

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

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) June 1, 1998

OMEGA HEALTHCARE INVESTORS, INC.

(Exact name of registrant as specified in its charter)

MARYLAND 1-11316 NO. 38-3041398

(State or other (Commission (IRS Employer
jurisdiction of File No.) Identification
incorporation) No.)

905 WEST EISENHOWER CIRCLE, SUITE 110, ANN ARBOR, MI 48103

(Address of principal executive officers) (Zip Code)

Registrant's telephone number, including area code (734) 747-9790

NOT APPLICABLE

(Former name or former address, if changed since last report.)

Item 7. Financial Statements and Exhibits

(c) Exhibits

- 1 Underwriting Agreement dated June 5, 1998 relating to the 6.95% Notes due 2002
- 4 Form of Supplemental Indenture No. 1 dated as of June 1, 1998 relating to the 6.95% Notes due 2002
- 8 Opinion of Counsel to the Registrant regarding tax consequences

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 hereunto duly authorized.

OMEGA HEALTHCARE INVESTORS, INC.

(Registrant)

Date: June 9, 1998

By: /s/ David A. Stover

David A. Stover
Chief Financial Officer

EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----
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4	Form of Supplemental Indenture No. 1 dated as of June 1, 1998 relating to the 6.95% Notes due 2002.
8	Opinion of Counsel to the Registrant regarding tax consequences.

OMEGA HEALTHCARE INVESTORS, INC.

DEBT SECURITIES

Underwriting Agreement

June 5, 1998

To the Representatives named in
Schedule I hereto of the
Underwriters named in Schedule II
hereto

Ladies and Gentlemen:

Omega Healthcare Investors, Inc., a Maryland corporation (the "COMPANY"), proposes to issue and sell to the underwriters named in Schedule II hereto (the "UNDERWRITERS"), for whom you are acting as representatives (the "REPRESENTATIVES"), the principal amount of its debt securities identified in Schedule I hereto (the "SECURITIES"), to be issued under the indenture specified in Schedule I hereto (the "INDENTURE") between the Company and NBD Bank (the "TRUSTEE"). If the firm or firms listed in Schedule II hereto include only the firm or firms listed in Schedule I hereto, then the terms "Underwriters" and "Representatives", as used herein, shall each be deemed to refer to such firm or firms.

The Company has prepared and filed with the Securities and Exchange Commission (the "COMMISSION") in accordance with the provisions of Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively, the "SECURITIES ACT"), a registration statement (the file number of which is set forth in Schedule I hereto) on Form S-3, relating to certain debt securities (the "SHELF SECURITIES") to be issued from time to time by the Company. The Company also has filed with, or proposes to file with, the Commission pursuant to Rule 424 under the Securities Act a prospectus supplement specifically relating to the Securities. The registration statement as amended to the date of this Agreement is hereinafter referred to as the "REGISTRATION STATEMENT" and the related prospectus covering the Shelf Securities in the form first used to confirm sales of the Securities is hereinafter referred to as the "BASIC PROSPECTUS". The Basic Prospectus as supplemented by the prospectus supplement specifically relating to the Securities in the form first used to confirm sales of the Securities is hereinafter referred to as the "PROSPECTUS". If the Company has filed an abbreviated registration statement

pursuant to Rule 462(b) under the Securities Act (the "RULE 462 REGISTRATION STATEMENT"), then any reference herein to the term "Registration Statement" shall be deemed to include such Rule 462 Registration Statement. Any reference in this Agreement to the Registration Statement, the Basic Prospectus, any preliminary form of Prospectus (a "PRELIMINARY PROSPECTUS") previously filed with the Commission pursuant to Rule 424 or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Securities Act which were filed under the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder (collectively, the "EXCHANGE ACT") on or before the date of this Agreement or the date of the Basic Prospectus, any preliminary prospectus or the Prospectus, as the case may be; and any reference to "amend", "amendment" or "supplement" with respect to the Registration Statement, the Basic Prospectus, any preliminary prospectus or the Prospectus shall be deemed to refer to and include any documents filed under the Exchange Act after the date of this Agreement, or the date of the Basic Prospectus, any preliminary prospectus or the Prospectus, as the case may be, which are deemed to be incorporated by reference therein.

The Company hereby agrees with the Underwriters as follows:

1. The Company agrees to issue and sell the Securities to the several Underwriters as hereinafter provided, and each Underwriter, on the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, agrees to purchase, severally and not jointly, from the Company the respective principal amount of Securities set forth opposite such Underwriter's name in Schedule II hereto at the purchase price set forth in Schedule I hereto plus accrued interest, if any, from the date specified in

Schedule I hereto to the date of payment and delivery.

2. The Company understands that the several Underwriters intend (i) to make a public offering of their respective portions of the Securities and (ii) initially to offer the Securities upon the terms set forth in the Prospectus.

3. Payment for the Securities shall be made by wire transfer in immediately available funds to the account specified by the Company to the Representatives, no later than noon the Business Day (as defined below) prior to the Closing Date (as defined below), on the date and at the time and place set forth in Schedule I hereto (or at such other time and place on the same or such other date, not later than the third Business Day (as defined below) thereafter, as you and the Company may agree in writing). As used herein, the term "BUSINESS DAY" means any day other than a day on which banks are permitted or required to be closed in New York City. The time and date of such payment and delivery

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with respect to the Designated Securities are referred to herein as the "CLOSING DATE".

Payment for the Securities shall be made against delivery to the nominee of The Depository Trust Company for the respective accounts of the several Underwriters of the Securities of one or more global notes (the "GLOBAL NOTE") representing the Securities, with any transfer taxes payable in connection with the transfer to the Underwriters of the Securities duly paid by the Company. The Global Note will be made available for inspection by the Representatives at the office of J.P. Morgan Securities Inc. at the address set forth above not later than 1:00 P.M., New York City time, on the Business Day prior to the Closing Date.

4. The Company represents and warrants to and agrees with each Underwriter that as of the date hereof and as of the Closing Date:

(a) The Company meets the requirements for use of Form S-3 under the Securities Act, and has prepared, in conformity with the Securities Act, and has filed the Registration Statement on Form S-3 which has become effective for the registration of up to \$200,000,000 aggregate issue price of securities including the Securities. The Registration Statement, as declared effective and each amendment thereto declared effective through the date of this Agreement, meets the requirements set forth in Rule 415(a)(1) under the Securities Act and complies in all material respects with such Rule. No stop order suspending the effectiveness of the Registration Statement has been issued and no proceeding for that purpose has been instituted or, to the knowledge of the Company, threatened by the Commission. The Company has filed or will promptly file with the Commission pursuant to Rule 424 under the Securities Act a supplement to the form of prospectus included in such registration statement related to the Securities and the plan of distribution of the Securities. Copies of the Registration Statement, including any amendments thereto, each related preliminary prospectus (meeting the requirements of the Securities) contained therein, the exhibits, financial statements and schedules have heretofore been delivered by the Company to you;

(b) the Registration Statement has been declared effective by the Commission under the Securities Act; the Commission has not issued, and is not to the best knowledge of the Company threatening to issue, an order preventing or suspending the use of any Preliminary Prospectus or the Prospectus nor instituted proceedings for that purpose; and the Registration Statement and Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) comply, or will comply, as the case may be, in all material respects with

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the Securities Act and the Trust Indenture Act of 1939, as amended, and the rules and regulations of the Commission thereunder (collectively, the "TRUST INDENTURE ACT"), and do not and will not, as of the applicable effective date as to the Registration Statement and any amendment thereto and as of the date of the Prospectus and any amendment or supplement thereto, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and the Prospectus, as amended or supplemented at the Closing Date, if

applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the foregoing representations and warranties shall not apply to (i) that part of the Registration Statement which constitutes the Statement of Eligibility and Qualification (Form T-1) under the Trust Indenture Act of the Trustee, and (ii) statements or omissions in the Registration Statement or the Prospectus made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use therein;

(c) the documents incorporated by reference in the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and any further documents so filed and incorporated by reference in the Prospectus or any further amendment or supplement thereto, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(d) the Company has full right and corporate power and authority to enter into this Agreement and the Indenture and to perform the transactions contemplated hereby and thereby. The filing of the Registration Statement and the execution and delivery of this Agreement and the Indenture have been duly authorized by the Board of Directors of the Company. This Agreement and the Indenture each constitute a valid

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and legally binding obligation of the Company enforceable in accordance with its terms (except to the extent the enforceability of the indemnification, exculpation and contribution provisions of Section 7 hereof may be limited by applicable law, and except as enforceability of this Agreement and the Indenture may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws affecting creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law). The issue and sale of the Securities by the Company and the performance of this Agreement and the Indenture by the Company and the consummation of the transactions herein and therein contemplated will not result in a violation of the Company's articles of incorporation or bylaws or result in a breach or violation of the Company's articles of incorporation or bylaws or result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Company or its Subsidiary entities identified on Schedule III hereto (the "SUBSIDIARIES") under, any statute which is applicable to it, or under any indenture, mortgage, deed or trust, note, loan agreement, sale and leaseback arrangement or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which they are bound or to which any of the properties or assets of the Company or the Subsidiaries is subject, or any order, rule or regulation applicable to the Company or any of the Subsidiaries of any court or public, regulatory or governmental agency or body having jurisdiction over the Company or the Subsidiaries or their properties, other than any such breach, violation, default, lien, charge or encumbrance, as the case may be, which does not materially adversely affect the business of the Company and the Subsidiaries taken as a whole. No consent, approval, authorization, order, registration or qualification of or with any court or public, regulatory or governmental agency or body is required for the consummation of the transactions herein contemplated, except such as have been obtained under the Securities Act, the Trust Indenture Act and as may be required by the National Association of Securities Dealer, Inc. (the "NASD") or any state securities laws;

