

REALTY INCOME CORP
Form DEF 14A
March 23, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

Realty Income Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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 - (2) Aggregate number of securities to which transaction applies:
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 - (4) Proposed maximum aggregate value of transaction:
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 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

March 23, 2009

Dear Stockholder:

You are cordially invited to attend the 2009 Annual Meeting of Stockholders of Realty Income Corporation, a Maryland corporation, to be held at 9:00 AM, local time, on May 12, 2009 at the California Center for the Arts Escondido, 340 North Escondido Boulevard, Escondido, California 92025.

At the Annual Meeting, you will be asked to consider and vote upon:

(1) The election of seven directors to serve until the 2010 annual meeting of stockholders and until their respective successors are duly elected and qualify.

(2) The ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ended December 31, 2009.

(3) The transaction of such other business as may properly come before the Annual Meeting or any adjournments or postponements of the Annual Meeting.

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These proposals are more fully described in the accompanying Proxy Statement. We urge you to carefully review the Proxy Statement.

Our Board of Directors recommends a vote FOR the election of the seven director nominees to serve until the next annual meeting and until their successors are duly elected and qualify. Additionally, our Board of Directors recommends a vote FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ended December 31, 2009.

YOUR VOTE IS IMPORTANT TO US, WHETHER YOU OWN FEW OR MANY SHARES!

Please complete, date and sign the enclosed proxy card and return it in the accompanying postage paid envelope, even if you plan to attend the Annual Meeting. If you attend the Annual Meeting, you may, if you wish, withdraw your proxy and vote in person.

Sincerely,

/s/ THOMAS A. LEWIS

THOMAS A. LEWIS
*Vice Chairman of the Board,
Chief Executive Officer*

REALTY INCOME CORPORATION

A Maryland corporation

600 La Terraza Boulevard

Escondido, California 92025-3873

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TIME AND DATE	9:00 AM, Pacific Daylight Time, on Tuesday, May 12, 2009.
PLACE	California Center for the Arts Escondido 340 North Escondido Boulevard Escondido, California 92025.
ITEMS OF BUSINESS	<p>The election of seven directors to serve until the 2010 annual meeting of stockholders and until their respective successors are duly elected and qualify.</p> <p>The ratification of KPMG LLP as our independent registered public accounting firm for the year ended December 31, 2009.</p> <p>The transaction of such other business as may properly come before the Annual Meeting or any adjournments or postponements of the Annual Meeting.</p> <p>The above items of business are more fully described in the accompanying Proxy Statement, which forms a part of this Notice.</p> <p>Management will report on the current activities of Realty Income and comment on its future plans. A discussion period is planned so that stockholders will have an opportunity to ask questions and make appropriate comments.</p>
RECORD DATE	You can vote if you were a stockholder of record at the close of business on March 12, 2009.
PROXY VOTING	YOUR VOTE IS IMPORTANT! If you plan to be present, please notify Michael R. Pfeiffer, Executive Vice President, General

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Counsel and Secretary so that identification can be prepared for you. Whether or not you plan to attend the Annual Meeting, please execute, date and promptly return the enclosed proxy. A return envelope is enclosed for your convenience and requires no postage for mailing in the United States. If you are present at the Annual Meeting you may, if you wish, withdraw your proxy and vote in person.

March 23, 2009

By Order of the Board of Directors,

/s/ MICHAEL R. PFEIFFER

Michael R. Pfeiffer

Executive Vice President, General Counsel

and Secretary

Only stockholders of record at the close of business on the Record Date will be entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof.

