UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)
X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2004

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _______________ TO _______________

COMMISSION FILE NUMBER 1-11316

OMEGA HEALTHCARE INVESTORS, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MARYLAND	38-3041398
(STATE OF INCORPORATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

9690 DEERECO ROAD, SUITE 100, TIMONIUM, MD 21093
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(410) 427-1700
(TELEPHONE NUMBER, INCLUDING AREA CODE)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS) AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES X ----- NO ----

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS AN ACCELERATED FILER (AS DEFINED IN RULE 12B-2 OF THE EXCHANGE ACT).

YES X ----- NO ----

INDICATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF COMMON STOCK AS OF MAY 3, 2004.

COMMON STOCK, $.10 PAR VALUE	46,340,599
(CLASS)	(NUMBER OF SHARES)

OMEGA HEALTHCARE INVESTORS, INC.
FORM 10-Q
MARCH 31, 2004

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PART 1 - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

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<S>	MARCH 31, 2004 (UNAUDITED)	DECEMBER 31, 2003 (SEE NOTE)
ASSETS		
Real estate properties		
Land and buildings at cost..............................	$ 692,365	$ 692,454
Less accumulated depreciation...........................	(139,437)	(134,477)
Real estate properties - net..........................	552,928	557,977
Mortgage notes receivable - net.........................	119,225	119,815
	672,153	677,792
Other investments - net..................................	29,965	29,787
Total investments......................................	702,118	707,579
Cash and cash equivalents................................	62,315	3,094
Accounts receivable - net................................	2,818	1,893
Interest rate cap..	--	5,537
Other assets...	20,006	8,562
Total assets...	$ 787,257	$ 726,665
LIABILITIES AND STOCKHOLDERS' EQUITY		
Revolving lines of credit................................	$ 10,000	$ 177,074
Unsecured borrowings.....................................	300,000	100,000
Other long-term borrowings...............................	3,520	3,520
Accrued expenses and other liabilities....................	23,787	9,836
Total liabilities......................................	337,307	290,430
Preferred stock..	225,988	212,342
Common stock and additional paid-in-capital..............	546,227	485,196
Cumulative net earnings..................................	163,977	174,275
Cumulative dividends paid................................	(447,499)	(431,123)
Cumulative dividends - redemption........................	(38,743)	--
Accumulated other comprehensive loss.....................	--	(4,455)
Total stockholders' equity.............................	449,950	436,235
Total liabilities and stockholders' equity.............	$ 787,257	$ 726,665

</TABLE>

NOTE - The balance sheet at December 31, 2003 has been derived from the audited consolidated financial statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

See notes to consolidated financial statements.

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
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THREE MONTHS ENDED

	MARCH 31, 2004	MARCH 31, 2003
<S> <C> <C> <C> <C> <C> <C>		
REVENUES		
Rental income	$ 17,123	$ 16,419
Mortgage interest income	3,366	4,392
Other investment income - net	641	990
Litigation settlement	--	2,187
Miscellaneous	406	321
	21,536	24,309
EXPENSES		
Nursing home revenues and expenses of owned and operated assets - net	--	1,333
Depreciation and amortization	5,224	5,208
Interest	4,693	4,420
Interest - amortization of deferred financing costs	454	692
Interest - refinancing costs	19,106	--
General and administrative	1,514	1,629
Legal	490	558
Provisions for impairment	--	4,618
	31,481	18,458
(LOSS) INCOME FROM CONTINUING OPERATIONS	(9,945)	5,851
(Loss) gain from discontinued operations	(353)	134
NET (LOSS) INCOME	(10,298)	5,985
Preferred stock dividends	(4,687)	(5,029)
Series C preferred stock conversion charges	(38,743)	--
NET (LOSS) INCOME AVAILABLE TO COMMON	$ (53,728)	$ 956
(LOSS) INCOME PER COMMON SHARE:		
Basic:		
(Loss) income from continuing operations	$ (1.29)	$ 0.02
Net (loss) income	$ (1.30)	$ 0.03
Diluted:		
(Loss) income from continuing operations	$ (1.29)	$ 0.02
Net (loss) income	$ (1.30)	$ 0.03
Dividends declared and paid per common share	$ 0.17	$ --
Weighted-average shares outstanding, basic	41,459	37,145
Weighted-average shares outstanding, diluted	41,459	37,145
COMPONENTS OF OTHER COMPREHENSIVE INCOME:		
Net (loss) income	$ (10,298)	$ 5,985
Unrealized gain (loss) on hedging contracts	4,455	(623)
Total comprehensive (loss) income	$ (5,843)	$ 5,362

</TABLE>

See notes to consolidated financial statements.

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED
(IN THOUSANDS)

<TABLE>
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	THREE MONTHS ENDED MARCH 31, 2004	THREE MONTHS ENDED MARCH 31, 2003
<S> <C> <C> <C> <C> <C> <C>		
OPERATING ACTIVITIES		
Net (loss) income	$(10,298)	$ 5,985
Adjustment to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	5,224	5,208
Provisions for impairment	--	4,618
Refinancing costs	12,728	--
Amortization for deferred finance costs	353	691
Loss on assets sold - net	351	--
Amortization of derivatives	101	1
Adjustment of derivatives to fair value	(257)	--
Adjustment for discontinued operations and other	(11)	132
Net change in accounts receivable	(925)	(1,003)

Net change in other assets	77	1,002
Net change in operating assets and liabilities	(1,121)	(3,339)
Net cash provided by operating activities	6,222	13,295
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of real estate investments	85	--
Capital improvements and funding of other investments	(420)	(32)
Proceeds from other investments and assets held for sale - net	1,872	621
Investments in other investments and assets held for sale - net	(2,100)	(3,150)
Collection of mortgage principal	590	476
Net cash provided by (used in) investing activities	27	(2,085)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new financing	10,000	--
Proceeds from credit line borrowings	13,700	--
Payments of credit line borrowings	(190,774)	--
Proceeds from long-term borrowings	200,000	--
Payments of long-term borrowings	--	(118)
Proceeds from sale of interest rate cap	3,460	--
Receipts from Dividend Reinvestment Plan	40	--
Receipts from exercised options	1,868	--
Dividends paid	(11,735)	--
Proceeds from preferred stock offering	13,645	--
Proceeds from common stock offering	22,368	--
Deferred financing costs paid	(9,600)	(321)
Net cash provided by (used in) financing activities	52,972	(439)
Increase in cash and cash equivalents	59,221	10,771
Cash and cash equivalents at beginning of period	3,094	14,340
Cash and cash equivalents at end of period	$ 62,315	$ 25,111
Interest paid during the period	$ 6,973	$ 5,601

</TABLE>

See notes to consolidated financial statements.

OMEGA HEALTHCARE INVESTORS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED
MARCH 31, 2004

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements for Omega Healthcare Investors, Inc. have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In our opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Certain reclassifications have been made to the 2003 financial statements for consistency with the presentation adopted for 2004. Such reclassifications have no effect on previously reported earnings or equity.

In January 2003, the FASB issued Financial Interpretation Number ("FIN") 46, Consolidation of Variable Interest Entities an Interpretation of ARB No. 51. FIN 46 is an interpretation of Accounting Research Bulletin No. 51, Consolidated Financial Statements and addresses consolidation by business enterprises of variable interest entities. As of March 31, 2004, we do not have any entities that meet the definition of a variable interest entity under FIN 46; therefore, the provisions of FIN 46 do not have an impact on our results of operations or financial position.

Operating results for the three-month period ended March 31, 2004 are not necessarily indicative of the results that may be expected for the year ending December 31, 2004. For further information, refer to the financial statements and footnotes included in our annual report on Form 10-K for the year ended December 31, 2003.

NOTE 2 - PROPERTIES

In the ordinary course of our business activities, we periodically evaluate investment opportunities and extend credit to customers. We also regularly engage in lease and loan extensions and modifications. Additionally, we actively monitor and manage our investment portfolio with the objectives of improving credit quality and increasing returns. In connection with portfolio management, we engage in various collection and foreclosure activities.

When we acquire real estate pursuant to a foreclosure, lease termination or bankruptcy proceeding and do not immediately re-lease or sell the properties to new operators, the assets are included on the balance sheet as "real estate properties," and the value of such assets is reported at the lower of cost or estimated fair value.

Upon adoption of SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, as of January 1, 2002, long-lived assets sold or designated as held for sale after January 1, 2002 are reported as discontinued operations in our financial statements.

The table below summarizes our number of properties and investment by category for the quarter ended March 31, 2004:

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FACILITY COUNT	PURCHASE/ LEASEBACK	MORTGAGES RECEIVABLE	OWNED & OPERATED	CLOSED FACILITIES	TOTAL HEALTHCARE FACILITIES
<S>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 2003......................	153	51	1	6	211
Properties closed................................	-	-	-	-	-
Properties sold/mortgages paid....................	-	-	-	(2)	(2)
Transition leasehold interest.....................	-	-	-	-	-
Properties leased/mortgages placed................	-	-	-	-	-
Properties transferred to purchase/leaseback......	1	-	(1)	-	-
Balance at March 31, 2004......................	154	51	-	4	209

INVESTMENT ($000'S)					
Balance at December 31, 2003......................	$682,562	$119,815	$ 5,295	$4,597	$812,269
Properties closed................................	-	-	-	-	-
Properties sold/mortgages paid....................	-	-	-	(509)	(509)
Transition leasehold interest.....................	-	-	-	-	-
Properties leased/mortgages placed................	-	-	-	-	-
Properties transferred to purchase/leaseback......	5,295	-	(5,295)	-	-
Impairment on properties.........................	-	-	-	-	-
Capex and other..................................	420	(590)	-	-	(170)
Balance at March 31, 2004......................	$688,277	$119,225	$ -	$4,088	$811,590

</TABLE>

PURCHASE/LEASEBACKS

A summary of the lease transactions which occurred in the first quarter of 2004 is as follows:

SUN HEALTHCARE GROUP, INC.

o Effective January 1, 2004, we re-leased five skilled nursing facilities ("SNFs") to an existing operator under a new Master Lease, which has a five-year term and an initial annual lease rate of $0.75 million. Four former Sun Healthcare Group, Inc. ("Sun") SNFs, three located in Illinois and one located in Indiana, representing an aggregate of 449 beds, were part of the transaction. The fifth SNF in the transaction, located in Illinois and representing 128 beds, was the last remaining owned and operated facility in our portfolio.

o On March 1, 2004, we entered into an agreement with Sun regarding 51 properties that are leased to various affiliates of Sun. Under the terms of a master lease agreement, Sun will continue to operate and occupy 23 long-term care facilities, five behavioral properties and two hospital properties through December 31, 2013. One property, located in Washington and formerly operated by a Sun affiliate, has already been closed and the lease relating to that property has been terminated. With respect to the remaining 20 facilities, 17 have already been transitioned to new operators and three are in the process of being transferred to new operators.

o Effective March 1, 2004, we re-leased two SNFs formerly leased by Sun located in California and representing 117 beds, to a new operator under a Master Lease, which has a ten-year term. The commencement date of the first re-lease is March 1, 2004 and has an initial annual lease rate of approximately $0.12 million. The commencement date of the second re-lease is expected to be May 1, 2004, subject to licensing, and has an initial annual lease rate of approximately $0.1 million.

