

OMEGA HEALTHCARE INVESTORS INC

Form DEF 14A

April 25, 2016

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

SCHEDULE 14A

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. __)

Filed by Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

Omega Healthcare Investors, Inc.

(Name of Registrant as Specified in Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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Date filed:

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OMEGA HEALTHCARE INVESTORS, INC.

200 International Circle, Suite 3500

Hunt Valley, Maryland 21030

(410) 427-1700

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

June 9, 2016

To our Stockholders:

The Annual Meeting of Stockholders of Omega Healthcare Investors, Inc. (“Omega” or the “Company”) will be held at the Company’s principal executive offices at 200 International Circle, Suite 3500, Hunt Valley, Maryland, on Thursday, June 9, 2016, at 10:00 A.M. EDT, for the following purposes:

1.
To elect six members to Omega’s Board of Directors;
2.
To ratify the selection of Ernst & Young LLP as our independent auditor for fiscal year 2016;
3.
To hold an advisory vote on executive compensation; and
4.
To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The nominees for election as directors are Norman R. Bobins, Craig R. Callen, Bernard J. Korman, Edward Lowenthal, Ben W. Perks and Stephen D. Plavin each of whom presently serves as a director of Omega.

Our Board of Directors has fixed the close of business on April 19, 2016 as the record date for the determination of stockholders who are entitled to notice of and to vote at our Annual Meeting or any adjournments or postponements thereof.

We are choosing to follow the Securities and Exchange Commission (“SEC”) rules that allow companies to furnish proxy materials to their stockholders primarily over the Internet. We believe this process helps to expedite stockholders’ receipt of proxy materials, lowers the costs of the meeting and conserves natural resources. On or about April 26, 2016, we will mail to our stockholders a Notice Regarding the Availability of Proxy Materials (the “Notice”), which contains instructions on how to access our 2016 Proxy Statement and Annual Report to Stockholders for fiscal year 2015 and how to vote. The Notice also includes instructions on how to receive a paper copy of the proxy materials, including the meeting notice, 2016 Proxy Statement and proxy card.

We encourage you to attend our Annual Meeting. Whether you are able to attend or not, we urge you to indicate your vote (i) FOR the election of the director nominees, (ii) FOR the ratification of the selection of Ernst & Young LLP as our independent auditor, and (iii) FOR the approval of the Company’s executive compensation in an advisory vote, by following the instructions for voting on the Notice, or, if you received a paper or electronic copy of our proxy materials, by completing, signing, dating and returning your proxy card or by Internet or telephone voting as described in the proxy statement. If you attend the meeting, you may vote in person even if you have previously mailed a proxy card or otherwise submitted a vote by Internet or telephone voting.

By order of Omega’s Board of Directors,

C. Taylor Pickett

April 25, 2016

Hunt Valley, Maryland

YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the meeting, please vote by (1) using the Internet website shown on the Notice, (2) using the Internet website or toll-free telephone number shown on the proxy card (if included), or (3) completing, signing, dating and mailing the proxy card (if included) promptly in the enclosed envelope. It is important that you return the proxy card (if included) or otherwise submit a vote on the Internet or by telephone promptly whether or not you plan to attend the meeting, so that your shares are properly voted.

If you hold shares through a broker, bank or other nominee (in “street name”), you may receive a separate voting instruction form, or you may need to contact your broker, bank or other nominee to determine whether you will be able to vote electronically using the Internet or telephone.

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OMEGA HEALTHCARE INVESTORS, INC.

200 International Circle, Suite 3500

Hunt Valley, Maryland 21030

(410) 427-1700

PROXY STATEMENT

FOR

ANNUAL MEETING OF STOCKHOLDERS

June 9, 2016

The accompanying proxy is solicited by the Board of Directors to be voted at the Annual Meeting of Stockholders of Omega Healthcare Investors, Inc. to be held at the Company's principal executive offices at 200 International Circle, Suite 3500, Hunt Valley, Maryland, at 10:00 A.M. EDT on June 9, 2016, and any adjournments or postponements of the meeting.

This Proxy Statement, and our Annual Report to Stockholders for fiscal year 2015, which includes our Annual Report on Form 10-K filed with the SEC on February 29, 2016, are available electronically at www.proxyvote.com.

RECORD DATE

Our Board of Directors has fixed April 19, 2016, as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof. As of the close of business on the record date, there were 188,170,595 shares of our common stock, par value \$0.10 per share, outstanding and entitled to vote. As of the record date, our directors and executive officers beneficially owned 2.57% shares of our common stock.

QUORUM AND VOTING

Quorum. Holders of a majority of the outstanding shares of our common stock entitled to vote at the Annual Meeting as of the record date must be present in person or represented by proxy at the Annual Meeting to constitute a quorum for the conduct of business at the Annual Meeting. Proxies marked as abstaining and "broker non-votes" will be treated as shares present for purposes of determining the presence of a quorum.

Voting. We are choosing to follow SEC rules that allow companies to furnish proxy materials to stockholders over the Internet. If you received a Notice by mail, you will not receive a printed copy of the proxy materials, unless you specifically request one. The Notice also instructs you on how to submit your proxy over the Internet. If you received the Notice and would still like to receive a printed copy of our proxy materials, you should follow the instructions for requesting these materials in the Notice. We plan to mail the Notice to stockholders by April 26, 2016.

Each holder of record of common stock on the record date will be entitled to one vote for each share held on all matters to be voted upon at the Annual Meeting. We urge stockholders to vote promptly either by:

•

Online Internet Voting: Go to www.proxyvote.com and follow the instructions

•

By Telephone: Call toll-free 1-800-690-6903 and follow the instructions

•

By Mail: Complete, sign, date and return your proxy card in the enclosed envelope.

If your shares are held in "street name," the availability of telephone and internet voting will depend on the voting processes of the applicable bank or brokerage firm; therefore, it is recommended that you follow the voting instructions on the form you receive from your bank or brokerage firm.

If you vote by proxy, the individuals named on the enclosed proxy card will vote your shares in the manner you indicate. If you do not specify voting instructions, then the proxy will be voted in accordance with recommendations of the Board of Directors, as described in this Proxy Statement. If any other matter properly comes before the Annual Meeting, the designated proxies will vote on that matter in their discretion.

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Ability to Revoke Proxies. A stockholder voting by proxy has the power to revoke it at any time before it is exercised. A proxy may be revoked by filing with our Secretary (i) a signed instrument revoking the proxy or (ii) a duly executed proxy bearing a later date. A proxy also may be revoked if the person executing the proxy is present at the meeting and elects to vote in person. If the proxy is not revoked, it will be voted by those named in the proxy.

Broker Non-Votes. A “broker non-vote” occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that proposal and has not received instructions with respect to that proposal from the beneficial owner.

The vast majority of our stockholders hold their shares through a broker, trustee or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

- **Stockholder of Record** — If your shares are registered directly in your name with our transfer agent, you are considered, with respect to those shares, the “stockholder of record.” As the stockholder of record, you have the right to grant your voting proxy directly to us or to a third party, or to vote in person at the Annual Meeting.

- **Beneficial Owner** — If your shares are held in a brokerage account, by a trustee or by another nominee, you are considered, with respect to those shares, the “beneficial owner.” As the beneficial owner of those shares, you have the right to direct your broker, trustee or nominee how to vote, and you also are invited to attend the Annual Meeting in person. Because a beneficial owner is not the stockholder of record, however, you may not vote these shares in person at the Annual Meeting unless you obtain a “legal proxy” from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the Annual Meeting.

Each stockholder should instruct his/her/its broker on how to vote on the issues presented for consideration. Brokers who do not receive instructions are entitled to vote those shares ONLY with respect to the ratification of the selection of Ernst & Young LLP as our independent auditor for fiscal year 2016, but not with respect to any other matter to be presented at the Annual Meeting.

VOTES REQUIRED

Election of Directors. You may vote “FOR” or “WITHHELD” with respect to each nominee for the Board of Directors. Because the election of directors is not a contested election, each director will be elected by the vote of the majority of the votes cast. A “contested election” means an election in which the number of candidates exceeds the number of directors to be elected. A “majority of the votes cast” means that the number of the votes cast “for” a director exceeds the number of votes “withheld.” Abstentions and broker non-votes, if any, will have no effect on the outcome of the election of directors.

Ratification of Selection of Ernst & Young LLP as Our Independent Auditor. The ratification of the selection of Ernst & Young LLP as our independent auditor for fiscal year 2016 will require the affirmative vote of a majority of the votes cast by all stockholders. Abstentions and broker non-votes, if any, will have no effect on the outcome of the vote on this proposal.

Advisory Vote on Executive Compensation. The approval, on an advisory basis, of the compensation of our executive officers will be decided by a majority of the votes cast by all stockholders. Abstentions and broker non-votes, if any, will have no effect on the outcome of the vote on this proposal. This vote on executive compensation is not binding on the Board of Directors or the Company. Our Board of Directors, however, will consider the results of the vote when considering future executive compensation arrangements.

