

press release

REALTY INCOME
THE MONTHLY DIVIDEND COMPANY[®]



FOR
IMMEDIATE RELEASE **REALTY INCOME ANNOUNCES 2006 COMMON STOCK DIVIDEND TAX ALLOCATION**

ESCONDIDO, CALIFORNIA January 10, 2007....Realty Income Corporation (Realty Income), The Monthly Dividend Company[®], (NYSE:O) today announced the final calculation of the dividend tax status for its 2006 common stock dividends. A portion of the common stock dividend is considered a non-taxable distribution. There are no capital gains associated with these common stock dividend distributions.

Total Common Dividends Paid in 2006	\$1.4372500
Ordinary Income Portion of Dividend	\$1.2945466 (90.07%)
Non-taxable Distribution (return of capital)	\$0.1427034 (9.93%)

The Company also announced that the preferred stock dividends paid during 2006 are taxable as ordinary dividends with no return of capital.

In addition, under the 2003 Jobs and Growth Tax Relief Reconciliation Act, qualifying dividend income will be taxed at a maximum rate of 15% for most non-corporate taxpayers who meet certain holding period requirements. Of Realty Income's 2006 ordinary dividends to common shareholders, \$0.0051292 per share are considered qualifying dividends. Of the Class D preferred stock dividends, \$0.00730516 per share are qualifying dividends. For additional information regarding the tax status of Realty Income dividends, please visit the Company's web site at www.realtyincome.com/investing/dividends.html.

Shareholders are encouraged to consult with their personal tax advisors as to their specific tax treatment of any Realty Income dividends received.

Realty Income, The Monthly Dividend Company[®], is a New York Stock Exchange real estate company dedicated to providing shareholders with dependable monthly income. To date the Company has declared 438 consecutive monthly dividends throughout its 38-year operating history. The monthly income is supported by the cash flow from over 1,900 retail properties owned under long-term lease agreements with leading regional and national retail chains. The Company is an active buyer of net-leased retail properties nationwide.

Note to Editors:

Realty Income press releases are available at no charge by calling our toll-free investor hotline number: 888-811-2001, or through the Internet at <http://www.realtyincome.com>.