CLAREMONT HEALTHCARE HOLDINGS, INC.

o Effective March 8, 2004, we re-leased three SNFs formerly leased by Claremont Health Care Holdings, Inc. ("Claremont") located in Florida and representing 360 beds, to an existing operator at an initial annual lease rate of $2.5 million. These facilities were added to an existing Master Lease, the initial term of which has been extended ten years to February, 2014. The aggregate annual lease rate under this Master Lease, inclusive of the $2.5 million, is $3.9 million.

Subsequent to the first quarter, we acquired three new facilities. (See Note 12 - Subsequent Events). A summary of the lease transaction follows:

HAVEN HEALTHCARE

o Effective April 1, 2004, we purchased three SNFs, representing 399 beds, for a total investment of $26.0 million. Two of the facilities are located in Vermont, with the third located in Connecticut. The facilities were combined into an existing Master Lease with Haven Healthcare ("Haven"), a current operator. Rent under the Master Lease was increased by approximately $2.7 million for the first lease year commencing April 1, 2004, with annual increases thereafter. The term of the Master Lease had been increased to ten years on January 1, 2004 and runs through December 31, 2013, followed by two ten-year renewal options. We received a security deposit equivalent to three months of incremental rent.

MORTGAGES RECEIVABLE

Mortgage interest income is recognized as earned over the terms of the related mortgage notes. Reserves are taken against earned revenues from mortgage interest when collection of amounts due become questionable or when negotiations for restructurings of troubled operators lead to lower expectations regarding ultimate collection. When collection is uncertain, mortgage interest income on impaired mortgage loans is recognized as received after taking into account application of security deposits.

On April 6, 2004, we received approximately $4.6 million in proceeds on a mortgage loan payoff from Tiffany Care Centers, Inc. We held mortgages on five facilities located in Missouri, representing 319 beds, which produced approximately $0.5 million of annual interest revenue in 2003.

No provisions for loss on mortgages or notes receivable were recorded during the three-months ended March 31, 2004 and 2003, respectively.

OWNED AND OPERATED ASSETS

At March 31, 2004, we no longer own any facilities that were previously recovered from customers. Effective January 1, 2004, our remaining owned and operated asset was re-leased to an existing operator. This facility, located in Illinois, was re-leased under a new Master Lease, which encompasses four additional facilities.

CLOSED FACILITIES

During the three months ended March 31, 2004, we sold two facilities, one located in Iowa and the other located in Florida, realizing proceeds of approximately $85 thousand, net of closing costs and other expenses, resulting in a net loss of approximately $351 thousand. In accordance with SFAS No. 144, the $351 thousand realized net loss is included within discontinued operations in our consolidated statements of operations. (See Note 11 - Discontinued Operations).

At March 31, 2004, there are four closed properties that are not currently under contract for sale. At this time, it is determined that no provisions for impairments are needed on the four remaining investments. We intend to sell the facilities as soon as practicable; however, there can be no assurance if, or when, these sales will be completed on terms that allow us to realize the carrying value of the assets. These properties are included in "Land and buildings at cost" in our consolidated balance sheet. (See Note 12 - Subsequent Events).

OTHER NON-CORE ASSETS

- In connection with refinancing our $225 million senior secured credit facility, we sold our $200 million interest rate cap on March 31, 2004. Net proceeds from the sale totaled approximately $3.5 million and resulted in a loss of approximately $6.5 million, which was recorded in the first quarter of 2004 and is included in interest refinancing costs in our consolidated statement of operations.

- Under our restructuring agreement with Sun, we received the right to convert deferred base rent owed to us, totaling approximately $7.8 million, into 800,000 shares of Sun's common stock, subject to certain non-dilution provisions and the right of Sun to pay cash in an amount equal to the value of that stock in lieu of issuing stock to us.

  On March 30, 2004, we notified Sun of our intention to exercise our right to convert the deferred base rent into fully paid and non-assessable shares of Sun's common stock. On April 16, 2004, we received a stock certificate for 760,000 restricted shares of Sun's common stock and cash in the amount of approximately $0.5 million in exchange for the remaining 40,000 shares of Sun's common stock.

NOTE 3 - CONCENTRATION OF RISK

As of March 31, 2004, our portfolio of investments consisted of 209 healthcare facilities, located in 28 states and operated by 40 third-party operators. Our gross investment in these facilities, net of impairments and before reserve for uncollectible loans, totaled $811.6 million at March 31, 2004, with 97.1% of our real estate investments related to long-term care facilities. This portfolio is made up of 152 long-term healthcare facilities and two rehabilitation hospitals owned and leased to third parties, fixed rate mortgages on 51 long-term healthcare facilities and four long-term healthcare facilities that were recovered from customers and are currently closed. At March 31, 2004, we also held other investments of approximately $30.0 million, including $23.0 million of notes receivable, net of allowance.

Approximately 40.2% of our real estate investments are operated by four public companies: Sun (19.3%), Advocat, Inc. (12.8%), Mariner Health Care, Inc. (7.4%) and Emeritus Corporation (0.7%). The three largest private operators represent 6.8%, 4.5% and 3.9%, respectively, of our investments. No other operator represents more than 3.0% of our investments. The three states in which we have our highest concentration of investments are Florida (15.5%), California (8.2%) and Illinois (7.2%).

NOTE 4 - DIVIDENDS

In order to qualify as a REIT, we are required to distribute dividends (other than capital gain dividends) to our stockholders in an amount at least equal to (A) the sum of (i) 90% of our "REIT taxable income" (computed without regard to the dividends paid deduction and our net capital gain) and (ii) 90% of the net income (after tax), if any, from foreclosure property, minus (B) the sum of certain items of non-cash income. In addition, if we dispose of any built-in gain asset during a recognition period, we will be required to distribute at least 90% of the built-in gain (after tax), if any, recognized on the disposition of such asset. Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for such year and paid on or before the first regular dividend payment after such declaration. In addition, such distributions are required to be made pro rata, with no preference to any share of stock as compared with other shares of the same class, and with no preference to one class of stock as compared with another class except to the extent that such class is entitled to such a preference. To the extent that we do not distribute all of our net capital gain or do distribute at least 90%, but less than 100% of our "REIT taxable income," as adjusted, we will be subject to tax thereon at regular ordinary and capital gain corporate tax rates.

On March 29, 2004, our Board of Directors declared regular quarterly dividends for all classes of preferred stock, payable May 17, 2004 to preferred stockholders of record on April 30, 2004. Series B and Series D preferred stockholders of record on April 30, 2004 will be paid dividends in the amount of $0.53906 and $0.47109, per preferred share, respectively, on May 17, 2004. The liquidation preference for each of our 8.625% Series B preferred stock ("Series B preferred stock") and 8.375% Series D cumulative redeemable preferred stock ("Series D preferred stock") is $25.00. Regular quarterly preferred dividends represent dividends for the period February 1, 2004 through April 30, 2004 for the Series B preferred stock and February 10, 2004 through April 30, 2004 for the Series D preferred stock.

In March 2004, our Board of Directors also authorized the redemption of all shares outstanding of our 9.25% Series A preferred stock ("Series A preferred stock") (NYSE:OHI PrA; CUSIP: 681936209). We expect the shares to be redeemed on April 30, 2004 for $25.00 per share, plus $0.57813 per share in accrued and unpaid dividends through the redemption date, for an aggregate redemption price of $25.57813 per share. Dividends on the shares of Series A preferred stock will cease to accrue from and after the redemption date, after which the Series A preferred stock will no longer be outstanding and holders of the Series A preferred stock will have only the right to receive the redemption price.

A notice of redemption and related materials was mailed to holders of Series A preferred stock on March 29, 2004. EquiServe Trust Company ("EquiServe"), located at 66 Brooks Drive, Braintree, MA 02184, will act as our redemption agent. Requests for copies of the materials or questions relating to the notice of redemption and related materials should be directed to EquiServe at 800-251-4215 or to Bob Stephenson, our Chief Financial Officer, at 410-427-1700. On or before the redemption date, we will deposit with EquiServe the aggregate redemption price, to be held in trust for the benefit of the holders of the Series A preferred stock. Holders of the Series A preferred stock who hold shares through the Depository Trust Company will be redeemed in accordance with the Depository Trust Company's procedures.

On April 20, 2004, our Board of Directors announced a common stock dividend of $0.18 per share, which is a $0.01 per share, or 5.9%, increase over the previous quarter's dividend. The common stock dividend will be paid May 17, 2004 to common stockholders of record on April 30, 2004. At the date of this filing, we had approximately 46.3 million common shares outstanding.

NOTE 5 - EARNINGS PER SHARE

The computation of basic earnings per common share ("EPS") is computed by dividing net income available to common stockholders by the weighted-average number of common stock outstanding during the period. Diluted EPS reflects the potential dilution that could occur from shares issuable through stock-based compensation, including stock options and the conversion of our 10% Convertible Series C preferred stock ("Series C preferred stock") in 2003.

For the three-month period ended March 31, 2004 and 2003, there were no dilutive effects from stock options in-the-money.

NOTE 6 - STOCK-BASED COMPENSATION

We account for stock options using the intrinsic value method as defined by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. Under the terms of the 2000 Stock Incentive Plan ("Incentive Plan"), we reserved 3,500,000 shares of common stock for grants to be issued during a period of up to ten years. Options are exercisable at the market price at the date of grant, expire five years after date of grant for over 10% owners and ten years from the date of grant for less than 10% owners. Directors' shares vest over three years while other grants vest over five years or as defined in an employee's contract. Directors, officers and employees are eligible to participate in the Incentive Plan. At March 31, 2004, there were 1,244,059 outstanding options granted to 21 eligible participants. Additionally, 353,545 shares of restricted stock have been granted under the provisions of the Incentive Plan and as of March 31, 2004, there were no shares of restricted stock outstanding. The market value of the restricted shares on the date of the award was recorded as unearned compensation-restricted stock, with the unamortized balance shown as a separate component of stockholders' equity. Unearned compensation is amortized to expense generally over the vesting period.

