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

FORM 10-Q

(Mark One)
X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009

or

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

For the transition period from _______________ to _______________

Commission file number 1-11316

OMEGA HEALTHCARE INVESTORS, INC.

(Exact name of Registrant as specified in its charter)

Maryland	38-3041398
(State of incorporation)	(IRS Employer Identification No.)

200 International Circle, Suite 3500, Hunt Valley, MD 21030
(Address of principal executive offices)

(410) 427-1700
(Telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☐ No ☐ [NOT APPLICABLE]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one:)

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of August 4, 2009.

Common Stock, $.10 par value	83,264,943
(Class)	(Number of shares)

OMEGA HEALTHCARE INVESTORS, INC.
FORM 10-Q
June 30, 2009

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PART I – FINANCIAL INFORMATION

Item 1 - Financial Statements

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	June 30, 2009 (Unaudited)	December 31, 2008
ASSETS		
Real estate properties		
Land and buildings	$ 1,378,811	$ 1,372,012
Less accumulated depreciation	(273,721)	(251,854)
Real estate properties – net	1,105,090	1,120,158
Mortgage notes receivable – net	100,630	100,821
	1,205,720	1,220,979
Other investments – net	29,744	29,864
	1,235,464	1,250,843
Assets held for sale – net	687	150
Total investments	1,236,151	1,250,993
Cash and cash equivalents	4,923	209
Restricted cash	6,602	6,294
Accounts receivable – net	79,228	75,037
Other assets	12,886	18,613
Operating assets for owned and operated properties	4,060	13,321
Total assets	$ 1,343,850	$ 1,364,467
LIABILITIES AND STOCKHOLDERS' EQUITY		
Revolving line of credit	$ 46,000	$ 63,500
Unsecured borrowings – net	484,689	484,697
Accrued expenses and other liabilities	24,691	25,420
Operating liabilities for owned and operated properties	2,066	2,862
Total liabilities	557,446	576,479
Stockholders' equity:		
Preferred stock issued and outstanding – 4,340 shares Series D with an aggregate liquidation preference of $108,488	108,488	108,488
Common stock $.10 par value authorized – 200,000 shares issued and outstanding – 82,872 shares as of June 30, 2009 and 82,382 as of December 31, 2008	8,287	8,238
Common stock – additional paid-in-capital	1,061,869	1,054,157
Cumulative net earnings	485,011	440,277
Cumulative dividends paid	(877,251)	(823,172)
Total stockholders' equity	786,404	787,988
Total liabilities and stockholders' equity	$ 1,343,850	$ 1,364,467

See notes to consolidated financial statements.

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED STATEMENTS OF INCOME
Unaudited
(in thousands, except per share amounts)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Revenues				
Rental income	$ 41,225	$ 39,774	$ 82,400	$ 77,787
Mortgage interest income	2,895	2,550	5,771	3,529
Other investment income – net	539	582	1,150	1,218
Miscellaneous	130	829	204	2,067
Nursing home revenues of owned and operated assets	4,363	-	8,787	-
Total operating revenues	49,152	43,735	98,312	84,601
Expenses				
Depreciation and amortization	10,990	9,713	21,921	19,109
General and administrative	3,086	2,971	6,245	6,065
Impairment loss on real estate properties	-	-	70	1,514
Provision for uncollectible accounts receivable	-	4,268	-	4,268
Nursing home expenses of owned and operated assets	5,498	-	10,851	-
Total operating expenses	19,574	16,952	39,087	30,956
Income before other income and expense	**29,578**	**26,783**	**59,225**	**53,645**
Other income (expense):				
Interest income	6	58	17	123
Interest expense	(8,712)	(9,745)	(17,485)	(19,430)
Interest – amortization of deferred financing and refinancing costs	(1,026)	(500)	(1,526)	(1,000)
Litigation settlements	-	526	4,527	526
Total other expense	(9,732)	(9,661)	(14,467)	(19,781)
Income before gain (loss) on assets sold	**19,846**	**17,122**	**44,758**	**33,864**
(Loss) gain on assets sold – net	(24)	-	(24)	46
Income from continuing operations	**19,822**	**17,122**	**44,734**	**33,910**
Discontinued operations	-	-	-	446
Net income	**19,822**	**17,122**	**44,734**	**34,356**
Preferred stock dividends	(2,272)	(2,481)	(4,543)	(4,962)
Net income available to common	**$ 17,550**	**$ 14,641**	**$ 40,191**	**$ 29,394**
Income per common share available to common shareholders:				
Basic:				
Income from continuing operations	$ 0.21	$ 0.20	$ 0.49	$ 0.41
Net income	$ 0.21	$ 0.20	$ 0.49	$ 0.42
Diluted:				
Income from continuing operations	$ 0.21	$ 0.20	$ 0.49	$ 0.41
Net income	$ 0.21	$ 0.20	$ 0.49	$ 0.41
Dividends declared and paid per common share	$ 0.30	$ 0.30	$ 0.60	$ 0.59
Weighted-average shares outstanding, basic	82,573	72,942	82,485	70,811
Weighted-average shares outstanding, diluted	82,674	73,038	82,578	70,893
Components of other comprehensive income:				
Net income	$ 19,822	$ 17,122	$ 44,734	$ 34,356
Total comprehensive income	$ 19,822	$ 17,122	$ 44,734	$ 34,356

See notes to consolidated financial statements.

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except per share amounts)

	Common Stock Par Value	Additional Paid-in Capital	Preferred Stock	Cumulative Net Earnings	Cumulative Dividends	Total
Balance at December 31, 2008 (82,382 common shares)	$ 8,238	$ 1,054,157	$ 108,488	$ 440,277	$ (823,172)	$ 787,988
Issuance of common stock:						
Grant of restricted stock (10 shares at $15.790 per share)	1	(1)	—	—	—	—
Amortization of restricted stock	—	954	—	—	—	954
Dividend reinvestment plan (476 shares at $14.676 per share)	48	6,919	—	—	—	6,967
Grant of stock as payment of directors fees (4 shares at an average of $13.734 per share)	—	49	—	—	—	49
Equity Shelf Program (1 share at $15.751 per share)	—	(209)	—	—	—	(209)
Net income for 2009	—	—	—	44,734	—	44,734
Common dividends paid ($0.60 per share).	—	—	—	—	(49,536)	(49,536)
Preferred dividends paid (Series D of $1.047 per share)	—	—	—	—	(4,543)	(4,543)
Balance at June 30, 2009 (82,872 common shares)	$ 8,287	$ 1,061,869	$ 108,488	$ 485,011	$ (877,251)	$ 786,404

See notes to consolidated financial statements.

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited (in thousands)

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Cash flows from operating activities		
Net income	$ 44,734	$ 34,356
Adjustment to reconcile net income to cash provided by operating activities:		
Depreciation and amortization (including amounts in discontinued operations)	21,921	19,109
Impairment loss on real estate properties (including amounts in discontinued operations)	70	1,514
Uncollectible accounts receivable	—	4,268
Refinancing costs	526	—
Amortization of deferred financing costs	1,000	1,000
Loss (gain) on assets sold – net	24	(477)
Restricted stock amortization expense	959	1,051
Other	(86)	(197)
Change in operating assets and liabilities:		
Accounts receivable	144	(2,129)
Straight-line rent	(4,734)	(4,413)
Lease inducement	399	1,636
Other operating assets and liabilities	7,515	(1,083)
Operating assets and liabilities for owned and operated properties	8,465	—
Net cash provided by operating activities	80,937	54,635
Cash flows from investing activities		
Acquisition of real estate	—	(53,235)
Placement of mortgage loans	—	(74,928)
Proceeds from sale of real estate investments	85	3,027
Capital improvements and funding of other investments	(7,525)	(8,994)
Proceeds from other investments	28,406	9,467
Investments in other investments	(28,275)	(16,505)
Collection of mortgage principal – net	266	448
Net cash used in investing activities	(7,043)	(140,720)
Cash flows from financing activities		
Proceeds from credit facility borrowings	118,000	240,800
Payments on credit facility borrowings	(135,500)	(186,800)
Payments of other long-term borrowings	—	(39,000)
Payment of financing related costs	(4,359)	—
Receipts from dividend reinvestment plan	6,967	20,285
Offering costs for Equity Shelf Program – net of proceeds from issuance of common stock	(209)	—
Payments from exercised options and taxes on restricted stock – net	—	(2,087)
Dividends paid	(54,079)	(45,755)
Payments/proceeds from common stock offering – net	—	98,828
Net cash (used in) provided by financing activities	(69,180)	86,271
Increase in cash and cash equivalents	4,714	186
Cash and cash equivalents at beginning of period	209	1,979
Cash and cash equivalents at end of period	$ 4,923	$ 2,165
Interest paid during the period, net of amounts capitalized	$ 17,642	$ 19,579

See notes to consolidated financial statements.

OMEGA HEALTHCARE INVESTORS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Unaudited
June 30, 2009

NOTE 1 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Business Overview

We have one reportable segment consisting of investments in healthcare related real estate properties. Our core business is to provide financing and capital to the long-term healthcare industry with a particular focus on skilled nursing facilities located in the United States. Our core portfolio consists of long-term leases and mortgage agreements. All of our leases are “triple-net” leases, which require the tenants to pay all property-related expenses. Our mortgage revenue derives from fixed-rate mortgage loans, which are secured by first mortgage liens on the underlying real estate and personal property of the mortgagor. In July 2008, we assumed operating responsibilities for 15 of our facilities due to the bankruptcy of one of our former operator/tenants. In September 2008, we entered into an agreement to lease these facilities to a new operator/tenant. The new operator/tenant assumed operating responsibility for 13 of the 15 facilities effective September 1, 2008. We continue to be responsible for the two remaining facilities as of June 30, 2009 that are in the process of being transitioned to the new operator pending approval by state regulators. Substantially all depreciation expenses reflected in the consolidated statements of income relate to the ownership of our investment in real estate.

Basis of Presentation

The accompanying unaudited consolidated financial statements for Omega Healthcare Investors, Inc. (“Omega” or the “Company”) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission regarding interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles (“GAAP”) in the United States for complete financial statements. In our opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. We have evaluated all subsequent events through August 6, 2009, the date the financial statements were issued. These unaudited consolidated financial statements should be read in conjunction with the financial statements and the footnotes thereto included in our latest Annual Report on Form 10-K.

Our consolidated financial statements include the accounts of Omega, all direct and indirect wholly owned subsidiaries; as well as TC Healthcare I, LLC. (“TC Healthcare”), an entity and interim operator created to operate the 15 facilities we assumed as a result of the bankruptcy of one of our former tenant/operators. We consolidate the financial results of TC Healthcare into our financial statements based on the applicable consolidation accounting literature. We include the operating results and assets and liabilities of these facilities for the period of time that TC Healthcare was responsible for the operations of the facilities. Thirteen of these facilities were transitioned from TC Healthcare to a new tenant/operator on September 1, 2008, however, TC Healthcare continues to be responsible for two remaining facilities as of June 30, 2009 that are in the process of being transitioned to the new operator/tenant pending approval by state regulators. The operating revenues and expenses and related operating assets and liabilities of the two remaining owned and operated facilities are shown on a gross basis in our Consolidated Statements of Income and Consolidated Balance Sheets, respectively. All inter-company accounts and transactions have been eliminated in consolidation of the financial statements.

Reclassifications

Certain amounts in the prior year have been reclassified to conform to the current year presentation and to reflect the results of discontinued operations. See Note 11 – Discontinued Operations for a discussion of discontinued operations. Such reclassifications have no effect on previously reported earnings or equity.

Accounts Receivable

Accounts receivable includes: contractual receivables, straight-line rent receivables, lease inducements, net of an estimated provision for losses related to uncollectible and disputed accounts. Contractual receivables relate to the rents currently owed to us under the terms of the lease agreement. Straight-line receivables relates to the difference between the rental revenue recognized on a straight-line basis and the amounts due to us contractually. Lease inducements result from value provided by us to the lessee of the lease and will be amortized as a reduction of rental revenue over the lease term. On a quarterly basis, we review the collection of our contractual payments and determine the appropriateness of our allowance for uncollectible contractual rents. In the case of a lease recognized on a straight-line basis, we generally provide an allowance for straight-line accounts receivable when certain conditions or indicators of adverse collectibility are present.

A summary of our net receivables by type is as follows:

	June 30, 2009	December 31, 2008
	(in thousands)	
Contractual receivables	$ 2,381	$ 2,358
Straight-line receivables	48,306	43,636
Lease inducements	30,161	30,561
Allowance	(1,620)	(1,518)
Accounts receivable – net	$ 79,228	$ 75,037

We continuously evaluate the payment history and financial strength of our operators and have historically established allowance reserves for straight-line rent adjustments for operators that do not meet our requirements. We consider factors such as payment history, the operator's financial condition as well as current and future anticipated operating trends when evaluating whether to establish allowance reserves.

Accounts receivable from owned and operated assets consist of amounts due from Medicare and Medicaid programs, other government programs, managed care health plans, commercial insurance companies and individual patients. Amounts recorded include estimated provisions for loss related to uncollectible accounts and disputed items. For additional information, see Note 3 – Owned and Operated Assets.

Implementation of New Accounting Pronouncements

EITF 03-6-1 Evaluation

In June 2008, the FASB issued FSP EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities*. In this FSP, the FASB concluded that all outstanding unvested share-based payment awards that contain rights to non-forfeitable dividends or dividend equivalents that participate in undistributed earnings with common shareholders and, accordingly, are considered participating securities that shall be included in the two-class method of computing basic and diluted EPS. The FSP does not address awards that contain rights to forfeitable dividends. We adopted this standard on January 1, 2009, and retrospectively adjusted basis EPS data for all periods presented to reflect the two-class method of computing EPS. The provisions of FSP EITF 03-6-1 impact on earnings per share was less than $0.01 per share for the periods presented.

FSP 157-4 Evaluation

In April 2009, the FASB issued FSP No. FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*. This FSP provides additional guidance for estimating fair value in accordance with SFAS No. 157, *Fair Value Measurements*, when the volume and level of activity for the asset or liability have significantly decreased. This FSP also includes guidance on identifying circumstances that indicate a transaction is not orderly. This FSP emphasizes that even if there has been a significant decrease in the volume and level of activity for the asset or liability and regardless of the valuation technique(s) used, the objective of a fair value measurement remains the same. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. We adopted the standard in the second quarter of 2009 and determined that the adoption of FSP 157-4 had no material effect on our financial position or results of operations.

FSP 107-1 Evaluation

In April 2009, the FASB issued FSP No. 107-1 and Accounting Principles Board (“APB”) Opinion No. 28-1, *Interim Disclosures about Fair Value of Financial Instruments*. This FSP amends SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, to require an entity to provide disclosures about fair value of financial instruments in interim financial information. This FSP also amends APB Opinion No. 28, *Interim Financial Reporting*, to require those disclosures in summarized financial information at interim reporting periods. Under this FSP, a publicly traded company shall include disclosures about the fair value of its financial instruments whenever it issues summarized financial information for interim reporting periods. In addition, an entity shall disclose in the body or in the accompanying notes of its summarized financial information for interim reporting periods and in its financial statements for annual reporting periods the fair value of all financial instruments for which it is practicable to estimate that value, whether recognized or not recognized in the statement of financial position, as required by FAS No. 107. We adopted the standard in the second quarter of 2009 and such disclosures are provided in Note 9 – Financial Instruments.

FAS 157 Evaluation

On January 1, 2008, we adopted FASB Statement No. 157, *Fair Value Measurements* (“FAS No. 157”). This standard defines fair value, establishes a methodology for measuring fair value and expands the required disclosure for fair value measurements. FAS No. 157 emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and states that a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. This statement applies under other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those pronouncements that fair value is the relevant measurement attribute. Accordingly, this statement does not require any new fair value measurements. The standard applies prospectively to new fair value measurements performed after the required effective dates, which are as follows: (i) on January 1, 2008, the standard applied to our measurements of the fair values of financial instruments and recurring fair value measurements of non-financial assets and liabilities; and (ii) on January 1, 2009, the standard applied to all remaining fair value measurements, including non-recurring measurements of non-financial assets and liabilities such as measurement of potential impairments of goodwill, other intangible assets and other long-lived assets. It also applies to fair value measurements of non-financial assets acquired and liabilities assumed in business combinations. We evaluated FAS No. 157 and determined that the adoption of FAS No. 157 had no impact on our consolidated financial statements.

