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<P align="center"><B>SCHEDULE 14A</B>

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<B>(Rule 14a-101)</B>
</DIV>

<P align="center">
<B>INFORMATION REQUIRED IN PROXY STATEMENT</B>

<P align="center">
<B>SCHEDULE 14A INFORMATION</B>

<DIV align="center">
<B>Proxy Statement Pursuant to Section 14(a) of the Securities
</B>
</DIV>

<DIV align="center">
<B>Exchange Act of 1934 (Amendment No.  )</B>
</DIV>

<P align="left">     
Filed by the registrant [X]

<P align="left">     
Filed by a party other than the registrant [   ]

<P align="left">     
Check the appropriate box:

<P align="left">     
[   ]  Preliminary proxy statement

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 Confidential, for Use of the Commission Only (as permitted by
 Rule  14a-6(e)(2))</TD>
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<P align="left">     
[X]  Definitive proxy statement

<P align="left">     
[   ]  Definitive additional materials

<P align="left">     
[   ]  Soliciting material pursuant to Rule
14a-11(c) or Rule 14a-12

<DIV align="center">
OMEGA HEALTHCARE INVESTORS, INC.
</DIV>

<P align="left">
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<DIV align="center">
(Name of Registrant as Specified in Its Charter)
</DIV>

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<DIV align="center">
(Name of Person(s) Filing Proxy Statement, if other than the
Registrant)
</DIV>

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Payment of filing fee (Check the appropriate box):

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[X]  No fee required.

<P align="left">     
[   ]  Fee computed on table below per
Exchange Act Rules 14a-6(i)(4) and 0-11.

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(1)  Title of each class of securities to which transaction
applies:

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(2)  Aggregate number of securities to which transaction
applies:

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<P align="left">     
(3)  Per unit price or other underlying value of transaction
 computed pursuant to Exchange Act Rule 0-11 (Set forth the
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 determined):

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(4)  Proposed maximum aggregate value of transaction:

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(5)  Total fee paid:

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[   ]  Fee paid previously with preliminary
materials.

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[   ]  Check box if any part of the fee is
offset as provided by Exchange Act Rule 0-11(a)(2) and
identify the filing for which the offsetting fee was paid
previously. Identify the previous filing by registration
statement number, or the form or schedule and the date of its
filing.

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(1)  Amount previously paid:

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(2)  Form, schedule or registration statement no.:

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(3)  Filing party:

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(4)  Date filed:

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<TR><TD colspan="9"><A HREF="#000">PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS</A></TD></TR>
<TR><TD colspan="9"><A HREF="#001">VOTING SECURITIES</A></TD></TR>
<TR><TD colspan="9"><A HREF="#002">PROPOSAL 1 -- ELECTION OF DIRECTORS</A></TD></TR>
<TR><TD colspan="9"><A HREF="#003">COMPARISON OF CUMULATIVE TOTAL RETURN*</A></TD></TR>
<TR><TD colspan="9"><A HREF="#004">CERTAIN TRANSACTIONS</A></TD></TR>
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<P align="center"><B><FONT size="4">OMEGA HEALTHCARE INVESTORS, INC.</FONT></B>

<P align="center">
<B>900 Victors Way, Suite 350</B>

<DIV align="center">
<B>Ann Arbor, Michigan 48108</B>
</DIV>

<DIV align="center">
<B>(734) 887-0200</B>
</DIV>

<P align="center"><B>NOTICE OF ANNUAL MEETING OF SHAREHOLDERS</B>

<DIV align="center">
<B>May 3, 2000</B>
</DIV>

<P align="left">
To the Shareholders:

<P align="left">     
The Annual Meeting of Shareholders of Omega Healthcare Investors,
 Inc. will be held at the offices of the Company at 900 Victors
Way, Suite 350, Ann Arbor, Michigan on Wednesday,
May 3, 2000, at 11:00 a.m., for the following purposes:
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 To elect three members of the Board of Directors;</TD>
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 <TD>2. </TD>
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 To transact such other business as may properly come before the
 meeting or any adjournment thereof.</TD>
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<P align="left">     
The nominees for election as directors are James E. Eden,
Thomas F. Franke and Bernard J. Korman, each of whom
presently is serving as a director of the Company.

<P align="left">     
The Board of Directors has fixed the close of business on
February 29, 2000 as the record date for the determination
of shareholders who are entitled to notice of and to vote at the
meeting or any adjournments thereof.

<P align="left">     
We encourage you to attend the meeting. Whether you are able to
attend or not, we urge you to indicate your vote on the enclosed
proxy card FOR the election of directors as set forth in the
attached Proxy Statement. Please sign, date and return the proxy
card promptly in the enclosed envelope. If you attend the
meeting, you may vote in person even if you previously have
mailed a proxy card.
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 By order of the Board of Directors</TD>
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 SUSAN ALLENE KOVACH</TD>
</TR>

<TR valign="top">
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 <I>Corporate Secretary</I></TD>
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<P align="left">
March 31, 2000

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Ann Arbor, Michigan
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<B>Ann Arbor, Michigan 48108</B>
</DIV>

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<B>(734) 887-0200</B>
</DIV>

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<!-- link1 "PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS" -->
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<DIV align="center">
<B>PROXY STATEMENT</B>
</DIV>

<DIV align="center">
<B>FOR</B>
</DIV>

<DIV align="center">
<B>ANNUAL MEETING OF SHAREHOLDERS</B>
</DIV>

<DIV align="center">
<B>May 3, 2000</B>
</DIV>

<P align="left">     
The accompanying proxy is solicited by the Board of Directors of
Omega Healthcare Investors, Inc. (the &#147;Company&#148;) to be
voted at the Annual Meeting of Shareholders to be held
May 3, 2000, and any adjournments of the meeting (the
&#147;Annual Meeting&#148;). It is anticipated that this proxy
material will be mailed on or about March 31, 2000 to
shareholders of record on February 29, 2000.

<P align="left">     
A copy of the Annual Report of the Company for the year ended
December 31, 1999, including financial statements, is
enclosed herewith. THE COMPANY WILL PROVIDE, WITHOUT CHARGE TO
ANY PERSON SOLICITED HEREBY, UPON THE WRITTEN REQUEST OF SUCH
PERSON, A COPY OF THE COMPANY&#146;S ANNUAL REPORT ON
FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 1999 FILED
WITH THE SECURITIES AND EXCHANGE COMMISSION. SUCH REQUESTS SHOULD
 BE DIRECTED TO SUSAN ALLENE KOVACH, VICE PRESIDENT, GENERAL
COUNSEL AND CORPORATE SECRETARY, AT THE COMPANY&#146;S PRINCIPAL
EXECUTIVE OFFICES.

<P align="left">     
A shareholder giving a proxy has the power to revoke it at any
time before it is exercised. A proxy may be revoked by filing
with the Secretary of the Company (i) a signed instrument
revoking the proxy or (ii) a duly executed proxy bearing a
later date. A proxy also may be revoked if the person executing
the proxy is present at the meeting and elects to vote in person.
 If the proxy is not revoked, it will be voted by those named in
the proxy.

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<!-- link1 "VOTING SECURITIES" -->
<DIV align="left"><A NAME="001"></A></DIV>

<DIV align="center">
<B>VOTING SECURITIES</B>
</DIV>

<P align="left">     
The outstanding voting securities of the Company, as of
February 29, 2000, consisted of 19,956,339 shares of common
stock, par value $.10 per share (&#147;Common Stock&#148;). Each
holder of record of Common Stock as of the close of business on
February 29, 2000 is entitled to notice of and to vote at
the Annual Meeting or any adjournments thereof. Each holder of
shares of Common Stock is entitled to one vote per share on all
matters properly brought before the Annual Meeting. Shareholders
are not permitted to cumulate votes for the purpose of electing
directors or otherwise.

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<!-- link1 "PROPOSAL 1 -- ELECTION OF DIRECTORS" -->
<DIV align="left"><A NAME="002"></A></DIV>

<DIV align="center">
<B>PROPOSAL 1 &#151; ELECTION OF DIRECTORS</B>
</DIV>

<P align="left">     
Pursuant to the Company&#146;s Articles of Incorporation, the
directors have been divided into three groups. At this
year&#146;s Annual Meeting, three directors will be elected in
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one group to hold office for a term of three years or, in each
case, until their respective successors have been duly elected
and qualified. The remaining directors shall continue in office
until their respective terms expire or until their successors
have been duly elected and qualified.