(e) the financial statements, and the related notes thereto, included or incorporated by reference in the Registration Statement and the Prospectus present fairly the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates indicated and the results of their operations and the changes in their consolidated cash flows for the periods specified; said financial

statements have been prepared in conformity with generally accepted accounting principles

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applied on a consistent basis, and the supporting schedules included or incorporated by reference in the Registration Statement present fairly the information required to be stated therein;

(f) except as described in the Prospectus, neither the Company nor any of the Subsidiaries has sustained since the date of the latest audited financial statements included in the Prospectus any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, which loss or interference could reasonably be expected to have a material adverse effect on the business of the Company and the Subsidiaries taken as a whole. Except as contemplated in the Prospectus, subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, the Company and the Subsidiaries taken as a whole have not incurred any material liabilities or material obligations, direct or contingent, other than in the ordinary course of business, or entered into any material transactions not in the ordinary course of business, and there has not been any material change in the capital stock or long-term debt of the Company and the Subsidiaries taken as a whole or any material adverse change in the financial condition, net worth, business, management, or results of operations of the Company and the Subsidiaries taken as a whole. The Company and the Subsidiaries have filed all necessary federal, state and foreign income and franchise tax returns and paid all taxes shown as due thereon, except as are being contested by the Company or the Subsidiaries in good faith. All tax liabilities, including those being contested by the Company or the Subsidiaries, are adequately provided for on the books of the Company and the Subsidiaries except to such extent as would not materially adversely affect the business of the Company and the Subsidiaries taken as a whole. The Company and the Subsidiaries have made all required payroll tax payments and are current and up-to-date as of the date of this Agreement to the extent necessary to avoid a material adverse effect on the business of the Company and the Subsidiaries taken as a whole. The Company and the Subsidiaries have no knowledge of any tax proceeding or action pending or threatened against the Company or the Subsidiaries which could materially adversely affect their business or property taken as a whole;

(g) the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each

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other jurisdiction in which it owns or leases properties, or conducts any business, so as to require such qualification, other than where the failure to be so qualified or in good standing would not have a material adverse effect on the Company and its Subsidiaries taken as a whole;

(h) each of the Company's Subsidiaries has been duly incorporated and is validly existing as a corporation under the laws of its jurisdiction of incorporation, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, other than where the failure to be so qualified or in good standing would not have a material adverse effect on the Company and its Subsidiaries taken as a whole; and all the outstanding shares of capital stock of each Subsidiary of the Company have been duly authorized and validly issued, are fully-paid and non-assessable, and (except in the case of foreign Subsidiaries, for directors' qualifying shares) are owned by the Company, directly or indirectly, free and clear of all liens, encumbrances, security interests and claims;

(i) this Agreement has been duly authorized, executed and delivered by the Company;

(j) the Securities have been duly authorized, and, when issued and delivered pursuant to this Agreement, will have been duly executed, authenticated, issued and delivered and will constitute valid and binding obligations of the Company entitled to the benefits provided by the Indenture; the Indenture has been duly authorized and upon effectiveness of the Registration Statement will have been duly qualified under the Trust Indenture Act and, when executed and delivered by the Company and the Trustee, the Indenture will constitute a valid and binding instrument; and the Securities and the Indenture will conform to the descriptions thereof in the Prospectus in all material respects;

(k) neither the Company nor any of its Subsidiaries is, or with the giving of notice or lapse of time or both would be, in violation of or in default under, its Certificate of Incorporation or By-Laws or any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which it or any of them or any of their respective properties is bound, except for violations and defaults which individually and in the aggregate are not material to the Company and its Subsidiaries taken as a whole; the issue and sale of the Securities and the performance by the Company of all its

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obligations under the Securities, the Indenture and this Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound or to which any of the property or assets of the Company or any of its Subsidiaries is subject, nor will any such action result in any violation of the provisions of the Certificate of Incorporation or the By-Laws of the Company or any applicable law or statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company, its Subsidiaries or any of their respective properties; and no consent, approval, authorization, order, license, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Securities or the consummation by the Company of the transactions contemplated by this Agreement or the Indenture, except such consents, approvals, authorizations, orders, licenses, registrations or qualifications as have been obtained under the Securities Act, the Trust Indenture Act and as may be required under state securities or Blue Sky Laws in connection with the purchase and distribution of the Securities by the Underwriters;

(l) the Company and the Subsidiaries have good and marketable title to all real property or interests in real property described in the Prospectus under the caption "Properties" as being owned by it or any of them, in each case free and clear of all liens, encumbrances and defects except such as are described in the Prospectus or such as do not materially adversely affect the value of such property and interests and do not interfere with the use made and proposed to be made of such property and interests by the Company and the Subsidiaries; the Company and the Subsidiaries have obtained satisfactory confirmation (consisting of policies of title insurance of commitments or binders therefor or opinions of counsel based upon the examination of abstracts) confirming, except as otherwise described in the Prospectus, (A) that the Company and the Subsidiaries have the foregoing title to such real property and interests in real property, and (B) that the instruments securing the Company's and the Subsidiaries' real estate mortgage loans create valid liens upon the real properties described in such instruments enjoying the priorities intended, subject only to exceptions to title which do not materially adversely affect the value of such real properties and interests in relation to the Company and the Subsidiaries considered as one enterprise; and all leases to which the Company or the Subsidiaries is a lessee relating to real property are valid and binding agreements of the Company or the Subsidiaries and no default exists or is continuing thereunder, and the Company or the

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Subsidiary enjoys peaceful and undisturbed possession under all such leases to which it is a party as lessee;

(m) the Company has been organized in conformity with the requirements for qualification, and with respect to all tax periods regarding which the Internal Revenue Service is or will be entitled to assert any claim, assessment or adjustment, has operated and as of the date hereof operates, and as of the Closing Date will operate, in a manner that qualifies the Company as a "real estate investment trust" (a "REIT") under the Internal Revenue Code of 1986, as amended (the "CODE"), and the rules and regulations thereunder, and will continue to operate in such a manner after consummation of the transactions contemplated by the Prospectus and any Preliminary Prospectus;

(n) other than as set forth or contemplated in the Prospectus, there are no legal or governmental investigations, actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries or any of their respective properties or to which the Company or any of its Subsidiaries is or may be a party or to which any property of the Company or any of its Subsidiaries is or may be the subject which, if determined adversely to the Company or any of its Subsidiaries, could individually or in the aggregate have, or reasonably be expected to have, a material adverse effect on the general affairs, business, prospects, management, financial position or results of operations of the Company and its Subsidiaries taken as a whole; and there are no contracts or other documents that are required to be filed as an exhibit to the Registration Statement which are not filed; the contracts and documents to which the Company or any of the Subsidiaries is a party which are so described in the Registration Statement are in full force and effect on the date hereof; and neither the Company nor any of the Subsidiaries nor, to the best knowledge of the Company, any other party is in breach of or default under any of such contracts; provided that this representation shall not apply to defaults which in the aggregate could not materially adversely affect the financial condition or the business of the Company and the Subsidiaries taken as a whole;

(o) The Company has duly and validly authorized capital stock as described in the Prospectus;

(p) immediately after any sale of Securities by the Company hereunder, the aggregate amount of Securities which have been issued and sold by the Company hereunder and of any securities of the Company (other than the Securities) that shall have been issued and sold pursuant to

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the Registration Statement will not exceed the amount of securities registered under the Registration Statement;

(q) Ernst & Young, LLP who have certified certain financial statements of the Company and its Subsidiaries filed with the Commission as part of the Registration Statement, some of which are included in the Prospectus, are independent public accountants as required by the Securities Act;

(r) no relationship, direct or indirect, exists between or among the Company or any of its Subsidiaries on the one hand, and the directors, officers, stockholders, customers or suppliers of the Company or any of its Subsidiaries on the other hand, which is required by the Securities Act to be described in the Registration Statement and the Prospectus which is not so described;

(s) the Company is not and, after giving effect to the offering and sale of the Securities, will not be an "investment company" or an entity "controlled" by an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended (the "INVESTMENT COMPANY ACT");

(t) the Company has complied with all provisions of Section 517.075, Florida Statutes (Chapter 92-198, Laws of Florida) relating to doing business with the Government of Cuba or with any person or affiliate located in Cuba;

(u) the Company and its Subsidiaries have filed all federal, state, local and foreign tax returns which have been required to be filed and have paid all taxes shown thereon and all assessments received by them or any of them to the extent that such taxes have become due and are not being contested in good faith; and, except as disclosed in the Registration Statement and the Prospectus, there is no

tax deficiency which has been or to the knowledge of the Company, might reasonably be expected to be asserted or threatened against the Company or any Subsidiary which would have a material adverse effect on the Company and its Subsidiaries.