Statement of Financial Accounting Standard No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure, which was effective January 1, 2003, requires certain disclosures related to our stock-based compensation arrangements. The following table presents the effect on net income and earnings per share if we had applied the fair value recognition provisions of SFAS No. 123, Accounting for Stock-Based Compensation, to our stock-based compensation.
<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31, 2004	THREE MONTHS ENDED MARCH 31, 2003
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	
<S> <C> <C> <C> <C> <C> <C>		
Net (loss) income available to common stockholders.............	$(53,728)	$ 956
Add: Stock-based compensation expense included in net (loss) income available to common stockholders.............	--	--
	(53,728)	956
Less: Stock-based compensation expense determined under the fair value based method for all awards.................	6	66
Pro forma net (loss) income available to common stockholders....	$(53,734)	$ 890
Earnings per share:		
Basic, as reported..	$ (1.30)	$ 0.03
Basic, pro forma..	$ (1.30)	$ 0.02
Diluted, as reported..	$ (1.30)	$ 0.03

Diluted, pro forma...	$ (1.30)	$ 0.02

</TABLE>

At March 31, 2004, options currently exercisable (387,184) have a weighted-average exercise price of $5.22, with exercise prices ranging from $2.32 to $37.20. There are 562,070 shares available for future grants as of March 31, 2004.

The Black-Scholes options valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because our employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

NOTE 7 - FINANCING ACTIVITIES AND BORROWING ARRANGEMENTS

SERIES C PREFERRED STOCK REPURCHASE

On February 5, 2004, we announced that Explorer Holdings L.P., our then largest stockholder ("Explorer"), granted us the option to repurchase up to 700,000 of our Series C preferred stock (which were convertible into Omega common shares) held by Explorer at a negotiated purchase price of $145.92 per Series C preferred stock (or $9.12 per common share on an as converted basis). Explorer further agreed to convert any remaining Series C preferred stock into common stock.

SERIES D PREFERRED STOCK OFFERING

On February 10, 2004, we announced the closing of the sale of 4,739,500 shares of Series D cumulative redeemable preferred stock. The preferred stock was issued at $25 per share and trades on the NYSE under the symbol "OHI PrD."

SERIES C PREFERRED STOCK REDEMPTION AND CONVERSION

We used approximately $102.1 million of the net proceeds from the Series D preferred stock offering to repurchase 700,000 shares of our Series C preferred stock from Explorer. In connection with the closing of the repurchase, Explorer converted its remaining 348,420 Series C preferred stock into approximately 5.6 million shares of Omega common stock. Following the repurchase and conversion, Explorer held approximately 18.1 million common shares.

The combined repurchase and conversion of the Series C preferred stock reduced our preferred dividend requirements, increased our market capitalization and facilitated future financings by simplifying our capital structure. Under FASB-EITF Issue D-42, "The Effect on the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock," the repurchase of the Series C preferred stock resulted in a non-cash charge to net income available to common shareholders of approximately $38.7 million.

18.1 MILLION SECONDARY AND 2.7 MILLION PRIMARY OFFERING OF OMEGA COMMON STOCK

On March 8, 2004, we announced the closing of the underwritten public offering of 18.1 million shares of Omega common stock at $9.85 per share owned by Explorer. As a result of the offering, Explorer no longer owns any Omega common stock. We did not receive any proceeds from the sale of the shares sold by Explorer.

In connection with the 18.1 million common stock offering, we issued approximately 2.7 million additional shares of Omega common stock at a price of $9.85 per share, less underwriting discounts, to cover over-allotments in connection with the 18.1 million secondary offering. We received net proceeds of approximately $22.4 million from this offering.

$200 MILLION 7% SENIOR UNSECURED NOTES OFFERING AND $125 MILLION CREDIT FACILITY

Effective March 22, 2004, we closed on a private offering of $200 million of 7% senior unsecured notes due 2014 (the "Notes") and a $125 million revolving senior secured credit facility ("New Credit Facility") provided by Bank of America, N.A., Deutsche Bank AG, UBS Loan Finance, LLC and GE Healthcare Financial Services.

We used proceeds from the Notes offering to replace our previous $225 million senior secured credit facility and $50 million acquisition credit facility, which have been terminated. The remaining proceeds will be used for working capital and general corporate purposes. The New Credit Facility will be used for acquisitions and general corporate purposes. In connection with the termination of the $225 million senior secured credit facility and $50 million acquisition credit facility, we recorded a charge of approximately $12.6 million, of which $6.3 million consisted of non-cash charges relating to deferred financing costs of the previous credit facilities. The Notes are unsecured senior obligations of Omega, which have been guaranteed by all of our subsidiaries. The Notes were issued in a private placement contemplating resales in accordance with Rule 144A under the Securities Act of 1933, as amended (the "Act"). The Notes have not been registered under the Act.

$200 MILLION INTEREST RATE CAP SALE

In connection with the repayment and termination of our $225 million senior secured credit facility, we sold our $200 million interest rate cap on March 31, 2004. Net proceeds from the sale totaled approximately $3.5 million and resulted in a loss of approximately $6.5 million, which was recorded in the first quarter of 2004.

BANK CREDIT AGREEMENTS

We have one $125 million revolving senior secured credit facility. At March 31, 2004, $10.0 million was outstanding under the New Credit Facility and $12.1 million was utilized for the issuance of letters of credit, leaving availability of $102.9 million. The $10.0 million of outstanding borrowings had an interest rate of 4.09% at March 31, 2004.

We are required to meet certain property level financial covenants and corporate financial covenants, including prescribed leverage, fixed charge coverage, minimum net worth, limitation on additional indebtedness and limitations on dividend payout on our long-term borrowings. As of March 31, 2004, we were in compliance with all property level and corporate financial covenants.

NOTE 8 - RELATED PARTY TRANSACTIONS

On February 5, 2004, we entered into a Repurchase and Conversion Agreement with our then largest stockholder, Explorer, pursuant to which Explorer granted us an option to repurchase up to 700,000 shares of our Series C preferred stock at $145.92 per share (or $9.12 per share of common stock on an as-converted basis), provided we purchase a minimum of $100 million on or prior to February 27, 2004. Explorer also agreed to convert all of its remaining shares of Series C preferred stock into share of our common stock upon exercise of the repurchase option.

On February 10, 2004, we sold in a registered direct placement 4,739,500 shares of our 8.375% Series D cumulative preferred stock at $25 per share to a number of institutional investors and other purchasers for net proceeds, after fees and expenses, of approximately $114.9 million. Following the closing of the Series D preferred stock offering, we used approximately $102.1 million of the net proceeds to repurchase 700,000 shares of our Series C preferred stock from Explorer pursuant to the repurchase option. In connection with this transaction, Explorer converted its remaining 348,420 shares of Series C preferred stock into 5,574,720 shares of our common stock. We anticipate using the balance of the net proceeds of the offering to redeem approximately 600,000 shares of our Series A preferred stock. (See Note 12 - Subsequent Events).

As a result of the Series D preferred stock offering, the application of the proceeds received from the offering to fund the exercise of our repurchase option and the conversion of the remaining Series C preferred stock into shares of our common stock:

- No Series C preferred stock is outstanding, and we plan to re-classify the remaining authorized shares of Series C preferred stock as authorized but unissued preferred stock, without designation as to class;

- 4,739,500 shares of our Series D preferred stock, with an aggregate liquidation preference of $118,487,500, have been issued; and

- Explorer held 18,118,246 shares of our common stock, representing approximately 41.5% of our outstanding common stock.

On February 5, 2004, we received a request from Explorer, pursuant to its registration rights agreement with us, requesting that we prepare and file with the SEC a registration statement registering Explorer's shares of our common stock on a shelf basis permitting sales from time to time as determined by Explorer. Accordingly, on February 12, 2004 we filed a registration statement with the SEC registering Explorer's 18,118,246 shares of common stock. Explorer sold all of these registered shares in this offering.

In connection with our repurchase of a portion of Explorer's Series C preferred stock, our results of operations for the first quarter of 2004 included a non-recurring reduction in net income attributable to common stockholders of approximately $38.7 million. This amount reflects the sum of (i) the difference between the deemed redemption price of $145.92 per share of our Series C preferred stock and the carrying amount of $100 per share of our Series C preferred stock multiplied by the number of shares of the Series C preferred stock repurchased upon exercise of our option to repurchase shares of Series C preferred stock and (ii) the cost associated with the original issuance of our Series C preferred stock that was previously classified as additional paid in capital, pro rated for the repurchase. This non-recurring reduction in net income attributable to common stockholders reduced our earnings per share and our reportable funds from operations for the first quarter of 2004.

NOTE 9 - LITIGATION

We are subject to various legal proceedings, claims and other actions arising out of the normal course of business. While any legal proceeding or claim has an element of uncertainty, management believes that the outcome of each lawsuit claim or legal proceeding that is pending or threatened, or all of them combined, will not have a material adverse effect on our consolidated financial position or results of operations.

We and several of our wholly-owned subsidiaries have been named as defendants in professional liability claims related to our owned and operated facilities. Other third-party managers responsible for the day-to-day operations of these facilities have also been named as defendants in these claims. In these suits, patients of certain previously owned and operated facilities have alleged significant damages, including punitive damages against the defendants. The lawsuits are in various stages of discovery and we are unable to predict the likely outcome at this time. We continue to vigorously defend these claims and pursue all rights we may have against the managers of the facilities, under the terms of the management agreements. We have insured these matters, subject to self-insured retentions of various amounts.

NOTE 10 - ACCOUNTING FOR DERIVATIVES

We utilized an interest rate cap to reduce certain exposures to interest rate fluctuations. We do not use derivatives for trading or speculative purposes. We have a policy of only entering into contracts with major financial institutions based upon their credit ratings and other factors. When viewed in conjunction with the underlying and offsetting exposure that the derivatives are designed to hedge, we have not sustained a material loss from those instruments nor do we anticipate any material adverse effect on our net income or financial position in the future from the use of derivatives.

To manage interest rate risk, we may employ options, forwards, interest rate swaps, caps and floors or a combination thereof depending on the underlying exposure. We may employ swaps, forwards or purchased options to hedge qualifying forecasted transactions. Gains and losses related to these transactions are deferred and recognized in net income as interest expense in the same period or periods that the underlying transaction occurs, expires or is otherwise terminated. GAAP requires us to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets or liabilities through earnings or recognized in other comprehensive income until the hedge item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings.