<P align="left">     
The nominees for election to the three positions of director to
be voted upon at this year&#146;s annual meeting are
James E. Eden, Thomas F. Franke and Bernard J.
Korman. Unless authority to vote for the election of directors
has been specifically withheld, the persons named in the
accompanying proxy intend to vote for the election of
Messrs. Eden, Franke and Korman to hold office as directors
for a term of three years each or until their respective
successors have been duly elected and qualified. The affirmative
vote of a majority of all votes cast at the Annual Meeting is
required for the election of a director.

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If any nominee becomes unavailable for any reason (which event is
 not anticipated), the shares represented by the enclosed proxy
may (unless the proxy contains instructions to the contrary) be
voted for such other person or persons as may be determined by
the holders of the proxies. In no event would the proxy be voted
for more than three nominees.

<P align="left">     
The following information relates to the nominees for election as
 directors of the Company and the other persons whose terms as
directors continue after this meeting.

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 <TD align="center" nowrap><FONT size="2"><B>Business Experience During Past 5 Years</B></FONT></TD>
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 Essel W. Bailey (55)</FONT></TD>
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 <TD></TD>
 <TD align="right" valign="top" nowrap><FONT size="2">1992</FONT></TD>
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 Mr. Bailey has been President and Chief Executive Officer of the
 Company since its formation in 1992 and Chairman of the Company
 since July 1995. Prior to forming Omega, Mr. Bailey was a
 Managing Director of Omega Capital, a healthcare investment
 partnership, from 1986 to 1992. Mr. Bailey currently is a
 Director, President and Chief Executive Officer of Omega
 Worldwide, Inc. (&#147;Worldwide&#148;), a NASDAQ listed company
 that provides investment advisory services and holds equity and
 debt interests in companies engaged in providing sale/leaseback
 financing to healthcare service providers throughout the world.
 He also is a director of Principal Healthcare Finance Limited
 (&#147;Principal&#148;), a company that finances healthcare
 facilities in the United Kingdom; and Principal Healthcare
 Finance Trust, an Australian unit trust that is wholly owned by
 Worldwide and that finances healthcare facilities in Australia.
 Mr. Bailey was formerly a director of Evergreen Healthcare,
 Inc., which was a NYSE listed company engaged in the operation of
  long-term healthcare facilities, and of Vitalink Pharmacy
 Services, Inc., a NYSE listed company operating institutional
 pharmacies serving the long-term care industry in the United
 States.</FONT></TD>
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 Martha A. Darling (55)</FONT></TD>
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 Ms. Darling is a graduate of Reed College and the Woodrow Wilson
 School at Princeton University. She currently serves as a
 consultant to non-profit organizations. She has worked in
 political economics and strategic planning and most recently was
 Senior Manager of the Commercial Airplane Group at The Boeing
 Company in Seattle, Washington, where she also served as Board
 Vice President of King County&#146;s Harborview Medical Center.
 Her career has included roles in strategic planning for Seattle
 First National Bank, 3 1/2  years as Legislative
 Assistant to U.S. Senator Bill Bradley, with responsibility for
 the Finance Committee, and one year as a White House Fellow
 serving at the U.S. Department of Treasury as Executive Assistant
  to Secretary W. Michael Blumenthal.</FONT></TD>
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 James E. Eden (62)</FONT></TD>
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 <TD align="right" valign="top" nowrap><FONT size="2">1993</FONT></TD>
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 Mr. Eden is President of Eden &#38; Associates, Inc. which
 provides consulting and management oversight services to the
 senior housing and healthcare industries. He is also Chairman and
  principal owner of Senior Living Properties, LLC which owns 88
 licensed nursing homes and assisted living facilities in Illinois
  and Texas, and serves as Chairman and Chief Executive Officer of
  Oakwood Living Centers, Inc., which owns seven licensed nursing
 homes in Massachusetts and Virginia. From 1976 to 1992, he held
 various positions in healthcare, ultimately serving as Executive
 Vice President of Marriott Corporation and General Manager of its
  Senior Living Services Division. Mr. Eden is also a
 director of United Vanguard Homes, the Alliance for Aging
 Research, Peak Medical Corporation, Hearthstone Assisted Living,
 and Omega Worldwide, Inc.</FONT></TD>
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 Thomas F. Franke (70)</FONT></TD>
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 Mr. Franke is Chairman and principal owner of Cambridge Partners,
  Inc., an owner, developer and manager of multifamily housing in
 Grand Rapids and Ann Arbor, Michigan. He also is the principal
 owner of private healthcare firms operating in the United States
 and the United Kingdom and a private hotel firm in the United
 Kingdom. Mr. Franke is a director of Principal Healthcare
 Finance Limited and Omega Worldwide, Inc.</FONT></TD>
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 <TD></TD>
 <TD align="right" valign="top" nowrap><FONT size="2">1998</FONT></TD>
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 <TD align="left" valign="top"><FONT size="2">
 Mr. Greer was President and Chief Operating Officer of SEI
 Investments (NASDAQ:SEIC), a leading provider of software and
 processing services to bank trust departments and provider of
 mutual fund services to banks, insurance and investment firms,
 from 1990 to 1999, when he retired. Mr. Greer held senior
 management positions in leading financial services and technology
  companies for more than twenty-five years prior to joining SEI
 Investments, including positions at IBM and AutEx, a provider of
 financial and technology services to the brokerage and
 institutional investor community, where he was President and
 Chief Operating Officer. Mr. Greer is a director of SEI
 Investments and Astea International. Mr. Greer is a graduate
  of Dartmouth College.</FONT></TD>
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 Harold J. Kloosterman (58)</FONT></TD>
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 <TD align="right" valign="top" nowrap><FONT size="2">1992</FONT></TD>
 <TD></TD>
 <TD></TD>
 <TD align="left" valign="top"><FONT size="2">
 Mr. Kloosterman was formerly a Managing Director of Omega Capital
  from 1986 to 1992. He is a director of Omega Worldwide, Inc. Mr.
  Kloosterman has been involved in the acquisition, development
 and management of commercial and multifamily properties since
 1978. He has been a senior officer of LaSalle Partners, Inc., and
  in 1985 he formed Cambridge Partners, Inc., where he serves as
 President. At Cambridge, he has been involved in the development
 and management of commercial, apartment and condominium projects
 in Grand Rapids and Ann Arbor, Michigan and in the Chicago area.</FONT></TD>
 <TD></TD>
 <TD></TD>
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 Bernard J. Korman (68)</FONT></TD>
 <TD></TD>
 <TD></TD>
 <TD align="right" valign="top" nowrap><FONT size="2">1993</FONT></TD>
 <TD></TD>
 <TD></TD>
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 Mr. Korman is Chairman of the Board of Trustees of Philadelphia
 Health Care Trust, a private healthcare foundation, and Chairman
 of the Board of NutraMax Products, Inc., a public consumer
 healthcare products company. He formerly was President, Chief
 Executive Officer and Director of MEDIQ Incorporated (healthcare
 services) from 1977 to 1995. Mr. Korman also is a director of the
  following public companies: The New America High Income Fund
 (financial services), The Pep Boys, Inc. (auto supplies), Kranzco
  Realty Trust (real estate investment trust), and NutraMax
 Products, Inc. (consumer healthcare products) and Omega
 Worldwide, Inc.</FONT></TD>
 <TD></TD>
 <TD></TD>
 <TD align="right" valign="top" nowrap><FONT size="2">2000</FONT></TD>
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 Edward Lowenthal (55)</FONT></TD>
 <TD></TD>
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 <TD align="right" valign="top" nowrap><FONT size="2">1995</FONT></TD>
 <TD></TD>
 <TD></TD>
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 Mr. Lowenthal is President and Chief Executive Officer of
 Wellsford Real Properties, Inc. (AMEX:WRP), a real estate
 merchant bank, and was President of the predecessor of Wellsford
 Residential Properties Trust since 1992. Mr.  Lowenthal also
  serves as director of Corporate Renaissance Group, Inc., a
 mutual fund; Equity Residential Properties Trust; Great Lakes
 REIT; and Omega Worldwide, Inc.</FONT></TD>
 <TD></TD>
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 <TD align="right" valign="top" nowrap><FONT size="2">2001</FONT></TD>
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 <TD></TD>
 <TD align="center" nowrap colspan="3"><FONT size="2"><B>Became a</B></FONT></TD>
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 <TD></TD>
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<TR>
 <TD align="center" nowrap><FONT size="2"><B>Directors</B></FONT></TD>
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 <TD align="center" nowrap><FONT size="2"><B>Business Experience During Past 5 Years</B></FONT></TD>
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 Robert L. Parker (65)</FONT></TD>
 <TD></TD>
 <TD></TD>
 <TD align="right" valign="top" nowrap><FONT size="2">1992</FONT></TD>
 <TD></TD>
 <TD></TD>
 <TD align="left" valign="top"><FONT size="2">
 Mr. Parker is a Consultant to, and formerly was Chairman of, the
 Company from March 1992 to 1995. He was a Managing Director
 of Omega Capital from 1986 to 1992. From 1972 through 1983,
 Mr. Parker was a senior officer of Beverly Enterprises, the
 largest operator of long-term care facilities in the United
 States. At the time of his retirement in 1983, Mr. Parker
 was Executive Vice President of Beverly Enterprises.
 Mr. Parker is a registered architect, and is licensed in
 California and Oklahoma. Mr. Parker served as a director of
 GranCare, Inc., a public company engaged in the operation of
 long-term care facilities from 1995 to 1997, and of Vitalink
 Pharmacy Services, Inc., a publicly traded institutional
 pharmacy, during 1997. Mr. Parker has served as director of
 Principal Healthcare Finance Limited since 1995 and of First
 National Bank of Bethany, Oklahoma and is Chairman of the Board
 of Directors of Omega Worldwide, Inc.</FONT></TD>
 <TD></TD>
 <TD></TD>
 <TD align="right" valign="top" nowrap><FONT size="2">2001</FONT></TD>
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<P align="center"><B>PRINCIPAL SHAREHOLDERS</B>

