

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

		<u>Three Months Ended</u> <u>March 31, 2011</u>
<b>Net loss available to common stockholders</b> .....	\$	(11,076)
Elimination of non-cash items included in net income:		
Depreciation and amortization.....		25,218
<b>Funds from operations available to common stockholders</b> .....	\$	<u>14,142</u>
Weighted-average common shares outstanding, basic.....		100,074
Effect of restricted stock awards.....		-
Deferred stock.....		12
Weighted-average common shares outstanding, diluted.....		<u>100,086</u>
<b>Funds from operations per share available to common stockholders</b> .....	\$	<u>0.1413</u>
<b>Adjusted funds from operations:</b>		
Funds from operations available to common stockholders.....	\$	14,142
Add back preferred stock redemption charges.....		3,472
Add back one-time interest refinancing expense.....		16
Add back non-cash provision for impairments on real estate properties.....		24,971
Add back acquisition deal related costs.....		45
Add back nursing home expenses.....		230
Add back stock-based compensation expense.....		1,479
<b>Adjusted funds from operations available to common stockholders</b> .....	\$	<u>44,355</u>
<b>Adjusted funds from operations per share available to common stockholders</b> .....	\$	<u>0.4432</u>

Funds From Operations, ("FFO"), adjusted FFO, EBITDA, adjusted EBITDA, adjusted fixed charges, adjusted total debt, 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. 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 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 less non-cash stock-based compensation and one-time revenue and expense items. The Company believes that adjusted FFO provides an enhanced measure of the operating performance of the Company's core portfolio as a REIT. Funds Available for Distribution is calculated as Adjusted FFO less scheduled principal payments on mortgages, non-cash interest expense and non-cash revenue, such as straight-line rent. Funds Available for Distribution 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 Funds Available for Distribution 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 and adusted total debt to adjusted annualized EBITDA as of March 31, 2011 were 7.6x and 4.6x, respectively. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA eliminates items such as impairments and nursing home revenues and expenses and adds back certain non-cash expenses, if any, to EBITDA. EBITDA, Adjusted EBITDA, and related ratios are non-GAAP financial measures. Annualized EBITDA and annualized adjusted 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)**

		<b>Three Months Ended March 31, 2011</b>
Net loss.....	\$	(5,913)
Depreciation and amortization.....		25,218
Interest.....		20,710
EBITDA.....	\$	40,015
Add back non-cash provision for impariments on real estate properties.....		24,971
Add back acquisition deal related costs.....		45
Add back nursing home expenses.....		230
Add back stock-based compensation expense.....		1,479
Adjusted EBITDA.....	\$	<u>66,740</u>
<b>DEBT</b>		
Revolving line of credit.....	\$	69,000
Secured borrowings .....		180,288
Unsecured borrowings.....		970,000
FMV adjustment of assumption of debt .....		21,446
(Discount)/premium on unsecured borrowings (net).....		4,217
Total debt.....	\$	1,244,951
Deduct FMV adjustment of assumption of debt .....		(21,446)
Add back discount (deduct premium) on unsecured borrowings (net).....		(4,217)
Adjusted total debt.....	\$	<u>1,219,288</u>
 <b>Adjusted total debt / annualized EBITDA ratio.....</b>		 <b><u>7.6 x</u></b>
 <b>Adjusted total debt / adjusted annualized EBITDA ratio.....</b>		 <b><u>4.6 x</u></b>

Our annualized EBITDA to fixed charge coverage ratio, annualized adjusted EBITDA to total interest expense ratio and annualized adjusted EBITDA to adjusted fixed charge coverage ratio as of March 31, 2011 were 1.8x, 3.2x and 3.0x, 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 impairments and nursing home revenues and expenses 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, refinancing costs and regularly occurring preferred dividends. EBITDA, Adjusted EBITDA, fixed charges and related ratios 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)**