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REALTY INCOME CORPORATION

600 La Terraza Boulevard

Escondido, California 92025-3873

PROXY STATEMENT

FOR THE

ANNUAL MEETING OF STOCKHOLDERS

May 12, 2009

Beginning at 9:00 A.M. Pacific Daylight Time

and at any adjournment or postponement of the Annual Meeting

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Our Board of Directors is soliciting proxies for the 2009 Annual Meeting of Stockholders (the Annual Meeting). This Proxy Statement contains important information for you to consider when deciding how to vote on the matters brought before the Annual Meeting. In this Proxy Statement, Realty Income, the company, we and our refer to Realty Income Corporation, a Maryland corporation. A copy of our 2008 Annual Report, the Notice of Annual Meeting, this Proxy Statement and the accompanying proxy card are being mailed to our stockholders beginning on or about April 1, 2009.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 12, 2009:

This proxy statement and our 2008 annual report to stockholders are available on our website at www.realtyincome.com/investing/2009-annual-docs.html. You are encouraged to access and review all of the information contained in the proxy materials before voting.

Frequently Asked Questions

Why did I receive these proxy materials?

We are providing these proxy materials to our stockholders in connection with the solicitation of proxies, by our Board of Directors, for use at the Annual Meeting.

You are invited to attend our Annual Meeting, which will be held at the California Center for the Arts Escondido, 340 North Escondido Boulevard, Escondido, California 92025. Directions to attend the meeting can be found on our Internet website, www.realtyincome.com. Stockholders will be admitted to the Annual Meeting at 8:30 AM and refreshments will be provided.

Do I need a ticket to attend the Annual Meeting?

No, you do not need a ticket, but you will need to register and identify yourself as a stockholder in order to receive certain Annual Meeting materials when you arrive.

What is the purpose of the Annual Meeting?

At the Annual Meeting, stockholders will consider and vote upon:

- The election of seven directors to serve until the 2010 annual meeting of stockholders and until their respective successors are duly elected and qualify;
- The ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ended December 31, 2009; and
- The transaction of such other business as may properly come before the Annual Meeting or any adjournments or postponements of the Annual Meeting.

Who is entitled to vote at the Annual Meeting?

Holders of our common stock, at the close of business on March 12, 2009, are entitled to receive notice of and to vote their shares at the Annual Meeting. As of that date, there were 104,319,051 shares of common stock outstanding and entitled to vote. Each outstanding share of our common stock is entitled to one vote on each matter properly brought before the Annual Meeting.

What is the difference between holding shares as a stockholder of record or as a beneficial owner?

If your shares are registered directly in your name with our transfer agent, Wells Fargo Shareowner Services, you are considered the stockholder of record. In this case, you receive your dividend check from Wells Fargo Shareowner Services and these materials were sent to you directly by us.

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If your shares are held in a brokerage account, or by a bank or other holder of record, you are considered the beneficial owner of shares held in street name. These materials have been forwarded to you by your broker, bank, or other holder of record. As the beneficial owner you have the right to direct your broker, bank, or other holder of record on how to vote your shares by using the proxy card included in the mailing or by following their instructions for voting by telephone or by voting on the Internet.

How do I vote?

You may vote using any of the following methods:

By Mail

Be sure to complete, sign and date the proxy card and return it in the prepaid envelope. If you are a stockholder of record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote the shares represented by that proxy FOR the election of the board's seven nominees for director, FOR the ratification of KPMG LLP as our independent registered public accounting firm for the year ended December 31, 2009 and in the discretion of the proxy holders on any other matter that may properly come before the Annual Meeting.

If you are a stockholder of record, and the prepaid envelope is missing, please mail your completed proxy to: Realty Income, c/o Wells Fargo Shareowner Services, P.O. Box 64873, St. Paul, MN 55164.

By Telephone

Stockholders may authorize their proxies by telephone. The telephone voting procedures are designed to authenticate your identity, to allow you to authorize your proxy, to give your voting instructions and to confirm that those instructions have been properly recorded. You can authorize your proxy by calling the toll-free number on the proxy card. Please have your proxy card available when you call. Telephone facilities will be available 24 hours a day and will close at 11:59 P.M. Central Daylight Time on May 11, 2009. If you authorize your proxy by telephone, you do not have to return your proxy card.

By Internet

Stockholders may authorize their proxies on the Internet by going to our web site at www.realtyincome.com and clicking on the 2009 Annual Meeting Materials icon shown on the home page. The 2009 Annual Meeting Materials page contains a link to meeting material documents as well as a link to the website shown on the proxy card where you may authorize or vote your proxy. Please

have your proxy card handy as it contains your control number, which will be required to identify yourself and authorize or vote your proxy. Step-by-step instructions on how to authorize or vote your proxy are provided on the voting sites.

