

OMEGA HEALTHCARE INVESTORS, INC.
FUNDS FROM OPERATIONS
Unaudited
(In thousands, except per share amounts)

	Three Months Ended June 30, 2014
Net income available to common stockholders	\$ 46,817
Elimination of non-cash items included in net income:	
Depreciation and amortization.....	31,301
Add back non-cash provision for impairments on real estate properties.....	1,558
Funds from operations available to common stockholders	\$ 79,676
Weighted-average common shares outstanding, basic.....	126,474
Restricted stock and PRSUs.....	962
Weighted-average common shares outstanding, diluted.....	127,436
Funds from operations per share available to common stockholders	\$ 0.6252
Adjusted funds from operations:	
Funds from operations available to common stockholders.....	\$ 79,676
Add back non-cash provision for uncollectible accounts receivable, mortgages and notes.....	2,761
Add back one-time interest refinancing expense.....	2,645
Add back acquisition deal related costs.....	45
Add back stock-based compensation expense.....	2,285
Adjusted funds from operations available to common stockholders	\$ 87,412
Adjusted funds from operations per share available to common stockholders	\$ 0.6859

Funds From Operations, ("FFO"), adjusted FFO, EBITDA, adjusted EBITDA, adjusted fixed charges, adjusted total debt, Funds Available for Distribution ("FAD"), adjusted book capitalization and related ratios are non-GAAP financial measures. For purposes of the Securities and Exchange Commission's ("SEC") Regulation G, a non-GAAP financial measure is a numerical measure of a company's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of operations, balance sheet or statement of cash flows (or equivalent statements) of the company, or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. As used herein, GAAP refers to generally accepted accounting principles in the United States of America. Pursuant to the requirements of Regulation G, the Company has provided reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

The Company calculates and reports FFO in accordance with the definition and interpretive guidelines issued by the National Association of Real Estate Investment Trusts ("NAREIT"), and consequently, FFO is defined as net income (loss) available to common stockholders, adjusted for the effects of asset dispositions and certain non-cash items, primarily depreciation and amortization and impairments on real estate assets. The Company believes that FFO is an important supplemental measure of its operating performance. Because the historical cost accounting convention used for real estate assets requires depreciation (except on land), such accounting presentation implies that the value of real estate assets diminishes predictably over time, while real estate values instead have historically risen or fallen with market conditions. The term FFO was designed by the real estate industry to address this issue. FFO herein is not necessarily comparable to FFO of other real estate investment trusts, or REITs, that do not use the same definition or implementation guidelines or interpret the standards differently from the Company.

The Company uses FFO as one of several criteria to measure operating performance of its business. The Company further believes that by excluding the effect of depreciation, amortization, impairments on real estate assets and gains or losses from sales of real estate, all of which are based on historical costs and which may be of limited relevance in evaluating current performance, FFO can facilitate comparisons of operating performance between periods. The Company offers this measure to assist the users of its financial statements in analyzing its performance; however, this is not a measure of financial performance under GAAP and should not be considered a measure of liquidity, an alternative to net income or an indicator of any other performance measure determined in accordance with GAAP. Investors and potential investors in the Company's securities should not rely on non-GAAP financial measures as a substitute for any GAAP measure, including net income.

Adjusted FFO is calculated as FFO available to common stockholders excluding the impact of certain non-cash items and certain items of revenue and expense specified in the schedule above. The Company believes that adjusted FFO provides an enhanced measure of the operating performance of the Company's core portfolio as a REIT.

FAD is calculated as Adjusted FFO less non-cash interest expense and non-cash revenue, such as straight-line rent. FAD provides a supplemental measure of the Company's ability to incur and service debt and to distribute dividends to shareholders. The Company's computation of adjusted FFO and FAD are not comparable to the NAREIT definition of FFO or to similar measures reported by other REITs, but the Company believes they are appropriate measures for this Company.