In September 2002, we entered into a 61-month, $200.0 million interest rate cap with a strike of 3.50% that was designated as a cash flow hedge. On March 31, 2004, we sold the $200.0 million interest rate cap, realizing net proceeds of approximately $3.5 million, resulting in a loss of approximately $6.5 million, which was recorded during the first quarter of 2004 and is included within the $19.1 million interest expense associated with refinancing activities. An adjustment of $4.5 million to other comprehensive income was recorded as a result of this transaction.

NOTE 11 - DISCONTINUED OPERATIONS

The implementation of SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, as of January 1, 2002, resulted in the presentation of the net operating results on facilities sold during 2004 as income from discontinued operations for all periods presented. We incurred a net loss from discontinued operations of $353 thousand in the accompanying consolidated statements of operations.

The following table summarizes the results of operations of facilities sold during the three months ended March 31, 2004 and 2003, respectively.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31, 2004	THREE MONTHS ENDED MARCH 31, 2003
	(IN THOUSANDS)	
<S>	<C>	<C>
REVENUES		
Rental income..	$ --	$ 255

	--	255
EXPENSES		
Depreciation and amortization	2	121
	2	121
(Loss) income before (loss) gain on sale of assets	(2)	134
(Loss) gain on assets sold - net	(351)	--
(LOSS) GAIN FROM DISCONTINUED OPERATIONS	$ (353)	$ 134

</TABLE>

NOTE 12 - SUBSEQUENT EVENTS

NEW INVESTMENTS

HAVEN HEALTHCARE, INC.

- Effective April 1, 2004, we purchased three SNFs, representing 399 beds, for a total investment of $26.0 million. Two of the facilities are located in Vermont, with the third located in Connecticut. The facilities were combined into an existing Master Lease with Haven Healthcare ("Haven"), a current operator. Rent under the Master Lease was increased by approximately $2.7 million for the first lease year commencing April 1, 2004, with annual increases thereafter. The term of the Master Lease had been increased to ten years on January 1, 2004 and runs through December 31, 2013, followed by two ten-year renewal options. We received a security deposit equivalent to three months of incremental rent.

SENIOR MANAGEMENT

- Effective May 1, 2004, we purchased two SNFs, representing 477 beds, for a total investment of $9.4 million. The purchase price includes funds for capital expenditures, additional bed licenses and transaction costs. Both facilities are located in Texas and were combined into an existing Master Lease with Senior Management, a current operator. Rent under the Master Lease was increased by approximately $1.0 million for the first lease year commencing May 1, 2004, with annual increases thereafter. The term of the Master Lease has been increased to ten years, and is followed by two ten-year renewal options. During the first lease year, Senior Management will fund a security deposit equivalent to approximately four months of incremental rent.

ASSET DISPOSITION

- On April 30, 2004, we sold one closed SNF, located in Illinois, for net proceeds of approximately $50 thousand, resulting in a loss of approximately $137 thousand. At the time of this filing, we have three remaining closed facilities with a total net book value of approximately $1.8 million.

FINANCING ACTIVITIES

- On April 30, 2004, we redeemed our $57.5 million 9.25% Series A preferred stock.

- On April 30, 2004, we exercised our right to increase the revolving commitments under our existing $125 million credit facility by an additional $50 million, to $175 million. All other terms of the credit facility, which closed on March 22, 2004, remain the same, including the term which runs through March 22, 2008.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS, REIMBURSEMENT ISSUES AND OTHER FACTORS AFFECTING FUTURE RESULTS

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this document. This document contains forward-looking statement within the meaning of the federal securities laws, including statements regarding potential financings and potential future changes in reimbursement. These statements relate to our expectations, beliefs, intentions, plans, objectives, goals, strategies, future events, performance and underlying assumptions and other statements other than statements of historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology including "may," "will," "anticipates," "expects," "believes," "intends," "should" or comparable terms or the negative thereof. These statements are based on information available on the date of this filing and only speak as to the date hereof and no obligation to update such forward-looking statements should be assumed. Our actual results may differ materially from those reflected in the forward-looking statements contained herein as a result of a variety of factors, including, among other things:

(i) uncertainties relating to the business operations of the operators of our assets, including those relating to reimbursement by third-party payors, regulatory matters and occupancy levels;

(ii) the ability of any operators in bankruptcy to reject unexpired lease obligations, modify the terms of our mortgages and impede our ability to collect unpaid rent or interest during the process of a bankruptcy proceeding and retain security deposits for the debtors' obligations;

(iii) our ability to sell closed assets on a timely basis and at terms that allow us to realize the carrying value of these assets;

(iv) our ability to negotiate appropriate modifications to the terms of our existing credit facilities;

(v) our ability to complete the proposed refinancing with respect to our existing credit facilities;

(vi) our ability to manage, re-lease or sell any owned and operated facilities;

(vii) the availability and cost of capital;

(viii) competition in the financing of healthcare facilities;

(ix) regulatory and other changes in the healthcare sector;

(x) the effect of economic and market conditions generally and, particularly, in the healthcare industry;

(xi) changes in interest rates;

(xii) the amount and yield of any additional investments;

(xiii) changes in tax laws and regulations affecting real estate investment trusts; and

(xiv) changes in the ratings of our debt and preferred securities.

OVERVIEW

As of March 31, 2004, our portfolio of investments consisted of 209 healthcare facilities, located in 28 states and operated by 40 third-party operators. Our gross investment in these facilities, net of impairments and before reserve for uncollectible loans, totaled $811.6 million at March 31, 2004, with 97.1% of our real estate investments related to long-term care facilities. This portfolio is made up of 152 long-term healthcare facilities and two rehabilitation hospitals owned and leased to third parties, fixed rate mortgages on 51 long-term healthcare facilities and four long-term healthcare facilities that were recovered from customers and are currently closed. At March 31, 2004, we also held other investments of approximately $30.0 million, including $23.0 million of notes receivable, net of allowance.

HIGHLIGHTS

The following significant highlights occurred during the three-month period ended March 31, 2004.

FINANCING AND BORROWING

- Issued $118.5 million of 8.375% Series D cumulative redeemable preferred stock ("Series D preferred stock").

- Completed an 18.1 million share secondary offering and the sale of 2.7 million common shares, which resulted in significant shareholder diversification and a large increase in institutional investors.

- Issued $200 million 7% 10-year senior unsecured notes (the "Notes").

- Closed on a new $125 million revolving credit facility.

- Sold our $200 million interest rate cap in connection with our repayment and termination of the $225 million senior secured credit facility, realizing net proceeds of approximately $3.5 million, resulting in a loss of approximately $6.5 million.

- Received rating agency upgrades from both Moody's and S&P.

- Scheduled the April 30, 2004 redemption of the 9.25% Series A preferred stock ("Series A preferred stock").

DIVIDENDS

- Increased common dividends 5.9% to $0.18 per common share.

RE-LEASING

- Re-leased our last owned and operated facility.

- Completed the restructuring of Sun Healthcare Group, Inc.'s ("Sun") portfolio.

ASSET SALES

- Sold two closed facilities, realizing proceeds of approximately $85 thousand, net of closing costs and other expenses, resulting in a loss of approximately $351 thousand.

MEDICARE REIMBURSEMENT

Nearly all of our properties are used as healthcare facilities; therefore, we are directly affected by the risk associated with the healthcare industry. Our lessees and mortgagors, as well as any facilities owned and operated for our own account, derive a substantial portion of their net operating revenues from third-party payors, including the Medicare and Medicaid programs. These programs are highly regulated by federal, state and local laws, rules and regulations and subject to frequent and substantial change. The Balanced Budget Act of 1997 ("Balanced Budget Act") significantly reduced spending levels for the Medicare and Medicaid programs. Due to the implementation of the terms of the Balanced Budget Act, effective July 1, 1998, the majority of skilled nursing facilities ("SNFs") shifted from payments based on reasonable cost to a prospective payment system for services provided to Medicare beneficiaries. Under the prospective payment system, SNFs are paid on a per diem prospective case-mix adjusted basis for all covered services. Implementation of the prospective payment system has affected each long-term care facility to a different degree, depending upon the amount of revenue it derives from Medicare patients.

Legislation adopted in 1999 and 2000 increased Medicare payments to nursing facilities and specialty care facilities on an interim basis. Section 101 of the Balanced Budget Refinement Act of 1999 ("Balanced Budget Refinement Act") included a 20% increase for 15 patient acuity categories (known as Resource Utilization Groups ("RUGS")) and a 4% across the board increase of the adjusted federal per diem payment rate. The 20% increase was implemented in April 2000 and will remain in effect until the implementation of refinements in the current RUG case-mix classification system to more accurately estimate the cost of non-therapy ancillary services. The 4% increase was implemented in April 2000 and expired October 1, 2002.

The Benefits Improvement and Protection Act of 2000 ("Benefits Improvement and Protection Act") included a 16.7% increase in the nursing component of the case-mix adjusted federal periodic payment rate and a 6.7% increase in the 14 RUG payments for rehabilitation therapy services. The 16.7% increase was implemented in April 2000 and expired October 1, 2002. The 6.7% increase is an adjustment to the 20% increase granted in the Balanced Budget Refinement Act and spreads the funds directed at three of those 15 RUGs to an additional 11 rehabilitation RUGs. The increase was implemented in April 2001 and will remain in effect until the implementation of refinements in the current RUG case-mix classification system.

The expiration of the 4% and 16.7% increases under these statutes as of October 1, 2002 has had an adverse impact on the revenues of the operators of nursing facilities and has negatively impacted some operators' ability to satisfy their monthly lease or debt payments to us. Medicare reimbursement could be further reduced when the Centers for Medicare & Medicaid Services ("CMS") completes its RUG refinement, thereby triggering the sunset of the temporary 20% and 6.7% increases also established under these statutes.

On August 4, 2003, CMS published the payment rates for SNFs for federal fiscal year 2004 (effective on October 1, 2003). CMS announced that the SNF update would be a 3.0% increase in Medicare payments for federal fiscal year 2004. In addition, CMS announced that the two temporary payment increases - the 20% and 6.7% add-ons for certain payment categories - will continue to be effective for federal fiscal year 2004.

Also in the August 4, 2003 announcement, CMS confirmed its intention to incorporate a forecast error adjustment that takes into account previous years' update errors. According to CMS, there was a cumulative SNF market basket, or inflation adjustment, forecast error of 3.26% for federal fiscal years 2000 through 2002. As a result, CMS has increased the national payment rate by an additional 3.26% above the 3.0% increase for federal fiscal year 2004.

