

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

	Three Months Ended March 31, 2015
Net income available to common stockholders	\$ 43,052
Elimination of non-cash items included in net income:	
Depreciation and amortization.....	30,610
Add back non-cash provision for impairments on real estate properties.....	5,982
Funds from operations available to common stockholders	\$ 79,644
Weighted-average common shares outstanding, basic.....	134,346
Restricted stock and PRSUs.....	460
Weighted-average common shares outstanding, diluted.....	134,806
Funds from operations per share available to common stockholders	\$ 0.5908
Adjusted funds from operations:	
Funds from operations available to common stockholders.....	\$ 79,644
Deduct non-cash provision for uncollectible accounts receivable, mortgages and notes.....	(2)
Add back one-time interest refinancing expense.....	9,377
Add back acquisition deal related costs.....	4,868
Add back stock-based compensation expense.....	1,610
Adjusted funds from operations available to common stockholders	\$ 95,497
Adjusted funds from operations per share available to common stockholders	\$ 0.7084

Funds From Operations (“FFO”), Adjusted FFO and Adjusted Funds Available for Distribution (“FAD”) are non-GAAP financial measures. For purposes of the Securities and Exchange Commission’s 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 financial 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 financial measure so calculated and presented. As used in this press release, 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 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, Adjusted FFO and FAD are important supplemental measures 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 described 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, Adjusted FFO and FAD among the criteria to measure the 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 and between other REITs. The Company offers these measures to assist the users of its financial statements in analyzing its operating performance and not as measures of liquidity or cash flow. FFO, Adjusted FFO and FAD are not measures of financial performance under GAAP and should not be considered as measures of liquidity, alternatives to net income or indicators of any other performance measure determined in accordance with GAAP. Investors and potential investors in the Company’s securities should not rely on this measure as a substitute for any GAAP measure, including net income.

Adjusted FFO is calculated as FFO available to common stockholders excluding the impact of non-cash stock-based compensation and certain revenue and expense items identified above. FAD is calculated as Adjusted FFO less non-cash interest expense and non-cash revenue, such as straight-line rent. The Company believes these measures provide 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. 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 that they are appropriate measures for this Company

Our ratios of adjusted total debt to annualized EBITDA, adjusted total debt to adjusted annualized EBITDA, adjusted total debt to adjusted pro forma annualized EBITDA and net total debt to adjusted pro forma annualized EBITDA as of March 31, 2015 were 4.1x, 3.7x, 3.7 and 3.7x, 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 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, 2015
Net income.....	\$ 43,052
Depreciation and amortization.....	30,610
Interest.....	43,089
EBITDA.....	\$ 116,751
Deduct non-cash provision for uncollectible accounts receivable, mortgages and notes.....	(2)
Add back acquisition deal related costs.....	4,868
Add back non-cash provision for impairments on real estate properties.....	5,982
Add back stock-based compensation expense.....	1,610
Adjusted EBITDA.....	\$ 129,209
Add incremental proforma EBITDA from new investments in 1st Quarter	151
Adjusted proforma EBITDA.....	\$ 129,360

DEBT

Revolving line of credit.....	\$ -
Term loan.....	200,000
Secured borrowings	89,998
Unsecured borrowings.....	2,345,000
FMV adjustment of assumption of debt	4,433
Premium/(discount) on unsecured borrowings (net).....	(12,055)
Total debt.....	\$ 2,627,376
Deduct balance sheet cash and cash equivalents.....	(700,143)
Net total debt.....	\$ 1,927,233
Deduct FMV adjustment of assumption of debt	(4,433)
Add back discount (deduct premium) on unsecured borrowings (net).....	12,055
Adjusted total debt (aka Funded Debt).....	\$ 1,934,855