Our ratios of adjusted total debt to annualized EBITDA, adjusted total debt to adjusted annualized EBITDA and adjusted total debt to adjusted pro forma annualized EBITDA as of June 30, 2014 were 5.3x, 5.0x and 4.7x, respectively. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA eliminates items such as acquisition deal related costs and stock-based compensation expense and adds back certain non-cash expenses, if any, to EBITDA. Adjusted pro forma EBITDA adds to adjusted EBITDA the incremental EBITDA from new investments made during the 2nd quarter assuming an April 1 purchase date. EBITDA, adjusted EBITDA, adjusted pro forma EBITDA and related ratios are non-GAAP financial measures. Annualized EBITDA, adjusted annualized EBITDA and adjusted pro forma annualized EBITDA assume the current quarter results multiplied by four, and are not projections of future performance. Below is the reconciliation of EBITDA and adjusted EBITDA to net income.

**OMEGA HEALTHCARE INVESTORS, INC.
EBITDA RECONCILIATION AND
DEBT COVERAGE RATIO CALCULATION**

**Unaudited
(In thousands)**

		Three Months Ended June 30, 2014
Net income.....	\$	46,817
Depreciation and amortization.....		31,301
Interest.....		33,038
EBITDA.....	\$	111,156
Add back non-cash provision for uncollectible accounts receivable, mortgages and notes.....		2,761
Add back acquisition deal related costs.....		45
Add back non-cash provision for impairments on real estate properties.....		1,558
Add back stock-based compensation expense.....		2,285
Adjusted EBITDA.....	\$	117,805
Add incremental proforma EBITDA from new investments in 2nd Quarter		7,438
Adjusted proforma EBITDA.....	\$	125,243
DEBT		
Revolving line of credit.....	\$	270,000
Term loan.....		200,000
Secured borrowings		277,935
Unsecured borrowings.....		1,595,000
FMV adjustment of assumption of debt		18,373
Premium/(discount) on unsecured borrowings (net).....		(1,695)
Total debt.....	\$	2,359,613
Deduct FMV adjustment of assumption of debt		(18,373)
Add back discount (deduct premium) on unsecured borrowings (net).....		1,695
Adjusted total debt (aka Funded Debt).....	\$	2,342,935
 Adjusted total debt / annualized EBITDA ratio.....		 5.3 x
 Adjusted total debt / adjusted annualized EBITDA ratio.....		 5.0 x
 Adjusted total debt / adjusted pro forma annualized EBITDA ratio.....		 4.7 x

Our annualized EBITDA to total interest expense ratio, annualized adjusted EBITDA to total interest expense ratio and annualized adjusted EBITDA to fixed charges as of June 30, 2014 were 3.4x, 3.6x and 3.9x, respectively. Fixed charge coverage is the ratio determined by dividing annualized EBITDA by our fixed charges. Annualized EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Annualized adjusted EBITDA eliminates items such as acquisition deal related costs and stock-based compensation expense and adds back certain non-cash expenses, if any, to annualized EBITDA.

Fixed charges consist of interest expense, amortization of other non-cash interest charges, amortization of deferred financing costs and refinancing costs. EBITDA, adjusted EBITDA and interest expense ratio are non-GAAP measures. Below is the reconciliation of EBITDA to net income.

OMEGA HEALTHCARE INVESTORS, INC.
EBITDA RECONCILIATION AND
FIXED CHARGE AND INTEREST COVERAGE RATIO CALCULATION
Unaudited
(In thousands)

		Three Months Ended
		June 30, 2014
Net income.....	\$	46,817
Depreciation and amortization.....		31,301
Interest.....		33,038
EBITDA.....	\$	111,156
Add back non-cash provision for uncollectible accounts receivable, mortgages and notes.....		2,761
Add back acquisition deal related costs.....		45
Add back non-cash provision for impairments on real estate properties.....		1,558
Add back stock-based compensation expense.....		2,285
Adjusted EBITDA.....	\$	117,805
FIXED CHARGES		
Cash interest.....	\$	29,399
Amortization mortgage insurance premium.....		359
Amortization HUD fair market value adjustment.....		(311)
Amortization of non-cash deferred financing charges.....		946
Refinancing costs.....		2,645
Total interest expense.....	\$	33,038
Add (less) refinancing charges.....		(2,645)
Total fixed charges.....	\$	30,393
Annualized EBITDA / total interest expense ratio.....		3.4 x
Annualized adjusted EBITDA / total interest expense ratio.....		3.6 x
Annualized adjusted EBITDA / fixed charge coverage ratio.....		3.9 x