In person at the Annual Meeting

All stockholders may vote in person at the Annual Meeting. You may also be represented by another person at the meeting by executing a proper proxy designating that person as your representative. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or other holder of record and present it to the inspector of election with your ballot to be able to vote at the Annual Meeting.

Can I change my vote after I submit my proxy?

You may revoke your proxy at any time before it is voted at the Annual Meeting by doing any one of the following:

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- delivering to our corporate secretary a written notice of revocation prior to or at the Annual Meeting;
- signing and returning to our corporate secretary a proxy bearing a later date;
- authorizing another proxy by telephone or on the Internet (your most recent telephone or Internet authorization is used); or
- voting in person at the Annual Meeting.

Your attendance at the Annual Meeting will not by itself be sufficient to revoke a proxy unless you vote in person or give written notice of revocation to our corporate secretary before the polls are closed. Any written notice revoking a proxy should be sent to our corporate secretary, at our corporate offices, at 600 La Terraza Boulevard, Escondido, California 92025-3873.

How does our Board of Directors recommend you vote on the proposals?

Our Board of Directors recommends a vote FOR the election of the seven director nominees to serve until the 2010 annual meeting and until their successors are duly elected and qualify.

Our Board of Directors recommends a vote FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ended December 31, 2009 to audit our financial statements for the year ended December 31, 2009.

What are the voting requirements to elect our directors and ratify the appointment of KPMG LLP as our independent registered public accounting firm?

The presence of the holders of a majority of outstanding shares of common stock entitled to vote at the Annual Meeting, present in person or represented by proxy, is necessary to constitute a quorum. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a bank, broker or other holder of record holding shares for a beneficial owner does not vote because that holder does not have discretionary voting power and has not received voting instructions from the beneficial owner.

The affirmative vote of a plurality of all the votes cast at the Annual Meeting at which a quorum is present is necessary for the election of a director. Thus, the seven nominees receiving the highest number of votes will be elected. For the purpose of the election of directors, abstentions will have no effect on the outcome of the vote. Since brokers are permitted to vote on the election of directors in an uncontested election, there will be no broker non-votes. If you are a beneficial owner, your bank, broker or other holder of record is permitted to vote your shares on the election of directors, if the broker does not receive voting instructions from you.

The affirmative vote of a majority of all the votes cast at the Annual Meeting at which a quorum is present is necessary for the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ended December 31, 2009. Accordingly, abstentions will have no effect on the outcome of the vote with respect to ratification of the independent registered public accounting firm for the year ended December 31, 2009. Since brokers are permitted to vote on the ratification of accountants, there will be no broker non-votes. If you are a beneficial owner, your bank, broker or other holder of record is permitted to vote your shares on the ratification of accountants, if the broker does not receive voting instructions from you.

Will any other business be conducted at the Annual Meeting?

Our Board of Directors does not know of any matters to be presented at the meeting other than those mentioned in this Proxy Statement. If any other matters are properly brought before the meeting, it is intended that the proxies will be voted in accordance with the discretion of the person or persons voting the proxies. Under the New York Stock Exchange rules, if you are a beneficial owner, your bank, broker or other holder of record may not vote your shares on any stockholder proposal without instructions from you.

If the Annual Meeting is postponed or adjourned for any reason, at any subsequent convening or resumption of the Annual Meeting, all proxies will be voted in the same manner as such proxies would have been voted at the Annual Meeting as originally convened (except for any proxies that have effectively been revoked or withdrawn).

Who will count the vote?

Representatives of our transfer agent, Wells Fargo Shareowner Services, will tabulate the votes and act as inspector of election.

Can I access the Notice of Annual Meeting, Proxy Statement and 2008 Annual Report on the Internet?

These materials are available on our web site and can be accessed on our website at www.realtyincome.com/investing/2009-annual-docs.html.

Who bears the cost of soliciting proxies?