Due to the temporary nature of the 20% and 6.7% payment increases established under the Balanced Budget Refinement Act and Benefits Improvement and Protection Act, we cannot be assured that the federal reimbursement will remain at levels comparable to present levels and that such reimbursement will be sufficient for our lessees or mortgagors to cover all operating and fixed costs necessary to care for Medicare and Medicaid patients. We also cannot be assured that there will be any future legislation to increase payment rates for

SNFs. If payment rates for SNFs are not increased in the future, some of our lessees and mortgagors may have difficulty meeting their payment obligations to us.

MEDICAID AND OTHER THIRD-PARTY REIMBURSEMENT

Each state has its own Medicaid program that is funded jointly by the state and federal government. Federal law governs how each state manages its Medicaid program, but there is wide latitude for states to customize Medicaid programs to fit the needs and resources of its citizens. Rising Medicaid costs and decreasing state revenues caused by current economic conditions have prompted an increasing number of states to cut or consider reductions in Medicaid funding as a means of balancing their respective state budgets. Existing and future initiatives affecting Medicaid reimbursement may reduce utilization of (and reimbursement for) services offered by the operators of our properties. In early 2003, many states announced actual or potential budget shortfalls. As a result of these budget shortfalls, many states have announced that they are implementing or considering implementing "freezes" or cuts in Medicaid reimbursement rates, including rates paid to SNF providers, or reductions in Medicaid enrollee benefits, including long-term care benefits. We cannot predict the extent to which Medicaid rate freezes or cuts or benefit reductions will ultimately be adopted, the number of states that will adopt them nor the impact of such adoption on our operators. However, extensive Medicaid rate cuts or freezes or benefit reductions could have a material adverse effect on our operators' liquidity, financial condition and results of operations, which could affect adversely their ability to make lease or mortgage payments to us.

On May 28, 2003, the federal Jobs and Growth Tax Relief Reconciliation Act ("Tax Relief Act") was signed into law, which included an increase in Medicaid federal funding for five fiscal quarters (April 1, 2003 through June 30, 2004). In addition, the Tax Relief Act provides state fiscal relief for federal fiscal years 2003 and 2004 to assist states with funding shortfalls. It is anticipated that these temporary federal funding provisions could mitigate state Medicaid funding reductions through federal fiscal year 2004.

In addition, private payors, including managed care payors, are increasingly demanding discounted fee structures and the assumption by healthcare providers of all or a portion of the financial risk of operating a healthcare facility. Efforts to impose greater discounts and more stringent cost controls are expected to continue. Any changes in reimbursement policies which reduce reimbursement levels could adversely affect the revenues of our lessees and mortgagors and thereby adversely affect those lessees' and mortgagors' abilities to make their monthly lease or debt payments to us.

POTENTIAL RISKS FROM BANKRUPTCIES

Our lease arrangements with operators who operate more than one of our facilities are generally made pursuant to a single master lease ("Master Lease") covering all of that operator's facilities. Although each lease or Master Lease provides that we may terminate the Master Lease upon the bankruptcy or insolvency of the tenant, the Bankruptcy Reform Act of 1978, as amended, ("Bankruptcy Act") provides that a trustee in a bankruptcy or reorganization proceeding under the Bankruptcy Act, or a debtor-in-possession in a reorganization, has the power and the option to assume or reject the unexpired lease obligations of a debtor-lessee. In the event that the unexpired lease is assumed on behalf of the debtor-lessee, all the rental obligations generally would be entitled to a priority over other unsecured claims. However, the court also has the power to modify a lease if a debtor-lessee, in a reorganization, were required to perform certain provisions of a lease that the court determined to be unduly burdensome. It is not possible to determine at this time whether or not any of our leases or Master Leases contains any such provision. If a lease is rejected, the lessor has a general unsecured claim limited to any unpaid rent already due plus an amount equal to the rent reserved under the lease, without acceleration, for the greater of one year or 15% of the remaining term of such lease, not to exceed three years.

Generally, with respect to our mortgage loans, the imposition of an automatic stay under the Bankruptcy Act precludes us from exercising foreclosure or other remedies against the debtor. Pre-petition creditors generally do not have rights to the cash flows from the properties underlying the mortgages. The timing of the collection from mortgagors in bankruptcy depends on negotiating an acceptable settlement with the mortgagor (and subject to approval of the bankruptcy court) or the order of the bankruptcy court in the event a negotiated settlement cannot be achieved. A mortgagee also is treated differently from a landlord in three key respects. First, the mortgage loan is not subject to assumption or rejection because it is not an executory contract or a lease. Second, the mortgagee's loan may be divided into (1) a secured loan for the portion of the mortgage debt that does not exceed the value of the property and (2) a general unsecured loan for the portion of the mortgage debt that exceeds the value of the property. A secured creditor such as ourselves is entitled to the recovery of interest and costs only if, and to the extent that, the value of the collateral exceeds the amount owed. If the value of the collateral exceeds the amount of the debt, interest and allowed costs may not be paid during the bankruptcy proceeding, but accrue until confirmation of a plan of reorganization or such other time as the court orders. If the value of the collateral held by a senior creditor is less than the secured debt, interest on the loan for the time period between the filing of the case and confirmation may be disallowed. Finally, while a lease generally would either be rejected or assumed with all of its benefits and burdens intact, the terms of a mortgage, including the rate of interest and timing of principal payments, may be modified if the debtor is able to affect a "cramdown" under the Bankruptcy Act.

The receipt of liquidation proceeds or the replacement of an operator that has defaulted on its lease or loan could be delayed by the approval process of any federal, state or local agency necessary for the transfer of the property or the replacement of the operator licensed to manage the facility. In addition, some significant expenditures associated with real estate investment, such as real estate taxes and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the investment. In order to protect our investments, we may take possession of a property or even become licensed as an operator, which might expose us to successor liability to government programs or require us to indemnify subsequent operators to whom we might transfer the operating rights and licenses. Third-party payors may also suspend payments to us following foreclosure until we receive the required licenses to operate the facilities. Should such events occur, our income and cash flow from operations would be adversely affected.

CONCENTRATION OF RISK

Approximately 40.2% of our real estate investments are operated by four public companies: Sun (19.3%), Advocat, Inc. (12.8%), Mariner Health Care, Inc. (7.4%) and Emeritus Corporation (0.7%). The three largest private operators represent 6.8%, 4.5% and 3.9%, respectively, of our investments. No other operator represents more than 3.0% of our investments. The three states in which we have our highest concentration of investments are Florida (15.5%), California (8.2%) and Illinois (7.2%).

HEALTHCARE INVESTMENT RISKS

The possibility that the healthcare facilities will not generate income sufficient to meet operating expenses or will yield returns lower than those available through investments in comparable real estate or other investments are additional risks of investing in healthcare-related real estate. Income from properties and yields from investments in such properties may be affected by many factors, including changes in governmental regulation (such as zoning laws), general or local economic conditions (such as fluctuations in interest rates and employment conditions), the available local supply and demand for improved real estate, a reduction in rental income as the result of an inability to maintain occupancy levels, natural disasters (such as earthquakes and floods) or similar factors.

GENERAL REAL ESTATE RISKS

Real estate investments are relatively illiquid and, therefore, tend to limit our ability to vary our portfolio promptly in response to changes in economic or other conditions. Thus, if the operation of any of our properties becomes unprofitable due to competition, age of improvements or other factors such that the lessee or borrower becomes unable to meet its obligations on the lease or mortgage loan, the liquidation value of the property may be substantially less, particularly relative to the amount owing on any related mortgage loan, than would be the case if the property were readily adaptable to other uses.

RISKS RELATED TO OWNED AND OPERATED ASSETS

As a consequence of the financial difficulties encountered by a number of our operators, over the last several years we recovered various long-term care assets, pledged as collateral for the operators' obligations, either in connection with a restructuring or settlement with certain operators or pursuant to foreclosure proceedings. We are typically required to hold applicable licenses and are responsible for the regulatory compliance at our owned and operated facilities. In general, the risks of third-party claims such as patient care and personal injury claims are higher with respect to our owned and operated property as compared with our leased and mortgaged assets. During the first quarter of 2004, our last owned and operated facility was re-leased to an existing operator. However, there can be no assurance that we will not recover assets from operators in the future that will be owned and operated facilities.

During 2003, the number of owned and operated assets were abated as we re-leased, sold or closed all but one of these facilities. In addition, in connection with the recovery of these assets, we often fund working capital and deferred capital expenditure needs for a transitional period until license transfers and other regulatory matters are completed and reimbursement from third-party payors recommences. As of January 1, 2004, we re-leased our remaining owned and operated facility. As of March 31, 2004, we had four closed facilities in our portfolio. Our management intends to sell these assets as promptly as possible, consistent with achieving valuations that reflect our management's estimate of fair value of the assets. We do not know, however, if, or when, the dispositions will be completed or whether the dispositions will be completed on terms that will enable us to realize the fair value of such assets.

(See Note 12 - Subsequent Events).

We and several of our wholly-owned subsidiaries have been named as defendants in professional liability claims related to our owned and operated facilities prior to their re-leasing or sale. Other third-party managers responsible for the day-to-day operations of these facilities have also been named as defendants in these claims. In these suits, patients of certain previously owned and operated facilities have alleged significant damages, including punitive damages against the defendants. The lawsuits are in various stages of discovery and we are unable to predict the likely outcome at this time. We continue to vigorously defend these claims and pursue all rights we may have against the managers of the facilities, under the terms of the management agreements. We have insured these matters, subject to self-insured retentions of various amounts.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

We have identified four significant accounting policies which we believe are critical accounting policies. These critical accounting policies are those that have the most impact on the reporting of our financial condition and those requiring significant judgments and estimates. With respect to these critical accounting policies, we believe the application of judgments and assessments is consistently applied and produces financial information that fairly presents the results of operations for all periods presented. The four critical accounting policies are:

REVENUE RECOGNITION

With the exception of one Master Lease, rental income and mortgage interest income are recognized as earned over the terms of the related Master Leases and mortgage notes, respectively. Such income includes periodic increases based on pre-determined formulas (i.e., such as increases in the Consumer Price Index ("CPI")) as defined in the Master Leases and mortgage loan agreements. Reserves are taken against earned revenues from leases and mortgages when collection of amounts due become questionable or when negotiations for restructurings of troubled operators lead to lower expectations regarding ultimate collection. When collection is uncertain, lease revenues are recorded as received, after taking into account application of security deposits. Interest income on impaired mortgage loans is recognized as received after taking into account application of security deposits.

