

THE DEPOSITORY TRUST COMPANY

IMPORTANT

#: 0087-97
DATE: January 13, 1997
TO: All Participants
FROM: Dividend Department
ATTENTION: Managing Partner / Officer, Cashier

SUBJECT: Realty Income Corporation

The attached correspondence containing tax information was received by the Depository Trust Company.

D. Ruggiero
Assistant Supervisor
Dividend Department

Attachment

B # 87-97

January 8, 1997

RE: Realty Income Corporation
 220 West Crest Street, Escondido, CA 92025
 1996 Reporting Information (Form 1099) Distributions Classification
 CUSIP #756109104 NYSE ticker symbol "O"

Below is a breakdown of the monthly dividends per share between ordinary dividends and nontaxable distributions for the tax year 1996 Form 1099-DIV reporting purposes. We anticipate that this information will be used in the final tax reporting of dividends and distributions for 1996.

Record Date	Date Paid	Gross Dividends/ Distributions	Ordinary Dividends	Capital Gain Distributions	Nontaxable Distributions
12/26/95	1/11/96	\$0.085783	\$0.074467	--	\$0.011316
12/26/95	1/15/96	0.155	0.134554	--	0.020446
12/26/95	1/26/96	0.155	0.134554	--	0.020446
3/1/96	3/15/96	0.155	0.134554	--	0.020446
4/1/96	4/15/96	0.155	0.134554	--	0.020446
5/1/96	5/15/96	0.155	0.134554	--	0.020446
6/3/96	6/17/96	0.155	0.134554	--	0.020446
7/1/96	7/15/96	0.155	0.134554	--	0.020446
8/1/96	8/15/96	0.155	0.134554	--	0.020446
9/3/96	9/17/96	0.155	0.134554	--	0.020446
10/1/96	10/15/96	0.155	0.134554	--	0.020446
11/1/96	11/15/96	0.155	0.134554	--	0.020446
12/2/96	12/16/96	0.1575	0.136724	--	0.020776
Totals		\$1.948283	\$1.691285	--	\$0.256998

In accordance with Internal Revenue Code (IRC) Section 857(b)(8), any dividend declared by a real estate investment trust (REIT) in October, November or December of any calendar year, payable to shareholders of record on a specified date in such month, shall be deemed to have been paid by the REIT and received by each shareholder on December 31 of such calendar year. This rule applies only if the dividend is actually paid by the REIT during January of the following calendar year and only to the extent the distribution is out of earnings and profits of such calendar year.

In accordance with this rule, \$0.085783 of the \$0.23 dividend per share declared with a record date of 12/26/95 and paid on January 11, 1996 is deemed to be paid by Realty Income Corporation and received by shareholders in 1996. The balance of the \$0.23 dividend, or \$0.1442167 per share, was deemed to be paid by Realty Income Corporation and received by the shareholders in 1995 and was reported as such to the shareholders for 1995.

Also in accordance with this rule, the entire dividend of \$0.1575 per share declared in December of 1996, payable to shareholders of record as of December 31, 1996 and scheduled to be paid on January 15, 1997, will be deemed to be paid by Realty Income Corporation and received by the shareholders in 1997 and as a result, is not reported in the schedule set forth above.

Should you have any questions, please contact Shareholder Services at (800) 524-4458.

Sincerely,

REALTY INCOME CORPORATION