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PROPOSAL 1 — ELECTION OF DIRECTORS

Director Nominees and Voting Requirements

Our Board of Directors currently consists of 11 directors. Mr. Thomas F. Franke will retire upon the completion of his current term as a director as of the Annual Meeting. The Company is grateful to Mr. Franke for his years of dedicated service since the founding of the Company. The Board of Directors has fixed the size of the whole Board at 10 directors as of the election of directors at the Annual Meeting.

Prior to 2015, stockholders elected approximately 1/3 of the members of the Board at each annual meeting of stockholders and directors were elected to staggered three-year terms. At the 2015 Annual Meeting, stockholders approved an amendment to our Charter to declassify our Board and provide for the annual election of directors, to be phased in as incumbent directors complete the terms to which they were previously elected. Four current members of the Board were previously elected to terms continuing beyond the 2016 Annual Meeting as shown below, and six directors are to be elected at the Annual Meeting.

Our Nominating and Corporate Governance Committee of the Board of Directors has nominated Norman R. Bobins, Craig R. Callen, Bernard J. Korman, Edward Lowenthal, Ben W. Perks and Stephen D. Plavin for election as directors. Unless authority to vote for the election of directors has been specifically withheld, the persons named in the accompanying proxy card intend to vote FOR the election of the nominees named above to hold office until the 2017 Annual Meeting or until their respective successors have been duly elected and qualified.

If any nominee becomes unavailable for any reason (which event is not anticipated), the shares represented by the enclosed proxy may (unless the proxy contains instructions to the contrary) be voted for such other person or persons as may be determined by the holders of the proxies.

Your broker may not vote your shares in the election of directors unless you have specifically directed your broker how to vote your shares. As a result, we urge you to instruct your broker how to vote your shares.

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Information Regarding Directors

Information about each director nominee, and the other individuals who currently serve on our Board of Directors, is set forth below. Individuals not standing for election at the Annual Meeting are presented under the heading "Continuing Directors."

Director Nominees

Director	Year First Became a Director	Business Experience During Past 5 Years
Norman R. Bobins (73)	2015	Mr. Bobins brings to our board years of banking experience, financial and accounting knowledge and experience as a director of public companies. Mr. Bobins was appointed to our Board effective April 1, 2015 pursuant to that certain Agreement and Plan of Merger, in connection with our acquisition of Aviv REIT Inc. ("Aviv") by merger. Mr. Bobins served as a director of Aviv from March 26, 2013 until our merger with Aviv on April 1, 2015. Prior to that, Mr. Bobins served as a member of the advisory board of Aviv Asset Management LLC from 2009 until March 26, 2013. Mr. Bobins was named Non-Executive Chairman of The PrivateBank and Trust Company, a bank subsidiary of PrivateBancorp, Inc., in July 2008. From May 2007 until October 2007, Mr. Bobins was Chairman of the Board of LaSalle Bank Corporation and thereafter served as Chairman Emeritus until July 2008. From 2003 to 2007, he was President and Chief Executive Officer of LaSalle Bank Corporation. From 2006 to 2007, he was President and Chief Executive Officer of ABN AMRO North America. Mr. Bobins also serves on the boards of directors of AAR Corp. and AGL Resources Inc. In the past five years, Mr. Bobins also served on the boards of Nicor, Inc. and SIMS Metal Management.
Craig R. Callen (60)	2013	Mr. Callen brings to our Board financial and operating experience as an advisor, investment banker and board member in the healthcare industry. Mr. Callen is currently a Senior Advisor at Crestview Partners, a private equity firm. Mr. Callen retired as Senior Vice President of Strategic Planning and Business Development for Aetna Inc., where he also served as a Member of the Executive Committee from 2004-2007. In his role at Aetna, Mr. Callen reported directly to the Chairman and CEO and was responsible for oversight and development of Aetna's corporate strategy, including mergers and acquisitions. Prior to joining Aetna in 2004, Mr. Callen was a Managing Director and Head of U.S. Healthcare Investment Banking at Credit Suisse and co-head of Health Care Investment Banking at Donaldson Lufkin & Jenrette. During his 20 year career as an investment banker in the healthcare practice, Mr. Callen successfully completed over 100 transactions for clients and contributed as an advisor to the boards of directors and managements of many of the leading healthcare companies in the U.S. Mr. Callen currently serves as a board member of HMS Holdings, Inc. (NYSE-HSMY), and Classical Homes Preservation Trust. Previously he served on the boards of Symbion, Inc., a Crestview portfolio company, Sunrise Senior Living, Inc.

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Director (age as of May 15)	Year First Became a Director	Business Experience During Past 5 Years
Bernard J. Korman (84)	1993	<p>(NYSE-SRZ) and Kinetic Concepts, Inc. (NYSE-KCI). Mr. Callen is a graduate of Boston University and the Harvard Business School.</p> <p>Mr. Korman brings to our Board extensive experience in healthcare, experience as a director of a real estate investment trust (“REIT”), and experience as a Chairman from his former role as Chairman of Pep Boys. Mr. Korman has served as Chairman of the Board since March 8, 2004. Mr. Korman served as Chairman of the Board of Trustees of Philadelphia Health Care Trust, a private healthcare foundation, from December 1995 to June 30, 2010. Mr. Korman is also a Director of The New America High Income Fund, Inc. (NYSE:HYB) (financial services) and a past director of Medical Nutrition USA, Inc., a nutritional products company and NutraMax Products, Inc., a consumer health care products company. He was formerly President, Chief Executive Officer and director of MEDIQ Incorporated, a publicly held health care service provider from 1977 to 1995. Mr. Korman served as a Trustee of Kramont Realty Trust (NYSE:KRT), a publicly held REIT, from June 2000 until its merger in April 2005. Mr. Korman also served as a director of The Pep Boys, Inc. (NYSE:PBX) from 1983, and as Chairman of the Board from May 2003 until his retirement from such board in September 2004.</p>
Edward Lowenthal (71)	1995	<p>Mr. Lowenthal brings to our Board years of experience in the development and operation of real estate. Mr. Lowenthal currently serves as Chairman of the Board of Directors of American Campus Communities (NYSE:ACC) (a public developer, owner and operator of student housing at the university level and serves as a trustee of the Manhattan School of Music). From 2004 to 2013, he was a Director of Desarrolladora Homex (NYSE:HXM) (a Mexican homebuilder) and serves as a Trustee of the Manhattan School of Music.</p> <p>Mr. Lowenthal also served as non-executive Chairman of REIS, Inc. (a public provider of real estate market information and valuation technology (NASDAQ:REIS) from November 2010 until his term expired in 2012. From January 1997 to March 2002, Mr. Lowenthal served as President and Chief Executive Officer of Wellsford Real Properties, Inc. (a real estate merchant bank) and was President of the predecessor of Wellsford Real Properties, Inc. since 1986. He is co-founder of Wellsford Strategic Partners, a private real estate investment company and is non-executive Chairman of Tiburon Lockers, Inc., a private rental locker company.</p>
Ben W. Perks (74)	2015	<p>Mr. Perks brings to our Board years of public accounting, public company, financial and accounting reporting experience. Mr. Perks was appointed to our Board effective April 1, 2015 pursuant to the Merger Agreement with Aviv. Mr. Perks served as a director of Aviv since 2007 until our merger with Aviv on April 1, 2015. Mr. Perks was the</p>

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Director (age as of May 15)	Year First Became a Director	Business Experience During Past 5 Years	
Stephen D. Plavin (56)	2000	<p>Executive Vice President and Chief Financial Officer of Navigant Consulting, Inc., an NYSE-listed company, from May 2000 until his retirement in August 2007. Prior to joining Navigant, Mr. Perks was with PricewaterhouseCoopers LLP and its predecessors for 32 years, including 22 years as a partner in the Audit and Financial Advisory Services groups.</p> <p>Mr. Plavin brings to our Board management experience in the banking and mortgage-based real estate investment trust sector, as well as significant experience in real estate capital markets transactions. Mr. Plavin is a Senior Managing Director of the Blackstone Group (since December, 2012) and the Chief Executive Officer and a Director of Blackstone Mortgage Trust, Inc., a New York City-based mortgage REIT that is managed by Blackstone. Prior to joining Blackstone, Mr. Plavin served as CEO of Capital Trust, Inc. (predecessor of Blackstone Mortgage Trust), since 2009. From 1998 until 2009, Mr. Plavin was Chief Operating Officer of Capital Trust and was responsible for all of the lending, investing and portfolio management activities of Capital Trust, Inc. Prior to that time, Mr. Plavin was employed for 14 years with Chase Manhattan Bank and its securities affiliate, Chase Securities Inc. Mr. Plavin held various positions within the real estate finance unit of Chase, and its predecessor, Chemical Bank, and in 1997 he became co-head of global real estate for Chase. Mr. Plavin is also Chairman of the Board of Directors of WCI Communities, Inc. (NYSE:WCIC), a publicly-held developer of residential communities.</p>	
Continuing Directors			
Director (age as of May 15)	Year First Became a Director	Business Experience During Past 5 Years	Term to Expire in
Craig M. Bernfield (55)	2015	<p>Mr. Bernfield brings to our Board extensive business, managerial and leadership experience based primarily on his service on the Chairman of the board and Chief Executive Officer of Aviv. Mr. Bernfield was appointed to our Board effective April 1, 2015 pursuant to the Merger Agreement with Aviv. Mr. Bernfield is former Chairman of the Board of Directors and Chief Executive Officer of Aviv and served in such capacity since he co-founded Aviv Healthcare Properties Limited Partnership in 2005 until our merger with Aviv on April 1, 2015. From 1990 until co-founding Aviv in 2005, Mr. Bernfield was Chief Executive Officer and President of Karell Capital Ventures, Inc., which managed the entities that were combined in 2005 in connection with the formation of Aviv's operating partnership. Mr. Bernfield has been an investor in the</p>	2017