OMEGA HEALTHCARE INVESTORS, INC.
FUNDS AVAILABLE FOR DISTRIBUTION

Unaudited

(In thousands, except per share amounts)

Three Months Ended
June 30, 2014

Net income available to common stockholders	\$	46,817
Elimination of non-cash items included in net income:		
Depreciation and Amortization.....		31,301
Add back non-cash provision for impairments on real estate properties.....		1,558
Funds from operations available to common stockholders	\$	79,676
Adjustments:		
Add back non-cash provision for uncollectible accounts receivable.....		2,761
Add back one-time interest refinancing expense.....		2,645
Add back acquisition deal related costs.....		45
Add back stock-based compensation expense.....		2,285
Adjusted funds from operations available to common stockholders	\$	87,412
Adjustments:		
Non-cash interest expense.....		994
Non-cash revenues.....		(8,663)
Funds available for distribution (FAD)	\$	79,743
Weighted-average common shares outstanding, basic.....		126,474
Restricted stock and PRSUs.....		962
Weighted-average common shares outstanding, diluted		127,436
FAD per share, diluted	\$	0.6257

Percentages of total debt to book capitalization, adjusted total debt to adjusted book capitalization and adjusted total debt to total market capitalization at June 30, 2014 were 63.0%, 62.9% and 33.4%, respectively. Adjusted total debt is total debt plus the discount or less the premium derived from the sale of unsecured borrowings and fair market value adjustment of assumed debt. Book capitalization is defined as total debt plus stockholders' equity. Adjusted book capitalization is defined as adjusted total debt plus stockholders' equity. Adjusted total debt, adjusted book capitalization and related ratios are non-GAAP financial measures. Total market capitalization is the total market value of our securities as of June 30, 2014 plus adjusted total debt.

OMEGA HEALTHCARE INVESTORS, INC.
BOOK AND MARKET CAPITALIZATION RATIO CALCULATIONS

Unaudited
(In thousands)

		At June 30, 2014
Revolving line of credit.....	\$	270,000
Term loan.....		200,000
Secured borrowings.....		277,935
Unsecured borrowings.....		1,595,000
FMV adjustment of assumption of debt		18,373
Premium/(discount) unsecured borrowings (net).....		(1,695)
Total debt.....	\$	2,359,613
Deduct FMV adjustment of assumption of debt		(18,373)
Add back discount (deduct premium) on unsecured borrowings (net).....		1,695
Adjusted total debt.....	\$	<u>2,342,935</u>

BOOK CAPITALIZATION

Total debt.....	\$	2,359,613
Stockholders' equity.....		1,383,795
Book capitalization.....	\$	3,743,408
Deduct FMV adjustment of assumption of debt		(18,373)
Add back discount (deduct premium) on unsecured borrowings (net).....		1,695
Adjusted book capitalization.....	\$	<u>3,726,730</u>

MARKET CAPITALIZATION

Common shares outstanding at 6/30/2014.....		126,713
Market price of common stock at 6/30/2014.....	\$	36.86
Market capitalization of common stock at 6/30/2014.....		4,670,641
Market capitalization of publicly traded securities.....		4,670,641
Add adjusted total debt.....		2,342,935
Total market capitalization.....	\$	<u>7,013,576</u>

Total debt / book capitalization.....		<u>63.0%</u>
Adjusted total debt / adjusted book capitalization.....		<u>62.9%</u>
Adjusted total debt / total market capitalization.....		<u>33.4%</u>