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The Company believes that, at February 29, 2000, the
following owned beneficially more than 5% of the outstanding
shares of the Company&#146;s Common Stock:

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 <TD></TD>
 <TD align="center" nowrap colspan="3"><FONT size="2"><B>Number of</B></FONT></TD>
 <TD></TD>
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<TR>
 <TD></TD>
 <TD></TD>
 <TD align="center" nowrap colspan="3"><FONT size="2"><B>Shares of</B></FONT></TD>
 <TD></TD>
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 <TD></TD>
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<TR>
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 <TD></TD>
 <TD align="center" nowrap colspan="3"><FONT size="2"><B>Beneficially</B></FONT></TD>
 <TD></TD>
 <TD align="center" nowrap colspan="3"><FONT size="2"><B>Percent</B></FONT></TD>
</TR>

<TR>
 <TD align="center" nowrap><FONT size="2"><B>Beneficial Owner</B></FONT></TD>
 <TD></TD>
 <TD align="center" nowrap colspan="3"><FONT size="2"><B>Owned</B></FONT></TD>
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<TR>
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 <TD align="center" nowrap colspan="3"><HR size="1"></TD>
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<TR>
 <TD align="left" valign="top"><FONT size="2">
 Merrill Lynch &#38; Co., Inc.<BR>
 (On behalf of Merrill Lynch Asset Management Group)</FONT></TD>
 <TD></TD>
 <TD></TD>
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 <TD></TD>
 <TD></TD>
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 World Financial Center, North Tower</FONT></TD>
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<TR>
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 250 Vesey Street</FONT></TD>
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<TR>
 <TD align="left" valign="top"><FONT size="2">
 New York, NY 10381</FONT></TD>
 <TD></TD>
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<P align="left">     
The following table sets forth certain information regarding
beneficial ownership of the Company&#146;s Common Stock as of
February 29, 2000 (i) by each of the Company&#146;s
directors and executive officers and (ii) by all directors
and executive officers as a group. Except as indicated in the
footnotes to this table, the persons named in the table have sole
 voting and investment power with respect to all shares of Common
 Stock shown as beneficially owned by them, subject to community
property laws where applicable.

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<TR>
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<TR>
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 <TD></TD>
 <TD align="center" nowrap colspan="3"><FONT size="2"><B>Percent</B></FONT></TD>
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<TR>
 <TD align="center" nowrap><FONT size="2"><B>Beneficial Owner</B></FONT></TD>
 <TD></TD>
 <TD align="center" nowrap colspan="3"><FONT size="2"><B>Owned</B></FONT></TD>
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 Essel W. Bailey, Jr. </FONT></TD>
 <TD></TD>
 <TD></TD>
 <TD align="right" valign="bottom" nowrap><FONT size="2">353,122</FONT></TD>
 <TD align="left" valign="bottom" nowrap><FONT size="2">(1)(2)</FONT></TD>
 <TD></TD>
 <TD></TD>
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 James P. Flaherty</FONT></TD>
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 <TD></TD>
 <TD align="right" valign="bottom" nowrap><FONT size="2">*</FONT></TD>
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 <TD align="left" valign="top"><FONT size="2">
 F. Scott Kellman</FONT></TD>
 <TD></TD>
 <TD></TD>
 <TD align="right" valign="bottom" nowrap><FONT size="2">57,516</FONT></TD>
 <TD align="left" valign="bottom" nowrap><FONT size="2">(4)</FONT></TD>
 <TD></TD>
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 <TD align="left" valign="top"><FONT size="2">
 Susan A. Kovach</FONT></TD>
 <TD></TD>
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 Laurence D. Rich</FONT></TD>
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 David A. Stover</FONT></TD>
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 <TD align="right" valign="bottom" nowrap><FONT size="2">81,128</FONT></TD>
 <TD align="left" valign="bottom" nowrap><FONT size="2">(7)(8)</FONT></TD>
 <TD></TD>
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 Martha A. Darling</FONT></TD>
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 James E. Eden</FONT></TD>
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 <TD align="left" valign="bottom" nowrap><FONT size="2">(10)</FONT></TD>
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 Thomas F. Franke</FONT></TD>
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 <TD align="left" valign="bottom" nowrap><FONT size="2">(10)(11)</FONT></TD>
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 <TD align="right" valign="bottom" nowrap><FONT size="2">0.24%</FONT></TD>
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 <TD align="left" valign="top"><FONT size="2">
 Henry H. Greer</FONT></TD>
 <TD></TD>
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 <TD align="left" valign="bottom" nowrap><FONT size="2">(15)</FONT></TD>
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 Harold J. Kloosterman</FONT></TD>
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 <TD align="left" valign="bottom" nowrap><FONT size="2">(10)(12)</FONT></TD>
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 <TD align="right" valign="bottom" nowrap><FONT size="2">0.24%</FONT></TD>
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 Bernard J. Korman</FONT></TD>
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 <TD align="right" valign="bottom" nowrap><FONT size="2">1.63%</FONT></TD>
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 <TD align="left" valign="top"><FONT size="2">
 Edward Lowenthal</FONT></TD>
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 <TD align="left" valign="top"><FONT size="2">
 Robert L. Parker</FONT></TD>
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 <TD align="right" valign="bottom" nowrap><FONT size="2">97,025</FONT></TD>
 <TD align="left" valign="bottom" nowrap><FONT size="2">(14)</FONT></TD>
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<TR>
 <TD align="left" valign="top"><FONT size="2">
 Directors and executive officers as a group (14 persons)</FONT></TD>
 <TD></TD>
 <TD></TD>
 <TD align="right" valign="bottom" nowrap><FONT size="2">1,101,342</FONT></TD>
 <TD></TD>
 <TD></TD>
 <TD></TD>
 <TD align="right" valign="bottom" nowrap><FONT size="2">5.51%</FONT></TD>
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<DIV align="left">
*  Less than 0.10%
</DIV>

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The business address of all the above persons is 900 Victors Way,
 Suite 350, Ann Arbor, Michigan 48108.
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 <TD> </TD>
 <TD>(1) </TD>
 <TD align="left">
 Includes shares owned jointly by Mr. Bailey and his wife,
 plus 7,755 shares held solely in Mrs. Bailey&#146;s name.
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 Mr. Bailey disclaims any beneficial interest in the shares
 held solely by Mrs. Bailey.</TD>
</TR>