Adjusted total debt / annualized EBITDA ratio..... 4.1 x

Adjusted total debt / adjusted annualized EBITDA ratio..... 3.7 x

Adjusted total debt / adjusted pro forma annualized EBITDA ratio..... 3.7 x

Net total debt / adjusted pro forma annualized EBITDA ratio..... 3.7 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 March 31, 2015 were 2.7x, 3.0x and 3.8x, 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, 2015
Net income.....	\$	43,052
Depreciation and amortization.....		30,610
Interest.....		43,089
EBITDA.....	\$	116,751
Deduct non-cash provision for uncollectible accounts receivable, mortgages and notes.....		(2)
Add back acquisition deal related costs.....		4,868
Add back non-cash provision for impairments on real estate properties.....		5,982
Add back stock-based compensation expense.....		1,610
Adjusted EBITDA.....	\$	129,209
FIXED CHARGES		
Cash interest.....	\$	32,292
Amortization mortgage insurance premium.....		304
Amortization HUD fair market value adjustment.....		(237)
Amortization of non-cash deferred financing charges.....		1,353
Refinancing costs.....		9,377
Total interest expense.....	\$	43,089
Add (less) refinancing charges.....		(9,377)
Total fixed charges.....	\$	33,712
Annualized EBITDA / total interest expense ratio.....		2.7 x
Annualized adjusted EBITDA / total interest expense ratio.....		3.0 x
Annualized adjusted EBITDA / fixed charge coverage ratio.....		3.8 x

OMEGA HEALTHCARE INVESTORS, INC.
FUNDS AVAILABLE FOR DISTRIBUTION
Unaudited
(In thousands, except per share amounts)

	Three Months Ended March 31, 2015
Net income available to common stockholders	\$ 43,052
Elimination of non-cash items included in net income:	
Depreciation and Amortization.....	30,610
Add back non-cash provision for impairments on real estate properties.....	5,982
Funds from operations available to common stockholders.....	\$ 79,644
Adjustments:	
Deduct non-cash provision for uncollectible mortgages, notes and accounts receivable.....	(2)
Add back one-time interest refinancing expense.....	9,377
Add back acquisition deal related costs.....	4,868
Add back stock-based compensation expense.....	1,610
Adjusted funds from operations available to common stockholders.....	\$ 95,497
Adjustments:	
Non-cash interest expense.....	1,420
Capitalized interest	(20)
Non-cash revenues.....	(9,387)
Funds available for distribution (FAD)	\$ 87,510
Weighted-average common shares outstanding, basic.....	134,346
Restricted stock and PRSUs.....	460
Weighted-average common shares outstanding, diluted	134,806
FAD per share, diluted.....	\$ 0.6492

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, 2015 were 59.7%, 59.8% and 31.9%, 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, 2015 plus adjusted total debt.

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

Unaudited
(In thousands)

	At March 31, 2015
Revolving line of credit.....	\$ -
Term loan.....	200,000
Secured borrowings.....	89,998
Unsecured borrowings.....	2,345,000
FMV adjustment of assumption of debt	4,433
Premium/(discount) unsecured borrowings (net).....	(12,055)
Total debt.....	\$ 2,627,376
Deduct FMV adjustment of assumption of debt	(4,433)
Add back discount (deduct premium) on unsecured borrowings (net).....	12,055
Adjusted total debt.....	\$ 2,634,998

BOOK CAPITALIZATION

Total debt.....	\$ 2,627,376
Stockholders' equity.....	1,770,953
Book capitalization.....	\$ 4,398,329
Deduct FMV adjustment of assumption of debt	(4,433)
Add back discount (deduct premium) on unsecured borrowings (net).....	12,055
Adjusted book capitalization.....	\$ 4,405,951

MARKET CAPITALIZATION

Common shares outstanding at 3/31/2015.....	138,752
Market price of common stock at 3/31/2015.....	\$ 40.57
Market capitalization of common stock at 3/31/2015.....	5,629,169
Market capitalization of publicly traded securities.....	5,629,169
Add adjusted total debt.....	2,634,998
Total market capitalization.....	\$ 8,264,167

Total debt / book capitalization.....	59.7%
Adjusted total debt / adjusted book capitalization.....	59.8%
Adjusted total debt / total market capitalization.....	31.9%