

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

	Three Months Ended December 31, 2013
Net income available to common stockholders	\$ 47,206
Elimination of non-cash items included in net income:	
Depreciation and amortization.....	32,260
Add back non-cash provision for impairments on real estate properties.....	415
Funds from operations available to common stockholders	\$ 79,881
Weighted-average common shares outstanding, basic.....	122,448
Effect of restricted stock awards.....	906
Deferred stock.....	41
Weighted-average common shares outstanding, diluted.....	123,395
Funds from operations per share available to common stockholders	\$ 0.6474
Adjusted funds from operations:	
Funds from operations available to common stockholders.....	\$ 79,881
Deduct one-time cash revenue.....	(1,405)
Deduct non-cash provision for uncollectible accounts receivable, mortgages and notes.....	(245)
Add back acquisition deal related costs.....	111
Add back stock-based compensation expense.....	1,509
Adjusted funds from operations available to common stockholders	\$ 79,851
Adjusted funds from operations per share available to common stockholders	\$ 0.6471

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 December 31, 2013 were 4.7x, 4.7x and 4.3x, 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 4th quarter assuming an October 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 December 31, 2013
Net income.....	\$ 47,206
Depreciation and amortization.....	32,260
Interest.....	25,965
EBITDA.....	\$ 105,431
Deduct one-time cash revenue.....	(1,405)
Deduct non-cash provision for uncollectible accounts receivable, mortgages and notes.....	(245)
Add back acquisition deal related costs.....	111
Add back non-cash provision for impairments on real estate properties.....	415
Add back stock-based compensation expense.....	1,509
Adjusted EBITDA.....	\$ 105,816
Add incremental proforma EBITDA from new investments in 4th Quarter	9,350
Adjusted proforma EBITDA.....	\$ 115,166

DEBT

Revolving line of credit.....	\$ 326,000
Term loan.....	200,000
Secured borrowings	280,425
Unsecured borrowings.....	1,195,000
FMV adjustment of assumption of debt	18,998
Premium/(discount) on unsecured borrowings (net).....	3,995
Total debt.....	\$ 2,024,418
Deduct FMV adjustment of assumption of debt	(18,998)
Add back discount (deduct premium) on unsecured borrowings (net).....	(3,995)
Adjusted total debt.....	\$ 2,001,425

Adjusted total debt / annualized EBITDA ratio..... 4.7 x

Adjusted total debt / adjusted annualized EBITDA ratio..... 4.7 x

Adjusted total debt / adjusted pro forma annualized EBITDA ratio..... 4.3 x

Our annualized EBITDA to total interest expense ratio and annualized adjusted EBITDA to total interest expense ratio as of December 31, 2013 were 4.1x and 4.1x, 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
		December 31, 2013
Net income.....	\$	47,206
Depreciation and amortization.....		32,260
Interest.....		25,965
EBITDA.....	\$	105,431
Deduct one-time cash revenue.....		(1,405)
Deduct non-cash provision for uncollectible accounts receivable, mortgages and notes...		(245)
Add back acquisition deal related costs.....		111
Add back non-cash provision for impairments on real estate properties.....		415
Add back stock-based compensation expense.....		1,509
Adjusted EBITDA.....	\$	105,816
FIXED CHARGES		
Cash interest.....	\$	25,210
Capitalized interest.....		33
Amortization mortgage insurance premium.....		373
Amortization HUD fair market value adjustment.....		(318)
Amortization of non-cash deferred financing charges.....		700
Total interest expense.....	\$	25,998
Annualized EBITDA / total interest expense ratio.....		4.1 x
Annualized adjusted EBITDA / total interest expense ratio.....		4.1 x

OMEGA HEALTHCARE INVESTORS, INC.
FUNDS AVAILABLE FOR DISTRIBUTION

Unaudited

(In thousands, except per share amounts)

		Three Months Ended December 31, 2013
Net income available to common stockholders	\$	47,206
Elimination of non-cash items included in net income:		
Depreciation and Amortization.....		32,260
Add back non-cash provision for impairments on real estate properties.....		415
Funds from operations available to common stockholders	\$	79,881
Adjustments:		
Deduct non-cash provision for uncollectible accounts receivable.....		(245)
Add back acquisition deal related costs.....		111
Add back stock-based compensation expense.....		1,509
Adjusted funds from operations available to common stockholders	\$	81,256
Adjustments:		
Non-cash interest expense.....		755
Capitalized interest		(33)
Non-cash revenues.....		(8,253)
One time cash revenue.....		(1,405)
Funds available for distribution (FAD)	\$	72,320
Weighted-average common shares outstanding, basic.....		122,448
Effect of restricted stock awards.....		906
Deferred stock.....		41
Weighted-average common shares outstanding, diluted		123,395
FAD per share, diluted	\$	0.5861

Percentages of total debt to book capitalization, adjusted total debt to adjusted book capitalization and adjusted total debt to total market capitalization at December 31, 2013 were 60.9%, 60.6% and 35.2%, 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 December 31, 2013 plus adjusted total debt.

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

Unaudited
(In thousands)

		<u>At</u> <u>December 31, 2013</u>
Revolving line of credit.....	\$	326,000
Term loan.....		200,000
Secured borrowings.....		280,425
Unsecured borrowings.....		1,195,000
FMV adjustment of assumption of debt		18,998
Premium/(discount) unsecured borrowings (net).....		3,995
Total debt.....	\$	2,024,418
Deduct FMV adjustment of assumption of debt		(18,998)
Add back discount (deduct premium) on unsecured borrowings (net).....		(3,995)
Adjusted total debt.....	\$	<u>2,001,425</u>

BOOK CAPITALIZATION

Total debt.....	\$	2,024,418
Stockholders' equity.....		1,300,103
Book capitalization.....	\$	3,324,521
Deduct FMV adjustment of assumption of debt		(18,998)
Add back discount (deduct premium) on unsecured borrowings (net).....		(3,995)
Adjusted book capitalization.....	\$	<u>3,301,528</u>

MARKET CAPITALIZATION

Common shares outstanding at 12/31/2013.....		123,530
Market price of common stock at 12/31/2013.....	\$	29.80
Market capitalization of common stock at 12/31/2013.....		3,681,194
Market capitalization of publicly traded securities.....		3,681,194
Add adjusted total debt.....		2,001,425
Total market capitalization.....	\$	<u>5,682,619</u>

Total debt / book capitalization.....		<u>60.9%</u>
Adjusted total debt / adjusted book capitalization.....		<u>60.6%</u>
Adjusted total debt / total market capitalization.....		<u>35.2%</u>