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Director (age as of May 15)	Year First Became a Director	Business Experience During Past 5 Years	Term to Expire in
Barbara B. Hill (63)	2013	<p>skilled nursing home industry for approximately 20 years.</p> <p>Ms. Hill brings to our Board years of experience in operating healthcare-related companies. Ms. Hill is currently an Operating Partner of NexPhase Capital (formerly Moelis Capital Partners), a private equity firm, where she focuses on healthcare-related investments and providing strategic and operating support for Moelis' healthcare portfolio companies. She began as an Operating Partner of Moelis Capital Partners in March 2011. From March 2006 to September 2010, Ms. Hill served as Chief Executive Officer and a director of ValueOptions, Inc., a managed behavioral health company, and FHC Health Systems, Inc., its parent company. From August 2004 to March 2006, she served as Chairman and Chief Executive Officer of Woodhaven Health Services, an institutional pharmacy company. In addition, from 2002 to 2003, Ms. Hill served as President and a director of Express Scripts, Inc., a pharmacy benefits management company. In previous positions, Ms. Hill was responsible for operations nationally for Cigna HealthCare, and also served as the CEO of health plans owned by Prudential, Aetna, and the Johns Hopkins Health System. She was active with the boards or committees of the Association of Health Insurance Plans and other health insurance industry groups. Currently, she serves as a board member of St. Jude Medical Corporation, a medical device company, Revera Inc., a Canadian company operating senior facilities throughout Canada and the U.S. and Integra LifeSciences Holdings Corporation, a medical device company.</p>	2017
Harold J. Kloosterman (73)	1992	<p>Mr. Kloosterman brings to our Board years of experience in the development and management of real estate. Mr. Kloosterman has served as President of Cambridge Partners, Inc., a company he formed in 1985, from 1985 thru 2014. He has been involved in the development and management of commercial, apartment and condominium projects in Grand Rapids and Ann Arbor, Michigan and in the Chicago area. Mr. Kloosterman was formerly a Managing</p>	2017

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Director (age as of May 15)	Year First Became a Director	Business Experience During Past 5 Years	Term to Expire in
C. Taylor Pickett (54)	2002	<p>Director of Omega Capital from 1986 to 1992. Mr. Kloosterman has been involved in the acquisition, development and management of commercial and multifamily properties since 1978. He has also been a senior officer of LaSalle Partners, Inc. (now Jones Lang LaSalle).</p> <p>As Chief Executive Officer of our Company, Mr. Pickett brings to our Board a depth of understanding of our business and operations, as well as financial expertise in long-term healthcare services, mergers and acquisitions. Mr. Pickett has served as the Chief Executive Officer of our Company since 2001. Mr. Pickett is also a Director and has served in this capacity since 2002.</p> <p>Mr. Pickett also serves as a Director of Corporate Office Properties Trust (NYSE: OFC), an office property REIT. From 1998 to 2001, Mr. Pickett served as the Executive Vice President and Chief Financial Officer of Integrated Health Services, Inc. ("IHS"), a public company specializing in post-acute healthcare services. Mr. Pickett served in a variety of executive roles at IHS from 1993 through 1998. Prior to joining IHS, Mr. Pickett held various positions at PHH Corporation and KPMG Peat Marwick.</p>	2017

Voting Required for Election

Each director will be elected by the vote of the majority of the votes cast. A "majority of the votes cast" means that the number of the votes cast "for" a director exceeds the number of votes "withheld." Abstentions and broker non-votes, if any, will have no effect on the outcome of the election of directors.

Recommendation of the Board

The Board of Directors unanimously recommends a vote FOR the election of Messrs. Bobins, Callen, Korman, Lowenthal, Perks and Plavin.

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STOCK OWNERSHIP INFORMATION

The following table sets forth information regarding the beneficial ownership of our common stock as of April 19, 2016 for:

- each of our directors and the executive officers appearing in the table under “Executive Compensation Tables and Related Information — Summary Compensation Table” included elsewhere in this Proxy Statement; and

- all persons known to us to be the beneficial owner of more than 5% of our outstanding common stock.

Beneficial ownership of our common stock, for purposes of this Proxy Statement, includes shares of our common stock as to which a person has voting and/or investment power, or the right to acquire such power within 60 days of April 19, 2016. Except for shares of restricted stock and unvested units as to which the holder does not have investment power until vesting or as otherwise indicated in the footnotes, the persons named in the table have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them, subject to community property laws where applicable. The “Common Stock Beneficially Owned” columns do not include unvested time-based restricted stock units (“RSUs”), unvested performance-based restricted stock units (“RSUs”), and deferred stock units under our Deferred Compensation Plan (except to the extent such units vest or the applicable deferral period expires within 60 days of April 19, 2016) or common stock issuable in respect of operating partnership units (“OP Units”) or profits interests in OHI Healthcare Properties Limited Partnership (“Omega OP”). Accordingly, we have provided supplemental information regarding deferred stock units, unvested RSUs, and earned but not yet vested PRSUs under the caption “Common Stock Equivalents.” For information regarding unearned, unvested PRSUs for performance periods not yet completed, see “Outstanding Equity Awards at Fiscal Year End” below.

The business address of the directors and executive officers is 200 International Circle, Suite 3500, Hunt Valley, Maryland 21030. As of April 19, 2016 there were 188,170,595 shares of our common stock outstanding and no preferred stock outstanding.

Beneficial Owner	Common Stock Beneficially Owned		Other Common Stock Equivalents			Percent of Class including Common Stock Equivalents(4)
	Number of Shares	Percent of Class	Unvested RSUs(1)	Deferred Stock Units(2)	Operating Partnership Units(3)	
Craig M. Bernfield	2,719,913(5)	1.43%			2,797,836(5)	2.75%
Norman R. Bobins	43,617(6)	*				*
Daniel J. Booth	216,283	0.11%	89,652			0.15%
Craig R. Callen	3,000	*		14,822(7)		*
R. Lee Crabill(8)	104,587	*				*
Thomas F. Franke	132,935(9)	*				*
Barbara B. Hill	13,390(10)	*				*
Steven J. Insoft	424,581(11)	0.22%	49,179		78,742(11)	0.28%
Harold J. Kloosterman	22,069	*		43,675(12)		*
Bernard J. Korman	674,967	0.35%		12,953(13)		0.34%
Edward Lowenthal	43,802(14)	*		5,324		*

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Ben W. Perks	46,413(15)	*				*
C. Taylor Pickett	262,661	0.14%	164,322	269,181		0.35%
Stephen D. Plavin	71,346(16)	*				*
Michael D. Ritz	5,888	*	15,594	19,927		*
Robert O. Stephenson	219,027	0.11%	73,705			0.15%
Directors and executive officers as a group (15 persons)(17)	4,899,892	2.57%	392,452	365,882	2,876,578	4.26%

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Beneficial Owner	Common Stock Beneficially Owned		Other Common Stock Equivalents			Percent of Class including Common Stock Equivalents(4)
	Number of Shares	Percent of Class	Unvested RSUs(1)	Deferred Stock Units(2)	Operating Partnership Units(3)	
5% Beneficial Owners:(18)						
Cohen & Steers Inc.	27,548,727(19)	14.45%				
The Vanguard Group, Inc.	26,649,792(20)	13.98%				
BlackRock, Inc.	14,940,019(21)	7.84%				
Daiwa Asset Management Co. LTD	10,337,870(22)	5.42%				

*
Less than 0.10%

(1)
Includes unvested RSUs, which in each case vest more than 60 days from April 19, 2016, subject to continued employment. Each unit represents the right to receive one share of common stock. See “Outstanding Equity Awards at Fiscal Year End.”

(2)
Deferred stock units representing the deferral of vested equity awards pursuant to the Company’s Deferred Stock Plan. Includes deferred stock units associated with RSUs and PRSUs vesting within 60 days which the holder has elected to defer. The deferred stock units will not be converted until the date or event specified in the applicable deferred stock agreement. See “Nonqualified Deferred Compensation.”

(3)
Messrs. Bernfield and Insoft beneficially own OP Units in Omega OP. OP Units are redeemable at the election of the holder for cash equal to the value of one share of our common stock priced at the average closing price for the 10-day trading period ending on the date of the holder’s notice of election to redeem the OP Units, subject to the Company’s election to exchange the OP Units tendered for redemption for shares of Omega common stock on a one-for-one basis, in each case subject to adjustment.