(v) each of the Company and its Subsidiaries owns, possesses or has obtained all licenses, permits, certificates, consents, orders, approvals and other authorizations from, and has made all declarations and filings with, all federal, state, local and other governmental authorities (including foreign regulatory agencies), all self-regulatory organizations and all courts and other tribunals, domestic or foreign, necessary to own or lease, as the case may be, and to operate its properties and to carry on its

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business as conducted as of the date hereof, except such licenses, permits, certificates, consents, orders, approvals, authorizations, declarations and filings, the absence of which, in the aggregate, could not reasonably be expected to have a material adverse effect on the Company and its Subsidiaries, and neither the Company nor any such Subsidiary has received any actual notice of any proceeding relating to revocation or modification of any such license, permit, certificate, consent, order, approval or other authorization, except as described in the Registration Statement and the Prospectus and except such licenses, permits, certificates, consents, orders, approvals and authorizations, the modification or revocation of which, in the aggregate, could not reasonably be expected to have a material adverse effect on the Company and its Subsidiaries; and each of the Company and its Subsidiaries is in compliance with all laws and regulations relating to the conduct of its business as conducted as of the date hereof except for violations which, in the aggregate, could not reasonably be expected to have a material adverse effect on the Company and its Subsidiaries;

(w) there are no existing or, to the best knowledge of the Company, threatened labor disputes with the employees of the Company or any of its Subsidiaries which are likely to have a material adverse effect on the Company and its Subsidiaries taken as a whole;

(x) neither the Company nor any of the Subsidiaries is in default with respect to any contract or agreement to which it is a party; provided that this representation shall not apply to defaults which in the aggregate could not materially adversely affect the financial condition or the business of the Company and the Subsidiaries taken as a whole;

(y) neither the Company, any of the Subsidiaries or, to the best of the Company's knowledge, any lessee or sublessee of any Property or any portion thereof, is in breach or violation of any provision of its certificate of incorporation or bylaws or any laws, ordinances or governmental rules or regulations to which it is subject, including, without limitation, Section 13(b) of the Exchange Act, and neither the Company, any of the Subsidiaries or, to the best of the Company's knowledge, any lessee or sublessee of any Property or any portion thereof, has failed to obtain, maintain or comply with the terms of any of the material licenses, certificates, permits, franchises, easements, consents, or other governmental authorizations necessary to the ownership, leasing and operation of its properties or to the conduct of its business, which breach, violation or failure would materially adversely affect the business, operations, properties, profits or financial condition of the Company and the Subsidiaries taken as a whole;

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(z) except as described in the Prospectus, the Company and the Subsidiaries own or possess, or can acquire on commercially reasonable terms, such patent licenses, trademarks, service marks, trade names and other intellectual property rights as are materially necessary for the conduct of the businesses now operated by them taken as a whole, and neither the Company nor any of the Subsidiaries has received any notice from any party of any infringement of or conflict with asserted rights of any other party with respect to any patent licenses, trademarks, service marks, trade names or other intellectual property rights which infringements or violations, singly or in the aggregate, if the same

were to be the subject of an unfavorable judicial or governmental decision or ruling against the Company or any of the Subsidiaries which is unappealable by the Company or any such Subsidiary, would materially adversely affect the business, operations or financial condition of the Company and the Subsidiaries taken as a whole;

(aa) except as described in the Prospectus, to the best of the Company's knowledge: (i) there has been no storage, disposal, generation, transportation, handling or treatment of hazardous substances or solid wastes by the Company or any of the Subsidiaries (or to the best knowledge of the Company, any of their predecessors in interest or any lessees or sublessee of any Property or any portion thereof) at, upon or from any of the property now or previously owned or leased by the Company, any of the Subsidiaries or, to the best of the Company's knowledge, any lessee or any sublessee of any Property or any portion thereof, in violation of any applicable law, ordinance, rule, regulation, order, judgment, decree or permit or which would require remedial action which has not been taken, under any applicable law, ordinance, rule, regulation, order, judgment, decree or permit, except for any violation or failure to take remedial action which would not result in, singularly or in the aggregate with all such violations and remedial actions, any material adverse change in the financial condition, results of operations, business or properties of the Company and the Subsidiaries taken as a whole; (ii) there has been no material spill, discharge, leak, emission, injection, escape, dumping or release of any kind into such property or into the environment surrounding such property by the Company, any of the Subsidiaries or, to the best of the Company's knowledge, any lessee or any sublessee of any Property or any portion thereof, of any solid waste or hazardous substances, except for any such spill, discharge, leak, emission, injection, escape, dumping or release which would not result in, singularly or in the aggregate with all such spills, discharges, leaks, emissions, injections, escapes, dumpings and release, any material adverse change in the financial condition, results of operation, business or properties of the

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Company and the Subsidiaries taken as a whole, and (iii) the Company has complied with the disclosure requirements under the Securities Act and the Exchange Act with respect to environmental matters. For the purposes of this paragraph, the term "hazardous substances" and "solid wastes" shall have the meanings specified in any applicable local, state and federal laws or regulations with respect to environmental protection;

(bb) with respect to the properties described in the Prospectus or reflected in the Company's consolidated financial statements included or incorporated by reference therein, the Company and the Subsidiaries (i) are in compliance with any and all applicable foreign, Federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("ENVIRONMENTAL LAWS"), (ii) have obtained all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any permit, license, approval, except where such noncompliance or failure to obtain or comply with the terms and conditions of such Environmental Laws, permits, licenses or approvals are otherwise disclosed in the Prospectus or would not, singly, or in the aggregate, have a material adverse effect on the condition (financial or other), business affairs or prospects, earnings, net worth or results of operations of the Company and the Subsidiaries taken as a whole;

(cc) the Company and each of the Subsidiaries maintain insurance of the types and in the amounts customarily maintained by REITs engaged in activities similar to those of the Company, all of which insurance is in full force and effect.

5. The Company covenants and agrees with each of the several Underwriters as follows:

(a) to file the Prospectus in a form approved by you pursuant to Rule 424 under the Securities Act not later than the Commission's close of business on the second Business Day following the date of determination of the offering price of the Securities or, if applicable, such earlier time as may be required by Rule 424(b);

(b) to furnish to each Representative and counsel for the

Underwriters, at the expense of the Company, a signed copy of the Registration Statement (as originally filed) and each amendment thereto, in each case including exhibits and documents incorporated by reference therein and, during the period mentioned in Section 5(e) below, to furnish

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each of the Underwriters as many copies of the Prospectus (including all amendments and supplements thereto) and documents incorporated by reference therein as you may reasonably request;

(c) from the date hereof and prior to the Closing Date, to furnish to you a copy of any proposed amendment or supplement to the Registration Statement or the Prospectus, for your review, and not to file any such proposed amendment or supplement to which you reasonably object;

(d) to file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act for so long as the delivery of a prospectus is required in connection with the offering or sale of the Securities, and during such same period, to advise you promptly, and to confirm such advice in writing, (i) when any amendment to the Registration Statement shall have become effective, (ii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for any additional information, (iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation or threatening of any proceeding for that purpose, and (iv) of the receipt by the Company of any notification with respect to any suspension of the qualification of the Securities for offer and sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and to use its best efforts to prevent the issuance of any such stop order or notification and, if issued, to obtain as soon as possible the withdrawal thereof;

(e) if, during such period after the first date of the public offering of the Securities as in the opinion of counsel for the Underwriters a prospectus relating to the Securities is required by law to be delivered in connection with sales by an Underwriter or dealer, any event shall occur as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Prospectus to comply with law, forthwith to prepare and furnish, at the expense of the Company, to the Underwriters and to the dealers (whose names and addresses you will furnish to the Company) to which Securities may have been sold by you on behalf of the Underwriters and to any other dealers upon request, such amendments or supplements to the Prospectus as may be necessary so that the statements in the Prospectus as so amended or supplemented will not,

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in the light of the circumstances when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus will comply with law;

(f) to endeavor to qualify the Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as you shall reasonably request and to continue such qualification in effect so long as reasonably required for distribution of the Securities and to pay all fees and expenses (including fees and disbursements of counsel to the Underwriters) reasonably incurred in connection with such qualification and in connection with the determination of the eligibility of the Securities for investment under the laws of such jurisdictions as you may designate; provided that the Company shall not be required to file a general consent to service of process in any jurisdiction;

(g) to make generally available to its security holders and to you as soon as practicable but not later than 15 months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Securities Act) an earnings statement which shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 of the Commission promulgated thereunder covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring

after the "effective date" (as defined in Rule 158) of the Registration Statement;

(h) so long as the Securities are outstanding, to furnish to you copies of all reports or other communications (financial or other) furnished to holders of Securities, and copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange;

(i) during the period beginning on the date hereof and continuing to and including the Business Day following the Closing Date, not to offer, sell, contract to sell or otherwise dispose of any debt securities of or guaranteed by the Company which are substantially similar to the Securities;

(j) to use the net proceeds received by the Company from the sale of the Securities pursuant to this Agreement in the manner specified in the Prospectus under the caption "Use of Proceeds";

(k) whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all costs and expenses incident to the performance of its obligations hereunder, including without limiting the generality of the foregoing, all costs and expenses (i) incident to the preparation, issuance,

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execution, authentication and delivery of the Securities, including any expenses of the Trustee, (ii) incident to the preparation, printing and filing under the Securities Act of the Registration Statement, the Prospectus and any preliminary prospectus (including in each case all exhibits, amendments and supplements thereto), (iii) incurred in connection with the registration or qualification and determination of eligibility for investment of the Securities under the laws of such jurisdictions as the Underwriters may designate (including fees of counsel for the Underwriters and their disbursements), (iv) in connection with the listing of the Securities on any stock exchange, (v) related to any filing with National Association of Securities Dealers, Inc., (vi) in connection with the printing (including word processing and duplication costs) and delivery of this Agreement, the Indenture, the Preliminary and Supplemental Blue Sky Memoranda and any Legal Investment Survey and the furnishing to Underwriters and dealers of copies of the Registration Statement and the Prospectus, including mailing and shipping, as herein provided, (vii) payable to rating agencies in connection with the rating of the Securities, and (viii) the cost and charges of any transfer agent. It is understood, however, that except as provided in this Section and in Sections 7 and 10, the Underwriters shall pay all their own costs and expenses, including the fees of their own counsel, stock transfer taxes due upon resale of any of the Securities by them and any advertising expenses incurred in connection with any offers they may make.

