

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

	Three Months Ended September 30, 2015
Net income	\$ 83,254
Add back loss from real estate dispositions	2,391
Sub-total.....	\$ 85,645
Elimination of non-cash items included in net income	
Depreciation and amortization.....	60,143
Add back non-cash provision for impairments on real estate properties.....	1,743
Funds from operations available to common stockholders	\$ 147,531
Weighted-average common shares outstanding, basic.....	184,739
Restricted stock and PRSUs.....	1,483
OP units.....	8,961
Weighted-average common shares outstanding, diluted.....	195,183
Funds from operations per share available to common stockholders	\$ 0.7559
Adjusted funds from operations:	
Funds from operations available to common stockholders.....	\$ 147,531
Add back non-cash provision for uncollectible accounts receivable, mortgages and notes	301
Add back interest carry to retire bonds (1).....	863
Add back acquisition and merger related costs.....	3,555
Add back stock-based compensation expense.....	2,199
Adjusted funds from operations available to common stockholders	\$ 154,449
Adjusted funds from operations per share available to common stockholders	\$ 0.7913

⁽¹⁾ On September 25, 2015, the Company irrevocably deposited approximately \$615.0 million to the trustee to call and redeem its \$575 million 6.75% Notes due 2022. This amount included the \$575 million principal, a redemption premium of 3.375%, semi-annual interest and additional accrued interest to the redemption date of October 26, 2015. The \$615.0 million was classified as "Other assets" on the Company's financial statements. The Company has adjusted (or added back) 8 days of interest at 6.75% resulting from the requirement to deposit with the trustee in September.

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 September 30, 2015 were 5.0x, 4.7x, 4.7x and 5.4x, respectively. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA eliminates items such as acquisition and merger 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 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)

	Three Months Ended September 30, 2015
Net income.....	\$ 83,254
Depreciation and amortization.....	60,143
Interest.....	40,026
Income taxes.....	406
EBITDA.....	\$ 183,829
Add back loss on assets sold - net	2,391
Add back non-cash provision for impairments on real estate properties.....	1,743
Add back non-cash provision for uncollectible accounts receivable, mortgages and notes.....	301
Add back acquisition and merger related costs.....	3,555
Add back stock-based compensation expense.....	2,199
Adjusted EBITDA.....	\$ 194,018
Add incremental proforma EBITDA from new investments in 3rd Quarter	1,095
Adjusted proforma EBITDA.....	\$ 195,113

DEBT

Revolving line of credit.....	\$ 550,000
Term loan.....	500,000
Secured borrowings	260,455
Unsecured borrowings.....	2,945,000
FMV adjustment of assumption of debt	2,750
Premium/(discount) on unsecured borrowings (net).....	(13,288)
Total debt.....	\$ 4,244,917
Deduct balance sheet cash and cash equivalents.....	(15,319)
Net total debt.....	\$ 4,229,598
Deduct FMV adjustment of assumption of debt	(2,750)
Add back discount (deduct premium) on unsecured borrowings (net).....	13,288
Less \$575 million of debt called and funds deposited with trustee (1).....	(575,000)
Adjusted total debt (aka Funded Debt).....	\$ 3,665,136

Adjusted total debt / annualized EBITDA ratio..... **5.0 x**

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

Adjusted total debt / adjusted pro forma annualized EBITDA ratio..... **4.7 x**

Net total debt / adjusted pro forma annualized EBITDA ratio..... **5.4 x**

⁽¹⁾ On September 25, 2015, the Company irrevocably deposited approximately \$615.0 million to the trustee to call and redeem its \$575 million 6.75% Notes due 2022. This amount included the \$575 million principal, a redemption premium of 3.375%, semi-annual interest and additional accrued interest to the redemption date of October 26, 2015. The \$615.0 million was classified as "Other assets" on the Company's financial statements. The Company has adjusted (or added back) 8 days of interest at 6.75% resulting from the requirement to deposit with the trustee in September.