(4)
Percent of class reflects 188,170,595 outstanding shares of common stock outstanding as of April 19, 2016, plus a total of 12,298,674 common stock equivalents, consisting of 474,638 unvested restricted stock units, 365,882 deferred stock units, 2,510,809 options and approximately 8,947,345 OP Units.

(5)
Common Stock Beneficially Owned includes exercisable stock options of 2,175,265 shares held by Mr. Bernfield and 154,766 exercisable stock options held by each of the Generation Trust f/b/o Jamie Lauren Bernfield c/u Bernfield Exempt Family Trust dated December 20, 2012 and the Generation Trust f/b/o Sari Jessica Bernfield c/u Bernfield Exempt Family Trust dated December 20, 2012, trusts for the benefit of Mr. Bernfield’s children of which Mr. Bernfield’s spouse serves as trustee. OP Units include (i) 94,619 OP units held by CMB Aviv Acquisition, L.L.C.,

a limited liability company of which Mr. Bernfield is the sole member and manager and (ii) 2,797,836 OP units held by Craig M. Bernfield C Unit, L.L.C., a limited liability company of which Mr. Bernfield is a member and the sole manager. Mr. Bernfield disclaims beneficial ownership of the securities held by Craig M. Bernfield C Unit, L.L.C. and such trusts except to the extent of his pecuniary interest therein. A total of 16,065 of the OP Units are held by Mr. Bernfield subject to a phantom unit award grant to Mr. Insoft. Mr. Bernfield has no pecuniary interest in the OP Units subject to the phantom unit award and disclaims of such securities.

(6)

Includes 3,000 shares of restricted stock, subject to forfeiture until vested.

(7)

Includes deferred stock units with respect to 6,000 shares of restricted stock, subject to forfeiture until vested.

(8)

Retired July 31, 2015.

(9)

Includes (a) 47,182 shares owned by a family limited liability company (Franke Family LLC) of which Mr. Franke is a member and (b) 6,000 shares of restricted stock, subject to forfeiture until vested. Mr. Franke has pledged 100,557 shares to secure borrowings that may be from time to time outstanding under a lending facility.

(10)

Includes 6,000 shares of restricted stock, subject to forfeiture until vested.

(11)

Operating Partnership Units includes 78,742 Omega OP Units held by Steven J. Insoft Investments, L.L.C., which is 99% owned by Mr. Insoft and 1% owned by his wife, Susan M. Insoft. 48,194 of Mr. Insoft's shares are pledged as collateral to secure a loan in favor of Mr. Insoft. Does not include 32,130 OP Units subject to a phantom unit award grant to Mr. Insoft because Mr. Insoft does not have the right to acquire voting or dispositive power with respect to such securities within 60 days.

(12)

Includes deferred stock units with respect to 6,000 shares of restricted stock, subject to forfeiture until vested.

(13)

Includes deferred stock units with respect to 6,999 shares of restricted stock, subject to forfeiture until vested.

(14)

Includes 6,000 shares of restricted stock, subject to forfeiture until vested.

(15)

Includes exercisable stock options for 26,012 options shares of common stock. Includes 3,000 shares of restricted stock, subject to forfeiture until vested.

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- (16)
Includes 6,000 shares of restricted stock, subject to forfeiture until vested. The remainder of Mr. Plavin's shares are owned jointly with his wife.
- (17)
Excludes R. Lee Crabill who retired from the Company effective July 31, 2015.
- (18)
Except as otherwise indicated below, information regarding 5% beneficial owners is based on information reported on Schedule 13G filings by the beneficial owners indicated with respect to the common stock of Omega.
- (19)
Based on a Schedule 13G/A filed Cohen & Steers Inc. on February 16, 2016. Cohen & Steers Inc. is located at 280 Park Avenue New York, New York 10017.
- (20)
Based on a Schedule 13G/A filed by The Vanguard Group, Inc. on February 11, 2016. The Vanguard Group, Inc. is located at 100 Vanguard Blvd. Malvern, PA 19355. Includes 133,960 shares of common stock over which The Vanguard Group Inc. has shared voting power and 258,987 shares of common stock over which The Vanguard Group, Inc. has shared dispositive power.
- (21)
Based on a Schedule 13G/A filed by BlackRock Inc. on February 10, 2016. BlackRock Inc. is located at 55 East 52nd Street New York, New York 10022.
- (22)
Based on a Schedule 13G/A filed by Daiwa Asset Management Co. LTD on January 27, 2016 is located at 9-1 Marunouchi 1-chrome, Chiyoda-ku, Tokyo, Japan 100-6753.

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BOARD COMMITTEES AND CORPORATE GOVERNANCE

Board of Directors and Committees of the Board

The members of the Board of Directors on the date of this Proxy Statement and the Committees of the Board on which they serve are identified below.

Director	Board	Audit Committee	Compensation Committee	Investment Committee	Nominating and Corporate Governance Committee
Craig M. Bernfield	Member				Member
Norman R. Bobins	Member			Member	
Craig R. Callen	Member			Member	
Thomas F. Franke	Member		Co-Chairman		Member
Barbara B. Hill	Member	Member			
Harold J. Kloosterman	Member	Member	Member	Chairman	Member
Bernard J. Korman	Chairman		Member	Member	Member
Edward Lowenthal	Member	Member	Co-Chairman		Chairman
Ben W. Perks	Member	Member			
C. Taylor Pickett	Member			Member	
Stephen D. Plavin	Member	Chairman	Member		Member

The Board of Directors held 13 meetings during 2015. Each member of the Board of Directors attended more than 75% of the meetings of the Board of Directors and of the committees of which such director was a member in 2015. Mr. Korman, as Chairman of the Board, presides over any meeting, including regularly scheduled executive sessions of the non-management directors. If Mr. Korman is not present at such a session, the presiding director is chosen by a vote of those present at the session. Except for Mr. Pickett, all of the members of the Board of Directors meet the NYSE listing standards for independence. While the Board of Directors has not adopted any categorical standards of independence, in making these independence determinations, the Board of Directors noted that no director other than Mr. Pickett (a) received direct compensation from our Company other than director annual retainers and meeting fees, (b) had any relationship with our Company or a third party that would preclude independence or (c) had any material business relationship with our Company and its management, other than as a director of our Company. Each of the members of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee meets the NYSE listing standards for independence. While we invite our directors to attend our Annual Meeting of Stockholders, we currently do not have a formal policy regarding director attendance. Mr. Pickett was the only director who attended the Annual Meeting last year.

Board Leadership Structure and Risk Oversight

Since 2001, an independent non-employee director has served as the Chairman of the Board of Directors rather than our Chief Executive Officer. We separated the roles of Chief Executive Officer and Chairman of the Board in recognition of the difference between the two roles. The Chief Executive Officer is responsible for implementing the strategic direction for the Company as approved by the Board of Directors and the management of the day-to-day operations of the Company, while the Chairman of the Board provides guidance to the Chief Executive Officer, and sets the agenda for and presides over meetings of the Board.

The Board of Directors, as a whole and at the committee level, plays an important role in overseeing the management of risk. Management is responsible for identifying the significant risks facing the Company, implementing risk management strategies that are appropriate for the Company's business and risk profile, integrating consideration of risk and risk management into the Company's decision-making process and communicating information with respect to material risks to the Board or the appropriate committee.

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Portfolio and investment risk is one of the principal risks faced by the Company. We manage portfolio and investment risk by, among other things, seeking Investment Committee and/or Board approval for new investments over designated thresholds and providing detailed underwriting information on such proposed investments to the Investment Committee or the Board, as the case may be. In addition, our full Board regularly reviews the performance, credit information and coverage ratios of our operators.

Consistent with the rules of the NYSE, the Audit Committee provides oversight with respect to risk assessment and risk management, the Company's financial statements and internal control over financial reporting. The Compensation Committee reviews risks associated with the Company's compensation plans and arrangements. While each committee monitors certain risks and the management of such risks, the full Board is regularly informed about such matters. The full Board generally oversees risk and risk management issues otherwise arising in the Company's business and operations.

Audit Committee

The Audit Committee met seven times in 2015, which included one joint meeting with the Board and other committees. Its primary function is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to: (i) the financial information to be provided to stockholders and the SEC; (ii) the system of internal controls that management has established; and (iii) the external independent audit process. In addition, the Audit Committee selects our Company's independent auditors and provides an avenue for communication between the independent auditors, financial management and the Board of Directors.

Each of the members of the Audit Committee is independent and financially literate, as required of audit committee members by the NYSE. The Board of Directors has determined that Messrs. Plavin and Perks each qualify as an "audit committee financial expert" as such term is defined in Item 401(h) of Regulation S-K promulgated by the SEC. The Board of Directors made a qualitative assessment of Mr. Plavin's level of knowledge and experience based on a number of factors, including his formal education and his experience as Chief Executive Officer and a director of Blackstone Mortgage Trust, Inc. (formerly Capital Trust, Inc.), a New York City-based mortgage REIT that is managed by Blackstone, where he is responsible for all management activities. Additionally, Mr. Plavin holds an M.B.A. from J.L. Kellogg Graduate School of Management at Northwestern University. The Board of Directors made a qualitative assessment of Mr. Perks' level of knowledge and experience based on his 22 years of experience as an audit partner at PricewaterhouseCoopers and its predecessors, and his experience as Chief Financial Officer of Navigant Consulting, Inc.