6. The several obligations of the Underwriters hereunder shall be subject to the following conditions:

(a) the representations and warranties of the Company contained herein are true and correct on and as of the Closing Date as if made on and as of the Closing Date and the Company shall have complied in all material respects with all agreements and all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date;

(b) the Prospectus shall have been filed with the Commission pursuant to Rule 424 within the applicable time period prescribed for such filing by the rules and regulations under the Securities Act; no stop order suspending the effectiveness of the Registration Statement shall be in effect, and no proceedings for such purpose shall be pending before or to the Company's knowledge threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to your satisfaction;

(c) subsequent to the execution and delivery of this Agreement and prior to the Closing Date, there shall not have occurred any

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downgrading, nor shall any notice have been given of (i) any downgrading, (ii) any intended or potential downgrading or (iii) any

review or possible change that does not indicate an improvement, in the rating accorded any securities of or guaranteed by the Company by any "nationally recognized statistical rating organization", as such term is defined for purposes of Rule 436(g)(2) under the Securities Act;

(d) since the respective dates as of which information is given in the Prospectus there shall not have been any change in the capital stock or long-term debt of the Company or any of its Subsidiaries or any material adverse change, or any development involving a material adverse change, in or affecting the general affairs, business, prospects, management, financial position, stockholders' equity or results of operations of the Company and its Subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Prospectus, the effect of which in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated in the Prospectus; and neither the Company nor any of its Subsidiaries has sustained since the date of the latest audited financial statements included or incorporated by reference in the Prospectus any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Prospectus;

(e) the Representatives shall have received on and as of the Closing Date a certificate of an executive officer of the Company, with specific knowledge about the Company's financial matters, satisfactory to you to the effect set forth in Sections 6(a), 6(b) and 6(c) (with respect to the respective representations, warranties, agreements and conditions of the Company) and to the further effect that there has not occurred any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, business, prospects, management, financial position, stockholders' equity or results of operations of the Company and its Subsidiaries taken as a whole from that set forth or contemplated in the Registration Statement.

(f) On the Closing Date you shall have received the opinion of Argue Pearson Harbison & Myers, LLP, counsel for the Company addressed to you and dated the Closing Date, in form and substance satisfactory to you, to the effect that:

(i) the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of

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its jurisdiction of incorporation, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus as amended or supplemented;

(ii) the Company has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, or conducts any business, so as to require such qualification, other than where the failure to be so qualified or in good standing would not have a material adverse effect on the Company and its Subsidiaries taken as a whole;

(iii) each of the Company's Subsidiaries has been duly incorporated and is validly existing as a corporation under the laws of its jurisdiction of incorporation with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, or conducts any business, so as to require such qualification, other than where the failure to be so qualified and in good standing would not have a material adverse effect on the Company and its Subsidiaries taken as a whole; and based solely on our review of the articles or certificate of incorporation, bylaws, corporate minutes and such other documents of the Subsidiaries all of the issued shares of capital stock of each Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable, and (except in the case of foreign Subsidiaries, for directors' qualifying shares) are owned directly or

indirectly by the Company, free and clear of all liens, encumbrances, equities or claims;

(iv) the Company's authorized capital stock is as set forth under the heading "Capitalization" in the Prospectus;

(v) such counsel has been advised by the staff of the Commission that the Registration Statement has become effective under the Securities Act and, to the best knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the Securities Act; any required filing of the Prospectus and any supplement thereto pursuant to Rule 424(b) under the Securities

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Act has been made in the manner and within the time period required by such Rule 424(b);

(vi) the Registration Statement and the Prospectus, and each amendment or supplement thereto, as of their respective effective or issue dates, comply as to form in all material respects with the requirements of Form S-3 under the Securities Act (except that such counsel need express no opinion or belief as to numerical, financial and statistical data, financial statements and notes and related schedules thereto). With respect to the documents incorporated by reference in the Prospectus, although such counsel may not have represented the Company at the time such documents were prepared and filed with the Commission and did not review or examine such documents prior to the time such documents were filed with the Commission, such counsel has no reason to believe, without any independent investigation or inquiry on the part of such counsel whatsoever, that on the date such documents were filed with the Commission, such documents did not comply as to form in all material respects with applicable requirements of the Exchange Act (except that such counsel need express no opinion or belief as to numerical financial and statistical data, financial statements and notes and related schedules thereto);

(vii) the descriptions in the Registration Statement and Prospectus of contracts and other documents filed as exhibits to the Registration Statement are accurate in all material respects;

(viii) the Indenture has been duly qualified under the Trust Indenture Act; to the best knowledge of such counsel, no authorization, approval, consent, order, registration or qualification of or with any court or public, regulatory or governmental body, authority or agency is required with respect to the Company in connection with the transactions contemplated by this Agreement or the Indenture, except such as may be required under the Securities Act, the Exchange Act or the Trust Indenture Act or by the NASD or under state laws in connection with the purchase and distribution of the Securities by the Underwriters;

(ix) the Company has the corporate power and authority to enter into this Agreement and to sell and deliver the Securities to be sold by it to the several Underwriters. The filing of the Registration Statement with the Commission has been duly authorized by the Board of Directors of the Company. This Agreement has been duly authorized, executed and delivered by

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the Company, and is a valid and legally binding obligation of the Company enforceable in accordance with its terms (except to the extent the enforceability of the indemnification, exculpation and contribution provisions of Section 7 hereof may be limited by applicable law and except as enforceability of this Agreement may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other laws

affecting creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law). The making and performance of this Agreement and the Indenture by the Company and the consummation of the transactions herein and therein contemplated will not result in a violation of the Company's certificate of incorporation or bylaws or to the best knowledge of such counsel result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Company or any of the Subsidiaries under, any applicable federal or state statute, or under any indenture, mortgage, deed of trust, note, loan agreement, lease, franchise, license, permit or any other agreement or instrument known to such counsel to which the Company or any of the Subsidiaries is a party or by which they are bound or to which any of the properties or assets of the Company or the Subsidiaries are subject, or any order, rule or regulation known to such counsel of any court or public, regulatory or governmental agency, authority or body having jurisdiction over the Company or any of the Subsidiaries or their properties, except, in the case of any such violation, breach, default, creation or imposition, to such extent as does not materially adversely affect the business of the Company and the Subsidiaries taken as a whole;

(x) to the best knowledge of such counsel, (A) there are no (individually or in the aggregate) legal, governmental or regulatory proceedings pending or threatened to which the Company or any of the Subsidiaries is a party or of which the business or properties of the Company or any of the Subsidiaries is the subject which would have a material adverse effect on the business or property of the Company and the Subsidiaries taken as a whole or on the ability of the Company to consummate the transactions contemplated herein, and which are not disclosed in the Registration Statement and Prospectus; (B) there are no contracts or documents of a character required to be described in the Registration Statement or the Prospectus or to be filed as an exhibit to the Registration Statement which are not described

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therein or filed as required; (C) neither the Company nor any of the Subsidiaries is a party or subject to the provisions of any injunction, judgment, decree or order of any court or any public, regulatory or governmental agency, authority or body which would have a material adverse effect on the business or property of the Company and the Subsidiaries taken as a whole or on the ability of the Company to consummate the transactions contemplated herein; and (D) there are no applicable Federal or state statutes, orders, rules or regulations required to be described in the Registration Statement or Prospectus under the Act or the Exchange Act which are not described therein as required;

(xi) the Company has qualified to be taxed as a real estate investment trust pursuant to Sections 856-860 of the Code for each of the taxable years ended December 31, 1993 through December 31, 1997, and the Company's current anticipated investments and its current plan of operation will enable it to continue to meet the requirements for qualification and taxation as a REIT under the Code; actual qualification of the Company as a REIT, however, will depend upon the Company's continued ability to meet, and its meting, through actual annual operating results and distributions, the various tests imposed under the Code;

(xii) no consent, approval, authorization, order, license, registration or qualification of or with any court or governmental agency or body is required for the issue and sale of the Securities or the consummation of the other transactions contemplated by this Agreement or the Indenture, except such consents, approvals, authorizations, orders, licenses, registrations or qualifications as have been obtained under the Securities Act and the Trust Indenture Act and as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Securities by the Underwriter;

(xiii) such counsel (A) is of the opinion that the Registration Statement and the Prospectus and any amendments and supplements thereto (except for the financial statements included therein as to which such counsel need express no opinion) comply as to form in all material respects with the requirements of the Securities Act and the Trust Indenture Act and (B) believes that (except for the financial statements included therein as to which such counsel need express no belief) the Registration Statement and the Prospectus, on the date of this Agreement, did not contain any untrue statement of a material fact or omit to state a material

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fact required to be stated therein or necessary to make the statements therein not misleading, and that the Prospectus as amended or supplemented, if applicable, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xiv) such counsel is of the opinion ascribed to it in the Prospectus under the caption "Certain Federal Income Tax Considerations";

(xv) to the best knowledge of such counsel, each of the Company and its Subsidiaries owns, possesses or has obtained all licenses, permits, certificates, consents, orders, approvals and other authorizations from, and has made all declarations and filings with, all federal, state, local and other governmental authorities (including foreign regulatory agencies), all self-regulatory organizations and all courts and other tribunals, domestic or foreign, necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as conducted as of the date hereof, and to the best knowledge of such counsel, neither the Company nor any such Subsidiary has received any actual notice of any proceeding relating to revocation or modification of any such license, permit, certificate, consent, order, approval or other authorization, except as described in the Registration Statement and the Prospectus except in the case of any such license, permit, certificate, consent, order, approval or other authorization, the loss of which or failure to maintain would not have a material adverse effect on the Company or its Subsidiaries taken as a whole; and to the best knowledge of such counsel, each of the Company and its Subsidiaries is in compliance with all laws and regulations relating to the conduct of its business as conducted as of the date of the Prospectus; and

(xvi) the Company is not and, after giving effect to the offering and sale of the Securities, will not be an "investment company" or entity "controlled" by an "investment company", as such terms are defined in the Investment Company Act.