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 <TD> </TD>
 <TD>(2) </TD>
 <TD align="left">
 Includes stock options that are currently exercisable within
 60 days to acquire 31,667 shares, and 75,539 unvested shares
  of Restricted Stock, of which 63,321 shares, 8,516 shares, 2,327
  shares and 1,375 shares were granted in February of 2000,
 January of 2000, January of 1999, and December of 1997,
 respectively.</TD>
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<TR valign="top">
 <TD> </TD>
 <TD>(3) </TD>
 <TD align="left">
 Includes 3,030 unvested shares of Restricted Stock, of which
 1,380 shares and 1,650 shares were granted in January of 1999 and
  December of 1997, respectively.</TD>
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<!-- PAGEBREAK -->
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 <TD>(4) </TD>
 <TD align="left">
 Includes 44,412 unvested shares of Restricted Stock, of which
 35,258 shares, 7,097 shares, 1,294 shares and 763 shares were
 granted in February 2000, January 2000,
 January 1999, and December 1997, respectively.</TD>
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<TR valign="top">
 <TD> </TD>
 <TD>(5) </TD>
 <TD align="left">
 Includes 22,577 unvested shares of Restricted Stock of which
 18,708 shares, 3,355 shares and 514 shares were granted in
 February  2000, January 2000 and January 1999
 respectively.</TD>
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<TR valign="top">
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 <TD>(6) </TD>
 <TD align="left">
 Includes 21,247 unvested shares of Restricted Stock, of which
 17,269 shares, 3,548 shares and 430 shares were granted in
 February  2000, January 2000, and January 1999,
 respectively.</TD>
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<TR valign="top">
 <TD> </TD>
 <TD>(7) </TD>
 <TD align="left">
 Includes shares owned jointly by Mr. Stover and his wife,
 plus 931 shares held solely in Mrs. Stover&#146;s name.</TD>
</TR>

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<TR valign="top">
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 <TD>(8) </TD>
 <TD align="left">
 Includes 39,862 unvested shares of Restricted Stock, of which
 31,444 shares, 6,129 shares, 1,464 shares and 825 shares were
 granted in February 2000, January 2000,
 January 1999, and December 1997, respectively.</TD>
</TR>

<TR>
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<TR valign="top">
 <TD> </TD>
 <TD>(9) </TD>
 <TD align="left">
 Includes stock options that currently are exercisable within
 60 days to acquire 3,666 shares and 300 unvested shares of
 Restricted Stock granted in January 2000.</TD>
</TR>

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<TR valign="top">
 <TD>(10) </TD>
 <TD align="left">
 Includes stock options that currently are exercisable within
 60 days to acquire 1,001 shares and 300 unvested shares of
 Restricted Stock granted in January 2000.</TD>
</TR>

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<TR valign="top">
 <TD>(11) </TD>
 <TD align="left">
 Includes 34,675 shares owned by a family limited liability
 company (Franke Family LLC) of which Mr. Franke is a Member.</TD>
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<TR valign="top">
 <TD>(12) </TD>
 <TD align="left">
 Includes shares owned jointly by Mr. Kloosterman and his
 wife, and 23,269 shares held solely in
 Mrs. Kloosterman&#146;s name.</TD>
</TR>

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<TR valign="top">
 <TD>(13) </TD>
 <TD align="left">
 Includes 1,000 shares held in a private profit sharing plan for
 the benefit of Mr. Lowenthal and 300 unvested shares of
 Restricted Stock granted in January 2000.</TD>
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<TR valign="top">
 <TD>(14) </TD>
 <TD align="left">
 Includes 3,393 shares owned by a private pension plan for
 Mr. Parker&#146;s benefit and 3,000 shares owned by a trust
 of which Mr. Parker is sole trustee. Also includes stock
 options that currently are exercisable within 60 days to
 acquire 1,001 shares and 300 unvested shares of Restricted Stock
 granted in January 2000.</TD>
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<TR valign="top">
 <TD>(15) </TD>
 <TD align="left">
 Includes 300 unvested shares of Restricted Stock granted in
 January 2000.</TD>
</TR>

</TABLE>

<P align="center"><B>DIRECTORS AND OFFICERS OF THE COMPANY</B>

<P align="left"><B>Board of Directors and Committees of the Board</B>

<P align="left">     
The Board of Directors held 11 meetings during 1999. The Board of
 Directors has an Audit Committee, consisting of
Messrs. Korman and Kloosterman and Ms. Darling, a
Compensation Committee, consisting of Messrs. Franke, Eden
and Greer, a Nominating Committee, consisting of
Messrs. Bailey, Lowenthal and Parker, and an Independent
Directors Committee, consisting of Ms. Darling and
Mr. Greer.

<P align="left">     
The Audit Committee, which met three times in 1999, selects the
Company&#146;s independent accountants, approves the compensation
 to be paid to such accountants and reports to the Board
concerning the scope of audit procedures.

<P align="left">     
The Compensation Committee met twice during 1999 and has
responsibility for the compensation of the Company&#146;s key
management personnel and administration of the Company&#146;s
Amended and Restated Stock Option and Restricted Stock Plan and
the Company&#146;s 1993 Deferred Compensation Plan.

<P align="left">     
The Nominating Committee, which did not meet during 1999, reviews
 suggestions of candidates for director made by directors,
shareholders, management and others, and makes recommendations to
 the Board of Directors regarding the composition of the Board of
 Directors and nomination of individual candidates for election
to the Board of Directors. Suggestions by shareholders for
candidates should be submitted in writing to the office of the
President, Omega Healthcare Investors, Inc., 900 Victors Way,
Suite 350, Ann Arbor, Michigan 48108.

<P align="center">7

<!-- PAGEBREAK -->
<P><HR noshade><P>
<H5 align="left"><A HREF="#toc">Table of Contents</A></H5><P>

<P align="left">     
The Independent Directors Committee, which met four times during
1999, has responsibility for passing upon those issues with
respect to which a conflict may exist between the Company and
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Omega Worldwide, Inc., including issues with respect to the
Opportunity Agreement between them and the allocation of costs
between the Company and Worldwide pursuant to the Services
Agreement between them.

<P align="left"><B>Compensation Committee Report</B>

<P align="left">     
The Compensation Committee (the &#147;Committee&#148;) is
composed of outside directors who have never served as officers
of the Company. The Committee administers the Company&#146;s
Amended and Restated Stock Option and Restricted Stock Plan, and
1993 Deferred Compensation Plan, and has responsibility for other
 incentive and benefit plans. The Committee determines the
compensation of the Company&#146;s executive officers and reviews
 with the Board of Directors all aspects of compensation for the
Company&#146;s executive officers.

<P align="left">     
The policy of the Company and the guidelines followed by the
Committee provide that compensation to the Company&#146;s
executive officers should achieve the following objectives:
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<TR valign="top">
 <TD> </TD>
 <TD>1) </TD>
 <TD align="left">
 Assist the Company in attracting and retaining talented and
 well-qualified executives.</TD>
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 <TD>2) </TD>
 <TD align="left">
 Reward performance and initiative.</TD>
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<TR valign="top">
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 <TD>3) </TD>
 <TD align="left">
 Be competitive with other healthcare real estate investment
 trusts.</TD>
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 <TD>4) </TD>
 <TD align="left">
 Be significantly related to accomplishments and the
 Company&#146;s short-term and long-term successes, particularly
 measured in terms of growth in Funds from Operations.</TD>
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<TR valign="top">
 <TD> </TD>
 <TD>5) </TD>
 <TD align="left">
 Encourage executives to achieve meaningful levels of ownership of
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  the Company&#146;s stock.</TD>
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</TABLE>

<P align="left">     
The Company&#146;s compensation practices embody the principle
that annual bonuses should be based primarily on achieving
Company objectives that enhance long-term shareholder value, and
that meaningful stock ownership by management, including
participation in various benefit plans providing for stock
options, restricted stock and retirement, is desirable in
aligning shareholder and management interests.