FAS 141(R) Evaluation

On December 4, 2007, the FASB issued Statement No. 141(R), *Business Combinations* ("FAS No. 141(R)"). The new standard will significantly change the accounting for and reporting of business combination transactions. FAS No. 141(R) requires companies to recognize, with certain exception, 100 percent of the fair value of the assets acquired, liabilities assumed and non-controlling interest in acquisitions of less than a 100 percent controlling interest when the acquisition constitutes a change in control; measure acquirer shares issued as consideration for a business combination at fair value on the date of the acquisition; recognize contingent consideration arrangements at their acquisition date fair value, with subsequent change in fair value generally reflected in earnings; recognition of reacquisition loss and gain contingencies at their acquisition date fair value; and expense as incurred, acquisition related transaction costs. FAS No. 141(R) is effective for fiscal years beginning after December 15, 2008 and early adoption is prohibited. We adopted the standard on January 1, 2009, which will impact the accounting only for acquisitions occurring prospectively.

FAS 165 Evaluation

In the second quarter of 2009, we adopted FASB Statement No. 165 *, Subsequent Events* ("FAS No. 165") FAS No. 165 establishes the accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date, that is, whether that date represents the date the financial statements were issued or were available to be issued. The adoption of FAS No. 165 did not have a material impact on our financial statements.

NOTE 2 –PROPERTIES

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

If we acquire real estate pursuant to a foreclosure, lease termination or bankruptcy proceeding and do not immediately re-lease or sell the properties to new operators, the assets will be included on the consolidated balance sheet at the lower of cost or estimated fair value (see Note 3– Owned and Operated Assets).

Leased Property

Our leased real estate properties, represented by 228 skilled nursing facilities ("SNFs"), seven assisted living facilities ("ALFs"), two rehabilitation hospitals and two independent living facilities ("ILFs") at June 30, 2009, are leased under provisions of single leases and master leases with initial terms typically ranging from 5 to 15 years, plus renewal options. Substantially all of our leases contain provisions for specified annual increases over the rents of the prior year and are generally computed in one of three methods depending on specific provisions of each lease as follows: (i) a specific annual percentage increase over the prior year's rent, generally 2.5%; (ii) an increase based on the change in pre-determined formulas from year to year (i.e., such as increases in the Consumer Price Index ("CPI")); or (iii) specific dollar increases over prior years. Under the terms of the leases, the lessee is responsible for all maintenance, repairs, taxes and insurance on the leased properties.

Assets Sold or Held for Sale

Assets Sold

On April 24, 2009, we sold our held-for-sale SNF in Iowa for approximately $0.1 million resulting in a loss of approximately $24 thousand.

Held for Sale

On June 30, 2009, we classified one SNF in Connecticut as held-for-sale with a net book value of approximately $0.7 million.

Mortgage Notes Receivable

Mortgage notes receivable relate to 15 long-term care facilities. The mortgage notes are secured by first mortgage liens on the borrowers' underlying real estate and personal property. The mortgage notes receivable relate to facilities located in four (4) states, operated by four (4) independent healthcare operating companies. We monitor compliance with mortgages and when necessary have initiated collection, foreclosure and other proceedings with respect to certain outstanding loans. As of June 30, 2009, none of our mortgages were in foreclosure proceedings. The mortgage properties are cross-collateralized with the master lease agreement.

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

NOTE 3 – OWNED AND OPERATED ASSETS

At June 30, 2009, we owned and operated two facilities with a total of 275 operating beds that were previously recovered from a bankrupt operator/tenant.

Since November 2007, affiliates of Haven Healthcare ("Haven"), one of our operators/lessees/mortgagors, operated under Chapter 11 bankruptcy protection. Commencing in February 2008, the assets of the Haven facilities were marketed for sale via an auction process to be conducted through proceedings established by the bankruptcy court. The auction process failed to produce a qualified buyer. As a result, and pursuant to our rights as ordered by the bankruptcy court, Haven moved the bankruptcy court to authorize us to credit bid certain of the indebtedness that it owed to us in exchange for taking ownership of and transitioning certain of its assets to a new entity in which we have a substantial ownership interest, all of which was approved by the bankruptcy court on July 4, 2008. Effective as of July 7, 2008, we took ownership and/or possession of 15 facilities previously operated by Haven and TC Healthcare, a new entity and an interim operator, in which we have a substantial economic interest, began operating these facilities on our behalf through an independent contractor.

On August 6, 2008, we entered into a Master Transaction Agreement ("MTA") with affiliates of Formation Capital ("Formation") whereby Formation agreed (subject to certain closing conditions, including the receipt of licensure) to lease 14 SNFs and one ALF facility under a master lease. These facilities were formerly leased to Haven.

Effective September 1, 2008, we completed the operational transfer of 12 SNFs and one ALF to affiliates of Formation, in accordance with the terms of the MTA. The 13 facilities are located in Connecticut (5), Rhode Island (4), New Hampshire (3) and Massachusetts (1). As part of the transaction, Genesis Healthcare ("Genesis") has entered into a long-term management agreement with Formation to oversee the day-to-day operations of each of these facilities. The two remaining facilities in Vermont, which are currently being operated by TC Healthcare, will transfer to Formation/Genesis upon the appropriate regulatory approvals expected sometime in the near future. Our consolidated financial statements include the financial position and results of operations of TC Healthcare from July 7, 2008 to June 30, 2009. As of June 30, 2009, our gross investment in land and buildings for the two properties operated by TC Healthcare was approximately $14.6 million.

Nursing home revenues and expenses, included in our consolidated financial statements that relate to such owned and operated assets are set forth in the tables below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(in thousands)			
Nursing home revenues	$ 4,363	$ —	$ 8,787	$ —
Nursing home expenses	5,498	—	10,851	—
Loss from nursing home operations	$ (1,135)	$ —	$ (2,064)	$ —

NOTE 4 – CONCENTRATION OF RISK

As of June 30, 2009, our portfolio of investments consisted of 255 healthcare facilities, located in 28 states and operated by 25 third-party operators. Our gross investment in these facilities, net of impairments and before reserve for uncollectible loans, totaled approximately $1.5 billion at June 30, 2009, with approximately 99% of our real estate investments related to long-term care facilities. This portfolio is made up of 226 SNFs, seven ALFs, two rehabilitation hospitals, two ILFs, fixed rate mortgages on 15 SNFs, two SNFs that are owned and operated and one SNF that is currently held for sale. At June 30, 2009, we also held miscellaneous investments of approximately $29.7 million, consisting primarily of secured loans to third-party operators of our facilities.

At June 30, 2009, approximately 24% of our real estate investments were operated by two public companies: Sun Healthcare Group, Inc ("Sun") (14%) and Advocat Inc. ("Advocat") (10%). Our largest private company operators (by investment) were CommuniCare Health Services ("CommuniCare") (21%) and Signature Holding II, LLC ("Signature") (10%). No other operator represents more than 9% of our investments. The three states in which we had our highest concentration of investments were Ohio (23%), Florida (12%) and Pennsylvania (10%) at June 30, 2009.

For the three-month period ended June 30, 2009, our revenues from operations totaled $49.2 million, of which approximately $8.8 million were from CommuniCare (18%), $7.7 million from Sun (16%) and $5.4 million from Advocat (11%). Our owned and operated assets generated $4.4 million (9%) of revenue in June 30, 2009. No other operator generated more than 9% of our revenues from operations for the three-month period ended June 30, 2009.

For the six-month period ended June 30, 2009, our revenues from operations totaled $98.3 million, of which approximately $17.6 million were from CommuniCare (18%), $15.4 million from Sun (16%) and $10.9 million from Advocat (11%). Our owned and operated assets generated $8.8 million (9%) of revenue in June 30, 2009. No other operator generated more than 9% of our revenues from operations for the six-month period ended June 30, 2009.

Sun and Advocat are subject to the reporting requirements of the Securities and Exchange Commission ("SEC") and are required to file with the SEC annual reports containing audited financial information and quarterly reports containing unaudited interim financial information. Sun and Advocat's filings with the SEC can be found at the SEC's website at www.sec.gov. We are providing this data for information purposes only, and you are encouraged to obtain Sun's and Advocat's publicly available filings from the SEC.

NOTE 5 –DIVIDENDS

Common Dividends

On July 15, 2009, the Board of Directors declared a common stock dividend of $0.30 per share, to be paid August 17, 2009 to common stockholders of record on July 31, 2009.

On April 15, 2009, the Board of Directors declared a common stock dividend of $0.30 per share that was paid May 15, 2009 to common stockholders of record on April 30, 2009.

On January 15, 2009, the Board of Directors declared a common stock dividend of $0.30 per share that was paid on February 17, 2009 to common stockholders of record on January 30, 2009.

Series D Preferred Dividends

On July 15, 2009, the Board of Directors declared the regular quarterly dividends for the 8.375% Series D Cumulative Redeemable Preferred Stock ("Series D Preferred Stock") to stockholders of record on July 31, 2009. The stockholders of record of the Series D Preferred Stock on July 31, 2009 will be paid dividends in the amount of $0.52344 per preferred share on August 17, 2009. The liquidation preference for our Series D Preferred Stock is $25.00 per share. Regular quarterly preferred dividends for the Series D Preferred Stock represent dividends for the period May 1, 2009 through July 31, 2009.

On April 15, 2009, the Board of Directors declared regular quarterly dividends of approximately $0.52344 per preferred share on the Series D Preferred Stock that were paid May 15, 2009 to preferred stockholders of record on April 30, 2009.

On January 15, 2009, the Board of Directors declared regular quarterly dividends of approximately $0.52344 per preferred share on the Series D Preferred Stock that were paid February 17, 2009 to preferred stockholders of record on January 30, 2009.

NOTE 6 – TAXES

So long as we qualify as a real estate investment trust ("REIT") under the Internal Revenue Code (the "Code"), we generally will not be subject to federal income taxes on the REIT taxable income that we distribute to stockholders, subject to certain exceptions. On a quarterly and annual basis, we test our compliance within the REIT taxation rules to ensure that we were in compliance with the rules.

Subject to the limitation under the REIT asset test rules, we are permitted to own up to 100% of the stock of one or more taxable REIT subsidiary ("TRSs"). Currently, we have one TRS that is taxable as a corporation and that pays federal, state and local income tax on its net income at the applicable corporate rates. The TRS had a net operating loss carry-forward as of June 30, 2009 of $1.1 million. The loss carry-forward was fully reserved with a valuation allowance due to uncertainties regarding realization.

NOTE 7 – STOCK-BASED COMPENSATION

The following is a summary of our stock based compensation expense for the three- and six- month periods ended June 30, 2009 and 2008, respectively:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(in thousands)			
Restricted stock expense	$ 479	$ 525	$ 959	$ 1,051

2007 Stock Awards

In May 2007, we granted 286,908 shares of restricted stock and 247,992 performance restricted stock units ("PRSU") to five executive officers under the 2004 Plan Stock Incentive Plan (the "2004 Plan").

Restricted Stock Award

The restricted stock award vests one-seventh on December 31, 2007 and two-sevenths on December 31, 2008, December 31, 2009, and December 31, 2010, respectively, subject to continued employment on the vesting date (as defined in the agreements filed with the SEC on May 8, 2007). As of June 30, 2009, 122,961 shares of restricted stock have vested under the restricted stock award.

Performance Restricted Stock Units

We awarded two types of PRSUs (annual and cliff vesting awards) to the five executives. One half of the PRSU awards vest annually in equal increments on December 31, 2008, December 31, 2009, and December 31, 2010, respectively. The other half of the PRSU awards cliff vest on December 31, 2010. Vesting on both types of awards requires achievement of total shareholder return (as defined in the agreements filed with the SEC on May 8, 2007).

The following table summarizes our total unrecognized compensation cost associated with the restricted stock awards and PRSUs awarded in May 2007 as of June 30, 2009:

	Shares/ Units	Grant Date Fair Value Per Unit/ Share	Total Compensation Cost	Weighted Average Period of Expense Recognition (in months)	Unrecognized Compensation Cost
		(in thousands, except share and per share amounts)			
Restricted stock	286,908	$ 17.06	$ 4,895	44	$ 2,002
2008 Annual performance restricted stock units	41,332	8.78	363	20	-
2009 Annual performance restricted stock units	41,332	8.25	341	32	64
2010 Annual performance restricted stock units	41,332	8.14	336	44	138
3 year cliff vest performance restricted stock units	123,996	6.17	765	44	313
Total	534,900		$ 6,700		$ 2,517

As of June 30, 2009, we had 23,664 stock options and 20,401 shares of restricted stock outstanding to directors. The stock options were fully vested as of January 1, 2007 and the restricted shares are scheduled to vest over the next three years. As of June 30, 2009, the unrecognized compensation cost associated with the directors is $0.2 million.

NOTE 8 – FINANCING ACTIVITIES AND BORROWING ARRANGEMENTS

Bank Credit Agreements

On June 30, 2009, we entered into a new $200 million revolving senior secured credit facility (the “New Credit Facility”). The New Credit Facility is being provided by Bank of America, N.A., Deutsche Bank Trust Company Americas, UBS Loan Finance LLC and General Electric Capital Corporation pursuant to a Credit Agreement, dated as of June 30, 2009 (the “New Credit Agreement”), among the Omega subsidiaries named therein (“Borrowers”), the lenders named therein, and Bank of America, N.A., as administrative agent. At June 30, 2009, we had $46.0 million outstanding under the New Credit Facility and no letters of credit outstanding, leaving availability of $154.0 million. The $46.0 million of outstanding borrowings had a blended interest rate of 6% at June 30, 2009, and is currently priced at LIBOR plus 400 basis points. The New Credit Facility will be used for acquisitions and general corporate purposes.

The New Credit Facility replaces our previous $255 million senior secured credit facility (the “Prior Credit Facility”), that was terminated on June 30, 2009. The New Credit Facility matures on June 30, 2012, and includes an “accordion feature” that permits us to expand our borrowing capacity to $300 million in certain circumstances during the first two years.

For the three-month period ended June 30, 2009, we recorded a one-time, non-cash charge of approximately $0.5 million relating to the write-off of unamortized deferred financing costs associated with the replacement of the Prior Credit Facility. We incurred approximately $4.4 million in deferred financing cost related to establishing the New Credit Facility.

The interest rates per annum applicable to the New Credit Facility are the reserve-adjusted LIBOR Rate , with a floor of 200 basis points (the “Eurodollar Rate”), plus the applicable margin (as defined below) or, at our option, the base rate, which will be the highest of (i) the rate of interest publicly announced by the administrative agent as its prime rate in effect, (ii) the federal funds effective rate from time to time plus 0.50% and (iii) the Eurodollar Rate for a Eurodollar Loan with an interest period of one month plus 1.25%, in each case, plus the applicable margin. The applicable margin with respect to the New Credit Facility is determined in accordance with a performance grid based on our consolidated leverage ratio. The applicable margin may range from 4.75% to 3.7% in the case of Eurodollar Rate advances, from 3.5% to 2.5% in the case of base rate advances, and from 4.75% to 3.75% in the case of letter of credit fees. The default rate on the New Credit Facility is 3.00% above the interest rate otherwise applicable to base rate loans. We are also obligated to pay a commitment fee of 0.50% on the unused portion of our New Credit Facility. In certain circumstances set forth in the New Credit Agreement, we may prepay the New Credit Facility at any time in whole or in part without fees or penalty.

Omega and its subsidiaries that are not Borrowers under the New Credit Facility guarantee the obligations of our Borrower subsidiaries under the New Credit Facility. All obligations under the New Credit Facility and the related guarantees are secured by a perfected first priority lien on certain real properties and all improvements, fixtures, equipment and other personal property relating thereto of the Borrower subsidiaries under the New Credit Facility, and an assignment of leases, rents, sale/refinance proceeds and other proceeds flowing from the real properties.

The New Credit Facility contains customary affirmative and negative covenants, including, without limitations, limitations on investments; limitations on liens; limitations on mergers, consolidations, and transfers of assets; limitations on sales of assets; limitations on transactions with affiliates; and limitations on our transfer of ownership and management. In addition, the New Credit Facility contains financial covenants including, without limitation, with respect to maximum leverage ratio, minimum fixed charge coverage ratio, minimum tangible net worth and maximum distributions. As of June 30, 2009, we were in compliance with all affirmative and negative covenants, including financial covenants.

Equity Distribution Agreement

On June 12, 2009, we entered into separate Equity Distribution Agreements (collectively, the "Equity Distribution Agreements") with each of UBS Securities LLC, Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, each as sales agents and/or principal (the "Managers"). Under the terms of the Equity Distribution Agreements, we may sell shares of our common stock, from time to time, through or to the Managers having an aggregate gross sales price of up to $100,000,000 (the "Equity Shelf Program"). Sales of the shares, if any, will be made by means of ordinary brokers' transactions on the New York Stock Exchange at market prices, or as otherwise agreed with the applicable Manager. We will pay each Manager compensation for sales of the shares equal to 2% of the gross sales price per share of shares sold through such Manager, as sales agent, under the applicable Equity Distribution Agreement. During the three months ended June 30, 2009, 700 shares of the Company's common stock were issued through the Equity Shelf Program for net proceeds of approximately $11,000.