The one Master Lease not recognized as earned over the term of the lease is recognized on a straight-line basis. We recognize the minimum base rental revenue under Master Lease on a straight-line basis over the terms of the related lease. Accrued straight-line rents represent the rental revenue recognized in excess of rents due under the lease agreements at the balance sheet date.

ASSET IMPAIRMENT

Management periodically but not less than annually evaluates the real estate investments for impairment indicators. The judgment regarding the existence of impairment indicators is based on factors such as market conditions, operator performance and legal structure. If indicators of impairment are present, management evaluates the carrying value of the related real estate investments in relation to the future undiscounted cash flows of the underlying facilities. Provisions for impairment losses related to long-lived assets are recognized when expected future undiscounted cash flows are less than the carrying values of the assets. If the sum of the expected future undiscounted cash flow, including sales proceeds, is less than carrying value, then an adjustment is made to the net carrying value of the leased properties and other long-lived assets to the present value of expected future undiscounted cash flows. The fair value of the real estate investment is determined by market research, which includes valuing the property as a nursing home as well as other alternative uses.

LOAN IMPAIRMENT

Management periodically but not less than annually evaluates the outstanding loans and notes receivable. When management identifies potential loan impairment indicators, such as non-payment under the loan documents, impairment of the underlying collateral, financial difficulty of the operator or other circumstances that may impair full execution of the loan documents, then the loan is written down to the present value of the expected future cash flows. In cases where expected future cash flows cannot be estimated, the loan is written down to the fair value of the collateral. The fair value of the loan is determined by market research, which includes valuing the property as a nursing home as well as other alternative uses.

ACCOUNTS RECEIVABLE

Accounts receivable consists primarily of lease and mortgage interest payments. Amounts recorded include estimated provisions for loss related to uncollectible accounts and disputed items. On a monthly basis, we review the contractual payment versus actual cash payment received and the contractual payment due date versus actual receipt date. When management identifies delinquencies, a judgment is made as to the amount of provision, if any, that is needed.

RESULTS OF OPERATIONS

The following is our discussion of the consolidated results of operations, financial position and liquidity and capital resources, which should be read in conjunction with our consolidated financial statements and accompanying notes.

THREE MONTHS ENDED MARCH 31, 2004 COMPARED TO THREE MONTHS ENDED MARCH 31, 2003

REVENUES

Our revenues for the three months ended March 31, 2004 totaled $21.5 million, a decrease of $2.8 million from the first quarter of 2003. The decrease during the period was primarily the result of a $2.2 million litigation settlement in 2003 and $0.4 million revenue, which was related to the sale of a Baltimore, MD asset sold in April 2003.

Detail changes in revenues during the three months ended March 31, 2004 are as follows:

- Rental income for the three months ended March 31, 2004 totaled $17.1 million, an increase of $0.7 million over 2003 rental income primarily due to scheduled contractual increases.

- Mortgage interest income for the three months ended March 31, 2004 totaled $3.4 million, decreasing $1.0 million due to the restructuring of two Integrated Health Services, Inc. mortgages during the second quarter of 2003.

- Other investment income for the three months ended March 31, 2004 totaled $0.6 million, decreasing $0.4 million due to the impact of the sale of the Baltimore asset.

- In 2000, we filed suit against a title company (later adding a law firm as a defendant), seeking damages based on claims of breach of contract and negligence, among other things, as a result of the alleged failure to file certain Uniform Commercial Code financing statements in our favor. We filed a subsequent suit seeking recovery under title insurance policies written by the title company. The defendants denied the allegations made in the lawsuits. In settlement of our claims against the defendants, we agreed in the first quarter of 2003 to accept a lump sum cash payment of $3.2 million. The cash proceeds were offset by related expenses incurred of $1.0 million resulting in a net gain of $2.2 million.

EXPENSES

Our expenses for the three months ended March 31, 2004 totaled $31.5 million, increasing approximately $13.0 million from expenses of $18.5 million during the comparable period in 2003. The increase during the period was primarily the result of $19.1 million refinancing costs recorded in 2004, offset by a $4.6 million provision for impairment recorded in 2003.

Effective January 1, 2004, our remaining owned and operated asset was re-leased to an existing operator. This facility, located in Illinois, was re-leased under a new Master Lease, which encompasses four additional facilities. As a result, our nursing home expenses, net of nursing home revenues, for owned and operated assets decreased to $0 million from $1.3 million in 2003 due to the re-leasing efforts on our remaining owned and operated asset in January 2004.

An analysis of significant changes in our expenses during the three months ended March 31, 2004 and 2003 is as follows:

- Our general and administrative expenses for 2004 totaled $1.5 million as compared to $1.6 million for 2003, a decrease of $0.1 million. The decrease is due to lower consulting costs, primarily related to the owned and operated facilities and cost reductions due to reduced staffing, travel and other employee-related expenses.

- Our legal expenses for 2004 totaled $0.5 million as compared to $0.6 million in 2003. The decrease is largely attributable to a reduction of legal costs associated with our owned and operated facilities due to the releasing efforts, sales and/or closures of 32 owned and operated assets since December 31, 2001.

- Our interest expense, including amortization of deferred financing costs, for the three months ended March 31, 2004 and 2003 was approximately $5.1 million. In addition, for the three months ended March 31, 2004, we recorded $19.1 million of refinancing-related charges. The $19.1 million consists of a $6.4 million exit fee paid to our old bank syndication and a $6.3 million non-cash deferred financing cost write-off associated with the termination of our $225 million credit facility and our $50 million acquisition facility. In addition, the sale of a $200 million interest rate cap supporting our $225 million credit facility resulted in a loss of approximately $6.5 million, which was also included in the $19.1 million interest costs.

- Provisions for impairment of $0 million and $4.6 million are included in expenses for 2004 and 2003, respectively. The 2003 provision of $4.6 million was to reduce the carrying value of a closed building to its fair value less costs to dispose. The building is being actively marketed for sale; however, there can be no assurance if, or when, such sale will be completed or whether such sales will be completed on terms that allow us to realize the carrying value of the asset.

OTHER

- During the three-month period ended March 31, 2004, we sold two closed facilities in two separate transactions. We realized proceeds of approximately $85 thousand, net of closing costs and other expenses, resulting in a loss of approximately $351 thousand.

- In March 2004, we sold our $200 million interest rate cap in the first quarter, realizing net proceeds of approximately $3.5 million, resulting in an accounting loss of approximately $6.5 million.

LOSS FROM DISCONTINUED OPERATIONS

Discontinued operations relates to properties we disposed of in the first quarter of 2004 that are accounted for as discontinued operations under SFAS No. 144. The sale of two closed facilities resulted in a net loss of approximately $351 thousand. In accordance with SFAS No. 144, the $351 thousand realized net loss is reflected in our consolidated statements of operations as discontinued operations. (See Note 11 - Discontinued Operations).

FUNDS FROM OPERATIONS

Our funds from operations ("FFO") for the three months ended March 31, 2004, on a diluted basis was a deficit of $48.2 million, a decrease of $57.1 million as compared to $8.9 million for the same period in 2003. Funds from operations is net earnings available to common stockholders, excluding the effects of asset dispositions, plus depreciation and amortization associated with real estate investments. Diluted funds from operations is the lower of funds from operations and funds from operations adjusted for the assumed conversion of Series C preferred stock and the exercise of in-the-money stock options. We consider FFO to be one performance measure which is helpful to investors of real estate companies because, along with cash flows from operating activities, financing activities and investing activities, it provides investors with an understanding of our ability to incur and service debt and to make expenditures. Funds from operations in and of itself does not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered an alternative to net earnings as an indication of operating performance, or to net cash flow from operating activities as determined by GAAP in the United States, as a measure of liquidity and is not necessarily indicative of cash available to fund cash needs.

In February 2004, NAREIT informed its member companies that it was adopting the position of the Securities and Exchange Commission ("SEC") with respect to asset impairment charges and would no longer recommend that impairment write-downs be excluded from FFO. In the tables included in this disclosure, we have applied this interpretation and have not excluded asset impairment charges in calculating our FFO. As a result, our basic FFO, diluted FFO and FFO per diluted share and adjusted FFO may not be comparable to similar measures reported in previous disclosures. According to NAREIT, there is inconsistency among NAREIT member companies as to the adoption of this interpretation of FFO. Therefore, a comparison of our FFO results to another company's FFO results may not be meaningful.

The following table presents our FFO results reflecting the impact of asset impairment charges (the SEC's interpretation) for the three months ended March 31, 2004 and 2003:
<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31, 2004	2003
	(IN THOUSANDS)	
<S> <C> <C> <C> <C> <C> <C>		
NET (LOSS) INCOME AVAILABLE TO COMMON........................	$(53,728)	$ 956

Add back loss from real estate dispositions(1)..........	351	--
	(53,377)	956
Elimination of non-cash items included in net income (loss):		
Depreciation and amortization(2)........................	5,225	5,329
FUNDS FROM OPERATIONS, BASIC...............................	(48,152)	6,285
Series C Preferred Dividends...............................	--	2,621
FUNDS FROM OPERATIONS, DILUTED.............................	$(48,152)	$ 8,906

</TABLE>

(1) The addition of loss from real estate dispositions includes the facilities classified as discontinued operations in our consolidated financial statements. The 2004 net loss add back is related to the facilities classified as discontinued operations.

(2) The add back of depreciation and amortization includes the facilities classified as discontinued operations in our consolidated financial statements. The 2004 and 2003 depreciation and amortization related to the facilities classified as discontinued operations is $0 and $121 thousand, respectively.

PORTFOLIO DEVELOPMENTS

The partial expiration of certain Medicare rate increases has had an adverse impact on the revenues of the operators of nursing home facilities and has negatively impacted some operators' ability to satisfy their monthly lease or debt payment to us. In several instances, we hold security deposits that can be applied in the event of lease and loan defaults, subject to applicable limitations under bankruptcy law with respect to operators seeking protection under Chapter 11 of the Bankruptcy Act.

