

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

	Three Months Ended September 30, 2012
Net income available to common stockholders	\$ 30,119
Deduct gain from real estate dispositions	(1,689)
Sub-total.....	\$ 28,430
Elimination of non-cash items included in net income:	
Depreciation and amortization.....	28,305
Add back non-cash provision for impairments on real estate properties.....	-
Funds from operations available to common stockholders	\$ 56,735
Weighted-average common shares outstanding, basic.....	109,135
Effect of restricted stock awards.....	511
Deferred stock.....	21
Weighted-average common shares outstanding, diluted.....	109,667
Funds from operations per share available to common stockholders	\$ 0.5173
Adjusted funds from operations:	
Funds from operations available to common stockholders.....	\$ 56,735
Add back acquisition deal related costs.....	483
Add back stock-based compensation expense.....	1,485
Adjusted funds from operations available to common stockholders	\$ 58,703
Adjusted funds from operations per share available to common stockholders..	\$ 0.5353

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. For periods prior to the quarter ended September 30, 2012, FAD also excluded scheduled debt and principal payments on mortgages. 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 September 30, 2012 were 4.8x, 4.7x and 4.5x, 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. Adjusted pro forma EBITDA adds to adjusted EBITDA the incremental EBITDA from new investments made during the 3rd quarter assuming an July 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)

		<u>Three Months Ended</u> <u>September 30, 2012</u>
Net income.....	\$	30,119
Gain on assets sold - net		(1,689)
Depreciation and amortization.....		28,305
Interest.....		24,723
EBITDA.....	\$	81,458
Add back acquisition deal related costs.....		483
Add back stock-based compensation expense.....		1,485
Adjusted EBITDA.....	\$	83,426
Add incremental proforma EBITDA from new investments in 3rd Quarter		4,142
Adjusted proforma EBITDA.....	\$	<u>87,568</u>
DEBT		
Revolving line of credit.....	\$	102,000
Secured borrowings		264,901
Unsecured borrowings.....		1,195,000
FMV adjustment of assumption of debt		22,205
Premium/(discount) on unsecured borrowings (net).....		4,433
Total debt.....	\$	1,588,539
Deduct FMV adjustment of assumption of debt		(22,205)
Add back discount (deduct premium) on unsecured borrowings (net).....		(4,433)
Adjusted total debt.....	\$	<u>1,561,901</u>
 Adjusted total debt / annualized EBITDA ratio.....		 <u>4.8 x</u>
 Adjusted total debt / adjusted annualized EBITDA ratio.....		 <u>4.7 x</u>
 Adjusted total debt / adjusted pro forma annualized EBITDA ratio.....		 <u>4.5 x</u>

Our annualized EBITDA to fixed charge coverage ratio, annualized adjusted EBITDA to total interest expense ratio and adjusted pro forma annualized EBITDA to fixed charge coverage ratio as of September 30, 2012 were 3.3x, 3.4x and 3.5x, 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.

Adjusted pro forma EBITDA adds to adjusted EBITDA the incremental EBITDA from new investments made during the 3rd quarter assuming an July 1st purchase date. Fixed charges consist of interest expense, amortization of other non-cash interest charges, amortization of deferred financing costs and refinancing costs. EBITDA, adjusted EBITDA, adjusted pro forma 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)

		Three Months Ended September 30, 2012
Net income.....	\$	30,119
Gain on assets sold - net.....		(1,689)
Depreciation and amortization.....		28,305
Interest.....		24,723
EBITDA.....	\$	81,458
Add back acquisition deal related costs.....		483
Add back stock-based compensation expense.....		1,485
Adjusted EBITDA.....	\$	83,426
Add incremental proforma EBITDA from new investments in 3rd Quarter.....		4,142
Adjusted proforma EBITDA.....	\$	87,568
FIXED CHARGES		
Cash interest.....	\$	23,863
Capitalized interest.....		73
Amortization mortgage insurance premium.....		570
Amortization HUD fair market value adjustment.....		(383)
Amortization of non-cash deferred financing charges.....		673
Total interest expense.....		24,796
Add (less) refinancing charges.....		-
Total fixed charges.....	\$	24,796
Annualized EBITDA / fixed charge coverage ratio.....		3.3 x
Annualized adjusted EBITDA / total interest expense ratio.....		3.4 x
Adjusted pro forma annualized EBITDA / fixed charge coverage ratio.....		3.5 x

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

Unaudited

(In thousands, except per share amounts)