Amendment to Charter to Increase Authorized Common Stock

On May 28, 2009, we amended our Articles of Incorporation to increase the number of authorized shares of our common stock from 100,000,000 to 200,000,000 shares. The Board of Directors previously approved the amendment, subject to stockholder approval, and the amendment was approved by our stockholders at the Annual Meeting of Stockholders held on May 21, 2009.

Dividend Reinvestment and Common Stock Purchase Plan

We have a Dividend Reinvestment and Common Stock Purchase Plan (the "DRSPP") that allows for the reinvestment of dividends and the optional purchase of our common stock. Effective May 15, 2009, we reinstated the optional cash purchase component of our DRSPP, which we had temporarily suspended in October 2008.

For the six month period ended June 30, 2009, we issued 476,051 shares of common stock for approximately $7.0 million in net proceeds.

NOTE 9 - FINANCIAL INSTRUMENTS

At June 30, 2009 and December 31, 2008, the carrying amounts and fair values of our financial instruments were as follows:

	June 30, 2009		December 31, 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Assets:				
Cash and cash equivalents	$ 4,923	$ 4,923	$ 209	$ 209
Restricted cash	6,602	6,602	6,294	6,294
Mortgage notes receivable – net	100,630	98,527	100,821	93,892
Other investments	29,744	26,562	29,864	25,343
Totals	$ 141,899	$ 136,614	$ 137,188	$ 125,738
Liabilities:				
Revolving lines of credit	$ 46,000	$ 46,000	$ 63,500	$ 59,550
7.00% Notes due 2014	310,000	301,224	310,000	268,712
7.00% Notes due 2016	175,000	162,557	175,000	137,285
(Discount)/Premium on 7.00% Notes – net	(311)	(174)	(303)	(37)
Totals	$ 530,689	$ 509,607	$ 548,197	$ 465,510

Fair value estimates are subjective in nature and are dependent on a number of important assumptions, including estimates of future cash flows, risks, discount rates and relevant comparable market information associated with each financial instrument (see Note 2 – Summary of Significant Accounting Policies of our 2008 Annual Report on Form 10-K). The use of different market assumptions and estimation methodologies may have a material effect on the reported estimated fair value amounts. Accordingly, the estimates presented above are not necessarily indicative of the amounts we would realize in a current market exchange.

The following methods and assumptions were used in estimating fair value disclosures for financial instruments.

- Cash and cash equivalents: The carrying amount of cash and cash equivalents and restricted cash reported in the balance sheet approximates fair value because of the short maturity of these instruments (i.e., less than 90 days).

- Mortgage notes receivable: The fair values of the mortgage notes receivables are estimated using a discounted cash flow analysis, using interest rates being offered for similar loans to borrowers with similar credit ratings.

- Other investments: Other investments are primarily comprised of: (i) notes receivable; and (ii) an investment in redeemable non-convertible preferred security of an unconsolidated business accounted for using the cost method of accounting under APB No. 18. The fair values of notes receivable are estimated using a discounted cash flow analysis, using interest rates being offered for similar loans to borrowers with similar credit ratings. The fair value of the investment in the unconsolidated business is estimated using discounted cash flow and volatility assumptions or, if available, quoted market value.

- Revolving lines of credit: The fair value of our borrowings under variable rate agreements are estimated using an expected present value technique based on expected cash flows discounted using the current credit-adjusted risk-free rate.

- Senior notes and other long-term borrowings: The fair value of our borrowings under fixed rate agreements are estimated based on open market trading activity provided by a third party.

NOTE 10 – LITIGATION

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

In 1999, we filed suit against a former tenant seeking damages based on claims of breach of contract. The defendants denied the allegations made in the lawsuit. In June 2008, we were awarded damages in a jury trial. The case was then settled prior to appeal. In settlement of our claim against the defendants, we agreed in January 2009 to accept a lump sum cash payment of $6.8 million. The cash proceeds were offset by related expenses incurred of $2.3 million, resulting in a net gain of $4.5 million paid in January 2009. We recorded this gain during the first quarter of 2009.

NOTE 11 – DISCONTINUED OPERATIONS

Statement of Financial Accounting Standards ("SFAS") No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets,* requires the presentation of the net operating results of facilities classified as discontinued operations for all periods presented.

The following table summarizes the results of discontinued operations for facilities sold or held-for-sale during the three- and six- month periods ended June 30, 2009 and 2008, respectively.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(in thousands)			
Revenues				
Rental income	$ —	$ —	$ —	$ 15
Expenses	—	—	—	—
Income before gain on sale of assets	—	—	—	15
Gain on assets sold – net	—	—	—	431
Discontinued operations	$ —	$ —	$ —	**$ 446**

No revenue or expense generated from discontinued operations during the three months ended June 30, 2009 and 2008, respectively.

For the six months ended June 30, 2009, no revenue or expense was generated from discontinued operations. For the six months ended June 30, 2008, discontinued operations includes revenue of $15 thousand for one SNF located in California that was sold during the first quarter of 2008, generating a gain of $0.4 million.

NOTE 12– EARNINGS PER SHARE

We calculate basic and diluted earnings per common share ("EPS") in accordance with FAS No. 128, *Earnings Per Share*. The computation of basic EPS is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding during the relevant period. Diluted EPS is computed using the treasury stock method, which is net income divided by the total weighted-average number of common outstanding shares plus the effect of dilutive common equivalent shares during the respective period. Dilutive common shares reflect the assumed issuance of additional common shares pursuant to certain of our share-based compensation plans, including stock options, restricted stock and performance restricted stock units.

The following tables set forth the computation of basic and diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(in thousands, except per share amounts)			
Numerator:				
Income from continuing operations	$ 19,822	$ 17,122	$ 44,734	$ 33,910
Preferred stock dividends	(2,272)	(2,481)	(4,543)	(4,962)
Numerator for income available to common shareholders from continuing operations - basic and diluted	17,550	14,641	40,191	28,948
Discontinued operations	—	—	—	446
Numerator for net income available to common per share - basic and diluted	$ 17,550	$ 14,641	$ 40,191	$ 29,394
Denominator:				
Denominator for basic earnings per share	82,573	72,942	82,485	70,811
Effect of dilutive securities:				
Restricted stock	90	84	80	70
Stock option incremental shares	11	12	11	12
Deferred stock	—	—	2	—
Denominator for diluted earnings per share	82,674	73,038	82,578	70,893
Earnings per share – basic:				
Income available to common shareholders from continuing operations	$ 0.21	$ 0.20	$ 0.49	$ 0.41
Discontinued operations	—	—	—	0.01
Net income – basic	$ 0.21	$ 0.20	$ 0.49	$ 0.42
Earnings per share – diluted:				
Income available to common shareholders from continuing operations	$ 0.21	$ 0.20	$ 0.49	$ 0.41
Discontinued operations	—	—	—	—
Net income – diluted	$ 0.21	$ 0.20	$ 0.49	$ 0.41

Note 13– SUBSEQUENT EVENT

On July 1, 2009, we issued 180,588 shares of our common stock under our Equity Shelf Program for net proceeds of approximately $2.8 million.

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking Statements, Reimbursement Issues and Other Factors Affecting Future Results

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this document. This document contains forward-looking statements within the meaning of the federal securities laws, including statements regarding potential financings and potential future changes in reimbursement. These statements relate to our expectations, beliefs, intentions, plans, objectives, goals, strategies, future events, performance and underlying assumptions and other statements other than statements of historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology including, but not limited to, terms such as "may," "will," "anticipates," "expects," "believes," "intends," "should" or comparable terms or the negative thereof. These statements are based on information available on the date of this filing and only speak as to the date hereof and no obligation to update such forward-looking statements should be assumed. Our actual results may differ materially from those reflected in the forward-looking statements contained herein as a result of a variety of factors, including, among other things:

(i) those items discussed under "Risk Factors" in Item 1A to our annual report on Form 10-K for the year ended December 31, 2008 and in Part II, Item 1A of this report;
(ii) uncertainties relating to the business operations of the operators of our assets, including those relating to reimbursement by third-party payors, regulatory matters and occupancy levels;
(iii) the ability of any operators in bankruptcy to reject unexpired lease obligations, modify the terms of our mortgages and impede our ability to collect unpaid rent or interest during the process of a bankruptcy proceeding and retain security deposits for the debtors' obligations;
(iv) our ability to sell closed or foreclosed assets on a timely basis and on terms that allow us to realize the carrying value of these assets;
(v) our ability to manage, re-lease or sell any owned and operated facilities;
(vi) the availability and cost of capital;
(vii) our ability to maintain our credit ratings;
(viii) competition in the financing of healthcare facilities;
(ix) regulatory and other changes in the healthcare sector;
(x) the effect of economic and market conditions generally and, particularly, in the healthcare industry;
(xi) changes in the financial position of our operators;
(xii) changes in interest rates;
(xiii) the amount and yield of any additional investments;
(xiv) changes in tax laws and regulations affecting real estate investment trusts;
(xv) our ability to maintain our status as a real estate investment trust;
(xvi) changes in our credit ratings and the ratings of our debt and preferred securities;
(xvii) the potential impact of a general economic slowdown on governmental budgets and healthcare reimbursement expenditures; and
(xviii) the effect of the recent financial crisis and severe tightening in the global credit markets.

Overview

We have one reportable segment consisting of investments in healthcare related real estate properties. Our core business is to provide financing and capital to the long-term healthcare industry with a particular focus on skilled nursing facilities ("SNFs") located in the United States. Our core portfolio consists of long-term leases and mortgage agreements. All of our leases are "triple-net" leases, which require the tenants to pay all property-related expenses. Our mortgage revenue derives from fixed-rate mortgage loans, which are secured by first mortgage liens on the underlying real estate and personal property of the mortgagor. In July 2008, we assumed operating responsibilities for 15 of our facilities due to the bankruptcy of one of our former operator/tenants. In September 2008, we entered into an agreement to lease these facilities to a new operator/tenant. The new operator/tenant assumed operating responsibility for 13 of the 15 facilities effective September 1, 2008. We continue to be responsible for the two remaining facilities as of June 30, 2009 that are in the process of being transitioned to the new tenant/operator pending approval by state regulators.

Our consolidated financial statements include the accounts of Omega, all direct and indirect wholly owned subsidiaries as well as TC Healthcare I, LLC ("TC Healthcare"), a new entity and interim operator created to operate the 15 facilities we assumed as a result of the bankruptcy of one of our former tenant/operators. We consolidate the financial results of TC Healthcare into our financial statements based on the applicable consolidation accounting literature. We include the operating results and assets and liabilities of these facilities for the period of time that TC Healthcare was responsible for the operations of the facilities. Thirteen of these facilities were transitioned from TC Healthcare to a new tenant/operator on September 1, 2008; however, TC Healthcare continues to be responsible for two remaining facilities as of June 30, 2009 that are in the process of being transitioned to the new operator/tenant pending approval by state regulators. The operating revenues and expenses and related operating assets and liabilities of the two remaining owned and operated facilities are shown on a gross basis in our Consolidated Statements of Income and Consolidated Balance Sheets, respectively. All inter-company accounts and transactions have been eliminated in consolidation of the financial statements.

Our portfolio of investments at June 30, 2009, consisted of 255 healthcare facilities, located in 28 states and operated by 25 third-party operators. Our gross investment in these facilities totaled approximately $1.5 billion at June 30, 2009, with 99% of our real estate investments related to long-term healthcare facilities. This portfolio is made up of (i) 226 SNFs, (ii) seven assisted living facilities ("ALFs"), (iii) two rehabilitation hospitals owned and leased to third parties, (iv) two independent living facilities ("ILFs"), (v) fixed rate mortgages on 15 SNFs, (vi) two SNFs that are owned and operated and (vii) one SNF that is currently held for sale. At June 30, 2009, we also held other investments of approximately $29.7 million, consisting primarily of secured loans to third-party operators of our facilities.

Taxation

We have elected to be taxed as a Real Estate Investment Trust ("REIT"), under Sections 856 through 860 of the Internal Revenue Code (the "Code"), beginning with our taxable year ended December 31, 1992. We believe that we have been organized and operated in such a manner as to qualify for taxation as a REIT. We intend to continue to operate in a manner that will maintain our qualification as a REIT, but no assurance can be given that we have operated or will be able to continue to operate in a manner so as to qualify or remain qualified as a REIT. Under the Code, we generally are not subject to federal income tax on taxable income distributed to stockholders if certain distribution, income, asset and stockholder tests are met, including a requirement that we must generally distribute at least 90% of our annual taxable income, excluding any net capital gain, to stockholders. If we fail to qualify as a REIT in any taxable year, we may be subject to federal income taxes on our taxable income for that year and for the four years following the year during which qualification is lost, unless the Internal Revenue Service grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to our stockholders. For further information, see "Taxation" in Item 1 of our annual report on Form 10-K for the year ended December 31, 2008.

Recent Developments Regarding Government Regulation and Reimbursement

Reimbursement. The recent downturn in the U.S. economy and other factors could result in significant cost-cutting at both the federal and state levels, resulting in a reduction of reimbursement rates and levels to our operators under both the Medicare and Medicaid programs. In addition, Congress currently is considering options for health care reform legislation, and some of the options under consideration could result in decreases in payments to SNFs or otherwise diminish the financial condition of individual SNFs. These legislative options include potential changes in the reporting and measurement of quality, the setting of payment levels and the enforcement of the laws and rules governing federal health programs. It is currently uncertain which health care reform options, if any, will be enacted by Congress.

We currently believe that our operator coverage ratios are adequate and that our operators can absorb moderate reimbursement rate reductions under Medicaid and Medicare and still meet their obligations to us. However, significant limits on the scope of services reimbursed and on reimbursement rates and fees could have a material adverse effect on an operator's results of operations and financial condition, which could adversely affect the operator's ability to meet its obligations to us.

Medicaid. Current market and economic conditions will likely have a significant impact on state budgets and health care spending. Fiscal conditions have continued to deteriorate, and many states are experiencing significant budget gaps. As a result, despite increases in Federal funding, Medicaid spending from state funds is estimated to decline in both state fiscal years 2009 and 2010. The budget deficits are exacerbated by increased enrollment in Medicaid during 2008 and anticipated increased enrollment in fiscal years 2009 and 2010. Since the profit margins on Medicaid patients are generally relatively low, substantial reductions in Medicaid reimbursement could adversely affect our operators' results of operations and financial condition, which in turn could negatively impact us.

The American Recovery and Reinvestment Act of 2009 ("ARRA"), which was signed into law on February 17, 2009, provides for enhanced federal Medicaid matching rates that may provide some relief to states. Because states have discretion with respect to their Medicaid programs, some states may address budget shortfalls outside of Medicaid by reallocating state funds that otherwise would have been spent on Medicaid expenditures. As a result, the impact of the ARRA Medicaid funding on our operators will depend on how states choose to use the funding.

In 2007 and early 2008, the Center for Medicare & Medicaid Services ("CMS") issued a number of Medicaid rules that have the potential to reduce the funding available under state Medicaid programs to reimburse long-term care providers. Several of these rules were rescinded on June 30, 2009 including rules related to specialized transportation to schools for children covered by Medicaid, outpatient hospital services and certain provisions related to targeted case management services. In addition, CMS proposed to delay until June 30, 2010 the enforcement of certain provisions of a regulation related to health care-related taxes. However, other regulatory provisions have been implemented, including a reduction in the maximum allowable health care-related taxes that states can impose on providers (reduced from 6 percent to 5.5 percent). This rule could result in lower taxes for providers, but also could result in less overall funding for state Medicaid programs by limiting the ability of states to fund the non-federal share of the Medicaid program. As a result, the operators of our properties could potentially experience reductions in Medicaid funding, which could adversely impact their ability to meet their obligations to us.

Medicare. On July 31, 2009, CMS announced a final rule on Medicare's prospective payment system for SNFs for fiscal year 2010. The final rule includes a reduction in payments to nursing homes equal to $1.05 billion, or 3.3 percent, resulting from a recalibration of the case-mix indices. However, CMS estimates that the fiscal year 2010 market basket adjustment of 2.1 percent, or $660 million, will offset the $1.05 billion adjustment, resulting in an aggregate decrease in Medicare payments to SNFs during fiscal year 2010 of approximately $360 million, or 1.1 percent. The changes may have different impacts on individual SNFs, depending in part on the characteristics of the patient populations of individual facilities. Our operators may receive reduced Medicare payments as a result of the final rule, which could have an adverse effect on their ability to satisfy their financial obligations. The 2010 fiscal year begins on October 1, 2009 and ends on September 30, 2010.

In addition to the recalibration of the casemix indices and payment update, CMS finalized a revised case-mix classification system, the RUG-IV, and implementation schedule for fiscal year 2011. The change in case-mix classification methodology has the potential to impact reimbursement, although the ultimate impact of the RUG-IV classification model on reimbursement to the individual operators of our facilities is unknown.