Compensation Committee

The Compensation Committee has responsibility for the compensation of our key management personnel and administration of our equity incentive plans. During 2015, the Compensation Committee met eight times, which included one joint meeting of the Board and other committees. The responsibilities of the Compensation Committee are more fully described under "The Compensation Committee" on page 24 below and in its Charter, which is available on our website at www.omegahealthcare.com.

Investment Committee

The Investment Committee works with management to develop strategies for growing our portfolio and has authority to approve investments up to established thresholds. The Investment Committee met two times during 2015.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee met three times during 2015, which included one joint meeting of the Board and other committees and one joint meeting of the Board and the Nominating and Corporate Governance Committee. The Nominating and Governance Committee has responsibility for identifying potential nominees to the Board of Directors and reviewing their qualifications and experience. The process for identifying and evaluating nominees to the Board is initiated by identifying candidates who meet the criteria for selection as a nominee and have the specific qualities or

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skills being sought based on input from members of the Board of Directors and, if the Nominating and Corporate Governance Committee deems appropriate, a third-party search firm. Nominees for director are selected based on their depth and breadth of experience, industry experience, financial background, integrity, ability to make independent analytical inquiries and willingness to devote adequate time to director duties, among other criteria. The Company does not have a policy with regard to consideration of diversity in identifying nominees, and historically diversity has not been a material factor in selecting nominees to the Board. The Nominating and Corporate Governance Committee also develops and implements policies and practices relating to corporate governance.

The Nominating and Corporate Governance Committee will consider written proposals from stockholders for nominees as director. Any such nomination should be submitted to the Nominating and Corporate Governance Committee through our Secretary in accordance with the procedures and time frame described in our Bylaws and as set forth under “Stockholder Proposals” below.

Stock Plan Special Administrative Committee

In addition to the Committees listed above, in February 2015 the Board established a Special Administrative Committee under the 2013 Stock Incentive Plan (the “Stock Plan”) consisting solely of Mr. Pickett, with the authority to allocate and grant awards under the Stock Plan to employees of the Company and its affiliates who are not executive officers of the Company up to a maximum number of units or shares authorized by the Board from time to time. For 2015, the Special Administrative Committee was authorized to grant awards of up to 120,000 RSUs, PRSUs and profits interests in Omega OP (“LTIP Units”), of which up to 30,000 can be time-based and up to 90,000 (at the high level of performance) can be performance-based. For 2016, the Special Administrative Committee is authorized to grant awards of up to 130,000 RSUs, PRSUs and LTIP Units, of which up to 40,000 can be time-based and up to 90,000 (at the high level of performance) can be performance-based.

Communicating with the Board of Directors and the Audit Committee

The Board of Directors and our Audit Committee have established procedures to enable anyone who has a concern about our conduct, or any employee who has a concern about our accounting, internal controls or auditing matters, to communicate that concern directly to the non-management members of the Board of Directors or the Audit Committee, as applicable. These communications may be confidential or anonymous and may be submitted in writing or through the Internet. The employees have been provided with direct and anonymous access to each of the members of the Audit Committee. Our Company’s Code of Business Conduct and Ethics (“Code of Ethics”) prohibits any employee of our Company from retaliating or taking adverse action against anyone raising or helping resolve a concern about our Company.

Interested parties may contact our non-management directors by writing to them at our headquarters: Omega Healthcare Investors, Inc., 200 International Circle, Suite 3500, Hunt Valley, Maryland 21030, or by contacting them through our website at www.omegahealthcare.com. Communications addressed to the non-management members of the Board of Directors will be reviewed by our corporate communications liaison, which is our outside legal counsel, and will be directed to the appropriate director or directors for their consideration. The corporate communications liaison may not “filter out” any direct communications from being presented to the non-management members of the Board of Directors and Audit Committee members without instruction from the directors or committee members. The corporate communications liaison is required to maintain a record of all communications received that were addressed to one or more directors, including those determined to be inappropriate communications. Such record will include the name of the addressee, the disposition by the corporate communications liaison and, in the case of communications determined to be inappropriate, a brief description of the nature of the communication. The corporate communications liaison is required to provide a copy of any additions to the record upon request of any member of the Board of Directors.

Policy on Related Party Transactions

We have a written policy regarding related party transactions under which we have determined that we will not engage in any purchase, sale or lease of property or other business transaction in which our officers or directors have a direct or indirect material interest without the approval by resolution of a majority of

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those directors who do not have an interest in such transaction. It is generally our policy to enter into or ratify related party transactions only when our Board of Directors, acting through our Audit Committee, determines that the related party transaction in question is in, or is not inconsistent with, our best interests and the interests of our stockholders. As part of our acquisition of entities owning 143 skilled nursing facilities in June 2010, we acquired entities owning facilities with existing leases in place to LHCC Properties, LLC (“LHCC”) a subsidiary of Laurel Healthcare Holdings, Inc. (“Laurel”). Thomas F. Franke, a member of our Board of Directors, was the Chairman Emeritus of Laurel and together with certain members of his immediate family, beneficially owned approximately 34% of the equity of Laurel. Our lease with LHCC generated approximately \$1 million of rental income in both 2014 and 2013. In connection with our merger with Aviv, we acquired operating leases with LHCC for an additional 28 facilities. Together, our leases with LHCC generated approximately \$23.0 million of rental income in 2015. On February 1, 2016, we acquired 10 facilities from Laurel for approximately \$169.0 million in cash and leased them to an unrelated existing operator. Immediately following our acquisition, the unrelated existing operator acquired all of the outstanding equity interests of Laurel, including the interests previously held by Mr. Franke and his family. The new master lease has an initial annual cash yield of 8.5% and annual escalators of 2.0% and is cross defaulted to the operator’s existing master lease.

Security Deposit Indemnification Agreements. Prior to 2002, certain of the entities that were combined in connection with the formation of Aviv’s predecessor partnership distributed security deposits paid by certain of their tenants to the owners of those entities in exchange for an agreement by those owners to repay the amounts distributed if and when the applicable tenant became entitled to a return of the security deposit or the deposit was otherwise applied under the applicable lease. These arrangements were kept in place in connection with the formation of Aviv’s predecessor partnership. As of December 31, 2014, entities controlled by Mr. Bernfield were obligated to potentially reimburse approximately \$292,000.

Code of Business Conduct and Ethics

We have adopted a written Code of Ethics that applies to all of our directors and employees, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. A copy of our Code of Ethics is available on our website at www.omegahealthcare.com, and print copies are available upon request without charge. You can request print copies by contacting our Chief Financial Officer in writing at Omega Healthcare Investors, Inc., 200 International Circle, Suite 3500, Hunt Valley, Maryland 21030, or by telephone at 410-427-1700. Any amendment to our Code of Ethics or any waiver of our Code of Ethics will be disclosed on our website at www.omegahealthcare.com promptly following the date of such amendment or waiver.

Stock Ownership Guidelines

The Board of Directors has adopted stock ownership guidelines to foster long-term stock holdings by Company leadership. These guidelines create a strong link between stockholders’ and management’s interest. The Chief Executive Officer is required to own shares in the Company with a value equal to at least six times his annual base salary. The Chief Operating Officer, Chief Corporate Development Officer and Chief Financial Officer are required to own shares in the Company with a value equal to at least three times their respective annual base salaries. Each non-employee director is required to own shares in the Company with a value equal to at least five times the annual cash retainer for serving as a member of the Board of Directors within five years of the director’s appointment. The complete stock ownership guidelines contained in the Corporate Governance Guidelines are available through our website at www.omegahealthcare.com.

Policy on Hedging and Pledging of Company Securities

We consider it inappropriate for any director or officer to enter into speculative transactions in our Company’s securities. Therefore, we prohibit the purchase of or sale of puts, calls, options or other derivative instruments related to our Company’s securities or debt. Our policy also prohibits hedging or monetization transactions, such as forward sale contracts, in which the stockholder continues to own the underlying security without all the risks or rewards of ownership. Additionally, directors and officers may

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not purchase our Company's securities on margin or borrow against any account in which our securities are held. Pledges existing as of February 27, 2015 (or April 1, 2015 for personnel who joined the Company in connection with the merger with Aviv) may remain in place through February 27, 2018 so long as the amount of Omega securities pledged is not increased thereafter except through the reinvestment of dividends.

Director Retirement Policy

It is the general policy of the Board of Directors that after reaching 75 years of age, directors shall not stand for re-election and thereafter shall retire from the Board of Directors upon the completion of the term of office to which they were elected. On the recommendation of the Nominating and Corporate Governance Committee, the Board of Directors may waive this requirement as to any director if it deems such waiver to be in the best interests of the Company. On the recommendation of the Nominating and Corporate Governance Committee, the Board of Directors determined that it is in the best interests of the Company to waive this requirement to permit the nomination of Mr. Korman for re-election at the Annual Meeting.

Corporate Governance Materials

The Corporate Governance Guidelines, Code of Ethics and the charters of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are available free of charge through our website at www.omegahealthcare.com and are available in print to any stockholder who requests them.