<P align="left">     
The Company&#146;s approach to base compensation levels is to
offer competitive salaries in comparison with prevailing market
practices. The Committee annually examines market compensation
levels and trends. Additionally, for this purpose, the Committee
also considers the pool of executives who currently are employed
in similar positions in public companies, with emphasis on
salaries paid by real estate investment trusts.

<P align="left">     
The Committee evaluates executive officer salary decisions in
connection with an annual review and input from the Chief
Executive Officer. This annual review considers the
decision-making responsibilities of each position and the
experience, work performance and team-building skills of each
incumbent. The Committee views work performance as the single
most important measurement factor, followed by team-building
skills and decision-making responsibilities.

<P align="left">     
For executives other than the Chief Executive Officer, the
Committee gives consideration to both overall Company performance
 and the performance of the specific areas of the Company under
the incumbent&#146;s direct control. This balance supports the
accomplishment of overall objectives and rewards individual
contributions by executive officers. Individual annual bonuses
for each named executive are consistent with market practices for
 positions with comparable decision-making responsibilities.

<P align="left">     
In determining the compensation of the Company&#146;s Chief
Executive Officer, as well as the other Executive Officers, the
Committee takes into account various qualitative and quantitative
 indicators of corporate and individual performance in
determining the level and the composition of compensation. While
the Committee considers such performance measures as growth in
assets, market capitalization, dividends, earnings and funds from
 operations, the Committee does not apply any specific
quantitative formula in making compensation decisions. The
Committee also values the importance of achievements that may be
difficult to quantify and recognizes such qualitative factors.

<P align="center">8

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<P align="left">     
The compensation for Essel W. Bailey, Jr., the
Company&#146;s Chief Executive Officer, was established at
$440,000 in January 1999, and a cash bonus for 1999
performance of $66,000 was awarded in January 2000. In addition,
in January 2000 Mr. Bailey was granted 8,516 shares of
restricted stock under the Company&#146;s Amended and Restated
Stock Option and Restricted Stock Plan. The award vests one-half
in July 2000 and one-half in January 2001.

<P align="left">     
Mr. Bailey&#146;s base salary and bonus were established in
light of his duties and the scope of his responsibilities in the
context of the policies and guidelines enumerated above. In the
Committee&#146;s evaluation of total compensation for
Mr. Bailey, it gives appropriate weight to his leadership in
 the growth of the Company&#146;s assets, in obtaining financing
for that growth, and in accomplishing the Company&#146;s
short-term and long-term objectives.
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 Compensation Committee of the Board</TD>
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 Thomas F. Franke, Chairman</TD>
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 James E. Eden</TD>
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 Henry H. Greer</TD>
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</TABLE>

<P align="left"><B>Compensation of Directors</B>

<P align="left">     
The Company pays each non-employee director a fee of
$20,000 per year for services as a director, plus $1,500 for
 services as a Committee Chairperson and $500 for attendance at a
 meeting of the Board of Directors, or any Committee thereof. In
addition, the Company reimburses the directors for travel
expenses incurred in connection with their duties as directors.
Employee directors receive no compensation for service as
directors.

<P align="left">     
Mr. Parker, who formerly served as Chairman of the Board,
provided consulting services to the Company in 1999 in addition
to his service as a director. In his capacity as senior advisor
for the Company, Mr. Parker received $3,000 monthly.

<P align="left">     
Directors are eligible to participate in the Company&#146;s
Amended and Restated Stock Option and Restricted Stock Plan. Each
 non-employee director was awarded options with respect to 10,000
 shares at the date the Plan was adopted or on his or her
subsequent election as a director of the Company, and each
non-employee director is to be granted an additional option grant
 with respect to 1,000 shares on or after each anniversary of the
 initial grant. All grants have been and are to be at an exercise
 price equal to 100% of the fair market value of the
Company&#146;s common stock on the date of the grant.
Non-employee director options vest one third after each year for
three years. Each non-employee director also is awarded annually
300 shares of restricted stock, with each such grant of
restricted stock shares vesting six months after the date of
grant.

<P align="left">     
In addition, a borrowing program was adopted to enable directors
and employees to borrow funds from the Company with which to
purchase shares of the Company&#146;s common stock pursuant to
the exercise of stock options. See &#147;Certain
Transactions,&#148; below, for a more complete description of the
 borrowing program.

<P align="left"><B>Compensation of Executive Officers</B>

<P align="left">     
The following table sets forth, for the years ended
December 31, 1999, 1998 and 1997, the compensation for
services in all capacities to the Company of those persons who
were at December 31, 1999 (i) the chief executive
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officer and (ii) the other executive officers of the Company
 whose total 1999 salary and bonus exceeded $100,000.

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 Essel W. Bailey, Jr. </FONT></TD>
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 Chairman, President</FONT></TD>
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 and CEO</FONT></TD>
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 F. Scott Kellman</FONT></TD>
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 Susan A. Kovach</FONT></TD>
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 &#147;Other Annual Compensation&#148; includes the aggregate of
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  that exceed 10% of salary and bonus of each named executive.</TD>
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 Consists of Company contributions to its 401(k) Profit-Sharing
 Plan and provisions for each participant (or reversal of prior
 year provisions) under the Company&#146;s 1993 Deferred
 Compensation Plan, except as follows: with respect to
 Mr. Bailey, such amount includes $219,525 for 1998 from the
 settlement of the Directors&#146; Retirement Plan in 1998; with
 respect to Mr. Kellman, such amount includes a payment in
 1999 of $8,036 in consideration of acceleration of certain
 options (see &#147;Certain Transactions&#148;); with respect to
 Ms. Kovach, such amount includes a payment in 1999 of $3,325
  in consideration of acceleration of certain options; with
 respect to Mr. Rich, such amount includes a payment in 1999
 of $2,700 in consideration of acceleration of certain options;
 and with respect to Mr. Stover, such amount includes a
 payment in 1999 of $7,562 in consideration of acceleration of
 certain options.</TD>
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 On January 31, 2000, January 4, 1999 and
 December 19, 1997, Mr. Bailey was awarded 8,516 shares,
  4,655 shares, and 5,500 shares, respectively, of restricted
 common stock of the Company. The fair value of each award, based
 on the market prices of the common stock at the date of award,
 was $66,000, $140,500, and $203,500 for the awards with respect
 to 2000, 1999, and 1997, respectively. With respect to the 2000
 grant, one-half of the shares are to be released 180 days
 following the grant date, with the balance to be released on the
 anniversary of the grant. With respect to the 1999 and 1997
 grants, one-quarter of the shares were released 180 days
 following the grant date, with the balance to be released 25% per
  year on the anniversary of the grant in each of the following
 three years. Pursuant to the Plan, the recipient receives
 dividends on unvested shares. The number of unreleased shares and
  value of Mr. Bailey&#146;s restricted stock awards as of
 the end of last year were 6,948 shares and $88,153, of which
 3,246 shares were released in January 2000.</TD>
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 On January 31, 2000, January 4, 1999 and
 December 19, 1997, Mr. Kellman was awarded 7,097
 shares, 2,590 shares, and 3,050 shares, respectively, of
 restricted common stock of the Company. The fair value of each
 award, based on the market prices of the common stock at the date
  of award, was $55,000, $78,200, and $112,850 for the awards with
  respect to 2000, 1999, and 1997, respectively. With respect to
 the 2000 grant, one-half of the shares are to be released
 180 days following the grant date, with the balance to be
 released on the anniversary of the grant. With respect to the
 1999 and 1997 grants, one-quarter of the shares were released
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 180 days following the grant date, with the balance to be
 released 25% per year on the anniversary of the grant in each of
 the following three years. Pursuant to the Plan, the recipient
 receives dividends on unvested shares. The number of shares and
 value of Mr.  Kellman&#146;s</TD>
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 restricted stock awards as of the end of last year were 4,223
 shares and $53,579 of which 2,166 shares were released in
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 On January 31, 2000 and January 4, 1999,
 Ms. Kovach was awarded 3,355 shares and 1,030 shares,
 respectively, of restricted common stock of the Company. The fair
  value of each award, based on the market prices of common stock
 at the date of the award, was $26,000 and $31,100 for the awards
 with respect to 2000 and 1999, respectively. With respect to the
 2000 grant, one-half of the shares are to be released
 180 days following the grant date, with the balance to be
 released on the anniversary of the grant. With respect to the
 1999 grant, one-quarter of the shares were released 180 days
  following the grant date, with the balance to be released 25%
 per year on the anniversary of the grant in each of the following
  three years. Pursuant to the Plan, the recipient receives
 dividends on unvested shares. The number of unreleased shares and
  value of Ms. Kovach&#146;s restricted stock awards at the
 end of last year were 772 shares and $9,795, of which 258 shares
 were released in January 2000.</TD>
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 On January 31, 2000 Mr. Rich was awarded 3,548 shares
 of restricted common stock of the Company. The fair value of the
 award, based on the market price of common stock on the date of
 the award, was $27,500. With respect to this grant, one-half of
 the shares are to be released 180 days following the grant
 date, with the balance to be released on the anniversary of the
 grant. Pursuant to the Plan, the recipient receives dividends on
 unvested shares. The number of unreleased shares and value of
 Mr. Rich&#146;s restricted stock awards at the end of last
 year were 646 shares and $8,196 from a 1999 grant awarded before
 Mr. Rich became an officer, of which 216 shares were
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 On January 31, 2000, January 4, 1999 and
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 December 19, 1997, Mr. Stover was awarded 6,129 shares,
  2,930 shares, and 3,300 shares, respectively, of restricted
 common stock of the Company. The fair value of each award, based
 on the market prices of the common stock at the date of award,
 was $47,500, $88,400, and $122,100, for the award in 2000, 1999,
 and 1997, respectively. With respect to the 2000 grant, one-half
 of the shares are to be released 180 days following the
 grant date, with the balance to be released on the anniversary of
  the grant. With respect to the 1999 and 1997 grants, one-quarter
  of the shares were released 180 days following the grant
 date, with the balance to be released 25% per year on the
 anniversary of the grant in each of the following three years.
 Pursuant to the Plan, the recipient receives dividends on
 unvested shares. The number of shares and value of
 Mr. Stover&#146;s restricted stock awards as of the end of
 last year were 4,209 shares and $53,402, of which 1,920 shares
 were released in January 2000.</TD>
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<P align="left"><B>Options/ SAR Grants in Last Fiscal Year</B>