The 2009 fiscal year ends on September 30, 2009. On August 8, 2008, CMS published a final rule on Medicare's prospective payment system for SNFs for fiscal year 2009. CMS estimated that these payment policies will increase aggregate Medicare payments to SNFs during fiscal year 2009 by $780 million (compared to fiscal year 2008).

The Medicare Improvements for Patients and Providers Act of 2008 ("MIPPA") became law on July 15, 2008 and made a variety of changes to Medicare, some of which may affect SNFs. For instance, MIPPA extended the therapy caps exceptions process through December 31, 2009. The therapy caps limit the physical therapy, speech-language therapy and occupational therapy services that a Medicare beneficiary can receive during a calendar year. These caps do not apply to therapy services covered under Medicare Part A in SNF, although the caps apply in most other instances involving patients in SNFs or long-term care facilities who receive therapy services covered under Medicare Part B. Congress implemented a temporary therapy cap exceptions process, which permits medically necessary therapy services to exceed the payment limits. MIPPA retroactively extended the therapy caps exceptions process through December 31, 2009. Expiration of the therapy caps exceptions process in the future could have a material adverse effect on our operators' financial condition and operations, which could adversely impact their ability to meet their obligations to us.

Quality of Care Initiatives. CMS has implemented a number of initiatives focused on the quality of care provided by nursing homes that could affect our operators. For instance, in February 2008, CMS made publicly available on its website the names of all 136 nursing homes targeted in its Special Focus Facility program for underperforming nursing homes. CMS plans to update the list regularly. As another example, in December 2008, CMS released quality ratings for all of the nursing homes that participate in Medicare or Medicaid. Facility rankings, ranging from five stars ("much above average") to one star ("much below average") will be updated on a monthly basis. In the event any of our operators do not maintain the same or superior levels of quality care as their competitors, patients could choose alternate facilities, which could adversely impact our operators' revenues. In addition, the reporting of such information could lead to future reimbursement policies that reward or penalize facilities on the basis of the reported quality of care parameters.

The Office of Inspector General ("OIG") of the Department of Health and Human Services also has carried out a number of projects focused on the quality of care provided by nursing homes. For example, in September 2008, the OIG released a report based on an analysis of data from CMS' Online Survey and Certification Reporting System ("OSCAR"), which contains the results of all state nursing home surveys. The report notes that over 91 percent of nursing homes surveyed were cited for deficiencies and complaints between 2005 and 2007. The most common deficiencies cited involved quality of care, resident assessments and quality of life. A greater percentage of for-profit nursing homes were cited than not-for-profit and government nursing homes. In addition, the OIG's Work Plan for fiscal year 2009, which describes projects that the OIG plans to address during the fiscal year, includes a number of projects related to nursing homes.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and a summary of our significant accounting policies is included in Note 2 – Summary of Significant Accounting Policies to our Annual Report on Form 10-K for the year ended December 31, 2008. Our preparation of the financial statements requires us to make estimates and assumptions about future events that affect the amounts reported in our financial statements and accompanying footnotes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such difference may be material to the consolidated financial statements. We have described our most critical accounting policies in our 2008 Annual Report on Form 10-K in Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Recent Accounting Pronouncements:

EITF 03-6-1 Evaluation

In June 2008, the FASB issued FSP EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities* . In this FSP, the FASB concluded that all outstanding unvested share-based payment awards that contain rights to non-forfeitable dividends or dividend equivalents that participate in undistributed earnings with common shareholders and, accordingly, are considered participating securities that shall be included in the two-class method of computing basic and diluted EPS. The FSP does not address awards that contain rights to forfeitable dividends. We adopted this standard on January 1, 2009, and retrospectively adjusted basis EPS data for all periods presented to reflect the two-class method of computing EPS. The provisions of FSP EITF 03-6-1 impact on earnings per share was less than $0.01 per share for the periods presented.

FSP 157-4 Evaluation

In April 2009, the FASB issued FSP No. FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*. This FSP provides additional guidance for estimating fair value in accordance with SFAS No. 157, *Fair Value Measurements*, when the volume and level of activity for the asset or liability have significantly decreased. This FSP also includes guidance on identifying circumstances that indicate a transaction is not orderly. This FSP emphasizes that even if there has been a significant decrease in the volume and level of activity for the asset or liability and regardless of the valuation technique(s) used, the objective of a fair value measurement remains the same. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. We adopted the standard in the second quarter of 2009 and determined that the adoption of FSP 157-4 had no material effect on our financial position or results of operations.

FSP 107-1 Evaluation

In April 2009, the FASB issued FSP No. 107-1 and Accounting Principles Board (“APB”) Opinion No. 28-1, *Interim Disclosures about Fair Value of Financial Instruments*. This FSP amends SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, to require an entity to provide disclosures about fair value of financial instruments in interim financial information. This FSP also amends APB Opinion No. 28, *Interim Financial Reporting*, to require those disclosures in summarized financial information at interim reporting periods. Under this FSP, a publicly traded company shall include disclosures about the fair value of its financial instruments whenever it issues summarized financial information for interim reporting periods. In addition, an entity shall disclose in the body or in the accompanying notes of its summarized financial information for interim reporting periods and in its financial statements for annual reporting periods the fair value of all financial instruments for which it is practicable to estimate that value, whether recognized or not recognized in the statement of financial position, as required by FAS No. 107. We adopted the standard in the second quarter of 2009 and such disclosures are provided in Note 9 – Financial Instruments.

FAS 157 Evaluation

On January 1, 2008, we adopted Financial Accounting Standards Board, ("FASB"), Statement No. 157, *Fair Value Measurements* ("FAS No. 157"). This standard defines fair value, establishes a methodology for measuring fair value and expands the required disclosure for fair value measurements. FAS No. 157 emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and states that a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. This statement applies under other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those pronouncements that fair value is the relevant measurement attribute. Accordingly, this statement does not require any new fair value measurements. The standard applies prospectively to new fair value measurements performed after the required effective dates, which are as follows: (i) on January 1, 2008, the standard applied to our measurements of the fair values of financial instruments and recurring fair value measurements of non-financial assets and liabilities; and (ii) on January 1, 2009, the standard applies to all remaining fair value measurements, including non-recurring measurements of non-financial assets and liabilities such as measurement of potential impairments of goodwill, other intangible assets and other long-lived assets. It also will apply to fair value measurements of non-financial assets acquired and liabilities assumed in business combinations. We evaluated FAS No. 157 and determined that the adoption of FAS No. 157 had no impact on our consolidated financial statements.

FAS 141(R) Evaluation

On December 4, 2007, the Financial Accounting Standards Board issued Statement No. 141(R), *Business Combinations* ("FAS No. 141(R)"). The new standard will significantly change the accounting for and reporting of business combination transactions. FAS No. 141(R) requires companies to recognize, with certain exception, 100 percent of the fair value of the assets acquired, liabilities assumed and non-controlling interest in acquisitions of less than a 100 percent controlling interest when the acquisition constitutes a change in control; measure acquirer shares issued as consideration for a business combination at fair value on the date of the acquisition; recognize contingent consideration arrangements at their acquisition date fair value, with subsequent change in fair value generally reflected in earnings; recognition of reacquisition loss and gain contingencies at their acquisition date fair value; and expense as incurred, acquisition related transaction costs. FAS No. 141(R) is effective for fiscal years beginning after December 15, 2008 and early adoption was prohibited. We adopted the standard on January 1, 2009, which will impact the accounting only for acquisitions occurring prospectively.

FAS 165 Evaluation

In the second quarter of 2009, we adopted FASB Statement No. 165, *Subsequent Events* ("FAS No. 165") FAS No. 165 establishes the accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date, that is, whether that date represents the date the financial statements were issued or were available to be issued. The adoption of FAS No. 165 did not have a material impact on our financial statements.

Results of Operations

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

Three Months Ended June 30, 2009 and 2008

Operating Revenues

Our operating revenues for the three months ended June 30, 2009 totaled $49.2 million, an increase of $5.4 million over the same period in 2008. The $5.4 million increase relates primarily to: (i) $4.4 million nursing home revenues of owned and operated assets in 2009 compared to 2008, as a result of the July 2008 assumption of operating responsibility for the facilities formerly operated by Haven Healthcare ("Haven"), (ii) additional rental income as a result of the acquisitions since March 2008, and (iii) additional mortgage income associated with the mortgage financing of seven new facilities in April 2008. Miscellaneous revenue decreased by $0.7 million in 2009. In 2008, we received late fees of approximately $0.8 million.

Operating Expenses

Operating expenses for the three months ended June 30, 2009 totaled $19.6 million, an increase of approximately $2.6 million over the same period in 2008. The increase was primarily due to: (i) $5.5 million nursing home expenses in owned and operated assets in 2009 compared to 2008, as a result of the July 2008 assumption of operating responsibility for the facilities formerly operated by Haven; and (ii) an increase in depreciation expense of $1.3 million due to acquisitions since March 2008, partially offset by a decrease in provision for uncollectible accounts receivable associated with Haven of $4.3 million in 2008. The provision consisted of $3.3 million associated with straight-line receivables and $1.0 million in pre-petition contractual receivables.

Other Income (Expense)

For the three months ended June 30, 2009 and June 30, 2008, total other expenses were $9.7 million. For the three months ended June 30, 2009 compared to June 30, 2008, interest expense decreased by $1.0 million due to decrease borrowings outstanding and lower rates. For the three months ended June 30, 2008, we received a litigation settlement of $0.5 million. For the three months ended June 30, 2009, we wrote off $0.5 million of unamortized deferred financing costs related to replacing the former $255 million credit facility. Interest rates on the new $200 million credit facility are greater than they were under the former $255 credit facility, which could increase future interest cost.

Income from Continuing Operations

Income from continuing operations for the three months ended June 30, 2009 was $19.8 million compared to $17.1 million for the same period in 2008. The increase in income from continuing operations is the result of the factors described above.

Discontinued Operations

Discontinued operations generally relate to properties we disposed of or plan to dispose of and have no continuing involvement or cash flows with the operator. These assets are included in assets held for sale – net in our consolidated balance sheet prior to their sale/disposal. As of June 30, 2009 and June 30, 2008, we have no assets from discontinued operations.

For the three months ended June 30, 2009 and 2008, no revenue or expense was generated from discontinued operations.

Six Months Ended June 30, 2009 and 2008

Operating Revenues

Our operating revenues for the six months ended June 30, 2009 totaled $98.3 million, an increase of $13.7 million over the same period in 2008. The $13.7 million increase relates primarily to: (i) $8.8 million nursing home revenues of owned and operated assets in 2009 compared to 2008, as a result of the July 2008 assumption of operating responsibility for the facilities formerly operated by Haven, (ii) additional rental income as a result of the acquisitions since March 2008, and (iii) additional mortgage income associated with the mortgage financing of seven new facilities in April 2008. Miscellaneous revenue decreased by $1.9 million in 2009. In 2008, we received past due rent and late fees of approximately $1.9 million.

Operating Expenses

Operating expenses for the six months ended June 30, 2009 totaled $39.1 million, an increase of approximately $8.1 million over the same period in 2008. The increase was primarily due to: (i) $10.9 million nursing home expenses in owned and operated assets in 2009 compared to 2008, as a result of the July 2008 assumption of operating responsibility for the facilities formerly operated by Haven, and (ii) an increase in depreciation expense of $2.8 million due to acquisitions since March 2008, partially offset by a decrease in provision for impairment of $1.4 million and a decrease in provision for uncollectible accounts receivable associated with Haven of $4.3 million. The provision consisted of $3.3 million associated with straight-line receivables and $1.0 million in pre-petition contractual receivables.

Other Income (Expense)

For the six months ended June 30, 2009, total other expenses were $14.5 million, as compared to $19.8 million for the same period in 2008, a decrease of $5.3 million. The decrease was due to: (i) lower average borrowings rates on our outstanding borrowings, and (ii) an increase of $4.0 million associated with cash received for a legal settlement in the first half of 2009 compared to the same period of 2008, partially offset by $0.5 million associated with the write-off of unamortized deferred financing costs related to replacing the former $255 million credit facility during the second quarter of 2009.

Income from Continuing Operations

Income from continuing operations for the six months ended June 30, 2009 was $44.7 million compared to $33.9 million for the same period in 2008. The increase in income from continuing operations is the result of the factors described above.

Discontinued Operations

Discontinued operations generally relate to properties we disposed of or plan to dispose of and have no continuing involvement or cash flows with the operator. These assets included in assets held for sale – net in our consolidated balance sheet prior to their sale/disposal.

For the six months ended June 30, 2009 , no revenue or expense generated from discontinued operations. For the six months ended June 30, 2008 , discontinued operations includes revenue of $15 thousand for one SNF located in California that was sold during the first quarter of 2008, generating a gain of $0.4 million.

Funds From Operations

Our funds from operations available to common stockholders (“FFO”), for the three months ended June 30, 2009, was $28.6 million, compared to $24.4 million, for the same period in 2008.

We calculate and report FFO in accordance with the definition and interpretive guidelines issued by the National Association of Real Estate Investment Trusts (“NAREIT”), and consequently, FFO is defined as net income available to common stockholders, adjusted for the effects of asset dispositions and certain non-cash items, primarily depreciation and amortization. We believe that FFO is an important supplemental measure of our operating performance. Because the historical cost accounting convention used for real estate assets requires depreciation (except on land), such accounting presentation implies that the value of real estate assets diminishes predictably over time, while real estate values instead have historically risen or fallen with market conditions. The term FFO was designed by the real estate industry to address this issue. FFO herein is not necessarily comparable to FFO of other REITs that do not use the same definition or implementation guidelines or interpret the standards differently from us.

We use FFO as one of several criteria to measure operating performance of our business. We further believe that by excluding the effect of depreciation, amortization and gains or losses from sales of real estate, all of which are based on historical costs and which may be of limited relevance in evaluating current performance, FFO can facilitate comparisons of operating performance between periods. We offer this measure to assist the users of our financial statements in analyzing our financial performance; however, this is not a measure of financial performance under GAAP and should not be considered a measure of liquidity, an alternative to net income or an indicator of any other performance measure determined in accordance with GAAP. Investors and potential investors in our securities should not rely on this measure as a substitute for any GAAP measure, including net income.

The following table reconciles FFO to net income available to common stockholders, as determined under GAAP, for the three- and six- months ended June 30, 2009 and 2008:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(in thousands)			
Net income available to common stockholders	**$ 17,550**	**$ 14,641**	**$ 40,191**	**$ 29,394**
Add back loss (deduct gain) from real estate dispositions	24	—	24	(477)
Sub-total	17,574	14,641	40,215	28,917
Elimination of non-cash items included in net income:				
Depreciation and amortization	10,990	9,713	21,921	19,109
Funds from operations available to common stockholders	**$ 28,564**	**$ 24,354**	**$ 62,136**	**$ 48,026**

Portfolio and Recent Developments

There were no significant re-leasing, restructuring or new investment transactions that occurred during the six months ended June 30, 2009.

Assets Sold

On April 24, 2009, we sold our held-for-sale SNF in Iowa for approximately $0.1 million resulting in a loss of approximately $24 thousand.

Held for Sale

On June 30, 2009, we classified one SNF in Connecticut as held-for-sale with a net book value of approximately $0.7 million.

Liquidity and Capital Resources

At June 30, 2009, we had total assets of $1.3 billion, stockholders' equity of $786.4 million and debt of $530.7 million, which represents approximately 40.3% of our total capitalization.

The following table shows the amounts due in connection with the contractual obligations described below as of June 30, 2009.

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
			(in thousands)		
Debt (1)	$ 531,000	$ -	$ 46,000	$ 310,000	$ 175,000
Operating lease obligations(2)	3,123	284	591	624	1,624
Total	$ 534,123	$ 284	$ 46,591	$ 310,624	$ 176,624

(1) The $531.0 million includes $310 million aggregate principal amount of 7% Senior Notes due April 2014, $175 million aggregate principal amount of 7% Senior Notes due January 2016, and $46.0 million in borrowings under the $200 million revolving senior secured credit facility (the "New Credit Facility") that matures in June 30, 2012.

(2) Relates primarily to the lease at the corporate headquarters.

Financing Activities and Borrowing Arrangements

Bank Credit Agreements

On June 30, 2009, we entered into a new $200 million revolving senior secured credit facility (the "New Credit Facility"). The New Credit Facility is being provided by Bank of America, N.A., Deutsche Bank Trust Company Americas, UBS Loan Finance LLC and General Electric Capital Corporation pursuant to a Credit Agreement, dated as of June 30, 2009 (the "New Credit Agreement"), among the Omega subsidiaries named therein ("Borrowers"), the lenders named therein, and Bank of America, N.A., as administrative agent. At June 30, 2009, we had $46.0 million outstanding under the New Credit Facility and no letters of credit outstanding, leaving availability of $154.0 million. The $46.0 million of outstanding borrowings had an interest rate of 6% at June 30, 2009, and is currently priced at LIBOR plus 400 basis points. The New Credit Facility will be used for acquisitions and general corporate purposes.