Such counsel shall confirm that during the preparation of the Registration Statement and Prospectus, such counsel has participated in conferences with officers and other representatives of the Company, representatives of the independent certified public accountants for the Company and representatives of the Underwriters, at which time the

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contents of the Registration Statement and Prospectus and related matters were discussed and although such counsel is not opining with respect to and does not assume any responsibility for the accuracy, truthfulness, completeness or fairness of the statements contained in the Registration Statement or Prospectus, such counsel confirms that no facts have come to their attention which have caused them to believe that either (i) the Prospectus or any supplement thereto as of its date (other than numerical, financial or statistical data, the financial statements and notes or any related schedules thereto, as to which such counsel need express no opinion or belief) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not

misleading or (ii) the Registration Statement or any amendment thereto at the time it became effective (other than numerical, financial or statistical data, the financial statements and notes or any related schedules thereto, as to which such counsel need express no opinion or belief) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

In rendering the foregoing opinion, such counsel may expressly state that it is qualified to render an opinion only as to matters involving the Federal laws of the United States, the laws of the State of California and may rely as to Maryland law on the opinion of Venable, Baetjer and Howard, LLP which opinion must be reasonably satisfactory to the Representatives and to Davis Polk & Wardwell, counsel for the Underwriters, and as to all matters of fact upon, among other things, certificates and written statements of officers of the Company and government officials and the representations and warranties of the Company contained herein; provided that such counsel shall state that nothing has come to the attention of such counsel that would reasonably cause such counsel to believe that they and the Underwriters are not justified in relying upon such certificates, statements, representations and warranties.

The opinion of Argue Pearson Harbison & Myers, LLP described above shall be rendered to the Underwriters at the request of the Company and shall so state therein.

(g) On the Closing Date you shall have received the opinion of Willkie Farr & Gallagher, counsel for the Company addressed to you and dated the Closing Date, in form and substance satisfactory to you, to the effect that:

(i) the Indenture has been duly authorized, executed and delivered by the Company and constitutes a valid and binding

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instrument of the Company enforceable in accordance with its terms, except that the enforceability thereof may be limited by or subject to (a) bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium or other similar laws now or hereafter existing which effect the rights and remedies of creditors generally, and (b) equitable principles of general applicability; and the Indenture has been duly qualified under the Trust Indenture Act. The Indenture conforms in all material respects to the descriptions thereof contained in the Prospectus;

(ii) the Securities have been duly authorized, executed and delivered by the Company and, when duly authenticated in accordance with the terms of the Indenture and delivered to and paid for by the Underwriters in accordance with the terms of this Agreement, will constitute valid and binding obligations of the Company entitled to the benefits provided by the Indenture and the Securities will be enforceable against the Company in accordance with their terms, except as the enforceability thereof may be limited to bankruptcy, insolvency, reorganization, fraudulent, conveyance, moratorium and other laws affecting creditors' rights generally and by general principals of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law. The terms of the Securities conform in all material respects to all statements and descriptions related thereto in the Prospectus;

(iii) The statements in the Prospectus under "Description of the Notes" and "Underwriting" insofar as such statements describe matters of law or legal conclusions, have been reviewed by such counsel and are correct in all material respects.

In rendering the foregoing opinion, such counsel may expressly state that it is qualified to render an opinion only as to matters involving the Federal laws of the United States, the laws of the State of New York and may rely as to Maryland law on the opinion of Venable, Baetjer and Howard, LLP which opinion must be reasonably satisfactory to the Representatives and to Davis Polk & Wardwell, counsel for the Underwriters, and as to all matters of fact upon, among other things, certificates and written statements of officers of the Company and government officials and the representations and warranties of the Company contained herein; provided that such counsel shall state that nothing has come to the attention of such counsel that would reasonably cause such counsel to believe that they and the Underwriters are not justified in relying upon such certificates, statements, representations and warranties.

(h) on the date hereof and on the Closing Date, Ernst & Young LLP shall have furnished to you letters, dated such date, in form and substance satisfactory to you, containing statements and information of the type customarily included in accountants "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus;

(i) you shall have received on and as of the Closing Date an opinion of Davis Polk & Wardwell, counsel to the Underwriters, with respect to the validity of the Indenture and the Securities, the Registration Statement, the Prospectus and other related matters as the Representatives may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters; and

(j) on or prior to the Closing Date, the Company shall have furnished to the Representatives such further certificates and documents as the Representatives shall reasonably request.

The opinions and certificates mentioned in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are reasonably satisfactory to the Representatives and to Davis Polk & Wardwell, counsel for the Underwriters.

7. The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including without limitation the legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use therein; provided, that the foregoing indemnity with respect to any preliminary prospectus shall not inure to the benefit of any Underwriter (or to the benefit of any person controlling such Underwriter) from whom the person asserting any such losses, claims, damages or liabilities purchased Securities if such untrue statement or omission or alleged

untrue statement or omission made in such preliminary prospectus is eliminated or remedied in the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements hereto) and, if required by law, a copy of the Prospectus (as so amended or supplemented) shall not have been furnished to such person at or prior to the written confirmation of the sale of such Securities to such person.

Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement and each person who controls the Company within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Company to each Underwriter, but only with reference to information relating to such Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in the Registration Statement, the Prospectus, any amendment or supplement thereto, or any preliminary prospectus.

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnity may be sought pursuant to either of the two preceding paragraphs, such person (the "INDEMNIFIED PERSON") shall promptly notify the person against whom such indemnity may be sought (the "INDEMNIFYING PERSON") in writing, and the Indemnifying Person, upon request of the Indemnified Person, shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others the Indemnifying Person may designate in such proceeding and shall pay the fees and

expenses of such counsel related to such proceeding. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary, (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person or (iii) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be reimbursed as they are incurred. Any such separate firm for the Underwriters and such control persons of Underwriters shall be designated in writing by the first of the named Representatives on Schedule I hereto and any such separate firm for the Company, its directors, its officers who sign the Registration Statement and such

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control persons of the Company or authorized representatives shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify any Indemnified Person from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Person shall, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Person, unless such settlement includes an unconditional release of such Indemnified Person from all liability on claims that are the subject matter of such proceeding.

If the indemnification provided for in the first and second paragraphs of this Section 7 is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same respective proportions as the net proceeds from the offering of such Securities (before deducting expenses) received by the Company and the total underwriting discounts and the commissions received by the Underwriters bear to the aggregate public offering price of the Securities. The relative fault of the Company on the one hand and the Underwriters on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount

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paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Person in connection with

investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, in no event shall an Underwriter be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 7 are several in proportion to the respective principal amount of the Securities set forth opposite their names in Schedule I hereto, and not joint.

The remedies provided for in this Section 7 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

The indemnity and contribution agreements contained in this Section 7 and the representations and warranties of the Company set forth in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Underwriter or any person controlling any Underwriter or by or on behalf of the Company, its officers or directors or any other person controlling the Company and (iii) acceptance of and payment for any of the Designated Securities.

8. Notwithstanding anything herein contained, this Agreement may be terminated in the absolute discretion of the Representatives, by notice given to the Company, if after the execution and delivery of this Agreement and prior to the Closing Date (i) there shall have occurred, since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change or any development involving a prospective material adverse change in or affecting the condition, financial or otherwise, of the Company or the earnings, business affairs, properties, management or business prospects of the Company, whether or not arising in the ordinary course of business, (ii) trading generally shall have been suspended or materially limited on or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers, Inc., the Chicago Board Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade, (iii) trading of any securities of or guaranteed by the Company shall have been suspended on any exchange or in any over-the-counter market, (iv) a

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general moratorium on commercial banking activities in New York shall have been declared by either Federal or New York State authorities, (v) there has occurred any downgrading in the rating of the Company's debt securities by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Exchange Act), (vi) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis that, in the judgment of the Representatives, is material and adverse and which, in the judgment of the Representatives, makes it impracticable to market the Designated Securities on the terms and in the manner contemplated in the Prospectus.

9. If, on the Closing Date, any one or more of the Underwriters shall fail or refuse to purchase Securities which it or they have agreed to purchase under this Agreement, and the aggregate principal amount of Securities which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate principal amount of the Securities, the other Underwriters shall be obligated severally in the proportions that the principal amount of Securities set forth opposite their respective names in Schedule I hereto bears to the aggregate principal amount of Securities set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as the Representatives may specify, to purchase the Securities which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; provided that in no event shall the principal amount of Securities that any Underwriter has agreed to purchase pursuant to Section 1 be increased pursuant to this Section 9 by an amount in excess of one-tenth of such principal amount of Securities without the written consent of such Underwriter. If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Securities and the aggregate principal amount of Securities with respect to which such default occurs is more than one-tenth of the aggregate principal amount of Securities to be purchased, and arrangements satisfactory to you and the Company for the purchase of such Securities are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company. In any such case either you or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order

that the required changes, if any, in the Registration Statement and in the Prospectus or in any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

10. If this Agreement shall be terminated by the Underwriters, or any of them, because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement or

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any condition of the Underwriters' obligations cannot be fulfilled, the Company agrees to reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all out-of-pocket expenses (including the fees and expenses of their counsel) reasonably incurred by such Underwriters in connection with this Agreement or the offering of Securities.

11. This Agreement shall inure to the benefit of and be binding upon the Company, the Underwriters, any controlling persons referred to herein and their respective successors and assigns. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

12. Any action by the Underwriters hereunder may be taken by you jointly or by the first of the named Representatives set forth in Schedule I hereto alone on behalf of the Underwriters, and any such action taken by you jointly or by the first of the named Representatives set forth in Schedule I hereto alone shall be binding upon the Underwriters. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be given at the address set forth in Schedule II hereto. Notices to the Company shall be given to it at Omega Healthcare Investors, Inc., 905 West Eisenhower Circle, Suite 110, Ann Arbor, MI 48103, Attention: President, facsimile number (734) 996-0020.

13. This Agreement may be signed in counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

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14. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the conflicts of laws provisions thereof.

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Very truly yours,

OMEGA HEALTHCARE INVESTORS,
INC.

By: /s/ DAVID A. STOVER

Name: David A. Stover
Title: Vice President

Accepted: June 5, 1998

JP Morgan Securities Inc.
Donaldson, Lufkin & Jenrette
Securities Corporation

Acting severally on behalf of themselves
and the several Underwriters listed
in Schedule II hereto.

By: JP Morgan Securities Inc.

By: /s/ ROBERT POST

Name: Robert Post
Title: Managing Director

SCHEDULE I

Representatives: J.P. Morgan Securities Inc. and Donaldson,
Lufkin & Jenrette Securities Corporation.