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PROPOSAL 2 — PROPOSAL TO RATIFY THE SELECTION OF ERNST & YOUNG LLP AS OUR INDEPENDENT AUDITOR FOR THE FISCAL YEAR 2016

The Audit Committee has selected Ernst & Young LLP as our Company's independent auditor for the current fiscal year, and the Board of Directors is asking stockholders to ratify that selection. Although current law, rules and regulations, as well as the charter of the Audit Committee, require our Company's independent auditor to be engaged, retained and supervised by the Audit Committee, the Board of Directors considers the selection of the independent auditor to be an important matter of stockholder concern and is submitting the selection of Ernst & Young LLP for ratification by stockholders as a matter of good corporate governance. However, if the stockholders do not ratify the selection, the Board of Directors and the Audit Committee will reconsider whether or not to retain Ernst & Young LLP. Even if the selection is ratified, the Board of Directors and the Audit Committee in their discretion may change the appointment at any time during the year if they determine that such a change would be in the best interest of us and our stockholders. Information concerning the services Ernst & Young LLP provided to us can be found beginning on page 19 below.

Voting Required for Approval

The affirmative vote of holders of a majority of all votes cast on the matter is required to ratify the selection of Ernst & Young LLP as our Company's independent auditor for the current fiscal year. Accordingly, abstentions and broker non-votes, if any, will have no effect on the outcome of the vote on any of these proposals.

Recommendation of the Board

The Board of Directors and the members of the Audit Committee unanimously recommend a vote FOR the proposal to ratify the selection of Ernst & Young LLP as our independent auditor for the fiscal year 2016.

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AUDIT COMMITTEE AND INDEPENDENT AUDITOR MATTERS

The Audit Committee's purpose is to oversee the accounting and financial reporting processes of our Company, the audits of our financial statements, the qualifications of the public accounting firm engaged as our independent auditor to prepare and issue an audit report on our financial statements and the related internal control over financial reporting, and the performance of our independent auditors. The Audit Committee has the sole authority and responsibility to select, determine the compensation of, evaluate and, when appropriate, replace our Company's independent auditors. The Audit Committee's function is more fully described in its revised charter, which is available on our website at www.omegahealthcare.com. The Board of Directors reviews the Audit Committee Charter annually. The Board of Directors has determined that each Audit Committee member is independent under the standards of director independence established under our corporate governance policies and the NYSE listing requirements and is also "independent" for purposes of Section 10A (m)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, the Board of Directors has determined that Stephen Plavin and Ben Perks each qualify as an "audit committee financial experts," as defined by SEC rules.

Management is responsible for the preparation, presentation and integrity of our financial statements, accounting and financial reporting principles, internal control over financial reporting and procedures designed to ensure compliance with accounting standards, applicable laws and regulations. Our Company's independent auditor, Ernst & Young LLP, is responsible for auditing and expressing opinions on the conformity of our Company's consolidated financial statements with accounting principles generally accepted in the United States, and the effectiveness of our Company's internal control over financial reporting based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria).

Audit Committee Report

The Audit Committee, with respect to the audit of Omega's 2015 audited consolidated financial statements, reports as follows:

- The Audit Committee has reviewed and discussed our 2015 audited consolidated financial statements with Omega's management;
- The Audit Committee has discussed with Ernst & Young LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board ("PCAOB") in Rule 3200T;
- The Audit Committee has received written disclosures and the letter from Ernst & Young LLP required by the PCAOB regarding Ernst & Young LLP's communications with the Audit Committee concerning independence and has discussed with Ernst & Young LLP its independence from Omega;
- Based on reviews and discussions of Omega's 2015 audited consolidated financial statements with management and discussions with Ernst & Young LLP, the Audit Committee recommended to the Board of Directors that Omega's 2015 audited consolidated financial statements be included in our Company's Annual Report on Form 10-K; and
- The Committee has also reviewed the services provided by Ernst & Young LLP discussed below and has considered whether provision of such services is compatible with maintaining auditor independence.

Audit Committee of the Board of Directors

Stephen D. Plavin, Chairman

Barbara B. Hill

Harold J. Kloosterman

Edward Lowenthal

Ben W. Perks

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Independent Auditors

Ernst & Young LLP audited our financial statements for each of the years ended December 31, 2015, 2014, and 2013. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting and will be given the opportunity to make a statement if they desire to do so. It is also expected that they will be available to respond to appropriate questions from stockholders at the Annual Meeting. Approval of our independent auditors is not a matter required to be submitted to stockholders; however, the Board considers the selection of the independent auditor to be an important matter of stockholder concern and is submitting the selection of Ernst & Young LLP for ratification by stockholders as a matter of good corporate practice.

Fees

The following table presents fees for professional audit services rendered by Ernst & Young LLP for the audit of our Company's annual financial statements for the fiscal years 2015 and 2014 and fees billed for other services rendered by Ernst & Young LLP during those periods, all of which were pre-approved by the Audit Committee.

	Year Ended December 31,	
	2015 (\$)	2014 (\$)
Audit Fees	1,903,000	1,144,000
Audit-Related Fees	—	65,000
Tax Fees	1,538,000	262,000
All Other Fees	2,000	—
Total	3,443,000	1,471,000

Audit Fees

The aggregate fees billed by Ernst & Young LLP for professional services rendered to our Company for the audit of our Company's annual financial statements for fiscal years 2015 and 2014, the audit of the effectiveness of our Company's internal control over financial reporting related to Section 404 of the Sarbanes-Oxley Act of 2002 for fiscal years 2015 and 2014, the reviews of the financial statements included in our Company's Forms 10-Q for fiscal years 2015 and 2014, and services relating to securities and other filings with the SEC, including comfort letters and consents, were approximately \$1,903,000 and \$1,144,000 respectively.

Audit Related Fees

Ernst & Young LLP was engaged to perform services for our Company in connection with due diligence related to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, internal control reviews, attest services that are not required by statute or regulation, or consultation concerning financial accounting and reporting standards for fiscal years 2015 and 2014. These services cost \$0 and \$65,000 for the fiscal years ended 2015 and 2014, respectively.

Tax Fees

The aggregate fees billed by Ernst & Young LLP for professional services to our Company relating to tax compliance, tax planning and tax advice for fiscal years 2015 and 2014 were approximately \$1,538,000 and \$262,000 respectively. The increase in tax fees primarily relates to tax compliance related to transitioning to an umbrella partnership REIT structure (UPREIT) and tax advice related to our U.K. investments.

All Other Fees

The aggregate other fees billed by Ernst & Young LLP to our Company for fiscal years 2015 and 2014 were approximately \$2,000 and \$0, respectively.

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Determination of Auditor Independence

The Audit Committee considered the provision of non-audit services by our independent auditor and has determined that the provision of such services was consistent with maintaining the independence of Ernst & Young LLP.

Audit Committee's Pre-Approval Policies

The Audit Committee has policies and procedures that require the pre-approval by the Audit Committee of all fees paid to, and all service performed by, our Company's independent auditor, provided, however, pre-approval requirements for non-audit services are not required if all such services: (1) do not aggregate to more than five percent of total revenues paid by us to our accountant in the fiscal year when services are provided; (2) were not recognized as non-audit services at the time of the engagement; and (3) are promptly brought to the attention of the Audit Committee and approved by the Audit Committee prior to the completion of the audit.

At the beginning of each year, the Audit Committee approves the proposed services, including the nature, type and scope of service contemplated and the related fees, to be rendered by the firm during the year. In addition, Audit Committee pre-approval is also required for those engagements that may arise during the course of the year that are outside the scope of the initial services and fees approved by the Audit Committee. For each category of proposed service, the independent accounting firm is required to confirm that the provision of such services does not impair its independence. Pursuant to the Sarbanes-Oxley Act of 2002, the fees and services provided as noted in the table above were authorized and approved by the Audit Committee in compliance with its pre-approval policies and procedures described herein.

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PROPOSAL 3 — ADVISORY VOTE ON EXECUTIVE COMPENSATION

Background on Advisory Vote

Federal legislation (Section 14A of the Exchange Act) requires that we include in this Proxy Statement a non-binding stockholder vote on our executive compensation as described in this Proxy Statement (commonly referred to as “Say-on-Pay”).

Our Executive Compensation Program

As described more fully in our Compensation Discussion and Analysis section beginning on page 24 of this Proxy Statement (“CD&A”) and the related tables and narrative, we design our executive compensation program to reward, retain and, in the case of new hires, attract executive officers to support our business strategy, achieve our short-term and long-term goals, and provide continued success for our customers, stockholders, employees and communities. At the core of our executive compensation program is our pay-for-performance philosophy that links competitive levels of compensation to achievements of our overall strategy and business goals, as well as predetermined objectives. We believe our executive compensation program is strongly aligned with the interests of our stockholders and sound corporate governance principles.