We will bear the cost of soliciting proxies from our stockholders. In addition to solicitation by mail, our directors, officers, employees and agents may solicit proxies by telephone, telegram, Internet or otherwise. These directors, officers and employees will not be additionally compensated for the solicitation, but may be reimbursed for out-of-pocket expenses incurred in connection with the solicitation. Brokerage firms, fiduciaries and other custodians who forward soliciting material to the beneficial owners of shares of our common stock held of record by them will be reimbursed for their reasonable expenses incurred in forwarding such material.

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Stockholders who authorize their proxies through the Internet should be aware that they may incur costs to access the Internet, such as usage charges from telephone companies or Internet service providers and these costs must be borne by the stockholder.

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Our common stock is traded on the New York Stock Exchange (NYSE) under the ticker symbol O . On March 12, 2009, the last reported sale price for our common stock on the NYSE was \$17.15 per share.

No person is authorized to make any representation with respect to the matters described in this Proxy Statement other than those contained herein and, if given or made, such information or representation must not be relied upon as having been authorized by us or any other person.

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The date of this Proxy Statement is

March 23, 2009.

PROPOSAL 1

ELECTION OF DIRECTORS

Director Nominees

Our Board of Directors currently consists of nine directors. Roger P. Kuppinger and Willard H Smith, Jr will be retiring from the Board of Directors effective as of the Annual Meeting on May 12, 2009, and the Board of Directors has reduced the number of directors to seven, effective as of the date of the Annual Meeting. All seven directors will be up for re-election at the Annual Meeting to serve for a one-year term expiring at the annual meeting in 2010 and when their respective successors have been duly elected and qualify.

PROPOSAL 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of our Board of Directors has selected KPMG LLP as the independent registered public accounting firm to audit our financial statements for the year ended December 31, 2009. Representatives of KPMG LLP are expected to be present at the Annual Meeting and will be provided an opportunity to make a statement if the representatives desire to do so. The representatives are also expected to be available to respond to appropriate questions.

Although ratification by our stockholders is not a prerequisite to the ability of the Audit Committee to select KPMG LLP as our independent registered public accounting firm, we believe such ratification to be desirable. Accordingly, stockholders are being requested to ratify, confirm and approve the selection of KPMG LLP as our independent registered public accounting firm to conduct the annual audit of our consolidated financial statements for fiscal year 2009. If the stockholders do not ratify the selection of KPMG LLP, the selection of an independent registered public accounting firm will be reconsidered by the Audit Committee; provided, however, the Audit Committee may select KPMG LLP notwithstanding the failure of the stockholders to ratify its selection. The Audit Committee believes ratification is advisable and in the best interests of the stockholders. If the appointment of KPMG LLP is ratified, the Audit Committee will continue to conduct an ongoing review of KPMG LLP's scope of engagement, pricing and work quality, among other factors, and will retain the right to replace KPMG LLP at any time.

VOTING PROCEDURES

The representation, in person or by properly executed proxy, of the holders of a majority of the shares of our common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting. Shares of our common stock represented in person or by proxy will be counted for the purpose of determining whether a quorum is present at the Annual Meeting. Shares that abstain from voting on any proposal will be treated as shares that are present and entitled to vote at the Annual Meeting for the purpose of determining whether a quorum exists.

Election of Directors

The affirmative vote of a plurality of all of the votes cast at the Annual Meeting at which a quorum is present is necessary for the election of a director. The seven nominees receiving the highest number of votes will be elected. For the purposes of the election of directors, abstentions will have no effect on the outcome of the vote. The election of directors is a matter on which a broker or other nominee is empowered to vote.

Ratification of Appointment of Independent Registered Public Accounting Firm

The affirmative vote of a majority of all the votes cast at the Annual Meeting at which a quorum is present is necessary for the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ended December 31, 2009. Abstentions will have no effect on the outcome of the vote with respect to ratification of the independent registered public accounting firm for the year ended December 31, 2009. Ratification of the independent registered public accounting firm is a matter on which a broker or other nominee is empowered to vote.