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options/ SARs granted during 1999 to the named executive.

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 During 1999, the Company offered certain holders of options the
 opportunity to accelerate the expiration date of options in
 consideration of a cash payment of 11 cents per share for the
 1999 grant. Options that were granted during 1999 to officers and
  were canceled pursuant to this arrangement are as follows:
 Mr. Stover 27,500 shares, Mr. Kellman 27,500 shares,
 Mr. Flaherty 22,500 shares, Ms. Kovach 17,500 shares,
 and Mr. Rich 15,000 shares. See &#147;Certain
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 Incentive stock options expire 10 years from the date of
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 The assumed annual rates of appreciation of 5% and 10% would
 result in the price of the Company&#146;s stock increasing, at
 the expiration date of the options, to $49.18 and $51.63 for the
 incentive stock and non-qualified stock, respectively, and $78.30
  and $86.13 for the incentive stock and non-qualified stock,
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 The Company does not elect to provide grant date present value as
  an alternative to disclosing potential realizable value.</TD>
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<P align="left"><B>Aggregated Options/ SAR Exercises in Last Fiscal Year and
Fiscal Year-End Option/ SAR Values</B>

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The following table summarizes options and SARs exercised during
1999 and presents the value of unexercised options and SARs held
by the named executives at Year-End:

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<P align="left"><B>Long-Term Incentive Plan</B>

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For the period from August 14, 1992 (date of commencement of
 operations of the Company) through December 31, 1999, the
company had no long-term incentive plans.

<P align="left"><B>Defined Benefit or Actuarial Plan</B>

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For the period from August 14, 1992 (date of commencement of
 operations of the Company) through December 31, 1999, the
Company had no pension plans.

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All REIT Index**
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 D.C. It is comprised of all REITs traded on the New York Stock
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 System. A list of those REITs is available by request to the
 Company or NAREIT.</TD>
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THIS GRAPH REPRESENTS HISTORICAL STOCK PRICE PERFORMANCE AND IS
NOT NECESSARILY INDICATIVE OF ANY FUTURE STOCK PRICE PERFORMANCE.

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THE REPORT OF THE COMPENSATION COMMITTEE AND THE PERFORMANCE
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MATERIAL OR TO BE FILED WITH THE SECURITIES AND EXCHANGE
COMMISSION UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES
EXCHANGE ACT OF 1934 OR INCORPORATED BY REFERENCE IN ANY DOCUMENT
 SO FILED.