The Compensation Committee periodically engages in a comprehensive review to establish the annual salaries and the terms and conditions of annual cash bonus opportunities, long-term incentive awards and employment agreements with our executive officers. As a result of the most recently completed review in 2016, the Compensation Committee implemented a restructured executive compensation program as described in CD&A below. The compensation programs for 2014 and 2015, including long-term incentive awards thereunder covering periods from December 31, 2013 through December 31, 2017 were also described in the CD&A included in the Company’s proxy statement for our 2015 annual meetings of stockholders, at which over 97% of the votes cast voted to approve the Company’s executive compensation in the advisory “Say-on-Pay” vote. The Compensation Committee considered these results and believes the voting results reflect strong stockholder support for the Company’s executive compensation.

We urge you to read the CD&A section of this Proxy Statement and the tables and narrative for the details on the Company’s executive compensation program, including the executive compensation programs implemented for 2016-2018, 2015-2017 and 2014-2016. Our executive compensation programs emphasize pay for performance, such that the interests of our executive officers, including the Chief Executive Officer, are aligned with the interests of stockholders. In particular, we believe that stockholders should note the following in evaluating our executive compensation program, which should be read in conjunction with the more detailed discussion in our CD&A:

- The Company’s history of generating total shareholder return (stock price growth plus dividends, referred to as “TSR”) continues to lead the healthcare REIT sector and remains near the top of all publicly held REITs. The Company generated:

the highest TSR of all publicly traded healthcare REITs for each of the three-, four- and five-year periods ended December 31, 2015*;

the highest TSR of all publicly traded healthcare REITs for each of the ten-year periods ended December 31, 2015, 2014, 2013 and 2012*;

the third highest TSR of all publicly traded REITS for the ten-year period ended December 31, 2015*; and

annualized compounded TSR of 20.37% versus 4.75% for the FTSE NAREIT Equity Health Care Index and 11.06% for the MSCI U.S. REIT Index for the three-year period ended December 31, 2015.

*

TSR ranking information is based on data from KeyBanc Capital Markets.

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- 50% of the 2014-2016 and 2015-2017 long-term incentive compensation awards are time-based equity awards, and 50% are performance-based equity awards.

- For the 2014-2016 and 2015-2017 performance-based equity awards, 50% is based on TSR, and 50% is based on total shareholder return relative to an index (“Relative TSR”) (in this case, the MSCI U.S. REIT Index).

- Our annual grants of time-based equity awards for 2014-2016, 2015-2017 and 2016-2018 are subject to three-year “cliff vesting,” except in the case of death, disability, termination without cause or resignation for good reason. Unlike restricted stock grants at some companies, our time-based awards for 2014-2016 do not vest ratably over the term, but will generally only be earned if the executive officer remains employed for three years.

- Our Compensation Committee has established appropriately challenging performance goals for performance-based equity awards generally based on three-year performance periods. In addition, performance-based equity awards for three-year performance periods are subject to quarterly time-based vesting in the year following the end of the performance period. Accordingly, the required TSR and Relative TSR for the 2014-2016 and 2015-2017 performance-based equity awards are as follows:

Performance Goals for 2014-2016 and 2015-2017 Performance Periods

Performance Units	Threshold	Target	High
TSR (annualized and compounded annually for the multi-year PRSUs)	8%	10%	12%
Relative TSR-Based Performance Units vs. Peer Group	-300 basis points	0	+300 basis points

- For the 2016-2018 long-term incentive compensation awards, we increased the performance-based proportion of the overall awards, so that 60% are performance-based equity awards and 40% are time-based equity awards.

- For the 2016-2018 performance-based equity awards, we are using the FTSE NAREIT Equity Health Care Index for measuring Relative TSR and we made the Relative TSR performance goals more robust, increasing the required Relative TSR by 50 basis points at each of the threshold, target and high performance levels (as compared to the required Relative TSR required for the 2014-2016 and 2015-2017 awards). Accordingly, the required Relative TSR for the 2016 awards is as follows:

Performance Goals for 2016-2018 Performance Period

Relative TSR-Based PRSUs	Threshold	Target	High
Basis Points	-250	+50	+350

- At least 70% of each officer’s annual cash bonus opportunity is based on objective performance metrics.

- The Compensation Committee is advised by an independent compensation consultant who provides no other services to the Company.

- The Company has implemented majority voting in the election of directors.

Proposed Vote

The following resolution will be submitted for a stockholder vote at the Annual Meeting:

RESOLVED, that the Company's stockholders approve the compensation of the Company's executive officers as described in this Proxy Statement, including the "Compensation Discussion and Analysis" section, the compensation tables and the other narrative compensation disclosures.

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Because the vote is advisory, it will not be binding upon the Board of Directors, the Compensation Committee or the Company, and neither the Board of Directors nor the Compensation Committee will be required to take any action as a result of the outcome on this proposal; however, the Compensation Committee will carefully consider the outcome of the vote when considering future executive compensation arrangements.

Voting Required for Approval

Approval, on an advisory basis, of the compensation of our executive officers will be decided by a majority of the votes cast by all stockholders entitled to vote. Abstentions and broker non-votes, if any, will have no effect on the outcome of the vote on this proposal.

Recommendation of the Board

The Board of Directors unanimously recommends a vote FOR the approval of the compensation of the Company's executive officers as described in this Proxy Statement.

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COMPENSATION DISCUSSION AND ANALYSIS

Our CD&A addresses the following topics:

- the members and role of our Compensation Committee, which we refer to as the “Committee” in this CD&A;
- our compensation-setting process;
- our philosophy and objectives regarding executive compensation;
- the components of our executive compensation program; and
- our compensation decisions for fiscal year 2015 and 2016.

The Compensation Committee

Each member of the Committee qualifies as an independent director under the NYSE listing standards and under our Board of Directors’ standards of independence. The Committee’s responsibilities and functions are governed by its charter, which is available at our website at www.omegahealthcare.com. The Committee determines the compensation of our executive officers and reviews with the Board of Directors all aspects of compensation for our executive officers. The Committee also periodically reviews the compensation of our directors and makes recommendations regarding possible adjustments for consideration by the Board of Directors. To the extent not otherwise inconsistent with its obligations and responsibilities, the Committee may form subcommittees (which shall consist of one or more members of the Committee) and delegate authority to such subcommittees as it deems appropriate. The Committee reports to the Board of Directors as it deems appropriate and as the Board of Directors may request.

The Committee is also responsible for the following activities in addition to the other activities listed in the Committee’s charter:

- determining and approving the compensation for the Chief Executive Officer and our other executive officers following an evaluation of their performance in respect of goals and objectives established by the Committee and such other factors as the Committee deems appropriate;
- reviewing and recommending for the Board of Directors’ approval (or approving, where applicable) the adoption and amendment of our director and executive officer incentive compensation and equity-based plans;
- administering our incentive compensation and equity-based plans and approving such awards thereunder as the Committee deems appropriate;
- reviewing and monitoring succession plans for the Chief Executive Officer and our other executive officers;
- preparing, reviewing and discussing with management the CD&A required by SEC rules and regulations and recommending to the Board of Directors whether the CD&A should be included in our proxy statement or other applicable SEC filings;

- overseeing and administering any employment agreements that are entered into between us and any executive officer; and
- performing such other activities consistent with its charter, our Bylaws, governing law, the rules and regulations of the NYSE and such other requirements applicable to us as the Committee or the Board of Directors deems necessary or appropriate.

Compensation Committee Meetings and Process

The Committee meets as often as necessary to perform its duties and responsibilities. The Committee met eight times during the year ended December 31, 2015. The Chairmen of the Committee work, from time to time, with the Chief Executive Officer and other members of the Committee to establish the agenda for the Committee's meetings. The Committee typically meets in one or more executive sessions each year to evaluate the performance of our executive officers, to determine their bonuses for the prior year, to establish

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bonus metrics for the current year, to set salaries for the current year and to approve any grants of equity incentive compensation, as the case may be. Additionally, the Committee meets with Omega's legal counsel and from time to time with other outside advisors as the Committee determines appropriate.

The Committee receives and reviews materials in advance of its meetings. These materials include information that management believes will be helpful to the Committee as well as materials that the Committee may from time to time request. Depending upon the agenda for the particular meeting, these materials may include, among other things:

- reports from compensation consultants or legal counsel;
- an analysis of the compensation of our executive officers and directors as compared to the compensation paid to the executive officers and directors by the members of our peer group;
- financial reports on year-to-date performance versus budget and compared to prior year performance, as well as other financial data regarding us and our performance;
- reports on our strategic plan and budget for future periods;
- information on the executive officers' stock ownership and holdings of equity-based incentives; and
- reports on the levels of achievement by each executive officer of individual and corporate objectives.

The Committee periodically engages in a comprehensive review to establish the annual salaries and the terms and conditions of annual cash bonus opportunities, long-term incentive awards and employment agreements with our executive officers. Our Chief Executive Officer meets with the Committee at least annually to provide information to the Committee regarding management's views regarding its performance as well as other factors the Chief Executive Officer believes should impact the compensation of our executive officers. In addition, the Chief Executive Officer provides recommendations to the Committee regarding the compensation for each of the executive officers and the business and performance targets for long-term incentive awards and annual cash bonuses.

Compensation Committee Advisors

The Committee charter grants the Committee the sole and direct authority to engage and terminate advisors and compensation consultants and to approve their fees and retention terms. These advisors and consultants report directly to the Committee, and we are responsible for paying their fees.