SUN HEALTHCARE GROUP, INC.

o Effective January 1, 2004, we re-leased five SNFs to an existing operator under a new Master Lease, which has a five-year term and an initial annual lease rate of $0.75 million. Four former Sun SNFs, three located in Illinois and one located in Indiana, representing an aggregate of 449 beds, were part of the transaction. The fifth SNF in the transaction, located in Illinois and representing 128 beds, was the last remaining owned and operated facility in our portfolio.

o On March 1, 2004, we entered into an agreement with Sun regarding 51 properties that are leased to various affiliates of Sun. Under the terms of a master lease agreement, Sun will continue to operate and occupy 23 long-term care facilities, five behavioral properties and two hospital properties through December 31, 2013. One property, located in Washington and formerly operated by a Sun affiliate, has already been closed and the lease relating to that property has been terminated. With respect to the remaining 20 facilities, 17 have already been transitioned to new operators and three are in the process of being transferred to new operators.

o Effective March 1, 2004, we re-leased two SNFs formerly leased by Sun located in California and representing 117 beds, to a new operator under a Master Lease, which has a ten-year term. The commencement date of the first re-lease is March 1, 2004 and has an initial annual lease rate of approximately $0.12 million. The commencement date of the second re-lease is expected to be May 1, 2004, subject to licensing, and has an initial annual lease rate of approximately $0.1 million.

o Under our restructuring agreement with Sun, we received the right to convert deferred base rent owed to us, totaling approximately $7.8 million, into 800,000 shares of Sun's common stock, subject to certain non-dilution provisions and the right of Sun to pay cash in an amount equal to the value of that stock in lieu of issuing stock to us.

o On March 30, 2004, we notified Sun of our intention to exercise our right to convert the deferred base rent into fully paid and non-assessable shares of Sun's common stock. On April 16, 2004, we received a stock certificate for 760,000 restricted shares of Sun's common stock and cash in the amount of approximately $0.5 million in exchange for the remaining 40,000 shares of Sun's common stock.

CLAREMONT HEALTHCARE HOLDINGS, INC.

o Effective March 8, 2004, we re-leased three SNFs formerly leased by Claremont Health Care Holdings, Inc. ("Claremont") located in Florida and representing 360 beds, to an existing operator at an initial annual lease rate of $2.5 million. These facilities were added to an existing Master Lease, the initial term of which has been extended ten years to February, 2014. The aggregate annual lease rate under this Master Lease, inclusive of the $2.5 million, is $3.9 million.

o Separately, we continue our ongoing restructuring discussions with Claremont regarding the two facilities Claremont currently leases from us. At the time of this filing, we cannot determine the timing or outcome of these discussions. Due to the significant uncertainty of collection, we recognize revenue from Claremont on a cash-basis as it is received.

TIFFANY CARE CENTERS, INC.

o On April 6, 2004, we received approximately $4.6 million in proceeds on a mortgage loan payoff. We held mortgages on five facilities located in Missouri, representing 319 beds, which produced approximately $0.5 million of annual interest revenue in 2003.

Subsequent to the first quarter, we acquired three new facilities. (See Note 12 - Subsequent Events). A summary of the lease transaction follows:

HAVEN HEALTHCARE

o Effective April 1, 2004, we purchased three SNFs, representing 399 beds, for a total investment of $26.0 million. Two of the facilities are located in Vermont, with the third located in Connecticut. The facilities were combined into an existing Master Lease with Haven Healthcare ("Haven"), a current operator. Rent under the Master Lease was increased by approximately $2.7 million for the first lease year commencing April 1, 2004, with annual increases thereafter. The term of the Master Lease had been increased to ten years on January 1, 2004 and runs through December 31, 2013, followed by two ten-year renewal options. We received a security deposit equivalent to three months of incremental rent.

ASSET DISPOSITIONS IN 2004

OTHER ASSETS

o In connection with refinancing our $225 million senior secured credit facility, we sold our $200 million interest rate cap on March 31, 2004. Net proceeds from the sale totaled approximately $3.5 million and resulted in a loss of approximately $6.5 million, which was recorded in the first quarter of 2004.

CLOSED FACILITIES

o We sold two closed facilities realizing proceeds of approximately $85 thousand, net of closing costs, resulting in a net loss of approximately $351 thousand. In accordance with SFAS No. 144, the $351 thousand realized net loss is included within discontinued operations in our consolidated statements of operations. (See Note 2 - Properties; Closed Facilities; Note 11 - Discontinued Operations; Note 12 - Subsequent Events).

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2004, we had total assets of $787.3 million, stockholders' equity of $450.0 million and debt of $313.5 million, representing approximately 41.1% of total capitalization. In addition, as of March 31, 2004, we had an aggregate of $350 thousand of scheduled principal payments in 2004.

The following table shows the amounts due in connection with the contractual obligations described below as of March 31, 2004.
<TABLE>
<CAPTION>

	PAYMENTS DUE BY PERIOD				
	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS
	(IN THOUSANDS)				
Long-term debt(1).................	$313,520	$ 350	$ 111,050	$ 700	$201,420
Other long-term liabilities.......	987	201	602	184	-
Total.........................	$314,507	$ 551	$ 111,652	$ 884	$201,420

</TABLE>
(1) The $313.5 million includes the $100.0 million 6.95% Notes, which mature in August 2007, the $125 million credit facility borrowing, which matures in March 2008 and $200 million 7.0% Notes, which mature in April 2014.

FINANCING ACTIVITIES AND BORROWING ARRANGEMENTS

SERIES C PREFERRED STOCK REPURCHASE

On February 5, 2004, we announced that Explorer Holdings L.P., our then largest stockholder ("Explorer"), granted us the option to repurchase up to 700,000 of our Series C preferred stock (which were convertible into Omega common shares) held by Explorer at a negotiated purchase price of $145.92 per Series C preferred stock (or $9.12 per common share on an as converted basis). Explorer further agreed to convert any remaining Series C preferred stock into common stock.

SERIES D PREFERRED STOCK OFFERING

On February 10, 2004, we announced the closing of the sale of 4,739,500 shares of 8.375% Series D preferred stock. The preferred stock was issued at $25 per share and trades on the NYSE under the symbol "OHI PrD."

SERIES C PREFERRED STOCK REDEMPTION AND CONVERSION

We used approximately $102.1 million of the net proceeds from the Series D preferred stock offering to repurchase 700,000 shares of our Series C preferred stock from Explorer. In connection with the closing of the repurchase, Explorer converted its remaining 348,420 Series C preferred stock into approximately 5.6 million shares of Omega common stock. Following the repurchase and conversion, Explorer held approximately 18.1 million common shares.

The combined repurchase and conversion of the Series C preferred stock reduced our preferred dividend requirements, increased our market capitalization and facilitated future financings by simplifying our capital structure. Under FASB-EITF Issue D-42, "The Effect on the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock," the repurchase of the Series C preferred stock resulted in a non-cash charge to net income available to common shareholders of approximately $38.7 million.

18.1 MILLION SECONDARY AND 2.7 MILLION PRIMARY OFFERING OF OMEGA COMMON STOCK

On March 8, 2004, we announced the closing of the underwritten public offering of 18.1 million shares of Omega common stock at $9.85 per share owned by Explorer. As a result of the offering, Explorer no longer owns any Omega common stock. We did not receive any proceeds from the sale of the shares sold by Explorer.

In connection with the 18.1 million common stock offering, we issued approximately 2.7 million additional shares of Omega common stock at a price of $9.85 per share, less underwriting discounts, to cover over-allotments in connection with the 18.1 million secondary offering. We received net proceeds of approximately $22.4 million from this offering.

$200 MILLION 7% SENIOR UNSECURED NOTES OFFERING AND $125 MILLION CREDIT FACILITY

Effective March 22, 2004, we closed on a private offering of $200 million of 7% senior unsecured notes due 2014 and a $125 million revolving senior secured credit facility ("New Credit Facility") provided by Bank of America, N.A., Deutsche Bank AG, UBS Loan Finance, LLC and GE Healthcare Financial Services.

We used proceeds from the Notes offering to replace our previous $225 million senior secured credit facility and $50 million acquisition credit facility, which have been terminated, with the remainder to be used for working capital and general corporate purposes. The New Credit Facility will be used for acquisitions and general corporate purposes. In connection with the termination of the $225 million senior secured credit facility and $50 million acquisition credit facility, we recorded a charge of approximately $12.6 million, of which $6.3 million consisted of non-cash charges relating to deferred financing costs of the previous credit facilities. The Notes are unsecured senior obligations of Omega, which have been guaranteed by all of our subsidiaries. The Notes were issued in a private placement contemplating resales in accordance with Rule 144A under the Securities Act of 1933, as amended (the "Act"). The Notes have not been registered under the Act.

$200 MILLION INTEREST RATE CAP SALE

In connection with our repayment and termination of the $225 million senior secured credit facility, we sold our $200 million interest rate cap on March 31, 2004. Net proceeds from the sale totaled approximately $3.5 million and resulted in a loss of approximately $6.5 million, which was recorded in the first quarter of 2004 and included in the $19.1 million of interest expense associated with refinancing activities.

BANK CREDIT AGREEMENTS

We have one $125 million revolving senior secured credit facility. At March 31, 2004, $10.0 million was outstanding under the New Credit Facility and $12.1 million was utilized for the issuance of letters of credit, leaving availability of $102.9 million. The $10.0 million of outstanding borrowings had an interest rate of 4.09% at March 31, 2004.

We are required to meet certain property level financial covenants and corporate financial covenants, including prescribed leverage, fixed charge coverage, minimum net worth, limitation on additional indebtedness and limitations on dividend payout on our long-term borrowings. As of March 31, 2004, we were in compliance with all property level and corporate financial covenants.

DIVIDENDS

In order to qualify as a real estate investment trust ("REIT"), we are required to distribute dividends (other than capital gain dividends) to our stockholders in an amount at least equal to (A) the sum of (i) 90% of our "REIT taxable income" (computed without regard to the dividends paid deduction and our net capital gain) and (ii) 90% of the net income (after tax), if any, from foreclosure property, minus (B) the sum of certain items of non-cash income. In addition, if we dispose of any built-in gain asset during a recognition period, we will be required to distribute at least 90% of the built-in gain (after tax), if any, recognized on the disposition of such asset. Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for such year and paid on or before the first regular dividend payment after such declaration. In addition, such distributions are required to be made pro rata, with no preference to any share of stock as compared with other shares of the same class, and with no preference to one class of stock as compared with another class except to the extent that such class is entitled to such a preference. To the extent that we do not distribute all of our net capital gain or do distribute at least 90%, but less than 100% of our "REIT taxable income," as adjusted, we will be subject to tax thereon at regular ordinary and capital gain corporate tax rates.