The New Credit Facility replaces our previous $255 million senior secured credit facility (the "Prior Credit Facility"), that was terminated on June 30, 2009. The New Credit Facility matures on June 30, 2012, and includes an "accordion feature" that permits us to expand our borrowing capacity to $300 million in certain circumstances during the first two years.

For the three-month period ended June 30, 2009, we recorded a one-time, non-cash charge of approximately $0.5 million relating to the write-off of unamortized deferred financing costs associated with the replacement of the Prior Credit Facility. We incurred approximately $4.4 million in deferred financing cost related to establishing the New Credit Facility.

The interest rates per annum applicable to the New Credit Facility are the reserve-adjusted LIBOR Rate , with a floor of 200 basis points (the "Eurodollar Rate"), plus the applicable margin (as defined below) or, at our option, the base rate, which will be the highest of (i) the rate of interest publicly announced by the administrative agent as its prime rate in effect, (ii) the federal funds effective rate from time to time plus 0.50% and (iii) the Eurodollar Rate for a Eurodollar Loan with an interest period of one month plus 1.25%, in each case, plus the applicable margin. The applicable margin with respect to the New Credit Facility is determined in accordance with a performance grid based on our consolidated leverage ratio. The applicable margin may range from 4.75% to 3.7% in the case of Eurodollar Rate advances, from 3.5% to 2.5% in the case of base rate advances, and from 4.75% to 3.75% in the case of letter of credit fees. The default rate on the New Credit Facility is 3.00% above the interest rate otherwise applicable to base rate loans. We are also obligated to pay a commitment fee of 0.50% on the unused portion of our New Credit Facility. In certain circumstances set forth in the New Credit Agreement, we may prepay the New Credit Facility at any time in whole or in part without fees or penalty.

Omega and its subsidiaries that are not Borrowers under the New Credit Facility guarantee the obligations of our Borrower subsidiaries under the New Credit Facility. All obligations under the New Credit Facility and the related guarantees are secured by a perfected first priority lien on certain real properties and all improvements, fixtures, equipment and other personal property relating thereto of the Borrower subsidiaries under the New Credit Facility, and an assignment of leases, rents, sale/refinance proceeds and other proceeds flowing from the real properties.

The New Credit Facility contains customary affirmative and negative covenants, including, without limitations, limitations on investments; limitations on liens; limitations on mergers, consolidations, and transfers of assets; limitations on sales of assets; limitations on transactions with affiliates; and limitations on our transfer of ownership and management. In addition, the New Credit Facility contains financial covenants including, without limitation, with respect to maximum leverage ratio, minimum fixed charge coverage ratio, minimum tangible net worth and maximum distributions. As of June 30, 2009, we were in compliance with all affirmative and negative covenants, including financial covenants.

Equity Distribution Agreement

On June 12, 2009, we entered into separate Equity Distribution Agreements (collectively, the "Equity Distribution Agreements") with each of UBS Securities LLC, Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, each as sales agents and/or principal (the "Managers"). Under the terms of the Equity Distribution Agreements, we may sell shares of our common stock, from time to time, through or to the Managers having an aggregate gross sales price of up to $100,000,000 (the "Equity Shelf Program"). Sales of the shares, if any, will be made by means of ordinary brokers' transactions on the New York Stock Exchange at market prices, or as otherwise agreed with the applicable Manager. We will pay each Manager compensation for sales of the shares equal to 2% of the gross sales price per share of shares sold through such Manager, as sales agent, under the applicable Equity Distribution Agreement. During the three months ended June 30, 2009, 700 shares of the Company's common stock were issued through the Equity Shelf Program for net proceeds of $11,000.

Amendment to Charter to Increase Authorized Common Stock

On May 28, 2009, we amended our Articles of Incorporation to increase the number of authorized shares of our common stock from 100,000,000 to 200,000,000 shares. The Board of Directors previously approved the amendment, subject to stockholder approval, and the amendment was approved by our stockholders at the Annual Meeting of Stockholders held on May 21, 2009.

Dividend Reinvestment and Common Stock Purchase Plan

We have a Dividend Reinvestment and Common Stock Purchase Plan (the "DRSPP") that allows for the reinvestment of dividends and the optional purchase of our common stock. Effective May 15, 2009, we reinstated the optional cash purchase component of our DRSPP, which we had temporarily suspended in October 2008.

For the six month period ended June 30, 2009, we issued 476,051 shares of common stock for approximately $7.0 million in net proceeds.

Dividends

In order to qualify as a REIT, we are required to distribute dividends (other than capital gain dividends) to our stockholders in an amount at least equal to (A) the sum of (i) 90% of our "REIT taxable income" (computed without regard to the dividends paid deduction and our net capital gain), and (ii) 90% of the net income (after tax), if any, from foreclosure property, minus (B) the sum of certain items of non-cash income. In addition, if we dispose of any built-in gain asset during a recognition period, we will be required to distribute at least 90% of the built-in gain (after tax), if any, recognized on the disposition of such asset. Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for such year and paid on or before the first regular dividend payment after such declaration. In addition, such distributions are required to be made pro rata, with no preference to any share of stock as compared with other shares of the same class, and with no preference to one class of stock as compared with another class except to the extent that such class is entitled to such a preference. To the extent that we do not distribute all of our net capital gain or do distribute at least 90%, but less than 100% of our "REIT taxable income," as adjusted, we will be subject to tax thereon at regular ordinary and capital gain corporate tax rates. In addition, our New Credit Facility has certain financial covenants that limit the distribution of dividends paid during a fiscal quarter to no more than 95% of our aggregate cumulative FFO as defined in the credit agreement, unless a greater distribution is required to maintain REIT status. The credit agreement defines FFO as net income (or loss) plus depreciation and amortization and shall be adjusted for charges related to: (i) restructuring our debt; (ii) redemption of preferred stock; (iii) litigation charges up to $5.0 million; (iv) non-cash charges for accounts and notes receivable up to $5.0 million; (v) non-cash compensation related expenses; (vi) non-cash impairment charges; and (vii) tax liabilities in an amount not to exceed $8.0 million.

For the three- and six- months ended June 30, 2009, we paid total dividends of $27.0 million and $54.1 million, respectively.

On July 15, 2009, the Board of Directors declared a common stock dividend of $0.30 per share to be paid August 17, 2009 to common stockholders of record on July 31, 2009. On July 15, 2009, the Board of Directors also declared the regular quarterly dividends for our 8.375% Series D Cumulative Redeemable Preferred Stock to stockholders of record on July 31, 2009. The stockholders of record of the Series D Preferred Stock on July 31, 2009 will be paid dividends in the amount of $0.52344 per preferred share on August 17, 2009. The liquidation preference for our Series D Preferred Stock is $25.00 per share.

Liquidity

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

We regularly review our liquidity needs, the adequacy of cash flow from operations, and other expected liquidity sources to meet these needs. We believe our principal short-term liquidity needs are to fund:

- normal recurring expenses;
- debt service payments;
- preferred stock dividends;
- common stock dividends; and
- growth through acquisitions of additional properties.

The primary source of liquidity is our cash flows from operations. Operating cash flows have historically been determined by: (i) the number of facilities we lease or have mortgages on; (ii) rental and mortgage rates; (iii) our debt service obligations; and (iv) general and administrative expenses. The timing, source and amount of cash flows provided by financing activities and used in investing activities are sensitive to the capital markets environment, especially to changes in interest rates. Changes in the capital markets environment may impact the availability of cost-effective capital and affect our plans for acquisition and disposition activity. Current economic conditions reduced the availability of cost-effective capital in recent quarters, and accordingly our level of new investments has decreased. As economic conditions and capital markets stabilize, we look forward to funding new investments as conditions warrant. However, we cannot predict the timing or level of future investments.

Cash and cash equivalents totaled $4.9 million as of June 30, 2009, an increase of $4.7 million as compared to the balance at December 31, 2008. The following is a discussion of changes in cash and cash equivalents due to operating, investing and financing activities, which are presented in our Consolidated Statements of Cash Flows.

Operating Activities – Net cash flow from operating activities generated $80.9 million for the six months ended June 30, 2009, as compared to $54.6 million for the same period in 2008, an increase of $26.3 million.

Investing Activities – Net cash flow from investing activities was an outflow of $7.0 million for the six months ended June 30, 2009, as compared to an outflow of $140.7 million for the same period in 2008. The decrease in cash outflow from investing activities relates primarily to i) the change in acquisition activity, and ii) the reduction in spending on capital improvement projects. In addition, in 2009, other investments –net generated net cash compared to a use of cash for other investment –net in 2008. In 2009, proceeds from the sale of real estate investment decreased year-over-year by $2.9 million due to timing of transactions. During 2008, we acquired one facility for $5.2 million in the first quarter and the acquisition of nine facilities for $47.4 million in the second quarter compared to no acquisitions in 2009. We also acquired a $74.9 million mortgage loan with one of our operators in the second quarter of 2008. During 2009, we made $7.5 million in capital improvements and renovation compared to $9.0 million for the same period in 2008, the decrease relates primarily to the timing of projects.

Financing Activities – Net cash flow from financing activities was an outflow of $69.2 million for the six months ended June 30, 2009 as compared to an inflow of $86.3 million for the same period in 2008. The $155.5 million change in financing activities was primarily a result of: (i) a net payment of $17.5 million on our credit facilities and other borrowings in 2009 compared to net proceeds of $15.0 million on our Prior Credit Facility and other borrowings in 2008, (ii) $4.4 million in payments of deferred financing costs associated with the New Credit Facility in 2009, (iii) an increase in dividend payment of $8.3 million due to the issuance of common stock, primarily during the second and third quarter of 2008, offset by (iv) a decrease in dividend reinvestment proceeds of $13.3 million due to the temporary suspension of the optional cash purchase component of our DRSPP and (v) $98.8 million net proceeds from the common stock offering in the second quarter of 2008.

Item 3 – Quantitative and Qualitative Disclosures about Market Risk

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

The interest rate charged on our New Credit Facility can vary based on the interest rate option we choose to utilize. The interest rates per annum applicable to the New Credit Facility are the reserve-adjusted LIBOR Rate, with a floor of 200 basis points (the "Eurodollar Rate"), plus the applicable margin (as defined below) or, at our option, the base rate, which will be the highest of (i) the rate of interest publicly announced by the administrative agent as its prime rate in effect, (ii) the federal funds effective rate from time to time plus 0.50% and (iii) the Eurodollar Rate for a Eurodollar Loan with an interest period of one month plus 1.25%, in each case, plus the applicable margin. The applicable margin with respect to the New Credit Facility is determined in accordance with a performance grid based on our consolidated leverage ratio. The applicable margin may range from 4.75% to 3.75% in the case of Eurodollar Rate advances, from 3.5% to 2.5% in the case of base rate advances, and from 4.75% to 3.75% in the case of letter of credit fees. As of June 30, 2009, the total amount of outstanding debt subject to interest rate fluctuations was $46.0 million. A hypothetical 100 basis point change in short-term interest rates would result in an increase or decrease in interest expense of $0.5 million per year, assuming a consistent capital structure.

For additional information, refer to Item 7A as presented in our annual report on Form 10-K for the year ended December 31, 2008.

Item 4 – Controls and Procedures

Disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") are controls and other procedures that are designed to provide reasonable assurance that the information that we are required to disclose in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

In connection with the preparation of this Form 10-Q, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2009. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of June 30, 2009.

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period covered by this report identified in connection with the evaluation of our disclosure controls and procedures described above that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1 – Legal Proceedings

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

Item 1A – Risk Factors

We filed our Annual Report on Form 10-K for the year ended December 31, 2008 with the Securities and Exchange Commission on March 2, 2009, which sets forth our risk factors in Item 1A therein. We have not experienced any material changes from the risk factors previously described therein.

Item 4 – Submission of Matters to a Vote of Security Holders

Our annual meeting of stockholders (the "Annual Meeting") was held on May 21, 2009. Total number of common shares outstanding on April 19, 2009, was 82,408,075. Results of votes with respect to proposals submitted at the Annual Meeting are set forth below:

(a) To elect two nominees to serve as directors and to hold office until the next annual meeting of stockholders or until their successors have been elected and qualified. Our stockholders voted to elect both nominees to serve as directors. Votes recorded, by nominee, were as follows:

Nominee	For	Withheld
Thomas F. Franke	73,467,792	1,398,605
Bernard J. Korman	73,482,899	1,383,498

(b) To approve an amendment to Articles of Incorporation to increase the numbers of authorized shares of common stock from 100,000,000 to 200,000,000 shares. Votes recorded were as follows:

For	Against	Abstain
57,728,180	17,012,857	125,357

(c) To consider and vote upon a proposal to ratify the selection of Ernst & Young LLP as our independent auditor for the fiscal year 2009:

For	Against	Abstain
74,241,907	561,820	62,668

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Item 6 – Exhibits

Exhibit No.	Description
1.1	Equity Distribution Agreement, dated June 12, 2009 between Omega Healthcare Investors, Inc. and UBS Securities LLC (Incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K, filed June 15, 2009).
1.2	Equity Distribution Agreement, dated June 12, 2009 between Omega Healthcare Investors, Inc. and Deutsche Bank Securities Inc. (Incorporated by reference to Exhibit 1.2 to the Company's Current Report on Form 8-K, filed June 15, 2009).
1.3	Equity Distribution Agreement, dated June 12, 2009 between Omega Healthcare Investors, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (Incorporated by reference to Exhibit 1.3 to the Company's Current Report on Form 8-K, filed June 15, 2009).
3.1	Articles of Incorporation of Omega Healthcare Investors, Inc., as amended.
10.1	Credit Agreement, dated as of June 30, 2009, among OHI Asset, LLC, OHI Asset (ID), LLC, OHI Asset (LA), LLC, OHI Asset (CA), LLC, Delta Investors I, LLC, Delta Investors II, LLC, Texas Lessor- Stonegate, LP, OHIMA, Inc., the lenders named therein, and Bank of America, N.A**.** (Incorporated by reference to Exhibit 10.1 to the Company Current Report on Form 8-K, filed July 6, 2009).
10.2	Second Amendment to the Second Amended and Restated Master Lease, dated as of February 26, 2009, by and among Omega Healthcare Investors, Inc., certain of its subsidiaries as lessors, Sun Healthcare Group, Inc. and certain of its affiliates as lessees, amending and restating prior master leases with Sun Healthcare Group, its subsidiaries, and lessees and guarantors acquired by Sun Healthcare Group. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed June 2, 2009).
10.3	Eighth Amendment to Consolidated Amended and Restated Master Lease, dated as of March 31, 2009, by and between Sterling Acquisition Corp. and Diversicare Leasing Corp. (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed June 2, 2009).
10.4	First Amendment to Loan Agreement, dated as of March 15, 2009, by and among OHI Asset III (PA) Trust, as Lender, certain affiliated entities of CommuniCare Health Services as Borrowers, and certain affiliated entities of CommuniCare Health Services as Guarantors. (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed June 2, 2009).
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer.
32.1	Section 1350 Certification of the Chief Executive Officer.
32.2	Section 1350 Certification of the Chief Financial Officer.

SIGNATURES

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

OMEGA HEALTHCARE INVESTORS, INC.
Registrant

Date: August 6, 2009 By: /S/ C. TAYLOR PICKETT
C. Taylor Pickett
Chief Executive Officer

Date: August 6, 2009 By: /S/ ROBERT O. STEPHENSON
Robert O. Stephenson
Chief Financial Officer

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Exhibit 3.1

ARTICLES OF RESTATEMENT
(Under Section 2-608 of Corporations and Associations Article)

OMEGA HEALTHCARE INVESTORS, INC., a Maryland corporation having its principal office c/o The Corporation Trust Incorporated, 32, South Street, Baltimore, Maryland 21202 (hereinafter called the �Corporation�), hereby certifies to the State Department of Assessments and Taxation of Maryland, that:

FIRST: The Corporation desires to restate its charter as currently in effect. The following constitutes all of the provisions of the charter of the Corporation as currently in effect:

�ARTICLE I
NAME

The name of this corporation is **OMEGA HEALTHCARE INVESTORS, INC.**

ARTICLE II
PURPOSES

The purpose for which this corporation is formed is to engage in the ownership of real property and mortgages secured by interests in real property and in any other lawful act or activity for which corporations may be organized under the General Corporation Law of Maryland as now or hereafter in force.