Underwriting Agreement dated: June 5, 1998

Registration Statement No.: 333-34763

Title of Securities: 6.95% Notes due 2002

Aggregate principal amount: \$125,000,000

Price to Public: 99.688% of the principal amount of the
Securities, plus accrued interest, if any,
from to the Closing Date.

Indenture: Indenture dated as of August 27, 1997
between the Company and NBD Bank as
Trustee, as supplemented by the
Supplemental Indenture dated as of June 1,
2002.

Stated Maturity Date: June 15, 2002

Interest Rate: 6.95%

Interest Payment Dates: June 15 and December 15

Redemption: The Notes are not redeemable prior to
maturity.

Other Provisions: As set forth in the Prospectus.

Closing Date and Time of Delivery: The Closing will be held at 9:00 a.m.
(E.S.T.) on June 10, 1998, with the
Securities being delivered through the
book-entry facilities of the Depository
Trust Company ("DTC") and made
available for checking by DTC and the
Trustee at least 24 hours prior to the
Closing Date.

Closing Location: Willkie Farr & Gallagher
787 7th Avenue
New York, NY 10019

Address for Notices to Underwriters: J.P. Morgan & Co. Inc.
60 Wall Street
New York, NY 10260

SCHEDULE II

<TABLE>
<CAPTION>

UNDERWRITER -----	PRINCIPAL AMOUNT OF SECURITIES PURCHASED -----
<S>	<C>
J.P. Morgan Securities Inc.....	93,750,000
Donaldson, Lufkin & Jenrette Securities Corporation.....	31,250,000
Total.....	\$125,000,000

</TABLE>

SCHEDULE III

LIST OF SUBSIDIARIES

Omega Healthcare Investors, Inc.

NAMES - - - - -	JURISDICTION OF INCORPORATION -----
Bayside Street, Inc.	Maryland
OHI (Kansas), Inc.	Kansas
OHI (Illinois), Inc.	Illinois
OHI (Florida), Inc.	Florida
OHI (Clemmons), Inc.	North Carolina
OHI (Greensboro), Inc.	North Carolina
Sterling Acquisition Corp.	Kentucky
Sterling Acquisition Corp. II	Kentucky
OS Leasing	Kentucky
Delta Investors I, L.L.C.	Maryland
Delta Investors II, L.L.C.	Maryland
Jefferson Clark, Inc.	Maryland

OMEGA HEALTHCARE INVESTORS, INC.

Issuer

to

NBD BANK

Trustee

Supplemental Indenture No. 1

Dated as of June 1, 1998

\$125,000,000
of
6.95% Notes due 2002

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SUPPLEMENTAL INDENTURE NO. 1, dated as of June 1, 1998 (the "Supplemental Indenture"), between OMEGA HEALTHCARE INVESTORS, INC., a corporation duly organized and existing under the laws of the State of Maryland (herein called the "Company"), and NBD BANK, a Michigan banking corporation duly organized and existing under the laws of the State of Michigan, as Trustee

(herein called the "Trustee").

RECITALS OF THE COMPANY

The Company has heretofore delivered to the Trustee an Indenture dated as of August 27, 1997 (the "Indenture"), a form of which has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, as an exhibit to the Company's Registration Statement on Form S-3 (Registration No. 333-34763), providing for the issuance from time to time of Debt Securities of the Company (the "Securities").

Section 301 of the Indenture provides for various matters with respect to any series of Securities issued under the Indenture to be established in an indenture supplemental to the Indenture.

Section 901(3) of the Indenture provides for the Company and the Trustee to enter into an indenture supplemental to the Indenture to establish the form or terms of Securities of any series as provided by Sections 201 and 301 of the Indenture, including any subordination provisions.

The Board of Directors of the Company has duly adopted resolutions authorizing the Company to execute and deliver this Supplemental Indenture.

All the conditions and requirements necessary to make this Supplemental Indenture, when duly executed and delivered, a valid and binding agreement in accordance with its terms and for the purposes herein expressed, have been performed and fulfilled.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities provided for herein by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Notes, as follows:

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ARTICLE ONE

RELATION TO INDENTURE; DEFINITIONS

SECTION 1.1. Relation to Indenture.

This Supplemental Indenture constitutes an integral part of the Indenture.

SECTION 1.2 Definitions.

For all purposes of this Supplemental Indenture, except as otherwise expressly provided for or unless the context otherwise requires:

(1) Capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Indenture; and

(2) All references herein to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Supplemental Indenture.

"Acquired Debt" means Debt of a Person (i) existing at the time such Person becomes a Subsidiary or (ii) assumed in connection with the acquisition of assets from such Person, in each case, other than Debt incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or such acquisition. Acquired Debt shall be deemed to be incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Subsidiary.

"Adjusted Total Assets" means the sum of (without duplication) (i) the Total Assets of the Company and its Subsidiaries as of the end of the most recent calendar quarter covered in the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the Commission (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such additional Debt and (ii) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by the Company or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

"Annual Service Charge" as of any date means the maximum amount which is expensed in any 12-month period for interest on Debt of the

"Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in the City of New York or in the City of Detroit, Michigan are authorized or required by law, regulation or executive order to close.

"Capital Stock" means, with respect to any Person, any capital stock (including preferred stock), shares, interests, participations or other ownership interests (however designated) of such Person and any rights (other than debt securities convertible into or exchangeable for corporate stock), warrants or options to purchase any thereof.

"Commission" means the Securities and Exchange Commission.

"Consolidated Income Available for Debt Service" for any period means Earnings from Operations of the Company and its Subsidiaries plus amounts which have been deducted, and minus amounts which have been added, for the following (without duplication): (i) interest on Debt of the Company and its Subsidiaries, (ii) provision for taxes of the Company and its Subsidiaries based on income, (iii) amortization of debt discount and deferred financing costs, (iv) provisions for gains and losses on properties and property depreciation and amortization, (v) the effect of any noncash charge resulting from a change in accounting principles in determining Earnings from Operations for such period, and (vi) amortization of deferred charges.

"Debt" of the Company or any Subsidiary means, without duplication, any indebtedness of the Company or any Subsidiary, whether or not contingent, in respect of (i) borrowed money or evidenced by bonds, notes, debentures or similar instruments, (ii) indebtedness for borrowed money of a Person other than the Company or a Subsidiary which is secured by any Encumbrance existing on property owned by the Company or any Subsidiary, (iii) the reimbursement obligations, contingent or otherwise, in connection with any letters of credit actually issued (other than letters of credit issued to provide credit enhancement or support with respect to other indebtedness of the Company or any Subsidiary otherwise reflected as Debt hereunder) or amounts representing the balance deferred and unpaid of the purchase price of any property or services, except any such balance that constitutes an accrued expense or trade payable, or all conditional sale obligations or obligations under any title retention agreement, (iv) the principal amount of all obligations of the Company or any Subsidiary with respect to redemption, repayment or other repurchase of any Disqualified Stock, or (v) any lease of property by the Company or any Subsidiary as lessee which is reflected on the Company's consolidated balance sheet as a capitalized lease in accordance with GAAP, to the extent, in the case of items of indebtedness under (i) through (iii) above, that any such items (other than letters of credit) would appear as a liability on the Company's consolidated balance sheet in accordance with GAAP, and also includes, to the extent not otherwise included, any obligation by the Company or any Subsidiary to be liable for, or to pay, as obligor, guarantor or otherwise (other than for purpose of collection in the ordinary course of business), Debt of another Person (other than the Company or any Subsidiary) (it being understood that Debt shall be deemed to be incurred by the Company or any Subsidiary whenever the Company or such Subsidiary shall create, assume, guarantee or otherwise become liable in respect thereof).

"Disqualified Stock" means, with respect to any Person, any Capital Stock of such Person which by the terms of such Capital Stock (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable), upon the happening of any event or otherwise (i) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than Capital Stock which is redeemable solely in exchange for common stock or shares), (ii) is convertible into or exchangeable or exercisable for Debt or Disqualified Stock or (iii) is redeemable at the option of the holder thereof, in whole or in part (other than Capital Stock which is redeemable solely in exchange for common stock or shares), in each case on or prior to the Stated Maturity of the Notes.

"Earnings from Operations" for any period means net earnings excluding gains and losses on sales of investments, as reflected in the financial statements of the Company and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"Encumbrance" means any mortgage, lien, charge, pledge or security interest of any kind.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder by the Commission.

"GAAP" means generally accepted accounting principles as used in the United States applied on a consistent basis as in effect from time to time; provided that solely for purposes of any calculation required by the

financial covenants contained herein, "GAAP" shall mean generally accepted accounting principles as used in the United States on the date hereof, applied on a consistent basis.

"Government Obligations" means securities which are (i) direct obligations of the United States of America, for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depository receipt.

"Notes" has the meaning specified in Section 2.1 hereof.

"Secured Debt" means Debt secured by an Encumbrance.

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"Significant Subsidiary" has the meaning ascribed to such term in Regulation S-X promulgated under the Securities Act of 1933, as amended.

"Total Assets" as of any date means the sum of (i) the Undepreciated Real Estate Assets and (ii) all other assets of the Company and its Subsidiaries determined in accordance with GAAP (but excluding accounts receivable and intangibles).

"Total Unencumbered Assets" means the sum of (i) those Undepreciated Real Estate Assets not subject to an Encumbrance for borrowed money and (ii) all other assets of the Company and its Subsidiaries not subject to an Encumbrance for borrowed money, determined in accordance with GAAP (but excluding accounts receivable and intangibles).

"Undepreciated Real Estate Assets" as of any date means the cost (original cost plus capital improvements) of real estate assets of the Company and its Subsidiaries on such date, before depreciation and amortization, determined on a consolidated basis in accordance with GAAP.

"Unsecured Debt" means Debt which is not secured by any Encumbrance upon any of the properties of the Company or any Subsidiary.

