Credit Ratings Upgrade

In April 2007, Moody s Investors Service upgraded our senior unsecured debt rating to Baa1 from Baa2 and our preferred stock rating to Baa2 from Baa3, with a stable outlook. Our current senior unsecured debt ratings are the following: Fitch Ratings has assigned a rating of BBB+, Moody s Investors Service has assigned a rating of Baa1 and Standard & Poor s has assigned a rating of BBB. Standard & Poor s rating has a positive outlook and the ratings from Moody s Investors Service and Fitch Ratings have stable outlooks.

We have also been assigned investment grade credit ratings from the same rating agencies on our preferred stock. Fitch Ratings has assigned a rating of BBB, Moody s Investors Service has assigned a rating of Baa2 and Standard & Poor s has assigned a rating of BBB- to our preferred stock. Standard & Poor s rating has a positive outlook and the ratings from Moody s Investors Service and Fitch Ratings have stable outlooks.

The credit ratings assigned to us could change based upon, among other things, our results of operations and financial condition. These ratings are subject to ongoing evaluation by credit rating agencies and we cannot assure you that any rating will not be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. Moreover, a rating is not a recommendation to buy, sell or hold our debt securities (including notes offered hereby), preferred stock or common stock.

Net Income Available to Common Stockholders

Net income available to common stockholders was $30.9 million in the second quarter of 2007 versus $24.3 million in the same quarter of 2006, an increase of $6.6 million. On a diluted per common share basis, net income was $0.31 per share in the second quarter of 2007 compared to $0.27 in the second quarter of 2006.

Net income available to common stockholders was $61.1 million in the first six months of 2007 versus $46.8 million in the same period of 2006, an increase of $14.3 million. On a diluted per common share basis, net income was $0.61 per share in the first six months of 2007 compared to $0.54 in the first six months of 2006.

The calculation to determine net income available to common stockholders includes the gain from the sales of properties. The amount of gains varies from period to period and can significantly impact net income available to common stockholders.

The gain recognized from the sales of investment properties during the second quarter of 2007 was $585,000, as compared to $1.4 million for the second quarter of 2006. The gain recognized from the sales of investment properties during the first six months of 2007 was $2.4 million, as compared to $2.2 million for the first six months of 2006.

Funds from Operations (FFO)

In the second quarter of 2007, our FFO increased by $11.2 million, or 29.8%, to $48.8 million versus $37.6 million in the second quarter of 2006. On a diluted per common share basis, FFO was $0.49 in the second quarter of 2007 compared to $0.43 for the second quarter of 2006, an increase of $0.06, or 14.0%.

In the first six months of 2007, our FFO increased by $22.4 million, or 30.7%, to $95.3 million versus $72.9 million in the first six months of 2006. On a diluted per common share basis, FFO was $0.95 in the first six months of 2007 compared to $0.85 for the first six months of 2006, an increase of $0.10, or 11.8%.

For information on how we define FFO, as well as a reconciliation of net income available to common stockholders to FFO, see Management s Discussion and Analysis of Financial Condition and Results of Operations Funds From Operations Available to Common Stockholders (FFO) in our Quarterly

Report on Form 10-Q for the quarter ended June 30, 2007, which is incorporated by reference in the accompanying prospectus.

Increases in Monthly Distributions to Common Stockholders

We continue our 38-year policy of paying distributions monthly. Monthly distributions per share were increased in April 2007 by $0.000625 to $0.127125, in July 2007 by $0.000625 to $0.12775 and in August 2007 by $0.00775 to $0.1355. The increase in August 2007 was our 45th increase in the amount of our dividend since our listing on the New York Stock Exchange, or NYSE, in 1994. In the first eight months of 2007, we paid three monthly cash distributions per share in the amount of $0.1265, three in the amount of $0.127125 and two in the amount of $0.12775 per share, totaling $1.016375. In August 2007, we declared a distribution of $0.1355 per share, which will be paid on September 17, 2007.