ARTICLE III
PRINCIPAL OFFICE AND RESIDENT AGENT

The address of the principal office of the corporation in the State of Maryland is c/o The Corporation Trust Incorporated, 32 South Street, Baltimore, Maryland 21202. The name of the resident agent of the corporation in the State of Maryland is The Corporation Trust Incorporated, and the address is 32 South Street, Baltimore, Maryland 21202, but this corporation may maintain an office or offices in such other place or places as may be, from time to time, fixed by its Board of Directors or as may be fixed by the Bylaws of the corporation.

ARTICLE IV
CAPITAL STOCK

Section 1. The total number of shares of capital stock which the corporation shall have authority to issue is Sixty Million (60,000,000), of which Fifty Million (50,000,000) shall be shares of Common Stock having a par value of $.l0 per share and Ten Million (10,000,000) shall be shares of Preferred Stock having a par value of $1.00 per share. The aggregate par value of all of said shares shall be Fifteen Million Dollars ($15,000,000).

Section 2. The Board of Directors shall have authority to authorize the issuance of Common Stock or Preferred Stock from time to time in one or more series, and in such amounts and for such consideration as the Board of Directors shall deem appropriate. The Board of Directors shall have authority to fix the rights, powers and restrictions of the Preferred Stock by resolution and the filing of articles supplementary, which shall designate with respect to any series of Preferred Stock:

(1) the number of shares constituting such series and the distinctive designation thereof;

(2) the voting rights, if any, of such series;

(3) the rate of dividends payable on such series, the time or times when such dividends will be payable, the preference to, or any relation to, the payment of dividends to any other class or series of stock and whether the dividends will be cumulative or non-cumulative;

(4) whether there shall be a sinking or similar fund for the purchase of shares of such series and, if so, the terms and provisions that shall govern such fund;

(5) the rights of the holders of shares of such series upon the liquidation, dissolution or winding up of the corporation;

(6) the rights, if any, of holders of shares of such series to convert such shares into, or to exchange such shares for, shares of any other class or classes or any other series of the same or of any other class or classes of stock of the corporation, the price or prices or rate or rates of exchange, with such adjustments as shall be provided, at which such shares shall be convertible or exchangeable, whether such rights of conversion or exchange shall be exercisable at the option of the holder of the shares or the corporation or upon the happening of a specified event, and any other terms or conditions of such conversion or exchange; and

(7) any other preferences, powers and relative participating, optional or other special rights and qualifications, limitations or restrictions of shares of such series.

Section 3. No holder of shares of stock of the corporation shall, as such holder, have any preemptive or other right to purchase or subscribe for any shares of the capital stock of the corporation or any other security of the corporation which it may issue or sell (whether out of the number of shares authorized by these Articles of Incorporation, or out of any shares of the capital stock of the corporation acquired by it after the issue thereof, or otherwise) other than such right, if any, as the Board of Directors, in its discretion, may determine.

ARTICLE V
DEFINING, LIMITING AND REGULATING POWERS OF THE CORPORATION AND THE BOARD OF DIRECTORS AND SHAREHOLDERS

Section 1. The Board of Directors shall have the authority without shareholder approval to designate capital gain allocation to holders of any series of all series of Preferred Stock.

Section 2. The affirmative vote of the holders of not less than 80% of the outstanding shares of �voting stock� (as hereinafter defined) of the corporation shall be required for the approval or authorization of any �Business Combination� (as hereinafter defined) of the corporation with any �Related Person� (as hereinafter defined). However, such 80% voting requirement shall not be applicable if: (1) the Board of Directors of the corporation by unanimous vote or written consent shall have expressly approved in advance the acquisition of outstanding shares of voting stock of the corporation that caused the Related Person to become a Related Person or shall have approved the Business Combination prior to the Related Person involved in the Business Combination having become a Related Person; or (2) the Business Combination is solely between the corporation and another corporation, one hundred percent of the voting stock of which is owned directly or indirectly by the corporation. For purposes of this Article V, Section 2:

(i) The term �Business Combination� shall mean (a) any merger or consolidation of the corporation with or into a Related Person, (b) any sale, lease, exchange, transfer or other disposition, including without limitation a mortgage or any other security device, of all or any �Substantial Part� (as hereinafter defined) of the assets of the corporation (including without limitation any voting securities of a subsidiary) to a Related Person, (c) any merger or consolidation of a Related Person with or into the corporation, (d) any sale, lease, exchange, transfer or other disposition of all of any Substantial Part of the assets of a Related Person to the corporation, (e) the issuance of any securities (other than by way of pro rata distribution to all shareholders) of the corporation to a Related Person, and (f) any agreement, contract or other arrangement providing for any of the transactions described in this definition of Business Combination.

(ii) The term �Related Person� shall mean and include any individual, corporation, partnership or other person or entity which, together with its �Affiliates� and

�Associates� (as defined in Rule 12b-2 under the Securities Exchange Act of 1934), �Beneficially Owns� (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) in the aggregate 10% or more of the outstanding voting stock of the corporation, and any Affiliate or Associate of the corporation.

(iii) The term �Substantial Part� shall mean more than 10% of the book value of the total assets of the corporation as of the end of its most recent fiscal year ending prior to the time the determination is being made.

(iv) Without limitation, any shares of Common Stock of the corporation that any Related Person has the right to acquire pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, shall be deemed beneficially owned by the Related Person.

(v) The term �voting stock� shall mean the outstanding shares of capital stock of the corporation entitled to vote generally in the election of Directors. In a vote required by or provided for in this Article V, Section 2, each share of voting stock shall have the number of votes granted to it generally in the election of Directors.

Section 3. Initially, the Board of Directors shall consist of three (3) Directors. The Board shall be classified into three groups of Directors. Each Director in Group I initially shall serve for a term ending at the annual meeting of shareholders in 1993; each Director in Group II initially shall serve for a term ending at the annual meeting of shareholders in 1994; and each Director in Group III initially shall serve for a term ending at the annual meeting of shareholders in 1995. After the respective initial terms of the groups indicated, each such group of Directors shall be elected for successive terms ending at the annual meeting of shareholders held during the third year after election. The names of the initial Directors are Essel W. Bailey, Jr., who shall be a Group I Director, Thomas J. Franke, who shall be a Group II Director and Robert L. Parker, who shall be a Group III Director.

The Board shall have the right to increase the Board to six (6) and thereafter, until changed by an amendment to the Bylaws, the number of Directors shall be six (6). The directors then in office shall appoint the other directors to fill the vacancies created by the increase in the size of the Board and shall designate the Group to which each appointee shall belong.

The number of Directors may be increased or decreased from time to time in such manner as may be provided in the Bylaws, provided that the number of Directors shall never be more than nine (9) or less than three (3) and, once the number of directors is increased to six (6), the number shall never be less than five (5).

Section 4. Once there is a completed public offering of the shares of stock of the corporation, if the Board of Directors shall, at any time and in good faith, be of the opinion that direct or indirect ownership of at least 9.9% or more of the voting shares of stock of the corporation has or may become concentrated in the hands of one beneficial owner (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), the Board of Directors shall have the power (i) by means deemed equitable by the Board of Directors, and pursuant to written notice, to call for the purchase from any shareholder of the corporation a number of voting shares sufficient, in the opinion of the Board of Directors, to maintain or bring the direct or indirect ownership of voting shares of stock of the corporation of such beneficial owner to no more than 9.9% of the outstanding voting shares of stock of the corporation, and (ii) to refuse to transfer or issue voting shares of stock of the corporation to any person whose acquisition of such voting shares would, in the opinion of the Board of Directors, result in the direct or indirect ownership by that person of more than 9.9% of the outstanding voting shares of stock of the corporation. The purchase price for any voting shares of stock shall be equal to the fair market value of the shares reflected in the closing sales price for the shares, if then listed on a national securities exchange, or the average of the closing sales prices for the shares if then listed on more than one national securities exchange, or if the shares are not then listed on a national securities exchange, the latest bid quotation for the shares if then traded over-the-counter, on the last business day immediately preceding the day on which notices of such acquisitions are sent, or, if no such closing sales prices or quotations are available, then the purchase price shall be equal to the net asset value of such stock as determined by the Board of Directors in accordance with the provisions of applicable law. Payment of the purchase price shall be made within thirty days following the date set forth in the notice of call for purchase, and shall be made in such manner as may be determined by the Board of Directors of the corporation. From and after the date fixed for purchase by the Board of Directors, as set forth in the notice, the holder of any shares so called for purchase shall cease to be entitled to distributions, voting rights and other benefits with respect to such shares, excepting only the right to payment of the purchase price fixed as aforesaid. Any transfer of shares, options, warrants or other securities convertible into voting shares that would create a beneficial owner of more than 9.9% of the outstanding shares of stock of this corporation shall be deemed void ab initio and the intended transferee shall be deemed never to have had an interest therein. If the foregoing provision is determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the transferee of such shares, options, warrants or other securities convertible into voting shares shall be deemed, at the option of the corporation, to have acted as agent on behalf of the corporation in acquiring such shares and to hold such shares on behalf of the corporation.

Notwithstanding anything herein to the contrary, the corporation and its transfer agent may refuse to transfer any shares, passing either by voluntary transfer, by operation of law, or under the last will and testament of any shareholder if such transfer would or might, in the opinion of the Board of Directors or counsel to the corporation, disqualify the corporation as a Real Estate Investment Trust under the Internal Revenue Code. Nothing herein contained shall limit the ability of the corporation to impose or to seek judicial or other imposition of additional restrictions if deemed necessary or advisable to preserve the corporation�s tax status as a qualified Real Estate Investment Trust.

Nothing contained in this Section 4 shall preclude the settlement of any transaction entered into through the facilities of the New York Stock Exchange.

Section 5. Notwithstanding any provision of law requiring any action to be taken or authorized by the affirmative vote of the holders of a greater proportion of the votes of all classes or of any class of stock of the corporation, such action shall be effective and valid if taken or authorized by the affirmative vote of a majority of the total number of votes entitled to be cast thereon, except as otherwise provided in these Articles or the Bylaws of the corporation.

Section 6. The provisions of Subtitles 6 (Special Voting Requirements) and 7 (Voting Rights of Certain Control Shares) of Title 3 of the Corporations and Associations Article of the Maryland Code shall not apply to this corporation unless the Board of Directors elects by resolution to be subject, in whole or in part, specifically, generally or generally by types, as to specifically identified or unidentified stockholders, to the provisions of either or both Subtitles.

ARTICLE VI
LIABILITY FOR MONETARY DAMAGES AND INDEMNIFICATION

Section 1. To the fullest extent that limitations on the liability of directors and officers are permitted by the Maryland General Corporation Law, no director or officer of the Corporation shall have any liability to the corporation or its stockholders for money or other damages. This limitation on liability applies to events occurring at the time a person serves as a director or officer of the corporation whether or not such person is a director or officer at the time of any proceeding in which liability is asserted.

Section 2. The corporation shall indemnify and advance expenses to its directors to the fullest extent that indemnification of, and advance of expenses to, directors is permitted by the Maryland General Corporation Law. The corporation shall indemnify and advance expenses to its officers to the same extent as its directors and to such further extent as is consistent with law. The Board of Directors may by Bylaw, resolution or agreement make further provision for indemnification of directors, officers, employees and agents to the fullest extent permitted by the Maryland General Corporation Law.

Section 3. References to the Maryland General Corporation Law in this Article are to that law as from time to time amended.

No future amendment to the charter of the corporation shall affect any right of any person under this Article based on any event, omission or proceeding prior to such amendment.

ARTICLE VII
AMENDMENTS

Section 1. The corporation reserves the right from time to time to amend, alter or repeal any provision contained in the Articles of Incorporation in the manner now or hereafter prescribed by statute, including any amendment which alters the contract rights of any class of outstanding stock as expressly set forth in the charter, and all rights conferred on shareholders herein are subject to this reservation.

Section 2. Notwithstanding any of the provisions of these Articles or the Bylaws of the corporation (and not withstanding the fact that a lesser percentage may be specified by law, these Articles or the Bylaws of the corporation) the affirmative vote of the holders of at least 80% of the �voting stock� of the corporation, voting together as a single class, shall be required to repeal or amend any provision inconsistent with Section 2, Section 3 or Section 4 of Article V.

ARTICLE VIII
PERPETUAL EXISTENCE

The period of the existence of the corporation is to be perpetual.�

SECOND: The foregoing restatement of the charter has been approved by a majority of the entire board of directors. The number of directors of the Corporation is seven (7). The names of the directors are: Essel W. Bailey, Jr., James C. Cowles, James E. Eden, Thomas F. Franke, Harold J. Kloosterman, Bernard J. Korman, and Robert L. Parker.

THIRD: The charter of the Corporation is not amended by these Articles of Restatement.

IN WITNESS WHEREOF, Omega Healthcare Investors, Inc. has caused these presents to be signed in its name and on its behalf by its Vice President, attested by its Secretary, on April 16, 1995.

OMEGA HEALTHCARE INVESTORS, INC.

By: /s/ David A. Stover
David A. Stover, Vice President

Attest:

/s/ Essel W. Bailey, Jr.
Essel W. Bailey, Jr., Secretary

THE UNDERSIGNED, Vice President of Omega Healthcare Investors, Inc., who executed on behalf of said corporation the foregoing Articles of Restatement, of which this certificate is made a part, hereby acknowledges, in the name and on behalf of said corporation, the foregoing Articles of Restatement to be the corporate act of said corporation and further certifies that, to the best of his knowledge, information and belief, the matters and facts set forth therein with respect to the approval thereof are true and in all material respects, under penalties of perjury.

/s/ David A. Stover
David A. Stover, Vice President

OMEGA HEALTHCARE INVESTORS, INC.

ARTICLES OF AMENDMENT

OMEGA HEALTHCARE INVESTORS, INC., a Maryland corporation having its principal Maryland office c/o The Corporation Trust Incorporated, 32 South Street, Baltimore, Maryland 21210 (hereinafter called the �Corporation�), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: The charter of the Corporation is hereby amended by striking out Section 1. of Article IV in its entirety and inserting in lieu thereof the following:

ARTICLE IV

CAPITAL STOCK

Section 1. The total number of shares of capital stock which the corporation shall have authority to issue is One Hundred Ten Million (110,000,000), of which One Hundred Million (100,000,000) shall be shares of Common Stock having a par value of $.10 per share and Ten Million (10,000,000) shall be shares of Preferred Stock having a par value of $1.00 per share. The aggregate par value of all of said shares shall be Twenty Million Dollars ($20,000,000). Prior to the increase, the aggregate par value of all said shares was Fifteen Million Dollars ($15,000,000).

SECOND: The board of directors of the Corporation, at a meeting duly convened and held on January 19, 1999, adopted a resolution in which was set forth the foregoing amendment to the charter, declaring that the said amendment to the charter was advisable and directing that it be submitted for action thereon at a meeting of the stockholders of the Corporation to be held on April 20, 1999.

THIRD: Notice setting forth the aforesaid amendment of the charter and stating that a purpose of the meeting of the stockholders would be to take action thereon, was given as required by law to all stockholders of the Corporation entitled to vote thereon. The amendment of the charter of the Corporation as hereinabove set forth was approved by the stockholders of the Corporation at said meeting by the affirmative vote required by law.

FOURTH: (a) The total number of shares of all classes of stock of the Corporation heretofore authorized, and the number and par value of the shares of each class were as follows:

Common Stock	Par Value
50,000,000	$.10 per share
Preferred Stock	Par Value
10,000,000	$1.00 per share

(b) The total number of shares of all classes of stock of the Corporation as increased, and the number and par value of the shares of each class, are as follows:

Common Stock	Par Value
100,000,000	$.10 per share
Preferred Stock	Par Value
10,000,000	$1.00 per share

(c) The aggregate par value of all shares of all classes of stock of the Corporation heretofore authorized was $15,000,000. The aggregate par value of all shares of all classes of stock as increased by this amendment is $20,000,000. This amendment has the effect of increasing the aggregate par value of all shares of all classes of stock of the Corporation by $5,000,000.

IN WITNESS WHEREOF, the Corporation has caused these presents to be signed in its name and on its behalf by its Vice-President and its corporate seal to be hereunto affixed and attested by its Secretary.

THE UNDERSIGNED, Vice-President acknowledges these Articles of Amendment to be the corporate act of the Corporation and states that to the best of his knowledge, information and belief the matters and facts set forth therein with respect to the authorization and approval thereof are true in all material respects and that this statement is made under the penalties of perjury.

Attest: OMEGA HEALTHCARE INVESTORS, INC.

/s/ Susan A. Kovach
Susan A. Kovach, Secretary

By: /s/ David A. Stover (SEAL)
David A. Stover, Vice President

[Affix corporate seal]

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF OMEGA HEALTHCARE INVESTORS, INC.

1.

The name of the corporation is Omega Healthcare Investors, Inc. (the �Corporation�).

2.

