

December 22, 2009



Omega Closes First Step of CapitalSource Long Term Care Facility Acquisition and Announces \$100 Million Term Loan

HUNT VALLEY, Md.--(BUSINESS WIRE)-- Omega Healthcare Investors, Inc. (NYSE: OHI) today announced that it has purchased subsidiaries of CapitalSource Inc. (NYSE: CSE) owning 40 long term care facilities and an option to purchase other CapitalSource subsidiaries owning 63 additional facilities for an aggregate purchase price of approximately \$294.1 million. This transaction represents the initial closing under the previously announced Securities Purchase Agreement (the "Purchase Agreement") with CapitalSource and certain of its subsidiaries.

In addition, the Company also announced it closed on a \$100 million term loan with General Electric Capital Corporation ("GECC").

\$565 Million of New Investments

Completed First Closing - On December 22, 2009, the Company purchased entities owning 40 facilities and an Option (the "Option") to purchase entities owning 63 additional facilities for approximately \$294.1 million, consisting of: (i) \$184.2 million in cash; (ii) 2,714,959 shares of Omega common stock (valued at \$50.6 million under the Purchase Agreement); and (iii) assumption of \$59.4 million of 6.8% mortgage debt maturing on December 31, 2011 with a one year extension right.

The 40 facilities owned by the entities acquired on December 22, 2009, representing 5,264 available beds located in 12 states, are part of 15 in-place triple net leases among 12 operators. The 15 leases generate approximately \$31 million of annualized revenue.

The Option to acquire entities owning an additional 63 facilities is exercisable for cash consideration of \$295.2 million by Omega at any time through December 31, 2011. The 63 facilities owned by the entities subject to the Option, representing 6,529 available beds located in 19 states, are part of 30 in-place triple net leases among 18 operators. The 30 leases generate approximately \$34 million of annualized revenue.

At September 30, 2009, the Company had \$191 million of availability under its \$200 million credit facility. The Company used funds available under its credit facility and proceeds from the new GECC term loan to fund the cash consideration paid at the initial closing.

Anticipated Second Closing - At the second closing, the Company will acquire entities owning 40 additional facilities for approximately \$270.4 million, consisting of: (i) \$65.1 million in cash; (ii) assumption of \$20.0 million of 9.0% subordinated debt maturing in December 2021; (iii) assumption of \$55.7 million, 6.41% (weighted-average) HUD debt maturing between January 2036 and May 2040; and (iv) the anticipated assumption of \$129.6 million, 4.85% HUD debt generally maturing in 2039. The second closing is expected to occur on April 1, 2010 subject to HUD approval and the other terms and conditions of the Purchase

Agreement.

The 40 additional facilities, representing 4,882 available beds, located in 2 states are part of 13 in-place triple net leases among 2 operators. The 13 leases generate approximately \$30 million of annualized revenue.

The purchase price and the form of consideration to be paid at the remaining closings are subject to a number of adjustments set forth in the applicable agreements. The Company expects the transaction to be immediately accretive to its adjusted Funds From Operations.

\$100 Million Term Loan

On December 18, 2009, a wholly owned subsidiary of the Company entered into a secured Credit Agreement with GECC, as Administrative Agent and a Lender, providing for a new five-year \$100 million term loan (the "Term Loan") maturing December 31, 2014. The Term Loan will bear interest at LIBOR (the "Eurodollar Rate") plus 5.5% per annum, but in no event will the Eurodollar Rate be less than 1.0% per annum. Until December 31, 2011, scheduled monthly payments on the Term Loan include interest only. Commencing January 1, 2012, monthly installment payments will include principal and interest based on a 30-year amortization schedule and an assumed annual interest rate of 6.5%, with a balloon payment of the remaining balance due at maturity. The Term Loan is secured by 18 long term care facilities under a master lease with one of the Company's existing operators.

The Company is a real estate investment trust investing in and providing financing to the long-term care industry. At September 30, 2009, the Company owned or held mortgages on 254 long term facilities and assisted living facilities with approximately 29,126 licensed beds (27,708 available beds) located in 28 states and operated by 25 third-party healthcare operating companies.

This announcement includes forward-looking statements, including without limitation, statements of expectations regarding the closing of the remaining transactions contemplated by the Purchase Agreement, and the timing and impact thereof. Actual results may differ materially from those reflected in such forward-looking statements as a result of a variety of factors, including, among other things: (i) the ability of the parties to satisfy the various conditions to the completion of the remaining transactions contemplated by the Purchase Agreement; (ii) potential adjustments to the form and amount of consideration payable in connection with the remaining transactions pursuant to the Purchase Agreement and Option Agreement; (iii) potential unforeseen costs associated with the transactions, (iv) uncertainties relating to the business operations of the operators of the Company's properties, including those relating to reimbursement by third-party payors, regulatory matters and occupancy levels; (v) regulatory and other changes in the healthcare sector, including without limitation, changes in Medicare reimbursement; (vi) changes in the financial position of the Company's operators; (vii) the ability of operators in bankruptcy to reject unexpired lease obligations, modify the terms of the Company's mortgages, and impede the ability of the Company to collect unpaid rent or interest during the pendency of a bankruptcy proceeding and retain security deposits for the debtor's obligations; (viii) the availability and cost of capital; (ix) the Company's ability to maintain its credit ratings; (xi) competition in the financing of healthcare facilities; (xii) the Company's ability to maintain its status as a real estate investment trust; (xiii) the Company's ability to manage, re-lease or sell any owned and operated facilities; (xiv) the Company's ability to sell closed or foreclosed assets on a

timely basis and on terms that allow the Company to realize the carrying value of these assets; (xiv) the effect of economic and market conditions generally, and particularly in the healthcare finance industry; (xv) the potential impact of a general economic slowdown on governmental budgets and healthcare reimbursement expenditures; and (xvi) other factors identified in the Company's filings with the Securities and Exchange Commission. Statements regarding future events and developments and the Company's future performance, as well as management's expectations, beliefs, plans, estimates or projections relating to the future, are forward-looking statements. The Company undertakes no obligation to update any forward-looking statements contained in this material.

Source: Omega Healthcare Investors, Inc.