The monthly distribution of $0.1355 per common share represents a current annualized distribution of $1.626 per common share, and an annualized distribution yield of approximately 6.0% based on the last reported sale price of our common stock on the NYSE of $27.21 on August 29, 2007. Although we expect to continue our policy of paying monthly distributions, we cannot guarantee that we will maintain our current level of distributions, that we will continue our pattern of increasing distributions per share, or what our actual distribution yield will be in any future period.

Key Financial Covenants

The notes will require that we comply with certain financial covenants described under Prospectus Supplement Summary The Offering Limitations on Incurrence of Debt and Description of Notes Additional Covenants of Realty Income. In general and subject to exceptions, these covenants provide that we may not incur any Debt (as defined) if, on a pro forma basis, our total Debt would exceed 60% of our Adjusted Total Assets (as defined) or our pro forma debt service coverage ratio would be less than 1.5 to 1.0, and that we may not incur any Secured Debt (as defined) if, on a pro forma basis, our total Secured Debt would exceed 40% of our Adjusted Total Assets, and also require that we maintain Total Unencumbered Assets (as defined) of not less than 150% of our total outstanding Unsecured Debt (as defined). The following table shows the foregoing percentages and ratio as required by those covenants as well as our actual percentages and ratios calculated on an historical basis as of June 30, 2007. These calculations, which are not based on generally accepted accounting principles, are presented to show our ability to incur additional debt under those covenants and do not purport to reflect our liquidity, actual ability to incur or service debt or our future performance. Moreover, the foregoing is a very general overview of some of the terms of those covenants and you should carefully review the information, including the definitions of some of the capitalized terms used above, appearing under Description of Notes Additional Covenants of Realty Income, as well as the indenture under which the notes will be issued, for more information.

Note Covenants	Required	Actual (as of June 30, 2007)	
Limitation on incurrence of total Debt	≤ 60% of Adjusted Total Assets	31.6	%
Limitation on incurrence of Secured Debt	≤ 40% of Adjusted Total Assets	0.0	%
Debt service coverage	≥ 1.5 x	4.5	x
Maintenance of Total Unencumbered Assets	≥ 150% of Unsecured Debt	316	%

Principal Executive Offices

Our principal executive offices are located at 600 La Terraza Boulevard, Escondido, California 92025 and our telephone number is (760) 741-2111.

The Offering

For a more complete description of the terms of the notes specified in the following summary, see Description of Notes in this prospectus supplement and Description of Debt Securities in the accompanying prospectus.

Issuer	Realty Income Corporation.
Securities Offered	$550,000,000 aggregate principal amount of 6.750% Notes due 2019.
Maturity	August 15, 2019.
Interest Payment Dates	Semi-annually in arrears on February 15 and August 15, commencing February 15, 2008.
Ranking	The notes will be our senior unsecured obligations. The notes are not obligations of any of our subsidiaries and none of our subsidiaries has guaranteed the notes. The notes will be effectively subordinated to all indebtedness, guarantees and other liabilities of our subsidiaries from time to time outstanding and will be subordinated to any secured indebtedness we incur to the extent of the value of the assets securing that indebtedness. In addition, our subsidiaries (other than Crest) have guaranteed our borrowings under our unsecured $300 million acquisition credit facility and the notes will also be effectively subordinated to our borrowings under our $300 million acquisition credit facility to the extent that those borrowings are guaranteed by those subsidiaries. See Risk Factors Although these notes are referred to as senior notes, they will be effectively subordinated to all liabilities of our subsidiaries and to our indebtedness that has been guaranteed by our subsidiaries, and will be subordinated to our secured indebtedness to the extent of the assets securing that indebtedness.
Ratings	The notes are expected to be rated BBB+ by Fitch Ratings, Baa1 by Moody s Investors Service and BBB by Standard & Poor s Ratings Group. See Description of Notes Ratings.
Use of Proceeds	We intend to use the net proceeds from this offering of notes to fund certain property acquisitions expected to close in 2007. These acquisitions will be subject to various customary conditions to closing, the failure of which could delay closings or result in the transactions not closing. To the extent that any of these acquisitions have been or are completed prior to the closing of this offering, we will use all or a portion of the net proceeds to repay borrowings under our acquisition credit facility incurred to finance the acquisitions. Any remaining net proceeds will be used for general corporate purposes, which may include additional acquisitions.