The Corporation hereby amends the last paragraph of Article V, Section 3 of its Articles of Incorporation as follows:

"The number of Directors may be increased or decreased from time to time in such manner as may be provided in the Bylaws, provided that the number of Directors constituting the full Board of Directors shall not be less than five (5) nor more than thirteen (13), subject, at all times, to the rights of the holders of any class of the Corporation's preferred stock to elect directors in certain circumstances pursuant to the express terms of such preferred stock."

3.

The Board of Directors of the Corporation approved the foregoing amendment by unanimous written consent on April 2, 2002, declared that said amendment was advisable, and directed that it be submitted for action thereon at a meeting of the stockholders of the Corporation to be held on May 30, 2002.

4.

At a duly called meeting of stockholders held on May 30, 2002, the stockholders of the Corporation approved the foregoing amendment by the 80% affirmative vote required by Article VII of the Articles of Incorporation.

5.

All other provisions of the Articles of Amendment shall remain in full force and effect.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to be executed this 30 th day of May, 2002 and its corporate seal to be hereunto affixed and attested to by its Secretary.

THE UNDERSIGNED, Chief Executive Officer acknowledges these Articles of Amendment to be the corporate act of the Corporation and states that to the best of his knowledge, information and belief the matters and facts set forth therein with respect to the authorization and approval thereof are true in all material respects and that this statement is made under the penalties of perjury.

Attest: OMEGA HEALTHCARE INVESTORS, INC.

/s/ Daniel J. Booth By: /s/ Taylor Pickett
Name: Daniel J. Booth Name: Taylor Pickett

Title: Secretary Title: CEO

[SEAL]

OMEGA HEALTHCARE INVESTORS, INC.

ARTICLES OF AMENDMENT

OMEGA HEALTHCARE INVESTORS, INC., a Maryland corporation having its principal Maryland office at 9690 Deereco Road, Suite 100, Timonium, Maryland 21093 (the �Company�), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: The board of directors of the Company, at a meeting duly convened and held on April 20, 2004, adopted a resolution in which it was set forth the following amendment to the charter of the Company (the �Charter�), declaring that said amendment to the Charter was advisable and directing that it be submitted for action thereon at a meeting of the stockholders of the Company to be held on June 3, 2004.

SECOND: Notice setting forth the aforesaid amendment of the Charter and stating that a purpose of the meeting of the stockholders would be to take action therein, was given as required by law to all stockholders entitled to vote thereon. The amendment of the Charter of the Company as hereinafter set forth was approved by the stockholders of the Company at said meeting by the affirmative vote required by law and the Charter.

THIRD: The Charter is hereby amended by striking out Section 1 of Article IV in its entirety and inserting in lieu thereof the following:

ARTICLE IV
CAPITAL STOCK

Section 1. The total number of shares of capital stock which the corporation shall have authority to issue is One Hundred Twenty Million (120,000,000), of which One Hundred Million (100,000,000) shall be shares of Common Stock having a par value of $.10 per share and Twenty Million (20,000,000) shall be shares of Preferred Stock having a par value of $1.00 per share. The aggregate par value of all said shares shall be Thirty Million Dollars ($30,000,000). Prior to the increase, the aggregate par value of all said shares was Twenty Million Dollars ($20,000,000).

FOURTH: (a) The total number of shares of all classes of stock of the Company heretofore authorized, and the number and par value of the shares of each class, were as follows:

Common Stock	Par Value
100,000,000	$.10 per share
Preferred Stock	Par Value
10,000,000	$1.00 per share

(b) The total number of shares of all classes of stock of the Company as increased, and the number and par value of the shares of each class, are as follows:

Common Stock	Par Value
100,000,000	$.10 per share
Preferred Stock	Par Value
20,000,000	$1.00 per share

(c) The aggregate par value of all shares of all classes of stock of the Company heretofore authorized was $20,000,000. The aggregate par value of all shares of all classes of stock as increased by this amendment is $30,000,000. This amendment has the effect of increasing the aggregate par value of all shares of all classes of stock of the Company by $10,000,000.

FIFTH: The undersigned Chief Executive Officer of the Company acknowledges the Articles of Amendment to be the corporate act of the Company and, as to all matters or facts required to be verified under oath, the undersigned Chief Executive Officer of the Company acknowledges that to the best of his or her knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Company has caused these Articles of Amendment to be executed under seal in its name and on its behalf by its Chief Executive Officer and attested to by its Secretary on this 30th day of June, 2004.

ATTEST	OMEGA HEALTHCARE INVESTORS, INC.
By:_/s/ Daniel J. Booth_______________	By:_/s/ C. Taylor Pickett____________
Daniel J. Booth	C. Taylor Pickett
Secretary	Chief Executive Officer

OMEGA HEALTH CARE INVESTORS, INC.

ARTICLES SUPPLEMENTARY

Omega Health Care Investors, Inc., a Maryland corporation (�Company�), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: Pursuant to authority contained in the Charter, Seven Hundred Thousand (700,000) shares of authorized but unissued shares of the Company�s 9.25% Series A Cumulative Preferred Stock have been duly reclassified by the Board of Directors of the Company as authorized but unissued shares of the Company�s Preferred Stock par value $1.00 per share as described in Article IV, Section 2 of the Articles of Incorporation of the Company.

SECOND: The reclassification of authorized but unissued shares as set forth in these Articles Supplementary does not increase the authorized capital of the Company or the aggregate par value thereof.

THIRD: These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

FOURTH: The undersigned Vice President of the Company acknowledges these Articles Supplementary to be the corporate act of the Company and, as to all matters or facts required to be verified under oath, the undersigned Vice President of the Company acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Company has caused these Articles Supplementary to be executed under seal in its name and on its behalf by its Vice President and attested to by its Secretary on this 19th day of February, 1997.

ATTEST	OMEGA HEALTHCARE INVESTORS, INC.
/s/ Susan Allene Kovach	By: /s/ David A. Stover
Susan Allene Kovach, Secretary	David Stover, Vice President

OMEGA HEALTHCARE INVESTORS, INC.

ARTICLES SUPPLEMENTARY

Omega Healthcare Investors, Inc., a Maryland corporation (�Company�), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: Pursuant to authority contained in the Charter, One Million Thirty-Nine Thousand Five Hundred (1,039,500) shares of authorized but unissued shares of the Company�s Series C Convertible Preferred Stock have been duly reclassified by the Board of Directors of the Company as authorized but unissued shares of the Company�s Preferred Stock, par value $1.00 per share as described in Article IV, Section 2 of the Articles of Incorporation of the Company, without designation as to series.

SECOND. Pursuant to authority contained in the Charter, Four Million Seven Hundred Thirty-Nine Thousand Five Hundred (4,739,500) shares of authorized but unissued shares of the Company�s Preferred Stock (after giving effect to the reclassification pursuant to Article FIRST above of the Company�s previously authorized Series C Convertible Preferred Stock) have been duly classified by the Board of Directors of the Company as authorized but unissued shares of the Company�s 8.375% Series D Cumulative Redeemable Preferred Stock.

THIRD: A description of the 8.375% Series D Cumulative Redeemable Preferred Stock is as follows:

1. Designation and Number. A series of Preferred Stock, designated the �8.375% Series D Cumulative Redeemable Preferred Stock� (the �Series D Preferred Stock�), is hereby established. The number of shares of the Series D Preferred Stock shall be Four Million Seven Hundred Thirty-Nine Thousand Five Hundred (4,739,500).

2. Maturity. The Series D Preferred Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption.

3. Rank. The Series D Preferred Stock will, with respect to dividend rights and rights upon liquidation, dissolution or winding up of the Company, rank (i) senior to all classes or series of Common Stock of the Company, and to all equity securities ranking junior to the Series D Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up of the Company; (ii) on a parity with the Series A and Series B Preferred Stock and all other equity securities issued by the Company the terms of which specifically provide that such equity securities rank on a parity with the Series D Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up of the Company; and (iii) junior to all existing and future indebtedness of the Company. The term �equity securities� does not include convertible debt securities, which will rank senior to the Series D Preferred Stock prior to conversion.

4. Dividends.

(a) Holders of shares of the Series D Preferred Stock are entitled to receive, when and as declared by the Board of Directors (or a duly authorized committee thereof), out of funds legally available for the payment of dividends, preferential cumulative cash dividends at the rate of 8.375% per annum of the Liquidation Preference (as defined below) per share (equivalent to a fixed annual amount of $2.09375 per share). Dividends on the Series D Preferred Stock shall be cumulative from the date of original issue and shall be payable in arrears for each period ended April 30, July 31, October 31, and January 31, on or before the 15th day of May, August, November, February, of each year, or, if not a business day, the next succeeding business day (each, a �Dividend Payment Date�). The first dividend will be paid on May 17, 2004, with respect to the period commencing on the date of issue and ending on April 30, 2004. Any dividend payable on the Series D Preferred Stock for any partial period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear in the stock records of the Company at the close of business on the applicable record date, which shall be the last day of the preceding calendar month prior to the applicable Dividend Payment Date or on such other date designated by the Board of Directors of the Company that is not more than 30 nor less than 10 days prior to such Dividend Payment Date (each, a �Dividend Record Date�).

(b) No dividends on shares of Series D Preferred Stock shall be declared by the Board of Directors or paid or set apart for payment by the Company at such time as the terms and provisions of any agreement of the Company, including any agreement relating to its indebtedness, prohibits such declaration, payment or setting apart for payment or provides that such declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such declaration or payment shall be restricted or prohibited by law.

(c) Notwithstanding the foregoing, dividends on the Series D Preferred Stock will accrue whether or not the Company has earnings, whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are declared and whether or not such is prohibited by agreement. Accrued but unpaid dividends on the Series D Preferred Stock will not bear interest and holders of the Series D Preferred Stock will not be entitled to any distributions in excess of full cumulative distributions described above. Except as set forth in the next sentence, no dividends will be declared or paid or set apart for payment on any capital stock of the Company or any other series of Preferred Stock ranking, as to dividends, on a parity with or junior to the Series D Preferred Stock (other than a dividend in shares of the Company�s Common Stock or in shares of any other class of stock ranking junior to the Series D Preferred Stock as to dividends and upon liquidation) for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment on the Series D Preferred Stock for all past dividend periods and the then current dividend period. When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series D Preferred Stock and the shares of any other series of Preferred Stock ranking on a parity as to dividends with the Series D Preferred Stock, all dividends declared upon the Series D Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with the Series D Preferred Stock shall be declared pro rata so that the amount of dividends declared per share of Series D Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the Series D Preferred Stock and such other series of Preferred Stock (which shall not include any accrual in respect of unpaid dividends for prior dividend periods if such Preferred Stock does not have a cumulative dividend) bear to each other.

(d) Except as provided in the immediately preceding paragraph, unless full cumulative dividends on the Series D Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past dividend periods and the then current dividend period, no dividends (other than in shares of Common Stock or other shares of capital stock ranking junior to the Series D Preferred Stock as to dividends and upon liquidation) shall be declared or paid or set aside for payment nor shall any other distribution be declared or made upon the Common Stock, or any other capital stock of the Company ranking junior to or on a parity with the Series D Preferred Stock as to dividends or upon liquidation, nor shall any shares of Common Stock, or any other shares of capital stock of the Company ranking junior to or on a parity with the Series D Preferred Stock as to dividends or upon liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by the Company (except by conversion into or exchange for other capital stock of the Company ranking junior to the Series D Preferred Stock as to dividends and upon liquidation or redemptions for the purpose of preserving the Company�s qualification as a real estate investment trust under the Internal Revenue Code of 1986, as amended). Holders of shares of the Series D Preferred Stock shall not be entitled to any dividend, whether payable in cash, property or stock, in excess of full cumulative dividends on the Series D Preferred Stock as provided above. Any dividend payment made on shares of the Series D Preferred Stock shall first be credited against the earliest accrued but unpaid dividend due with respect to such shares which remains payable.

5. Liquidation Preference. Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, the holders of shares of Series D Preferred Stock are entitled to be paid out of the assets of the Company legally available for distribution to its shareholders a liquidation preference of $25 per share in cash or property at its fair market value as determined by the board of directors (the �Liquidation Preference�), plus an amount equal to any accrued and unpaid dividends to the date of payment, but without interest, before any distribution of assets is made to holders of Common Stock or any other class or series of capital stock of the Company that ranks junior to the Series D Preferred Stock as to liquidation rights. The Company will promptly provide to the holders of Series D Preferred Stock written notice of any event triggering the right to receive such Liquidation Preference. After payment of the full amount of the Liquidation Preference, plus any accrued and unpaid dividends to which they are entitled, the holders of Series D Preferred Stock will have no right or claim to any of the remaining assets of the Company. The consolidation or merger of the Company with or into any other corporation, trust or entity or of any other corporation with or into the Company, or the sale, lease or conveyance of all or substantially all of the property or business of the Company, shall not be deemed to constitute a liquidation, dissolution or winding up of the Company; provided that, in each case, effective provision is made in the organizational documents of the resulting or surviving entity or otherwise for the rights of the holders of the Series D Preferred Stock to receive dividends and participate in any distribution upon liquidation, dissolution or winding up of the affairs of such resulting or surviving entity in a manner consistent with the provisions of this Article Third.

In determining whether a distribution (other than upon voluntary or involuntary liquidation) by dividend, redemption or other acquisition of shares of stock of the Company or otherwise is permitted under the Maryland General Corporation Law (the �MGCL�), no effect shall be given to amounts that would be needed if the Company would be dissolved at the time of the distribution, to satisfy the preferential rights upon distribution of holders of shares of stock of the Company whose preferential rights upon distribution are superior to those receiving the distribution.

6. Redemption.

(a) The Series D Preferred Stock is not redeemable prior to February 10, 2009 subject, however, to the provisions in paragraph (9) of this Article Third. On and after February 10, 2009, the Company, at its option, upon not less than 30 nor more than 60 days� written notice, may redeem shares of the Series D Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of $25 per share, plus all accrued and unpaid dividends thereon to the date fixed for redemption (except with respect to any shares of Series D Preferred Stock that constitute Excess Shares (as defined in paragraph 9 of this Article Third)) without interest. No shares of Series D Preferred Stock may be redeemed except with assets legally available for the payment of the redemption price.

(b) Holders of Series D Preferred Stock to be redeemed shall surrender such Series D Preferred Stock at the place designated in such notice and shall be entitled to the redemption price and any accrued and unpaid dividends payable upon such redemption following such surrender. If notice of redemption of any shares of Series D Preferred Stock has been given and if the funds necessary for such redemption have been set aside, separate and apart from other funds, by the Company in trust for the benefit of the holders of any shares of Series D Preferred Stock so called for redemption, then from and after the redemption date dividends will cease to accrue on such shares of Series D Preferred Stock, such shares of Series D Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price. If less than all of the outstanding Series D Preferred Stock is to be redeemed, the Series D Preferred Stock to be redeemed shall be selected pro rata (as nearly as may be practicable without creating fractional shares) or by any other equitable method determined by the Company.

(c) Unless full cumulative dividends on all shares of Series D Preferred Stock shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods and the then current dividend period, no shares of Series D Preferred Stock shall be redeemed unless all outstanding shares of Series D Preferred Stock are simultaneously redeemed and the Company shall not purchase or otherwise acquire directly or indirectly any shares of Series D Preferred Stock (except by exchange for capital stock of the Company ranking junior to the Series D Preferred Stock as to dividends and upon liquidation); provided, however, that the foregoing shall not prevent the purchase by the Company of any shares of Series D Preferred Stock that constitute Excess Shares in order to ensure that the Company continues to meet the requirements for qualification as a real estate investment trust under the Internal Revenue Code, or the purchase or acquisition of shares of Series D Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series D Preferred Stock. So long as no dividends are in arrears, the Company shall be entitled at any time and from time to time to repurchase shares of Series D Preferred Stock in open-market transactions duly authorized by the Board of Directors and effected in compliance with applicable laws.

(d) Notice of redemption will be given by publication in a newspaper of general circulation in the City of New York, such publication to be made once a week for two successive weeks commencing not less than 30 nor more than 60 days prior to the redemption date. A similar notice will be mailed by the Company, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series D Preferred Stock to be redeemed at their respective addresses as they appear on the stock transfer records of the Company. No failure to give such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of Series D Preferred Stock except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the redemption date; (ii) the redemption price; (iii) the number of shares of Series D Preferred Stock to be redeemed; (iv) the place or places where the Series D Preferred Stock is to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date. If less than all of the Series D Preferred Stock held by any holder is to be redeemed, the notice mailed to such holder shall also specify the number of shares of Series D Preferred Stock held by such holder to be redeemed.