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<B>CERTAIN TRANSACTIONS</B>
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The Company leases 5,823 square feet of office space at
905 West Eisenhower Circle, Suite 110, Ann Arbor,
Michigan 48103, from Circle Partners, a general partnership whose
 general partners are Essel W. Bailey, Jr., President and Chief
Executive Officer of the Company, and Thomas F. Franke, a
director of the Company. During 1998, the Company moved its
principal executive offices to 900 Victors Way, Suite 350,
Ann Arbor, Michigan 48108 and entered into a sublease agreement
with respect to 1,900 square feet of the Eisenhower space on
December 14, 1998. The Company entered into a second
sublease agreement with respect to an additional 3,000 square
feet of the Eisenhower space in July, 1999. The current lease
expires, concurrently with the expiration of the subleases, on
October 31, 2000. Rent payments totaling $104,057 were made
to Circle Partners in 1999. Current annual rent income on the
```

subleases is $78,611.

<P align="left">
In November, 1997 the Company formed Omega Worldwide, Inc., a
company which, among other things, furnishes asset management
services and management advisory services to firms extending
financing to providers of healthcare services, particularly
healthcare services to the elderly, throughout the world. On
April 2, 1998, the Company contributed substantially all of
its investment in Principal Healthcare Finance Limited
(“Principal”) to Worldwide in exchange for
8,500,000 shares of Worldwide Common Stock and

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<P><HR noshade><P>
<H5 align="left"><A HREF="#toc">Table of Contents</A></H5><P>

<DIV align="left">
260,000 shares of Series B preferred stock. Of the 8,500,000
shares of Worldwide received by the Company, approximately
5,200,000 were distributed on April 2, 1998 to the
shareholders of the Company on the basis of one Worldwide share
for every 3.77 common shares of the Company held by shareholders
of the Company on February 1, 1998. Of the remaining
3,300,000 shares of Worldwide received by the Company, 2,300,000
shares were sold by the Company on April 3, 1998 for net
proceeds of approximately $16,250,000 in a secondary offering
pursuant to a registration statement of Worldwide. The market
value of the distribution to shareholders approximated
$39 million or $1.99 per share.
</DIV>

<P align="left">
The Company and Worldwide have entered into an Opportunity
Agreement to provide each other with rights to participate in
certain transactions and make certain investments. The
Opportunity Agreement provides, subject to certain terms, that,
regardless of whether the following kinds of investments (each a
“REIT Opportunity”) first come to the attention of the
Company or Worldwide, the Company will have the right to: make
any investment within the United States (a) in real estate,
real estate mortgages, real estate derivatives or entities that
invest exclusively in or have a substantial portion of their
assets in any of the foregoing, so long as the Company’s
REIT status would not be jeopardized by the investment; and
(b) that, if made by a REIT, would not result in the
termination of the REIT’s status as a REIT under
Sections 856 through 860 of the Internal Revenue Code
(“Code”). However, Worldwide will have the right,
regardless of whether the following kinds of investments (each a
“Worldwide Opportunity”) first come to the attention of
the Company or Worldwide, to: (a) provide advisory services
and/or management services to any healthcare investors, wherever
located; (b) acquire or make debt and/or equity investments
(through a joint venture or otherwise) in any healthcare
investor or in healthcare real estate-related assets outside the
United States: (c) make investments in any entity conducting
healthcare operations; and (d) make any other real estate,
finance or other investments not customarily undertaken by a
qualified REIT. If Worldwide declines to pursue a Worldwide
Opportunity, it must offer that opportunity to the Company, and
if the Company declines to pursue a REIT Opportunity, it must
offer that opportunity to Worldwide. Each of the Company and
Worldwide may participate, in its discretion, in any REIT
Opportunity or Worldwide Opportunity that the other requests be
pursued jointly. The terms upon which each of the Company and
Worldwide elect to participate in such an opportunity will be
negotiated in good faith and must be mutually acceptable to the
respective boards of directors of the Company and Worldwide, with
the affirmative votes of the independent directors of the boards
of directors of the Company and Worldwide. Each of the Company
and Worldwide has agreed to notify the other of and make
available to the other investment opportunities developed by such
party or of which such party becomes aware but is unable or
unwilling to pursue. The Opportunity Agreement has a term of ten
years and automatically renews for successive five-year terms
unless terminated. In response to an opportunity offered to the
Company by Worldwide, the Company acquired the equivalent of up
to 9.9% of the common shares of Principal Healthcare Finance
Trust (“the Trust”), an Australian unit trust, which
owns 40 nursing home facilities and 475 assisted living units in
New South Wales.

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<P align="left">     
The Company and Worldwide have entered into a Services Agreement
pursuant to which the Company provides shared management and
other employees, office space and administrative services to
Worldwide. Worldwide reimburses the Company quarterly for a
portion of the Company&#146;s overhead expenses such as rent,
compensation and utilities, based on a formula determined by
dividing the value of the assets managed by Worldwide at the end
of each fiscal quarter by the sum of the value of the assets of
Worldwide and assets managed by the Company at the end of each
fiscal quarter. During the year ended December 31, 1999,
indirect costs allocated to Worldwide under the Services
Agreement totaled $754,000.

<P align="left">     
The Company has invested approximately $1,615,000 in Principal
Healthcare Finance Limited (&#147;Principal&#148;) as of
December 31, 1999. As of that date, Principal owns and
leases 235 nursing homes in the British Isles. Essel W. Bailey,
Jr., Chairman, President and Chief Executive Officer of the
Company, and Company directors Thomas F. Franke, Harold J.
Kloosterman, Bernard J. Korman and Robert L. Parker, have
invested in the aggregate, directly or indirectly, $2,170,000 in
Principal.

<P align="left">     
On January 14, 1998, the Board of Directors adopted a
program (the &#147;Borrowing Program&#148;) pursuant to which the
 Company has agreed to lend funds to employees and directors to
enable them to purchase the Company&#146;s common stock through
the exercise of stock options. The goal of the Borrowing Program
is to increase ownership of the Company&#146;s common stock by
employees and directors, and, as a result, to foster a

<P align="center">14

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<H5 align="left"><A HREF="#toc">Table of Contents</A></H5><P>

<DIV align="left">
proprietary feeling among employees and directors and to further
align the interests of employees and directors with those of the
Company&#146;s other shareholders. The maximum amount that an
employee may borrow under the Borrowing Program depends upon the
employee&#146;s salary level, with the maximum loan amount for
employees at the lower end of the salary range being $20,000, and
 the maximum loan amount for employees at the upper end of the
salary range being $300,000. The maximum loan amount for
directors is $300,000. Each loan bears interest at the
Company&#146;s borrowing cost, as determined by the
Company&#146;s management in its sole discretion. Interest is
payable quarterly, and all principal and accrued and unpaid
interest is due five years from the date of the loan. Upon
receipt by an employee of a cash bonus from the Company, the
employee is obligated to make a principal reduction payment equal
 to 10% of the amount of the net cash bonus. The loans are
secured by pledges of the stock purchased with the proceeds of
the loans. The Board of Directors has amended the Borrowing
Program to provide that, upon the occurrence of a change in
control, employees who are not directors are permitted to repay
the balance of loans made prior to March 20, 2000 in full
prior to December 31, 2000 by tendering their pledged shares
 of Company stock. In such case, the loan will be deemed
satisfied regardless of whether the pledged shares have a market
value less than the outstanding loan balance. If an employee does
 not want to surrender the Company stock, the loan may continue.
In that case, during the repayment period, the employee may
prepay the outstanding loan balance by tendering shares of
Company stock with a market value equal to the outstanding loan
balance. As long as a loan is not in default, the borrower may
vote the shares purchased and is entitled to receive all
dividends paid on the shares. At December 31, 1999, the
following loans were outstanding to executive officers and
non-employee directors:
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 Essel W. Bailey, Jr.</FONT></TD>
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 James E. Eden</FONT></TD>
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 James P. Flaherty</FONT></TD>
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 Thomas F. Franke</FONT></TD>
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 Harold J. Kloosterman</FONT></TD>
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 Bernard J. Korman</FONT></TD>
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 Robert L. Parker</FONT></TD>
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 David A. Stover</FONT></TD>
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<P align="left">     
The aggregate outstanding principal balance of loans made under
the Borrowing Program to employees who are not directors or
executive officers is $168,963. On December 1, 1999, as
payment in full for his promissory note in the amount of $296,189
 executed under the Borrowing Program, F. Scott Kellman, the
 Company&#146;s Chief Operating Officer, tendered to the Company
18,157 shares of common stock in the Company.

<P align="left">     
The Board of Directors has approved amended and restated Change
of Control Agreements between the Company and its executive
officers. Each Change of Control Agreement provides that the
Company will pay to the applicable executive officer as a
termination payment a lump sum amount equal to three times (five
times solely as to Mr. Bailey) the executive officer&#146;s
total annual compensation (salary, cash bonus, and value of
restricted stock grant, whether or not vested) for the most
recent year if a change of control of the Company occurs and
within three (3) years after the change of control either
(i) the Company terminates, without cause, the employment of
 an executive officer who, at the time of the change of control,
has been employed by the Company for at least two years, or
(ii) the executive officer who has been employed by the
Company for at least two years at the time of the change in
control terminates his or her employment for good reason.
&#147;Good reason&#148; is defined to include diminution in the
officer&#146;s position or duties, reduction in compensation or
benefits, relocation of the Company&#146;s headquarters or the
officer&#146;s place of employment to more than fifty miles away,
 or the expiration of 180 days following the occurrence of a
 change in control. For three years following such termination of
 employment, an executive officer also will be entitled to other
employee benefits substantially similar to those in effect at the
 time of the executive officer&#146;s termination. In addition,
the agreements provide that if any of the payments or benefits