Limitations on Incurrence of Debt	The notes contain various covenants, including the following:
	• We will not incur any Debt (other than Intercompany Debt) if, immediately after giving effect to the incurrence of such Debt and the application of the proceeds therefrom on a pro forma basis, the aggregate principal amount of all of our Debt on a consolidated basis is greater than 60% of the sum of (1) our Total Assets as of the end of the fiscal quarter covered by our most recent report on Form 10-K or Form 10-Q, as the case may be, and (2) the increase in our Total Assets from the end of that quarter including any increase in Total Assets caused by the application of the proceeds of that additional Debt (that increase together with our Total Assets are referred to as Adjusted Total Assets).
	• We will not incur any Secured Debt (other than Intercompany Debt) if, immediately after giving effect to the incurrence of such Secured Debt and the application of the proceeds therefrom on a pro forma basis, the aggregate principal amount of all of our Secured Debt on a consolidated basis is greater than 40% of our Adjusted Total Assets.
	• We will not incur any Debt (other than Intercompany Debt) if the ratio of our Consolidated Income Available for Debt Service to our Annual Debt Service Charge for the four consecutive fiscal quarters most recently ended prior to the date on which the additional Debt is to be incurred would be less than 1.5 to 1.0, calculated on a pro forma basis after giving effect to the incurrence of that additional Debt and the application of the proceeds from that Debt, computed on a consolidated basis and subject to certain additional adjustments.
	• We will maintain Total Unencumbered Assets of not less than 150% of the aggregate outstanding principal amount of our Unsecured Debt, computed on a consolidated basis.
	The foregoing summary of certain covenants applicable to the notes is not complete and you should carefully review the information, including the definitions of some of the capitalized terms used above, appearing in this prospectus supplement under Description of Notes and in the accompanying prospectus under Description of Debt Securities, as well as the indenture under which the notes will be issued, for more information.
Sinking Fund	The notes are not entitled to the benefit of any sinking fund payments.
Optional Redemption	We may redeem the notes at any time in whole, or from time to time in part, at the redemption prices described in this prospectus supplement under the caption Description of Notes Optional Redemption.
Risk Factors	An investment in the notes involves various risks and prospective investors should carefully consider the matters discussed under Risk Factors in this prospectus supplement, as well as the other risks described in this prospectus supplement and the accompanying prospectus and the documents incorporated and deemed to be incorporated by reference herein and therein, before making a decision to invest in the notes.

RISK FACTORS

In evaluating an investment in the notes, you should carefully consider the following risk factors and the risk factors described under the caption Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2006, which is incorporated by reference in the accompanying prospectus, in addition to the other risks and uncertainties described in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference therein and, if applicable, any other offering materials we may provide in connection with this offering. As used under the captions Risk Factors in this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2006, references to our capital stock include both our common stock and any class or series of our preferred stock, references to our stockholders include holders of our common stock and any class or series of our preferred stock, and references to our debt securities and indebtedness include the notes, in each case unless otherwise expressly stated or the context otherwise requires.

Our business operations may not generate the cash needed to make distributions on our capital stock or to service our indebtedness.

Our ability to make distributions on our common stock and preferred stock and payments on our indebtedness, including these notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to make distributions on our common stock and preferred stock, to pay our indebtedness, including these notes, or to fund our other liquidity needs.

We are subject to risks associated with debt financing.