(e) Immediately prior to any redemption of Series D Preferred Stock, the Company shall pay, in cash, any accumulated and unpaid dividends through the redemption date, unless a redemption date falls after a Dividend Record Date and prior to the corresponding Dividend Payment Date, in which case each holder of Series D Preferred Stock at the close of business on such Dividend Record Date shall be entitled to the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the redemption of such shares before such Dividend Payment Date.

(f) Excess Shares may be redeemed, in whole or in part, at any time when outstanding shares of Series D Preferred Stock are being redeemed, for cash at a redemption price of $25 per share, but excluding accrued and unpaid dividends on such Excess Shares, without interest. Such Excess Shares shall be redeemed in such proportion and in accordance with such procedures as shares of Series D Preferred Stock are being redeemed.

(g) All Series D Preferred Shares redeemed pursuant to this Section 6 shall be retired and shall be reclassified as authorized and unissued preferred shares, without designation as to class or series, and may thereafter be reissued as any class or series of preferred shares.

7. Voting Rights.

(a) Holders of the Series D Preferred Stock will not have any voting rights, except as set forth below.

(b) Whenever dividends on any shares of Series D Preferred Stock shall be in arrears for any six or more quarterly dividend periods, regardless of whether such quarterly periods are consecutive (a �Preferred Dividend Default�), the number of directors then constituting the Board of Directors shall be increased by two (if not already increased by reason of a similar arrearage respect to any Parity Preferred (as hereinafter defined). The holders of such shares of Series D Preferred Stock (voting separately as a class with all other series of Preferred Stock ranking on a parity with the Series D Preferred Stock as to dividends or upon liquidation (�Parity Preferred�) upon which like voting rights have been conferred and are exercisable) will be entitled to vote separately as a class, in order to fill the vacancies thereby created, for the election of a total of two additional directors of the Company (the �Preferred Stock Directors�) at a special meeting called by the holders of record of at least 20% of the Series D Preferred Stock or the holders of record of at least 20% of any series of Parity Preferred so in arrears (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the shareholders) or at the next annual meeting of shareholders, and at each subsequent annual meeting until all dividends accumulated on such shares of Series D Preferred Stock and Parity Preferred for the past dividend periods and the dividend for the then current dividend period shall have been fully paid or declared and a sum sufficient for the payment thereof set aside for payment. In the event the directors of the Company are divided into classes, each such vacancy shall be apportioned among the classes of directors to prevent stacking in any one class and to insure that the number of directors in each of the classes of directors are as equal as possible. Each Preferred Stock Director, as a qualification for election as such (and regardless of how elected) shall submit to the Board of Directors of the Company a duly executed, valid, binding and enforceable letter of resignation from the Board of Directors, to be effective upon the date upon which all dividends accumulated on such shares of Series D Preferred Stock and Parity Preferred for the past dividend periods and the dividend for the then current dividend period shall have been fully paid or declared and a sum sufficient for the payment thereof set aside for payment, whereupon the terms of office of all persons elected as Preferred Stock Directors by the holders of the Series D Preferred Stock and any Parity Preferred shall, upon the effectiveness of their respective letters of resignation, forthwith terminate, and the number of directors then constituting the Board of Directors shall be reduced accordingly. A quorum for any such meeting shall exist if at least a majority of the outstanding shares of Series D Preferred Stock and shares of Parity Preferred upon which like voting rights have been conferred and are exercisable are represented in person or by proxy at such meeting. Such Preferred Stock Directors shall be elected upon the affirmative vote of a plurality of the shares of Series D Preferred Stock and such Parity Preferred present and voting in person or by proxy at a duly called and held meeting at which a quorum is present. If and when all accumulated dividends and the dividend for the then current dividend period on the Series D Preferred Stock shall have been paid in full or declared and set aside for payment in full, the holders thereof shall be divested of the foregoing voting rights (subject to revesting in the event of each and every Preferred Dividend Default) and, if all accumulated dividends and the dividend for the then current dividend period have been paid in full or set aside for payment in full on all series of Parity Preferred upon which like voting rights have been conferred and are exercisable, the term of office of each Preferred Stock Director so elected shall terminate. Any Preferred Stock Director may be removed at any time with or without cause by, and shall not be removed otherwise than by the vote of, the holders of record of a majority of the outstanding shares of the Series D Preferred Stock when they have the voting rights described above (voting separately as a class with all series of Parity Preferred upon which like voting rights have been conferred and are exercisable). So long as a Preferred Dividend Default shall continue, any vacancy in the office of a Preferred Stock Director may be filled by written consent of the Preferred Stock Director remaining in office, or if none remains in office, by a vote of the holders of record of a majority of the outstanding shares of Series D Preferred Stock when they have the voting rights described above (voting separately as a class with all series of Parity Preferred upon which like voting rights have been conferred and are exercisable). The Preferred Stock Directors shall each be entitled to one vote per director on any matter.

(c) So long as any shares of Series D Preferred Stock remain outstanding, the Company will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of the Series D Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting separately as a class):

(i) amend, alter or repeal the provisions of the Charter or the Articles Supplementary, whether by merger, consolidation or otherwise (an �Event�), so as to materially and adversely affect any right, preference, privilege or voting power of the Series D Preferred Stock or the holders thereof;

(ii) authorize, create or issue, or increase the authorized or issued amount of, any class or series of shares of Preferred Stock or rights to subscribe to or acquire any class or series of shares of Preferred Stock or any security convertible into any class or series of shares of Preferred Stock, in each case ranking senior to the Series D Preferred Stock with respect to payment of div idends or the distribution of assets upon liquidation, dissolution or winding up, or reclassify any shares of Preferred Stock into any such shares;

provided, however, that with respect to the occurrence of any Event set forth above, so long as the Series D Preferred Stock (or any equivalent class or series of stock issued by the surviving corporation in any merger or consolidation to which the Company became a party) remains outstanding with the terms thereof materially unchanged, the occurrence of any such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting power of holders of the Series D Preferred Stock; and provided, further, that (i) any increase in the amount of the authorized Preferred Stock or the creation or issuance of any other series of Preferred Stock, or (ii) any increase in the amount of authorized shares of such series, in each case ranking on a parity with or junior to the Series D Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series D Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been deposited in trust to effect such redemption.

(e) Except as expressly stated in these Articles Supplementary, the Series D Preferred Stock shall not have any relative, participating, optional or other special voting rights and powers and the consent of the holders thereof shall not be required for the taking of any corporate action, including but not limited to, any merger or consolidation involving the Corporation or a sale of all or substantially all of the assets of the Corporation, irrespective of the effect that such merger, consolidation or sale may have upon the rights, preferences or voting power of the holders of the Series D Preferred Stock.

8. Conversion. The Series D Preferred Stock is not convertible into or exchangeable for any other property or securities of the Company.

9. Restrictions on Ownership and Transfer.

Once there is a completed public offering of the Series D Preferred Stock, if the Board of Directors shall, at any time and in good faith, be of the opinion that actual or constructive ownership of at least 9.9% or more of the value of the outstanding capital stock of the Company (�Excess Shares�) has or may become concentrated in the hands of one owner, the Board of Directors shall have the power (i) by means deemed equitable by the Board of Directors, and pursuant to written notice, to call for the purchase from any shareholder of the corporation a number of shares of Series D Preferred Stock sufficient, in the opinion of the Board of Directors, to maintain or bring the direct or indirect ownership of such beneficial owner to no more than 9.9% of the value of the outstanding capital stock of the corporation, and (ii) to refuse to transfer or issue shares of Series D Preferred Stock to any person whose acquisition of such Series D Preferred Stock would, in the opinion of the Board of Directors, result in the direct or indirect ownership by that person of more than 9.9% of the value of the outstanding capital stock of the Company. The purchase price for any shares of Series D Preferred Stock shall be equal to the fair market value of the shares reflected in the closing sales price for the shares, if then listed on a national securities exchange, or if the shares are not then listed on a national securities exchange, the purchase price shall be equal to the redemption price of such shares of Series D Preferred Stock. Payment of the purchase price shall be made within thirty days following the date set forth in the notice of call for purchase and shall be made in such manner as may be determined by the Board of Directors of the Company. From and after the date fixed for purchase by the Board of Directors, as set forth in the notice, the holder of any shares so called for purchase shall cease to be entitled to dividends, and other benefits with respect to such shares, excepting only the right to payment of the purchase price fixed as aforesaid. Any transfer of Series D Preferred Shares that would create an actual or constructive owner of more than 9.9% of the value of the outstanding shares of capital stock of this Company shall be deemed void ab initio and the intended transferee shall be deemed never to have had an interest therein. If the foregoing provision is determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the transferee of such Series D Preferred Shares shall be deemed, at the option of the corporation, to have acted as agent on behalf of the Company in acquiring such shares and to hold such shares on behalf of the Company.

Notwithstanding anything herein to the contrary, the Company and its transfer agent may refuse to transfer any shares of Series D Preferred Stock, passing either by voluntary transfer, by operation of law, or under the last will and testament of any shareholder if such transfer would or might, in the opinion of the Board of Directors or counsel to the Company, disqualify the Company as a Real Estate Investment Trust under the Internal Revenue Code. Nothing herein contained shall limit the ability of the corporation to impose or to seek judicial or other imposition of additional restrictions if deemed necessary or advisable to preserve the Company�s tax status as a qualified Real Estate Investment Trust. Nothing herein contained shall preclude settlement of any transaction entered into through the facilities of the New York Stock Exchange.

10. No Preemptive Rights.

No holder of Series D Preferred Shares shall be entitled to any preemptive rights to subscribe for or acquire any unissued shares of Preferred Stock of the Company (whether now or hereafter authorized) or securities of the Company convertible into or carrying a right to subscribe to or acquire shares of Preferred Stock of the Company.

FOURTH: The re-classification and classification of authorized but unissued shares as set forth in these Articles Supplementary does not increase the authorized capital of the Company or the aggregate par value thereof.

FIFTH: These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

SIXTH: The undersigned President of the Company acknowledges these Articles Supplementary to be the corporate act of the Company and, as to all matters or facts required to be verified under oath, the undersigned President of the Company acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

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IN WITNESS WHEREOF, the Company has caused these Articles Supplementary to be executed under seal in its name and on its behalf by its President and attested to by its Secretary on this 10th day of February, 2004.

ATTEST	OMEGA HEALTHCARE INVESTORS, INC.
By: /s/ Daniel J. Booth	By: /s/ C. Taylor Pickett
Name: Daniel J. Booth	Name: C. Taylor Pickett
Title: Secretary and Chief Operating Officer	Title: President and Chief Executive Officer

OMEGA HEALTHCARE INVESTORS, INC.

ARTICLES SUPPLEMENTARY

Omega Healthcare Investors, Inc., a Maryland corporation (�Company�), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

<u>FIRST</u>: Pursuant to authority contained in the Charter: (i) Two Million Three Hundred Thousand (2,300,000) shares of authorized but unissued shares of the Company�s Series A Cumulative Preferred Stock; and (ii) Nine Hundred Sixty Thousand Five Hundred (960,500) shares of authorized but unissued shares of the Company�s Series C Convertible Preferred Stock, have been duly reclassified by the Board of Directors of the Company as authorized but unissued shares of the Company�s Preferred Stock, par value $1.00 per share as described in Article IV, Section 2 of the Articles of Incorporation of the Company, without designation as to series.

<u>SECOND</u>. The re-classification and classification of authorized but unissued shares as set forth in these Articles Supplementary does not increase the authorized capital of the Company or the aggregate par value thereof.

<u>THIRD</u>: These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

<u>FOURTH</u>: The undersigned President of the Company acknowledges these Articles Supplementary to be the corporate act of the Company and, as to all matters or facts required to be verified under oath, the undersigned President of the Company acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Company has caused these Articles Supplementary to be executed under seal in its name and on its behalf by its President and attested to by its Secretary on this 30th day of June, 2004.

ATTEST	OMEGA HEALTHCARE INVESTORS, INC.
By: /s/ Daniel J. Booth	By: /s/ C. Taylor Pickett
Name: Daniel J. Booth	Name: C. Taylor Pickett
Title: Secretary and Chief Operating Officer	Title: President and Chief Executive Officer

OMEGA HEALTHCARE INVESTORS, INC.

ARTICLES SUPPLEMENTARY

Omega Healthcare Investors, Inc., a Maryland corporation (�Company�), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: Pursuant to authority contained in the Charter: Two Million (2,000,000) shares of authorized but unissued shares of the Company�s Series B Cumulative Preferred Stock have been duly reclassified by the Board of Directors of the Company as authorized but unissued shares of the Company�s Preferred Stock, par value $1.00 per share as described in Article IV, Section 2 of the Articles of Incorporation of the Company, without designation as to series.

SECOND. The re-classification and classification of authorized but unissued shares as set forth in these Articles Supplementary does not increase the authorized capital of the Company or the aggregate par value thereof.

THIRD: These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

FOURTH: The undersigned President of the Company acknowledges these Articles Supplementary to be the corporate act of the Company and, as to all matters or facts required to be verified under oath, the undersigned President of the Company acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Company has caused these Articles Supplementary to be executed under seal in its name and on its behalf by its President and attested to by its Secretary on this 20th day of June, 2005.

ATTEST	OMEGA HEALTHCARE INVESTORS, INC.
By: /S/ DANIEL J. BOOTH	By: /S/ C. TAYLOR PICKETT
Name: Daniel J. Booth	Name: C. Taylor Pickett
Title: Secretary and Chief Operating Officer	Title: President and Chief Executive Officer

OMEGA HEALTHCARE INVESTORS, INC.

ARTICLES OF AMENDMENT

OMEGA HEALTHCARE INVESTORS, INC., a Maryland corporation having its principal Maryland office at 200 International Circle, Suite 3500, Hunt Valley, Maryland 21030 (the �Company�), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: The Charter of the Company is hereby amended by deleting the current Section 1 of Article IV in its entirety and inserting in lieu thereof the following:

ARTICLE IV
CAPITAL STOCK

Section 1. The total number of shares of capital stock which the corporation shall have authority to issue is Two Hundred Twenty Million (220,000,000), of which Two Hundred Million (200,000,000) shall be shares of Common Stock having a par value of $.10 per share and Twenty Million (20,000,000) shall be shares of Preferred Stock having a par value of $1.00 per share. The aggregate par value of all said shares shall b e Forty Million Dollars ($40,000,000). Prior to the increase, the aggregate par value of all said shares was Thirty Million Dollars ($30,000,000).

SECOND: (a) The total number of shares of all classes of stock of the Company heretofore authorized, and the number and par value of the shares of each class, were as follows:

Common Stock	Par Value
100,000,000	$.10 per share

Preferred Stock	Par Value
20,000,000	$1.00 per share

(b) The total number of shares of all classes of stock of the Company as increased, and the number and par value of the shares of each class, are as follows:

Common Stock	Par Value
200,000,000	$.10 per share

Preferred Stock	Par Value
20,000,000	$1.00 per share

(c) The aggregate par value of all shares of all classes of stock of the Company heretofore authorized was $30,000,000. The aggregate par value of all shares of all classes of stock as increased by this amendment is $40,000,000. This amendment has the effect of increasing the aggregate par value of all shares of all classes of stock of the Company by $10,000,000.

THIRD: The amendment to the Charter of the Company set forth above has been duly advised by the Board of Directors and approved by the stockholders of the Company as required by the Maryland General Corporation Law.

FOURTH: The undersigned Chief Executive Officer of the Company acknowledges the Articles of Amendment to be the corporate act of the Company and, as to all matters or facts required to be verified under oath, the undersigned Chief Executive Officer of the Company acknowledges that to the best of his or her knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Company has caused this Articles of Amendment to be executed under seal in its name and on its behalf by its Chief Executive Officer and attested to by its Secretary on this 27th day of May, 2009.

ATTEST	OMEGA HEALTHCARE INVESTORS, INC.
By:/s/ Daniel J. Booth Daniel J. Booth Secretary	By:/s/ C. Taylor Pickett C. Taylor Pickett Chief Executive Officer

Exhibit 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Certification

I, C. Taylor Pickett, certify that:

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

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

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

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

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

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: August 6, 2009

/S/ C. TAYLOR PICKETT

C. Taylor Pickett

Chief Executive Officer

Exhibit 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION OF CHIEF FINANCIAL OFFICER

Certifications

I, Robert O. Stephenson, certify that:

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

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

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

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

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

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: August 6, 2009

/S/ ROBERT O. STEPHENSON

Robert O. Stephenson

Chief Financial Officer

EXHIBIT 32.1

SECTION 1350 CERTIFICATION
OF THE CHIEF EXECUTIVE OFFICER

I, C. Taylor Pickett, hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the three months ended June 30, 2009 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: August 6, 2009

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

EXHIBIT 32.2

SECTION 1350 CERTIFICATION
OF THE CHIEF FINANCIAL OFFICER

I, Robert O. Stephenson, hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the three months ended June 30, 2009 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and

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

Date: August 6, 2009

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