ARTICLE TWO

THE SERIES OF NOTES

SECTION 2.1. Title of the Securities.

There shall be a series of Securities designated the "6.95% Notes due 2002" (the "Notes").

SECTION 2.2. Limitation on Aggregate Principal Amount.

The aggregate principal amount of the Notes shall be limited to \$125,000,000, and, except as provided in this Section and in Section 306 of the Indenture, the Company shall not execute and the Trustee shall not authenticate or deliver Notes in excess of such aggregate principal amount. The Notes are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof.

Nothing contained in this Section 2.2 or elsewhere in this Supplemental Indenture, or in the Notes, is intended to or shall limit execution by the Company or authentication or delivery by the Trustee of Notes under the circumstances contemplated by Sections 303, 304, 305, 306, 905 and 1107 of the Indenture.

SECTION 2.3. Interest and Interest Rates; Maturity Date of Notes.

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The Notes will bear interest at a rate of 6.95% per annum from June 10, 1998 or from the immediately preceding Interest Payment Date to which interest has been paid or duly provided for, payable semi-annually in arrears on June 15 and December 15 of each year, commencing December 15, 1998 (each, an "Interest Payment Date"), to the Person in whose name such Note is registered at the close of business on June 1 or December 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date (each, a "Regular Record Date"). Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The interest so payable on any Note which is not punctually paid or duly provided for on any Interest Payment Date shall

forthwith cease to be payable to the Person in whose name such Note is registered on the relevant Regular Record Date, and such Defaulted Interest shall instead be payable to the Person in whose name such Note is registered on the Special Record Date or other specified date determined in accordance with the Indenture.

If any Interest Payment Date or Maturity falls on a day that is not a Business Day, the required payment shall be made on the next Business Day as if it were made on the date such payment was due and no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date or Maturity, as the case may be.

The Notes will mature on June 15, 2002.

SECTION 2.4. Limitations on Incurrence of Debt.

(a) The Company will not, and will not permit any Subsidiary to, incur any Debt if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all outstanding Debt of the Company and its Subsidiaries on a consolidated basis determined in accordance with GAAP is greater than 60% of Adjusted Total Assets.

(b) In addition to the limitation set forth in subsection (a) of this Section 2.4, the Company will not, and will not permit any Subsidiary to, incur any Debt if the ratio of Consolidated Income Available for Debt Service to the Annual Service Charge for the four consecutive fiscal quarters most recently ended prior to the date on which such additional Debt is to be incurred shall have been less than 1.5x, on a pro forma basis after giving effect thereto and to the application of the proceeds therefrom, and calculated on the assumption that (i) such Debt and any other Debt incurred by the Company and its Subsidiaries since the first day of such four-quarter period and the application of the proceeds therefrom, including to refinance other Debt, had occurred at the beginning of such period; (ii) the repayment or retirement of any other Debt by the Company and its Subsidiaries since the first day of such four-quarter period had been repaid or retired at the beginning of such period (except that, in making such computation, the amount of Debt under any revolving credit facility shall be computed based upon the average daily balance of such Debt since the first day of such four-quarter period); (iii) in the case of Acquired Debt or Debt incurred in connection with any acquisition since the first day of such four-quarter period, the related acquisition had occurred as of the first day of such period with the appropriate adjustments with respect to such

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acquisition being included in such pro forma calculation; and (iv) in the case of any acquisition or disposition by the Company or its Subsidiaries of any asset or group of assets since the first day of such four-quarter period, whether by merger, stock purchase or sale, or asset purchase or sale, such acquisition or disposition or any related repayment of Debt had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition or disposition being included in such pro forma calculation.

(c) In addition to the limitations set forth in subsections (a) and (b) of this Section 2.4, the Company will not, and will not permit any Subsidiary to, incur any Secured Debt if, immediately after giving effect to the incurrence of such additional Secured Debt and the application of the proceeds thereof, the aggregate principal amount of all outstanding Secured Debt of the Company and its Subsidiaries on a consolidated basis is greater than 40% of Adjusted Total Assets.

(d) The Company and its Subsidiaries will maintain Total Unencumbered Assets of not less than 200% of the aggregate outstanding principal amount of the Unsecured Debt of the Company and its Subsidiaries on a consolidated basis.

(e) For purposes of this Section 2.4, Debt shall be deemed to be "incurred" by the Company or a Subsidiary whenever the Company or such Subsidiary shall create, assume, guarantee or otherwise become liable in respect thereof.

SECTION 2.5. Redemption.

The Notes are not subject to redemption prior to maturity.

SECTION 2.6. Places of Payment.

The Places of Payment where the Notes may be presented or surrendered for payment, where the Notes may be surrendered for registration of transfer or exchange and where notices and demands to and upon the Company in respect of the Notes and the Indenture may be served shall be at the office of the Trustee located at NBD Bank, 611 Woodward Avenue, Detroit, Michigan 48226 Attention: Corporate Trust Department.

SECTION 2.7. Method of Payment.

For so long as the Notes are issued in the form of Global Debt Securities, payment of principal of and interest on such Notes will be made through the Depository for such Debt Securities. In the event the Notes are issued in definitive form, or the Depository with respect to any Global Debt Securities is unable to effect payment of principal and interest on such Notes, payment of principal and interest on such Notes will be made at the office or agency of the Trustee maintained for such purpose. In either case, payment of the principal of and interest on the Notes will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company, payments of principal and interest on the Notes (other than payments of principal and interest due at Maturity) may be made (i) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (ii) by wire transfer to an account maintained by the Person entitled thereto located within the United States.

SECTION 2.8. Currency.

Principal and interest on the Notes shall be payable in U.S. Dollars.

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SECTION 2.9. Registered Securities; Global Form.

The Notes shall be issuable and transferable in fully registered form as Registered Debt Securities, without coupons. The Notes shall each be issued in the form of one or more permanent Global Debt Securities. The Depository for the Notes shall be The Depository Trust Company ("DTC"). The Notes shall not be issuable in definitive form except as provided in Section 305 of the Indenture.

SECTION 2.10. Form of Notes.

The Notes shall be substantially in the form attached as Exhibit A hereto.

SECTION 2.11. Registrar and Paying Agent.

The Trustee shall initially serve as the Debt Securities Registrar and Paying Agent for the Notes.

SECTION 2.12. Events of Default

The provisions of clauses (5) and (6) of Section 501 of the Indenture as applicable with respect to the Notes shall be deemed to be amended and restated in its entirety to read as follows:

(5) a receiver, liquidator, assignee, custodian, trustee, conservator, sequestrator or other similar official shall take possession of the Company or any Significant Subsidiary or any substantial part of its property without its consent, or the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Company or any Significant Subsidiary in an involuntary case under the Federal Bankruptcy Code or any other applicable Federal or State law, or appointing a receiver, liquidator, custodian, assignee, trustee, sequestrator, conservator, or other similar official of the Company or any Significant Subsidiary or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such possession, decree or order unstayed and in effect for a period of 60 consecutive days; or

(6) the commencement by the Company or any Significant Subsidiary of a voluntary case under the Federal Bankruptcy Code or any other applicable Federal or State law, or the consent by either of the foregoing to the entry of an order for relief in an involuntary case under any such law, or the consent to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, conservator, sequestrator or other similar official or of any substantial part of its property, or the making of an assignment for the benefit of creditors; or

The provisions of Section 501 of the Indenture as applicable with respect to the Notes shall be further deemed to be amended by renumbering existing clause (7) to be clause (9) and by adding the following new clauses (7) and (8):

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(7) default under any bond, debenture, note, mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company (or by any Subsidiary, the repayment of which the Company has guaranteed or for which the Company is directly responsible or liable as obligor or guarantor), having

an aggregate principal amount outstanding of at least \$10,000,000, whether such indebtedness now exists or shall hereafter be created, which default shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled, within a period of 10 days after there shall have given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 10% in principal amount of the Outstanding Notes a written notice specifying such default and requiring the Company to cause such indebtedness to be discharged or cause such acceleration to be rescinded or annulled and stating that such notice is a "Notice of Default" hereunder; or

(8) the entry by a court of competent jurisdiction of one or more judgments, orders or decrees against the Company or any of its Subsidiaries in an aggregate amount (excluding amounts covered by insurance) in excess of \$10,000,000 and such judgments, orders or decrees remain undischarged, unstayed and unsatisfied in an aggregate amount (excluding amounts covered by insurance) in excess of \$10,000,000 for a period of 30 consecutive days; or

SECTION 2.13. Acceleration of Maturity; Rescission and Annulment.

The provisions of the first paragraph of Section 502 of the Indenture as applicable with respect to the Notes shall be deemed to be amended and restated in their entirety to read as follows:

If an Event of Default with respect to Debt Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Notes may declare the principal (or, if any Debt Securities are Original Issue Discount Securities), such portion of the principal as may be specified in the terms thereof) of all the Notes to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the Holders), and upon any such declaration such principal or specified portion thereof shall become immediately due and payable. If an Event of Default with respect to the Notes set forth in Section 501(6) of the Indenture occurs and is continuing, then in every such case all the Notes shall become immediately due and payable, without notice to the Company, at the principal amount thereof (or, if any Notes are Original Issue Discount Securities, such portion of the principal as may be specified in the terms thereof) plus accrued interest to the date the Notes are paid.

SECTION 2.14. Provision of Financial Information.

Whether or not the Company is subject to Section 13 or 15(d) of the Exchange Act, the Company will, to the extent permitted under the Exchange Act, file with the Commission the annual

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reports, quarterly reports and other documents which the Company would have been required to file with the Commission pursuant to such Section 13 or 15(d) if the Company were so subject, such documents to be filed with the Commission on or prior to the respective dates (the "Required Filing Dates") by which the Company would have been required so to file such documents if the Company were so subject.