		Three Months Ended September 30, 2012
Net income available to common stockholders	\$	30,119
Deduct gain on assets sold - net.....		(1,689)
Sub-total.....	\$	28,430
Elimination of non-cash items included in net income:		
Depreciation and Amortization.....		28,305
Add back non-cash provision for impairments on real estate properties.....		-
Funds from operations available to common stockholders.....	\$	56,735
Adjustments:		
Add back acquisition deal related costs.....		483
Add back stock-based compensation expense.....		1,485
Adjusted funds from operations available to common stockholders.....	\$	58,703
Adjustments:		
Non-cash interest expense.....		860
Capitalized interest		(73)
Non-cash revenues.....		(7,923)
Funds available for distribution (FAD)	\$	51,567
Weighted-average common shares outstanding, basic.....		109,135
Effect of restricted stock awards.....		511
Deferred stock.....		21
Weighted-average common shares outstanding, diluted		109,667
FAD per share, diluted.....	\$	0.4702

Percentages of total debt to book capitalization, adjusted total debt to adjusted book capitalization and adjusted total debt to total market capitalization at September 30, 2012 were 60.9%, 60.5% and 38.0%, 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 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 September 30, 2012 plus adjusted total debt.

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

Unaudited
(In thousands)

	<u>At</u> <u>September 30, 2012</u>
Revolving line of credit.....	\$ 102,000
Secured borrowings.....	264,901
Unsecured borrowings.....	1,195,000
FMV adjustment of assumption of debt	22,205
Premium/(discount) unsecured borrowings (net).....	4,433
Total debt.....	\$ 1,588,539
Deduct FMV adjustment of assumption of debt	(22,205)
Add back discount (deduct premium) on unsecured borrowings (net).....	(4,433)
Adjusted total debt.....	\$ 1,561,901

BOOK CAPITALIZATION

Total debt.....	\$ 1,588,539
Stockholders' equity.....	1,020,920
Book capitalization.....	\$ 2,609,459
Deduct FMV adjustment of assumption of debt	(22,205)
Add back discount (deduct premium) on unsecured borrowings (net).....	(4,433)
Adjusted book capitalization.....	\$ 2,582,821

MARKET CAPITALIZATION

Common shares outstanding at 9/30/2012.....	112,046
Market price of common stock at 9/30/2012.....	\$ 22.73
Market capitalization of common stock at 9/30/2012.....	2,546,806
Market capitalization of publicly traded securities.....	2,546,806
Add adjusted total debt.....	1,561,901
Total market capitalization.....	\$ 4,108,707

Total debt / book capitalization.....	60.9%
Adjusted total debt / adjusted book capitalization.....	60.5%
Adjusted total debt / total market capitalization.....	38.0%

The Company currently expects its 2012 Adjusted FFO and Adjusted Funds Available for Distribution ("FAD") available to common stockholders to be between \$2.15 and \$2.17 per diluted share and \$1.89 and \$1.92 per diluted share, respectively. In addition the Company expects its 2012 Q4 Adjusted FFO and Adjusted FAD available to common stockholders to be between \$0.54 and \$0.56 per diluted share and \$0.49 and \$0.50 per diluted share, respectively. The following table presents a reconciliation of our guidance regarding 2012 Adjusted FFO and Adjusted FAD to net income available to common stockholders.

OMEGA HEALTHCARE INVESTORS, INC.
PROJECTED FUNDS FROM OPERATIONS and FUNDS AVAILABLE FOR DISTRIBUTION
Unaudited

	2012 Projected FY		2012 Projected Q4	
Per diluted share:				
Net income available to common.....	\$	1.05 - \$ 1.05	\$	0.28 - \$ 0.29
Adjustments:		-		-
Provision for impairment of real estate assets.....		0.00 - 0.00		- - -
Depreciation and amortization.....		1.00 - 1.01		0.25 - 0.25
Funds from operations available to common stockholders.....		2.05 - 2.07		0.53 - 0.55
Adjustments:				
Acquisition deal costs.....		0.01 - 0.01		- - -
Provision for impairment of real estate assets.....		- - -		- - -
Provision for uncollectable A/R.....		- - -		- - -
Interest expense - refinancing costs.....		0.05 - 0.05		- - -
Owned and operated net loss.....		- - -		- - -
Restricted stock expense.....		0.05 - 0.05		0.01 - 0.01
Adjusted Funds from operations available to common stockholders.....	\$	2.15 - \$ 2.17	\$	0.54 - \$ 0.56
Adjustments:				
Non-cash interest expense.....		0.02 - 0.02		0.01 - 0.01
Capitalized interest.....		(0.00) - (0.00)		(0.00) - (0.00)
Non-cash revenue.....		(0.28) - (0.27)		(0.07) - (0.06)
Funds available for distribution.....	\$	1.89 - \$ 1.92	\$	0.49 - \$ 0.50