Our EBITDA to total interest expense ratio, adjusted EBITDA to total interest expense ratio and adjusted EBITDA to fixed charges as of September 30, 2015 were 4.6x, 4.8x and 4.7x, respectively. Fixed charge coverage is the ratio determined by dividing EBITDA by our fixed charges. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA eliminates items such as acquisition and merger related costs and stock-based compensation expense and adds back certain non-cash expenses, if any, to 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 September 30, 2015
Net income.....	\$	83,254
Depreciation and amortization.....		60,143
Interest.....		40,026
Income taxes.....		406
EBITDA.....	\$	183,829
Add back loss on assets sold - net.....		2,391
Add back non-cash provision for impairments on real estate properties.....		1,743
Add back non-cash provision for uncollectible accounts receivable, mortgages and notes.....		301
Add back acquisition and merger related costs.....		3,555
Add back stock-based compensation expense.....		2,199
Adjusted EBITDA.....	\$	<u>194,018</u>
FIXED CHARGES		
Cash interest.....	\$	38,136
Amortization mortgage insurance premium.....		103
Amortization HUD fair market value adjustment.....		(70)
Amortization of non-cash deferred financing charges.....		1,857
Refinancing costs.....		-
Total interest expense.....	\$	40,026
Add (less) capitalized interest.....		1,522
Add (less) refinancing charges.....		-
Total fixed charges.....	\$	<u>41,548</u>
 EBITDA / total interest expense ratio.....		 <u>4.6 x</u>
Adjusted EBITDA / total interest expense ratio.....		<u>4.8 x</u>
Adjusted EBITDA / fixed charge coverage ratio.....		<u>4.7 x</u>

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

	Three Months Ended September 30, 2015
Net income	\$ 83,254
Add back loss on assets sold - net.....	2,391
Sub-total.....	\$ 85,645
Elimination of non-cash items included in net income:	
Depreciation and Amortization.....	60,143
Add back non-cash provision for impairments on real estate properties.....	1,743
Funds from operations available to common stockholders	\$ 147,531
Adjustments:	
Add back non-cash provision for uncollectible mortgages, notes and accounts receivable.....	301
Add back interest carry to retire bonds.....	863
Add back acquisition and merger related costs.....	3,555
Add back stock-based compensation expense.....	2,199
Adjusted funds from operations available to common stockholders	\$ 154,449
Adjustments:	
Non-cash interest expense.....	1,890
Capitalized interest	(1,522)
Non-cash revenues.....	(14,918)
Funds available for distribution (FAD)	\$ 139,899
Weighted-average common shares outstanding, basic.....	184,739
Restricted stock and PRSUs.....	1,483
OP units.....	8,961
Weighted-average common shares outstanding, diluted	195,183
FAD per share, diluted	\$ 0.7168

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, 2015 were 51.1%, 47.5% and 35.1%, 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, 2015 plus adjusted

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

Unaudited
(In thousands)

	At
	September 30, 2015
Revolving line of credit.....	\$ 550,000
Term loan.....	500,000
Secured borrowings.....	260,455
Unsecured borrowings.....	2,945,000
FMV adjustment of assumption of debt	2,750
Premium/(discount) unsecured borrowings (net).....	(13,288)
Total debt.....	\$ 4,244,917
Deduct FMV adjustment of assumption of debt	(2,750)
Add back discount (deduct premium) on unsecured borrowings (net).....	13,288
Less \$575 million of debt called and funds deposited with Trustee.....	(575,000)
Adjusted total debt.....	\$ 3,680,455

BOOK CAPITALIZATION

Total debt.....	\$ 4,244,917
Omega Stockholders' equity.....	3,699,040
Noncontrolling interest	365,611
Book capitalization.....	\$ 8,309,568
Deduct FMV adjustment of assumption of debt	(2,750)
Add back discount (deduct premium) on unsecured borrowings (net).....	13,288
Less \$575 million of debt called and funds deposited with Trustee.....	(575,000)
Adjusted book capitalization.....	\$ 7,745,106

MARKET CAPITALIZATION

Omega common shares and OP units outstanding at 9/30/2015.....	193,915
Market price of common stock at 9/30/2015.....	\$ 35.15
Market capitalization of common stock at 9/30/2015.....	6,816,112
Market capitalization of publicly traded securities.....	6,816,112
Add adjusted total debt.....	3,680,455
Total market capitalization.....	\$ 10,496,567

Total debt / book capitalization.....	51.1%
Adjusted total debt / adjusted book capitalization.....	47.5%
Adjusted total debt / total market capitalization.....	35.1%