The Company will also in any event (x) within 15 days after each Required Filing Date (i) if the Company is not then subject to Section 13 or 15(d) of the Exchange Act, transmit by mail to all Holders, as their names and addresses appear in the Debt Securities Register, without cost to such Holders, copies of the annual reports and quarterly reports which the Company would have been required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act if the Company were subject to such Sections, and (ii) file with the Trustee copies of annual reports, quarterly reports and other documents which the Company would have been required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act if the Company were subject to such Sections and (y) if filing such documents by the Company with the Commission is not permitted under the Exchange Act, promptly upon written request and payment of the reasonable cost of duplication and delivery, supply copies of such documents to any prospective Holder.

SECTION 2.15. Additional Covenant; Waiver of Certain Covenants.

(a) The following Section 1008 shall be added to Article Ten of the Indenture:

SECTION 1008. EXISTENCE. Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, all material rights (by articles of incorporation, by-laws and statute) and material franchises; provided, however, that the Company shall not be required to preserve any such right or franchise if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company.

(b) Notwithstanding the provisions of Section 1005 of the Indenture, the Company may omit in any particular instance to comply with any term, provision or condition set forth in Sections 1004 and Sections 1006 to 1008, inclusive, of the Indenture, with Sections 2.4 and 2.14 of this Supplemental Indenture and with any other term, provision or condition with respect to the Notes (except any such term, provision or condition which could not be amended without the consent of all Holders of the Notes), if before or after the time for such compliance the Holders of at least a majority in principal amount of all outstanding Notes or such series thereof, as applicable, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such covenant or condition. Except to the extent so expressly waived, and until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

SECTION 2.16. Defeasance and Covenant Defeasance.

Pursuant to Section 301 of the Indenture, the Company elects that the provisions of Section 1501(a) and 1501 (b) shall apply to this Supplemental Indenture and the Notes and for purposes of a Covenant Defeasance under Section 1503, shall include a release from the obligations of the Company under Sections 2.4 and 2.14 of this Supplemental Indenture.

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ARTICLE THREE

MISCELLANEOUS PROVISIONS

SECTION 3.1. Ratification of Indenture.

Except as expressly modified or amended hereby, the Indenture continues in full force and effect and is in all respects confirmed and preserved.

SECTION 3.2. Governing Law.

This Supplemental Indenture and each Note shall be governed by and construed in accordance with the laws of the State of New York. This Supplemental Indenture is subject to the provisions of the Trust Indenture Act of 1939, as amended, and shall, to the extent applicable, be governed by such provisions.

SECTION 3.3. Counterparts.

This Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed by their respective officers hereunto duly authorized, all as of the day and year first written above.

OMEGA HEALTHCARE INVESTORS, INC.

By /s/ David A. Stover

David A. Stover
Vice President

NBD BANK, as Trustee

By: /s/ J. Michael Banas

J. Michael Banas
Vice President

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EXHIBIT A TO SUPPLEMENTAL INDENTURE

UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), 55 WATER STREET, NEW YORK, NEW YORK, TO THE COMPANY (AS DEFINED BELOW) OR ITS AGENT FOR REGISTRATION

OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING SET FORTH IN THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF DTC OR A NOMINEE OF DTC. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN DTC OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY DTC TO A NOMINEE OF DTC OR ANOTHER NOMINEE OF DTC OR BY DTC OR ITS NOMINEE TO A SUCCESSOR DEPOSITORY OR ITS NOMINEE.

Registered No. 1	PRINCIPAL AMOUNT
CUSIP No.: 681936 AK 6	\$125,000,000

OMEGA HEALTHCARE INVESTORS, INC.

6.95% NOTE DUE 2002

OMEGA HEALTHCARE INVESTORS, INC., a corporation duly organized and existing under the laws of the State of Maryland (herein referred to as the "Company" which term shall include any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & CO., or registered assigns, upon presentation, the principal sum of ONE HUNDRED TWENTY FIVE MILLION DOLLARS on June 15, 2002 and to pay interest on the outstanding principal amount thereon from June 10, 1998, or from the immediately preceding Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on June 15 and December 15 in each year, commencing December 15, 1998, at the rate of 6.95% per annum, until the entire principal hereof is paid or made available for payment. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Security is registered at the close of business

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on the Regular Record Date for such interest which shall be the June 1 or December 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such

Regular Record Date, and may either be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of the Securities not more than 15 days and not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture. Payment of the principal of and interest on this Security will be made at the office or agency maintained for that purpose in the City of New York, New York, or elsewhere as provided in the Indenture, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payments of principal and interest on the Notes (other than payments of principal and interest due at Maturity) may be made (i) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (ii) by wire transfer to an account of the Person entitled thereto located within the United States.

Securities of this series are one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of August 27, 1997, as supplemented by Supplemental Indenture No. 1, dated as of June 1, 1998 (as so supplemented, herein called the "Indenture"), between the Company and NBD Bank (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are authenticated and delivered. This Security is one of the series designated in the first page thereof, limited in aggregate principal amount to \$125,000,000.

Securities of this series are not subject to redemption prior to maturity.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company on this Security, and (b) certain restrictive

covenants and the related defaults and Events of Default applicable to the Company, in each case, upon compliance by the Company with certain conditions set forth in the Indenture, which provisions apply to this Security.

If an Event of Default with respect to the Securities shall occur and be continuing, the principal of the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the

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appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any interest on or after the respective due dates expressed herein.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series of Securities then Outstanding affected thereby. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any Place of Payment where the principal of and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Debt Securities Registrar duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in the form of one or more Global Debt Securities (except as otherwise permitted in Section 3.5 of the Indenture) in registered form without

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coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series of a different authorized denomination, as requested by the Holder surrendering the same. No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all

purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in this Security, or because of any indebtedness evidenced hereby or thereby, shall be had against any past, present or future shareholder, employee, officer or director, as such, of the Company or of any successor, either directly or through the Company or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of this Security by the Holder thereof and as part of the consideration for the issue of the Securities of this series.

All capitalized terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

THE INDENTURE AND THE SECURITIES, INCLUDING THIS SECURITY, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused "CUSIP" numbers to be printed on the Securities of this series as a convenience to the Holders of such Securities. No representation is made as to the correctness or accuracy of such CUSIP numbers as printed on the Securities, and reliance may be placed only on the other identification numbers printed hereon.

Unless the certificate of authentication hereon has been executed by or on behalf of the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

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IN WITNESS WHEREOF, OMEGA HEALTHCARE INVESTORS, INC. has caused this instrument to be duly executed under its corporate seal.

Dated: June 10, 1998

OMEGA HEALTHCARE INVESTORS, INC.

By: /s/ David A. Stover

David A. Stover
Vice President

[Corporate Seal]

Attest:

/s/ Susan A. Kovach

Susan A. Kovach
Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

NBD BANK, as Trustee

By: /s/ J. Michael Banas

J. Michael Banas
Vice President

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ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned hereby

sells, assigns and transfers unto

PLEASE INSERT SOCIAL
SECURITY OR OTHER IDENTIFYING
NUMBER OF ASSIGNEE

.....

.....

(Please Print or Typewrite Name and Address including
Zip Code of Assignee)

.....
the within Security of Omega Healthcare Investors, Inc. and hereby does
irrevocably constitute and appoint

..... Attorney
to transfer said Security on the books of the within-named Company with
full power of substitution in the premises.

Dated:

.....
MEDALLION SIGNATURE GUARANTEE

NOTICE: The signature to this assignment must correspond with the name as it
appears on the first page of the within Security in every particular, without
alteration or enlargement or any change whatever.

[ARGUE PEARSON HARBISON & MYERS, LLP LETTERHEAD]

June 5, 1998

Omega Healthcare Investors, Inc.
905 West Eisenhower Circle, Suite 110
Ann Arbor, Michigan 48103

Re: Tax Opinion Re: \$125,000,000 - 6.95% Notes Due 2002

Gentlemen:

In connection with the Prospectus Supplement dated June 5, 1998, with respect to the issuance by Omega Healthcare Investors, Inc. of \$125,000,000 6.95% Notes due 2002, you have requested our opinion concerning whether the Company has been organized in conformity with the requirements for qualification as a real estate investment trust, and whether its proposed method of operation will enable it to meet the requirements for qualification and taxation as a real estate investment trust under the Internal Revenue Code of 1986, as amended (the "Code").

The opinion is based on various facts and assumptions. We have also been furnished with, and have relied upon, representations made by the Company with respect to certain factual matters through a certificate of an officer of the Company.

Based on such facts, assumptions and representations, it is our opinion (i) that the Company has been organized in conformity with the requirements for qualification as a real estate investment trust under the Code, and its proposed method of operation will enable it to meet the requirements for qualification and taxation as a real estate investment trust under the Code, and (ii) the statements in the Prospectus Supplement dated June 5, 1998, set forth under the caption "Certain Federal Income Tax Considerations" to the extent such information constitutes matters of law, summaries of legal matters, or legal conclusions, has been reviewed by us and is accurate in all material respects. No opinion is expressed as to any matter not expressly addressed herein.

This opinion is based on various statutory provisions, regulations promulgated thereunder and interpretations thereof by the Internal Revenue Service and courts having jurisdiction over such

Omega Healthcare Investors, Inc.
June 5, 1998
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matters, all of which are subject to change either prospectively or retrospectively. Also, any variation or difference in the facts from those set forth in the officer's certificate furnished to us may affect the conclusions stated herein. Moreover, the Company's qualification and taxation as a real estate investment trust depends upon the Company's ability to meet, through actual annual operation results, distribution levels and diversity of stock ownership, the various qualification tests imposed under the Code, the results of which have not and will not be reviewed by Argue Pearson Harbison & Myers, LLP. Accordingly, no assurance can be given that the actual results of the Company's operation for any one taxable year will satisfy such requirements.

This opinion is furnished to you solely for your use in connection with the Registration Statement. We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name under the caption "Legal Matters" in the Prospectus Supplement.

Very truly yours,

Argue Pearson Harbison & Myers

mss
Enclosure