		<b>Three Months Ended</b> <b>March 31, 2011</b>
Net loss.....	\$	(5,913)
Depreciation and amortization.....		25,218
Interest.....		20,710
EBITDA.....	\$	40,015
Add back non-cash provision for impairments on real estate properties.....		24,971
Add back acquisition deal related costs.....		45
Add back nursing home expenses.....		230
Add back stock-based compensation expense.....		1,479
Adjusted EBITDA.....	\$	<u>66,740</u>
<b>FIXED CHARGES</b>		
Cash interest.....	\$	20,080
Amortization mortgage insurance premium.....		282
Amortization HUD fair market value adjustment.....		(362)
Amortization of non-cash deferred financing charges.....		694
Refinancing costs.....		16
Total interest expense.....		20,710
Preferred dividends.....		1,691
Total fixed charges.....	\$	<u>22,401</u>
Less refinancing costs.....		(16)
Adjusted total fixed charges.....	\$	<u>22,385</u>
 <b>Annualized EBITDA / fixed charge coverage ratio.....</b>		 <b><u>1.8 x</u></b>
<b>Annualized adjusted EBITDA / total interest expense ratio.....</b>		<b><u>3.2 x</u></b>
<b>Annualized adjusted EBITDA / adjusted fixed charge coverage ratio.....</b>		<b><u>3.0 x</u></b>

**OMEGA HEALTHCARE INVESTORS, INC.**  
**FUNDS AVAILABLE FOR DISTRIBUTION**

Unaudited

(In thousands, except per share amounts)

	<b>Three Months Ended March 31, 2011</b>
<b>Net loss available to common stockholders</b> .....	\$ (11,076)
Elimination of non-cash items included in net income:	
Depreciation and Amortization.....	25,218
<b>Funds from operations available to common stockholders</b> .....	\$ 14,142
<b>Adjustments:</b>	
Add back preferred stock redemption charges.....	3,472
Add back net loss from nursing home operations.....	230
Add back provision for impairments on real estate properties.....	24,971
Add back acquisition deal related costs.....	45
Add back one-time interest refinancing expense.....	16
Add back stock-based compensation expense.....	1,479
<b>Adjusted funds from operations available to common stockholders</b> .....	\$ 44,355
<b>Adjustments:</b>	
Scheduled debt payments.....	(63)
Scheduled principal payments on mortgages.....	20
Non-cash interest expense.....	614
Non-cash revenues.....	(4,846)
<b>Funds available for distribution (FAD) (1)</b> .....	\$ 40,080
Weighted-average common shares outstanding, basic.....	100,074
Effect of restricted stock awards.....	-
Deferred stock.....	12
Weighted-average common shares outstanding, diluted .....	100,086
<b>FAD per share, diluted</b> .....	\$ 0.4005

(1) Excludes cash from asset sales and mortgage payoffs, if any.

Percentages of total debt to book capitalization, adjusted total debt to adjusted book capitalization and adjusted total debt to total market capitalization at March 31, 2011 were 58.2%, 57.7% and 35.0%, 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 assumption debt. Book capitalization is defined as total debt plus stockholders' equity. Adjusted book capitalization is defined as adjusted total debt plus stockholders' equity and net loss form owned and operated assets. 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 March 31, 2011 plus adjusted total debt.

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

**Unaudited**  
**(In thousands)**

		<b>At</b> <b>March 31, 2011</b>
Revolving line of credit.....	\$	69,000
Secured borrowings.....		180,288
Unsecured borrowings.....		970,000
FMV adjustment of assumption of debt .....		21,446
Premium/(discount) unsecured borrowings (net).....		4,217
Total debt.....	\$	1,244,951
Deduct FMV adjustment of assumption of debt .....		(21,446)
Add back discount (deduct premium) on unsecured borrowings (net).....		(4,217)
Adjusted total debt.....	\$	1,219,288

**BOOK CAPITALIZATION**

Total debt.....	\$	1,244,951
Stockholders' equity.....		895,189
Book capitalization.....	\$	2,140,140
Deduct FMV adjustment of assumption of debt .....		(21,446)
Add back discount (deduct premium) on unsecured borrowings (net).....		(4,217)
Adjusted book capitalization.....	\$	2,114,477

**MARKET CAPITALIZATION**

Common shares outstanding at 3/31/2011.....		101,371
Market price of common stock at 3/31/2011.....	\$	22.34
Market capitalization of common stock at 3/31/2011.....		2,264,628
Market capitalization of publicly traded securities.....		2,264,628
Add adjusted total debt.....		1,219,288
Total market capitalization.....	\$	3,483,916

<b>Total debt / book capitalization.....</b>		<b>58.2%</b>
<b>Adjusted total debt / adjusted book capitalization.....</b>		<b>57.7%</b>
<b>Adjusted total debt / total market capitalization.....</b>		<b>35.0%</b>