On March 29, 2004, our Board of Directors declared its regular quarterly dividends for all classes of preferred stock, payable May 17, 2004 to preferred stockholders of record on April 30, 2004. Series B and Series D preferred stockholders of record on April 30, 2004 will be paid dividends in the amount of $0.53906 and $0.47109, per preferred share, respectively, on May 17, 2004. The liquidation preference for each of our Series B and D preferred stock is $25.00. Regular quarterly preferred dividends represent dividends for the period February 1, 2004 through April 30, 2004 for the Series B preferred stock and February 10, 2004 through April 30, 2004 for the Series D preferred stock. Total dividend payments for both classes of preferred stock are approximately $3.3 million.

Our Board of Directors also authorized the redemption of all shares outstanding of its Series A preferred stock (NYSE:OHI PrA; CUSIP: 681936209). We expect the shares to be redeemed on April 30, 2004 for $25.00 per share, plus $0.57813 per share in accrued and unpaid dividends through the redemption date, for an aggregate redemption price of $25.57813 per share. Dividends on the shares of Series A preferred stock will cease to accrue from and after the redemption date, after which the Series A preferred stock will no longer be outstanding and holders of the Series A preferred stock will have only the right to receive the redemption price. The total dividend payment for the Series A preferred stock is approximately $1.3 million.

A notice of redemption and related materials was mailed to holders of Series A preferred stock on March 29, 2004. EquiServe Trust Company ("EquiServe"), located at 66 Brooks Drive, Braintree, MA 02184, will act as our redemption agent. Requests for copies of the materials or questions relating to the notice of redemption and related materials should be directed to EquiServe at 800-251-4215 or to Bob Stephenson, our Chief Financial Officer, at 410-427-1700. On or before the redemption date, we will deposit with EquiServe the aggregate redemption price, to be held in trust for the benefit of the holders of the Series A preferred stock. Holders of the Series A preferred stock who hold shares through the Depository Trust Company will be redeemed in accordance with the Depository Trust Company's procedures.

On April 20, 2004, our Board of Directors announced a common stock dividend of $0.18 per share, which is a $0.01 per share, or 5.9%, increase over the previous quarter's dividend. The common stock dividend will be paid May 17, 2004 to common stockholders of record on April 30, 2004. At the date of this release, we had approximately 46.3 million commons shares outstanding.

LIQUIDITY

We believe our liquidity and various sources of available capital, including funds from operations, our existing availability under our New Credit Facility and expected proceeds from planned asset sales are adequate to finance operations, meet recurring debt service requirements and fund future investments through the next twelve months.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to various market risks, including the potential loss arising from adverse changes in interest rates. We do not enter into derivatives or other financial instruments for trading or speculative purposes, but we seek to mitigate the effects of fluctuations in interest rates by matching the term of new investments with new long-term fixed rate borrowing to the extent possible.

The market value of our long-term fixed rate borrowings and mortgages are subject to interest rate risks. Generally, the market value of fixed rate financial instruments will decrease as interest rates rise and increase as interest rates fall. The estimated fair value of our total long-term borrowings at March 31, 2004 was $267.4 million. A one percent increase in interest rates would result in a decrease in the fair value of long-term borrowings by approximately $16.3 million.

We utilize interest rate swaps and caps to fix interest rates on variable rate debt and reduce certain exposures to interest rate fluctuations. We do not use derivatives for trading or speculative purposes. We have a policy of only entering into contracts with major financial institutions based upon their credit ratings and other factors. When viewed in conjunction with the underlying and offsetting exposure that the derivatives are designed to hedge, we have not sustained a material loss from those instruments nor do we anticipate any material adverse effect on our net income or financial position in the future from the use of derivatives.

To manage interest rate risk, we may employ options, forwards, interest rate swaps, caps and floors or a combination thereof depending on the underlying exposure. We may employ swaps, forwards or purchased options to hedge qualifying forecasted transactions. Gains and losses related to these transactions are deferred and recognized in net income as interest expense in the same period or periods that the underlying transaction occurs, expires or is otherwise terminated. GAAP requires us to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedge item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings.

In September 2002, we entered into a 61-month, $200.0 million interest rate cap with a strike of 3.50% that was designated as a cash flow hedge. On March 31, 2004, we sold the $200.0 million interest rate cap, realizing net proceeds of approximately $3.5 million, resulting in a loss of approximately $6.5 million, which was recorded during the first quarter of 2004 and is included in the $19.1 million of interest expense associated with refinancing activities. An adjustment of $4.5 million to other comprehensive income was recorded as a result of this transaction.

ITEM 4 - CONTROLS AND PROCEDURES

Our principal executive officer and principal financial officer are responsible for establishing and maintaining disclosure controls and procedures as defined in the rules promulgated under the Securities and Exchange Act of 1934, as amended. We evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2004 and, based on that evaluation, our principal executive officer and principal financial officer have concluded that these controls and procedures were effective as of March 31, 2004. No changes in our internal control over financial reporting were identified as having occurred in the fiscal quarter ending March 31, 2004 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Disclosure controls and procedures are the controls and other procedures designed to ensure that information that we are required to disclose in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods required. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

See Note 9 - Litigation to the Consolidated Financial Statements in PART I, Item 1 hereto, which is hereby incorporated by reference in response to this item.

ITEM 2 - CHANGES IN SECURITIES AND USE OF PROCEEDS

ISSUER PURCHASES OF EQUITY SECURITIES
<TABLE>
<CAPTION>

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS
<S>	<C> <C>	<C> <C>	<C>	<C>
January 2004	-0-	N/A	N/A	N/A

February 2004	700,000 shares of Series C Convertible Preferred Stock (11,200,000 shares of common stock on an as converted basis) (a)	$145.92 (or $9.12 per common share on an as converted basis)	N/A	N/A
March 2004	-0-	N/A	N/A	N/A
Total	700,000 shares of Series C Convertible Preferred Stock	$145.92 (or $9.12 per common share on an as converted basis)	N/A	N/A

</TABLE>

(a) On February 5, 2004, we entered into a Repurchase and Conversion Agreement with Explorer Holdings, L.P ("Explorer"), pursuant to which Explorer granted us an option to repurchase up to 700,000 shares of Series C preferred stock at $145.92 per share (or $9.12 per share of common stock on an as converted basis). On February 10, 2004, we exercised our option and repurchased 700,000 shares of Series C preferred stock from Explorer pursuant to the repurchase option.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None this period.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None this period.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits - The following Exhibits are filed herewith:

Exhibit	Description
31.1	Certification of the Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer under Section 906 of the Sarbanes - Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer under Section 906 of the Sarbanes - Oxley Act of 2002.

(b) Reports on Form 8-K

The following reports on Form 8-K were filed or furnished during the quarter ended March 31, 2004:

- On January 27, 2004, Omega Healthcare Investors, Inc. furnished a Current Report on Form 8-K pursuant to Item 9 announcing its agreement in principle for lease restructuring with Sun Healthcare Group, Inc.

- On January 29, 2004, Omega Healthcare Investors, Inc. furnished a Current Report on Form 8-K pursuant to Item 12 announcing its results of operations and financial condition as of and for the quarter ended and year ended December 31, 2003.

- On February 5, 2004, Omega Healthcare Investors, Inc. filed a Current Report on Form 8-K pursuant to Item 5 announcing that it had revised its historical financial statements and containing its revised consolidated financial statements as of and for the periods ended December 31, 2002 and 2001.

- On February 5, 2004, Omega Healthcare Investors, Inc. filed a Current Report on Form 8-K pursuant to Item 5 announcing that it had entered into a Repurchase and Conversion Agreement with Explorer Holdings, L.P.

- On February 10, 2004, Omega Healthcare Investors, Inc. filed a Current Report on Form 8-K pursuant to Item 7 setting forth the material documents relating to its offering of Series D preferred stock.

- On February 23, 2004, Omega Healthcare Investors, Inc. filed a Current Report on Form 8-K pursuant to Item 5 announcing that it issued a press release announcing the proposed secondary offering by Explorer Holdings, L.P. of 18,118,246 shares of Omega common stock in an underwritten public offering, plans for a proposed private placement of approximately $200 million in principal amount of unsecured notes and a proposed refinancing of Omega's existing senior credit facility.

- On March 4, 2004, Omega Healthcare Investors, Inc. filed a Current Report on Form 8-K pursuant to Item 5 announcing that Explorer Holdings, L.P. has priced the public offering of its 18,118,246 shares of Omega common stock at $9.85 per share.

- On March 8, 2004, Omega Healthcare Investors, Inc. filed a Current Report on Form 8-K pursuant to Item 5 announcing that it had entered into firm commitments with Bank of America, N.A., Deutsche Bank AG and UBS Loan Finance, LLC to obtain a new $125 million revolving senior credit facility.

- On March 11, 2004, Omega Healthcare Investors, Inc. filed a Current Report on Form 8-K pursuant to Item 5 announcing the closing of the underwritten public offering of 18,116,246 shares of Omega common stock, the resignation of the Explorer director designees, the appointment of Bernard Korman as non-executive chairman of the Board of Directors, and the re-lease of five skilled nursing facilities and the sale of one closed facility.

- On March 26, 2004, Omega Healthcare Investors, Inc. filed a Current Report on Form 8-K pursuant to Item 5 announcing the sale of $200 million aggregate principal amount of 7% senior notes due 2014 in a private placement and that it entered into a new $125 million revolving senior secured credit facility.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OMEGA HEALTHCARE INVESTORS, INC.
Registrant

Date: May 4, 2004 By: /S/ C. TAYLOR PICKETT

C. Taylor Pickett
Chief Executive Officer

Date: May 4, 2004 By: /S/ ROBERT O. STEPHENSON

Robert O. Stephenson
Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION

I, C. Taylor Pickett, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Omega Healthcare Investors, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2004

/S/ C. TAYLOR PICKETT
C. Taylor Pickett
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Robert O. Stephenson, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Omega Healthcare Investors, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2004

/S/ ROBERT O. STEPHENSON
Robert O. Stephenson
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

I, C. Taylor Pickett, of Omega Healthcare Investors, Inc. (the "Company"), certify, pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. ss.1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the three months ended March 31, 2004 (the "Report") fully complies with the requirements of ss.ss. 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 4, 2004

/S/ C. TAYLOR PICKETT
C. Taylor Pickett
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

I, Robert O. Stephenson, of Omega Healthcare Investors, Inc. (the "Company"), certify, pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. ss.1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the three months ended March 31, 2004 (the "Report") fully complies with the requirements of ss.ss. 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 4, 2004

/S/ ROBERT O. STEPHENSON
Robert O. Stephenson
Chief Financial Officer