We intend to incur additional indebtedness in the future, including additional borrowings under our $300 million acquisition credit facility. At August 29, 2007, there were $109.3 million of borrowings under our $300 million acquisition credit facility and we had $920 million aggregate principal amount of outstanding unsecured senior debt securities. To the extent that new indebtedness, including the notes, is added to our current debt levels, the related risks that we now face would increase. As a result, we are and will be subject to risks associated with debt financing, including the risk that our cash flow could be insufficient to meet required payments on our debt, including the notes. We also face variable interest rate risk as the interest rate on our $300 million credit facility is variable and could therefore increase over time. We also face the risk that we may be unable to refinance or repay our debt, including the notes, as it comes due. In addition, our $300 million credit facility contains financial covenants that could limit the amount of distributions payable by us on our common stock and preferred stock in the event of a deterioration in our results of operations or financial condition, and our $300 million credit facility provides that, in the event of a failure to pay principal or interest on borrowings thereunder when due (subject to any applicable grace period), we and our subsidiaries may not pay any dividends on our capital stock, including our outstanding common and preferred stock. If this were to occur, it would likely have a material adverse effect on the market price of our outstanding common and preferred stock and on the value of our debt securities, including the notes offered hereby.

Our indebtedness could also have other important consequences to holders of the notes, including:

- Increasing our vulnerability to general adverse economic and industry conditions;

- Limiting our ability to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;

- Requiring the use of a substantial portion of our cash flow from operations for the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund working capital, capital expenditures and general corporate requirements;

- Limiting our flexibility in planning for, or reacting to, changes in our business and our industry; and
- Putting us at a disadvantage compared to our competitors with less indebtedness.

Although these notes are referred to as senior notes, they will be effectively subordinated to all liabilities of our subsidiaries and to our indebtedness that has been guaranteed by our subsidiaries, and will be subordinated to our secured indebtedness to the extent of the assets securing that indebtedness.

These notes will be our obligations exclusively and will not be the obligations of any of our subsidiaries. In that regard, while our subsidiaries (other than Crest Net) have guaranteed our indebtedness under our unsecured $300 million acquisition credit facility, none of our subsidiaries has guaranteed the notes. As a result, the notes will be effectively subordinated to all existing and future indebtedness and other liabilities, including guarantees, of our subsidiaries. In the event of a bankruptcy, liquidation or similar proceedings involving any of our subsidiaries, the creditors of that subsidiary (including, in the case of any subsidiary that has guaranteed any indebtedness outstanding under our $300 million acquisition credit facility, the lenders under that facility) will generally be entitled to payment of their claims from the assets of that subsidiary before any assets are made available for distribution to us, except to the extent that we may also have a claim as a creditor of that subsidiary, in which case our claims would still be subordinated to any security interests or mortgages on the assets of that subsidiary and would be subordinate to any indebtedness of that subsidiary senior to that held by us. The notes will also be effectively subordinated to all of our existing and future indebtedness (including indebtedness under our $300 million acquisition credit facility) that is guaranteed by our subsidiaries to the extent of those guarantees. In the event of a bankruptcy, liquidation or similar proceeding involving us, the holders of any such guaranteed indebtedness (including the lenders under our $300 million acquisition credit facility) would be entitled to require the subsidiary guarantors to pay that indebtedness, while holders of the notes would not have any similar rights against those subsidiary guarantors. As of June 30, 2007, our subsidiaries had approximately $1.6 million of total liabilities (excluding liabilities owed to us and other intercompany liabilities and subsidiary guarantees of borrowings outstanding under our $300 million acquisition credit facility). At August 29, 2007, we had $109.3 million of borrowings under our $300 million acquisition credit facility; borrowings under that credit facility are guaranteed by our subsidiaries (other than Crest Net). Although the indenture under which the notes will be issued and other debt instruments to which we are a party limit our ability and the ability of our subsidiaries to incur additional indebtedness, both we and our subsidiaries have the right to incur substantial additional secured and unsecured indebtedness.

The notes are unsecured and therefore will be subordinated to any secured indebtedness we may incur to the extent of the value of the assets securing such indebtedness. In the event of a bankruptcy, liquidation or similar proceeding involving us, our assets which serve as collateral will be available to satisfy the obligations under any secured indebtedness before any payments are made on the notes. As of August 29, 2007, we (including our subsidiaries) had no secured indebtedness outstanding.

An active trading market may not develop for the notes.