

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

		Three Months Ended March 31, 2014
Net income available to common stockholders	\$	55,829
Deduct gain from real estate dispositions		(2,883)
Sub-total.....	\$	52,946
Elimination of non-cash items included in net income:		
Depreciation and amortization.....		31,444
Funds from operations available to common stockholders	\$	84,390
Weighted-average common shares outstanding, basic.....		124,459
Restricted stock and PRSUs.....		363
Weighted-average common shares outstanding, diluted.....		124,822
Funds from operations per share available to common stockholders	\$	0.6761
Adjusted funds from operations:		
Funds from operations available to common stockholders.....	\$	84,390
Deduct non-cash provision for uncollectible accounts receivable, mortgages and notes.....		(16)
Add back one-time interest refinancing expense.....		2,040
Add back acquisition deal related costs.....		95
Add back stock-based compensation expense.....		2,263
Adjusted funds from operations available to common stockholders	\$	88,772
Adjusted funds from operations per share available to common stockholders	\$	0.7112

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 March 31, 2014 were 4.5x, 4.4x and 4.4x, 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 1st quarter assuming an January 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 March 31, 2014
Net income.....	\$	55,829
Gain/loss on assets sold - net		(2,883)
Depreciation and amortization.....		31,444
Interest.....		30,043
EBITDA.....	\$	114,433
Deduct non-cash provision for uncollectible accounts receivable, mortgages and notes.....		(16)
Add back acquisition deal related costs.....		95
Add back stock-based compensation expense.....		2,263
Adjusted EBITDA.....	\$	116,775
Add incremental proforma EBITDA from new investments in 1st Quarter		610
Adjusted proforma EBITDA.....	\$	117,385
DEBT		
Term loan.....	\$	200,000
Secured borrowings		279,187
Unsecured borrowings.....		1,595,000
FMV adjustment of assumption of debt		18,684
Premium/(discount) on unsecured borrowings (net).....		(1,749)
Total debt.....	\$	2,091,122
Deduct FMV adjustment of assumption of debt		(18,684)
Add back discount (deduct premium) on unsecured borrowings (net).....		1,749
Adjusted total debt.....	\$	2,074,187
Adjusted total debt / annualized EBITDA ratio.....		4.5 x
Adjusted total debt / adjusted annualized EBITDA ratio.....		4.4 x
Adjusted total debt / adjusted pro forma annualized EBITDA ratio.....		4.4 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 March 31, 2014 were 3.8x, 3.9x and 4.2x, 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 March 31, 2014
Net income.....	\$	55,829
Gain/loss on assets sold - net.....		(2,883)
Depreciation and amortization.....		31,444
Interest.....		30,043
EBITDA.....	\$	114,433
Deduct non-cash provision for uncollectible accounts receivable, mortgages and notes...		(16)
Add back acquisition deal related costs.....		95
Add back stock-based compensation expense.....		2,263
Adjusted EBITDA.....	\$	116,775
FIXED CHARGES		
Cash interest.....	\$	27,025
Amortization mortgage insurance premium.....		370
Amortization HUD fair market value adjustment.....		(314)
Amortization of non-cash deferred financing charges.....		922
Refinancing costs.....		2,040
Total interest expense.....	\$	30,043
Add (less) refinancing charges.....		(2,040)
Total fixed charges.....	\$	28,003
 Annualized EBITDA / total interest expense ratio.....		 3.8 x
Annualized adjusted EBITDA / total interest expense ratio.....		3.9 x
Annualized adjusted EBITDA / fixed charge coverage ratio.....		4.2 x

OMEGA HEALTHCARE INVESTORS, INC.
FUNDS AVAILABLE FOR DISTRIBUTION

Unaudited

(In thousands, except per share amounts)

		Three Months Ended March 31, 2014
Net income available to common stockholders	\$	55,829
Deduct gain on assets sold - net.....		(2,883)
Sub-total.....	\$	52,946
Elimination of non-cash items included in net income:		
Depreciation and Amortization.....		31,444
Funds from operations available to common stockholders.....	\$	84,390
Adjustments:		
Deduct non-cash provision for uncollectible accounts receivable.....		(16)
Add back one-time interest refinancing expense.....		2,040
Add back acquisition deal related costs.....		95
Add back stock-based compensation expense.....		2,263
Adjusted funds from operations available to common stockholders.....	\$	88,772
Adjustments:		
Non-cash interest expense.....		978
Non-cash revenues.....		(8,544)
Funds available for distribution (FAD)	\$	81,206
Weighted-average common shares outstanding, basic.....		124,459
Restricted stock and PRSUs.....		363
Weighted-average common shares outstanding, diluted		124,822
FAD per share, diluted.....	\$	0.6506

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, 2014 were 60.7%, 60.5% and 33.0%, 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 March 31, 2014 plus adjusted total debt.

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

Unaudited
(In thousands)

		At March 31, 2014
Term loan.....	\$	200,000
Secured borrowings.....		279,187
Unsecured borrowings.....		1,595,000
FMV adjustment of assumption of debt		18,684
Premium/(discount) unsecured borrowings (net).....		(1,749)
Total debt.....	\$	2,091,122
Deduct FMV adjustment of assumption of debt		(18,684)
Add back discount (deduct premium) on unsecured borrowings (net).....		1,749
Adjusted total debt.....	\$	<u>2,074,187</u>

BOOK CAPITALIZATION

Total debt.....	\$	2,091,122
Stockholders' equity.....		1,355,347
Book capitalization.....	\$	3,446,469
Deduct FMV adjustment of assumption of debt		(18,684)
Add back discount (deduct premium) on unsecured borrowings (net).....		1,749
Adjusted book capitalization.....	\$	<u>3,429,534</u>

MARKET CAPITALIZATION

Common shares outstanding at 3/31/2014.....		125,419
Market price of common stock at 3/31/2014.....	\$	33.52
Market capitalization of common stock at 3/31/2014.....		4,204,045
Market capitalization of publicly traded securities.....		4,204,045
Add adjusted total debt.....		2,074,187
Total market capitalization.....	\$	<u>6,278,232</u>

Total debt / book capitalization.....		60.7%
Adjusted total debt / adjusted book capitalization.....		60.5%
Adjusted total debt / total market capitalization.....		33.0%