received by the officer pursuant to the Change of Control
Agreement or pursuant to any other arrangement with the Company
are &#147;parachute payments&#148; that

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<H5 align="left"><A HREF="#toc">Table of Contents</A></H5><P>

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are subject to an excise tax, the Company will pay the officer
such additional amount as is necessary to put the officer in the
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same after-tax position as if no excise tax were imposed. In the
event of a dispute regarding the Change of Control Agreement, the
 Company is required to pay the officer&#146;s costs of
litigation.
</DIV>

<P align="left">     
The Board of Directors has approved an amendment to the
Company&#146;s 1993 Amended and Restated Stock Option and
Restricted Stock Plan. The amendment provides for immediate
vesting of all stock options and restricted stock (except for
certain grants that vest based on the performance of the
Company&#146;s common stock price) upon the occurrence of a
change in control. The amendment also clarifies that the
Compensation Committee may accelerate the vesting of stock
options or restricted stock if a participant&#146;s employment is
 terminated.

<P align="left">     
On December 30, 1998, the Company made a $6,000,000 loan to
Oakwood Living Centers of Massachusetts, Inc., an affiliate of
Oakwood Living Centers, Inc., of which James E. Eden, a
director of the Company, also is Chairman and Chief Executive
Officer. The loan is secured by a second mortgage lien on six
skilled nursing facilities located in Massachusetts, bears
interest at 14% per annum and currently is past due. The Company
believes that the loan is adequately secured and is evaluating
its remedies.

<P align="left">     
On December 2, 1999, the Company accelerated the expiration
of stock options previously granted to certain officers and
employees upon payment of amounts determined by the Compensation
Committee to be appropriate based upon utilization of the
Black-Scholes methodology of valuing stock options. The Company
paid a total of $38,000 to twenty-two employees who were holders
of options for 431,830 shares, including the following amounts
paid to certain executive officers in connection therewith:

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 <TD align="center" nowrap><FONT size="2"><B>Executive Officer</B></FONT></TD>
 <TD></TD>
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 <TD align="center" nowrap colspan="3"><FONT size="2"><B>Payment</B></FONT></TD>
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 James P. Flaherty</FONT></TD>
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 <TD align="left" valign="top"><FONT size="2">
 F. Scott Kellman</FONT></TD>
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 <TD></TD>
 <TD></TD>
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 <TD align="left" valign="top"><FONT size="2">
 Susan A. Kovach</FONT></TD>
 <TD></TD>
 <TD></TD>
 <TD align="right" valign="bottom" nowrap><FONT size="2">37,500</FONT></TD>
 <TD></TD>
 <TD></TD>
 <TD align="right" valign="bottom"><FONT size="2">$</FONT></TD>
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 <TD align="left" valign="top"><FONT size="2">
 Laurence D. Rich</FONT></TD>
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 <TD align="right" valign="bottom" nowrap><FONT size="2">30,000</FONT></TD>
 <TD></TD>
 <TD></TD>
 <TD align="right" valign="bottom"><FONT size="2">$</FONT></TD>
 <TD align="right" valign="bottom" nowrap><FONT size="2">2,700</FONT></TD>
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 David A. Stover</FONT></TD>
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 <TD align="right" valign="bottom" nowrap><FONT size="2">84,653</FONT></TD>
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 <TD></TD>
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 <TD align="right" valign="bottom" nowrap><FONT size="2">7,562</FONT></TD>
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<P align="left">     
In connection with the 1994 relocation of F. Scott Kellman, Chief
 Operating Officer, from the Philadelphia metropolitan area to
Ann Arbor, Michigan, the Company loaned him $220,000 to enable
him to purchase a home in Ann Arbor, all of which has been repaid
 except $62,000. The loan is secured by a lien on
Mr. Kellman&#146;s residence, and bears interest at 7.05%
per annum. Interest is payable monthly, and principal
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installments are payable annually.

<P align="left">     
Finally, in connection with the Company&#146;s acquisition of
facilities operated by Raintree Healthcare Corporation prior to
its February 29, 2000 bankruptcy filing, the Company created
 a special purpose acquisition subsidiary, in which the Company
acquired only preferred stock. Mr. Bailey contributed
$22,500 to the subsidiary, in exchange for which he received all
of the common and voting shares in the subsidiary.

<P align="center"><B>RELATIONSHIP WITH INDEPENDENT AUDITORS</B>

<P align="left">     
Ernst &#38; Young LLP audited the Company&#146;s financial
statements for each of the years ended December 31, 1997,
1998 and 1999. Representatives of Ernst &#38; Young LLP are
expected to be present at the Annual Meeting and will be given
the opportunity to make a statement if they desire to do so. It
is also expected that they will be available to respond to
appropriate questions from shareholders at the Annual Meeting.

<P align="center"><B>SHAREHOLDERS PROPOSALS</B>

<P align="left">     
November 6, 2000 is the date by which proposals of
shareholders intended to be presented at the Annual Meeting of
Shareholders, held on or about April 17, 2001, must be
received by the Company for inclusion in the Company&#146;s proxy
 statement and form of proxy relating to that meeting.

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<P><HR noshade><P>
<H5 align="left"><A HREF="#toc">Table of Contents</A></H5><P>

<P align="center"><B>EXPENSES OF SOLICITATION</B>

<P align="left">     
The total cost of this solicitation will be borne by the Company.
 In addition to use of the mails, proxies may be solicited by
directors, officers and regular employees of the Company
personally and by telephone, telex or facsimile. The Company may
reimburse persons holding shares in their own names or in the
names of the nominees for expenses such persons incur in
obtaining instructions from beneficial owners of such shares. The
 Company has also engaged Georgeson &#38; Company Inc. to solicit
 proxies for a fee not to exceed $7,500 plus out-of-pocket
expenses.

<P align="center"><B>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</B>

<P align="left">     
Edward Lowenthal&#146;s Form 4 for the month of August, 1999
 was required to be filed by September 10, 1999 and was
filed on November 9, 1999.

<P align="center"><B>OTHER MATTERS</B>

<P align="left">     
The Board of Directors knows of no other business to be presented
 at the Annual Meeting, but if other matters do properly come
before the Annual Meeting, it is intended that the persons named
in the proxy will vote on said matters in accordance with their
best judgment.
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 ESSEL W. BAILEY, JR.</TD>
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 <I>President and Chief Executive Officer</I></TD>
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<P align="left">March 31, 2000

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Ann Arbor, Michigan
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<P><HR noshade><P>
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<P align="center"><B>OMEGA HEALTHCARE INVESTORS, INC.<BR>
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS</B>

<P align="left"><B>PROXY</B>

<P>The undersigned hereby appoints Susan Allene Kovach and David A. Stover and each
of them, as proxies, each with the power to appoint his or her substitute to
represent and to vote as designated below, all the shares of Common Stock of
Omega Healthcare Investors, Inc. held of record by the undersigned on February
29, 2000 at the Annual Meeting of Stockholders to be held on May 3, 2000 or any
adjournment thereof.

<P>In their discretion, the proxies are authorized to vote upon such other business
as may properly come before the meeting and at any adjournment thereof.

<P>This Proxy when properly executed will be voted in the manner directed herein by
the undersigned. If no specification is made, the Proxy will be voted FOR the
election of the directors named in the Proxy Statement.

<P>If any nominee named above declines or is unable to serve as a director, the
persons named as proxies, and each of them, shall have full discretion to vote
for any other person who may be nominated.


<P align="center">(Continued, and to be marked, dated and signed, on the other side)


<P align="right"><B>SEE REVERSE<BR>
SIDE</B>

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<P>/x/ (Please mark your<BR>
votes as in this<BR>
example.


<P align="center"><B>The Directors recommend a vote FOR Proposals 1 and 2.</B>

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        <TD nowrap align="center"><FONT size="2"><B>WITHHELD</B></FONT></TD>
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Election of
Directors
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        <TD  align="left" valign="top"><FONT size="2">/  /
</FONT></TD>
        <TD></TD>
        <TD  align="left" valign="top"><FONT size="2">James E.
Eden<BR>
Thomas F. Franke<BR>
Bernard J. Korman</FONT></TD>
</TR>
</TABLE>
</CENTER>
<P>[INSTRUCTION: To withhold authority to vote for any individual nominee, write
that nominee&#146;s name in the space provided below.]<br><br>
<hr align=left width="35%" noshade>

<P>
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<TR valign="top">
        <TD width="50%"> </TD>
        <TD width="50%"><FONT size="3">NOTE: Please sign exactly as<BR>
name appears on this Proxy. When<BR>
shares are held by joint<BR>
tenants, both should sign. When<BR>
signing as attorney, executor,<BR>
administrator, trustee or<BR>
guardian, please give full title<BR>
as such. If a corporation,<BR>
please sign in full corporate<BR>
name by President or other<BR>
authorized officer. If a<BR>
partnership, please sign in<BR>
partnership name by authorized<BR>
person.</FONT></TD>
</TR>
</TABLE>



<P>
<TABLE width="100%" border="0" cellpadding="0" cellspacing="0">
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        <TD width="50%"> </TD>
        <TD width="50%"><FONT size="3">Please check the box if you plan<BR>
to attend the Annual Meeting in<BR>
person. / /</FONT></TD>

</TR>
</TABLE>


<CENTER>
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<TR valign="bottom">
        <TD width="10%"> </TD>
        <TD width="60%"> </TD>
        <TD width="5%"> </TD>
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        <TD width="20"> </TD>
</TR>
<TR valign="bottom">
<TD valign="top" nowrap><FONT size="2">SIGNATURE(S)</FONT></TD>
        <TD> </TD>
        <TD  align="left" valign="top"><FONT size="2">DATE</FONT></TD>
        <TD></TD>
</TR>
<TR valign="bottom">
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        <TD><HR noshade></TD>
        <TD></TD>
        <TD><HR noshade></TD>
</TR>

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<P>

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      <TD width="1%" align="left"> </TD>
        <TD width="3%">NOTE:</TD>
      <TD width="1%" align="left"> </TD>
        <TD width="96%"> Please sign exactly as name appears hereon. Joint owners should each sign.
When signing as attorney, executor, administrator, trustee or guardian, please
give full title as such. This proxy will not be used if you attend the meeting
in person and so request.</TD>
</TR>
</TABLE>
<p>

<HR size="1">




<P align="center"><B>- FOLD AND DETACH HERE -</B>



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