Executive Compensation Reviews

2013

The Committee undertook to review and update the Company's executive compensation program in 2013. In connection with the review, the Committee engaged FPL Associates, L.P. ("FPL") as a consultant to the Committee. FPL has not performed any work for us other than work for which it has been engaged by the Committee from time to time. FPL presented to the Committee FPL's analysis that included, but was not limited to, recommendations regarding the composition of a peer group of companies that would be the basis for a benchmarking evaluation of the Company's compensation programs, the status of our current compensation program as compared to those of our peer companies, the methodologies behind the research and analysis it used to prepare the comparisons, and a proposed plan covering all aspects of the compensation for our executive officers. The analysis and process resulted in executive employment agreements with each of our executive officers that were entered into in November 2013 and have terms that ran through December 31, 2016, and the design and implementation of a compensation program including long-term incentives for periods beginning December 31, 2013 and ending December 31, 2016.

2015

In 2015, the Committee again undertook to review and update the Company's executive compensation program in light of the then pending merger on April 1, 2015, of Aviv REIT, Inc. ("Aviv") with and into a wholly owned subsidiary of Omega (the "Merger"). The Committee considered that among other changes,

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the Company's market capitalization was projected to increase to approximately \$10 billion after the Merger from \$6.5 billion before the Merger. In connection with this comprehensive review of the compensation program for our executive officers, the Committee again engaged FPL as a consultant to the Committee to provide the same type of assistance and analysis as it had in 2013. The analysis and process resulted in the design and implementation of a compensation program including long-term incentives for the period beginning January 1, 2015 and ending December 31, 2017. In March 2015 (April 1 for Mr. Insoft), the Company entered into executive employment agreements with each of our executive officers having terms that ran through December 31, 2017.

2016

In 2016, the Committee again undertook to review and update the Company's executive compensation program as a result of the Company's increased market capitalization resulting in part from the 2015 Merger with Aviv. In connection with that review of the compensation system for our executive officers, the Committee again engaged FPL as a consultant to the Committee to advise the committee in structuring and benchmarking the compensation arrangements for the Executive Officers against information derived from a peer group compiled by FPL and approved by the Compensation Committee. The results of that review are summarized below and a more detailed discussion will be included in our 2017 proxy statement.

Peer Group Benchmarking

2013

Based on the analysis provided by FPL and with the input of the members of the Committee, the Committee determined that FPL's analysis would be benchmarked based on two peer groups of public REITs comparable to the Company, one based on size (the "Size Peer Group") and one based on asset class (the "Asset Peer Group"), that were identified by FPL in December 2013. The "Size Peer Group" consists of 11 REITs with market or total capitalization comparable to the Company. The "Asset Peer Group" is comprised of 7 public REITs, all of which operate in the health care sector. The "Size Peer Group" and "Asset Peer Group" are made up of the following REITs:

Size Peer Group	Asset Peer Group
BioMed Realty Trust, Inc.	HCP, Inc.
Corporate Office Properties Trust	Health Care REIT, Inc.
EPR Properties	Healthcare Realty Trust Incorporated
Federal Realty Investment Trust	LTC Properties, Inc.
Healthcare Realty Trust Incorporated	Medical Properties Trust, Inc.
LTC Properties, Inc.	National Health Investors, Inc.
Medical Properties Trust, Inc.	Ventas, Inc.
National Health Investors, Inc.	
National Retail Properties, Inc.	
Realty Income Corporation	
Washington Real Estate Investment Trust	

The Committee recognized that healthcare REITs can be viewed as a sub-sector of the REIT industry since healthcare REITs are often subject to different market conditions than the real estate industry generally, such as the impact of healthcare reimbursement policy. The Committee also recognized that compensation of REIT executives is generally correlated with the size of the REIT. Accordingly, the Committee considered both the Size Peer Group and the Asset Peer Group and with advice from FPL determined that the data relating to the Size Peer Group would be weighted

66-2/3% and the data relating to the Asset Peer Group would be weighted 33-1/3% for purposes of developing peer group compensation data. Analyses performed included a comparison of salaries, annual bonus programs, and equity-based incentive compensation of comparable officers for each company as well as total compensation over a three-year period as compared to total shareholder return generated over such period.

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2015

Based on analysis provided by FPL and with the input of the members of the Committee, the Committee determined that a new peer group should be composed in light of the projected increase in Omega's market capitalization of roughly 50% as a result of the then pending Merger. In January 2015, the Committee determined that FPL's analysis would be benchmarked based on one peer group of public REITs that were identified by FPL as being comparable to the Company after the Merger with Aviv based on asset size, asset class, geography and other factors. The 2015 Peer Group consists of the following 14 REITs:

2015 Peer Group

BioMed Realty Trust, Inc.

Duke Realty Corporation

EPR Properties

Federal Realty Investment Trust

HCP, Inc.

Health Care REIT, Inc.

Healthcare Trust of America

LaSalle Hotel Properties

Lexington Realty Trust

National Retail Properties, Inc.

Realty Income Corporation

Spirit Realty Capital, Inc.

Ventas, Inc.

W.P. Carey, Inc.

Analyses performed included a comparison of salaries, annual bonus programs, and equity-based incentive compensation of comparable officers for each company as well as total compensation over a three-year period as compared to total shareholder return generated over such period.

2016

For 2016, the Committee updated the 2015 Peer Group based on analysis provided by FPL. The criteria for selection included the following factors: similarity to Omega in terms of property focus, net lease structure, market capitalization, and geographic business region. In addition, the Committee also considered whether the proposed peer group company was a member of Omega's 2015 Peer Group, whether the company uses Omega as a peer for compensation benchmarking purposes, and whether ISS lists the company as an Omega peer. Not all criteria had to be met for inclusion in the peer group. FPL suggested that maintaining consistency in the peer group from 2015 was a worthwhile consideration. Accordingly, the Committee made minimal changes to the 2015 Peer Group for 2016, adding Care Capital Properties, which had then recently completed a spin-off from Ventas, Inc. and had a property focus that included post-acute care and skilled nursing facilities, and removed BioMed Realty Trust, Inc., which was then pending acquisition by Blackstone Real Estate.

Compensation Policy and Objectives

Our executive compensation programs are designed to attract and retain the highest quality executive talent possible and, more importantly, to provide meaningful incentives for our executive officers to strive to enhance shareholder value over both near and longer term periods in a manner that balances potentially competing incentives that could create risk. The Committee's current executive compensation philosophy is based on these fundamental principles: (i) all compensation should be referenced on an analysis of the practices of appropriate peer groups as well as industry surveys, (ii) compensation grants and changes to compensation should be performance- and responsibility-based, (iii) base salaries should be at approximately the median for similar positions of the applicable peer groups, and (iv) a substantial portion of executive compensation should be performance-based and tied to shareholder return over time.

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The policy and the guidelines followed by the Committee historically have been directed toward providing compensation and incentives to our executive officers in order to achieve the following objectives:

- reward performance and initiative;
- be competitive with other REITs viewed as competitors for executive talent;
- be significantly related to accomplishments and our short-term and long-term successes, particularly measured in terms of growth in adjusted funds from operations on a per share basis and total shareholder return;
- structure incentive programs utilizing various performance metrics to minimize the potential for risk associated with over-weighting any particular performance metric;
- align the interests of our executive officers with the interests of our stockholders; and
- encourage and facilitate our executive officers' ability to achieve meaningful levels of ownership of our common stock.

The Role of Stockholder Say-on-Pay Votes

The Company provides its stockholders with the opportunity to cast an annual advisory "say-on-pay" vote on executive compensation. At the Company's 2015 annual meeting of stockholders, over 97% of the votes cast were voted in favor of the 2015 say-on-pay proposal. The Committee believes the voting results reflect strong stockholder support for the Company's approach to executive compensation. The Committee considered these results in designing an executive compensation program going forward as described herein. The Committee will continue to consider the outcome of the Company's say-on-pay votes when making future compensation decisions for our executive officers.

In considering the voting results of prior say-on-pay proposals, the Committee was aware that the Company's past practice of granting long-term incentives once every three years resulted in significant year-to-year variation in the value of grants. Accordingly, for performance periods beginning in 2014, the Committee decided to move from the approach of making grants of long-term incentives once every three years to making grants of long-term incentives each year for rolling three year periods.

Employment Agreements

Effective March 31, 2015, the Committee approved new employment agreements with each of our then serving executive officers. Effective April 1, 2015, the Committee approved an employment agreement with Steven J. Insoft, which was executed as of April 1, 2015. Steven Insoft, previously Aviv's President and Chief Operating Officer, was appointed as Omega's Chief Corporate Development Officer effective as of the completion of the Merger with Aviv and, as such, became an executive officer of Omega on April 1, 2015. Pursuant to the employment agreements, our executive officers have similarly structured compensation plans consisting of base salary, annual cash bonus opportunity, and long-term incentive opportunity. All of the employment agreements were due to expire on December 31, 2017. On July 31, 2015, R. Lee Crabill retired and entered into a consulting agreement with the Company. Effective March 17, 2016, the Compensation Committee approved amendments to the employment agreements of the five remaining executive officers to update the non-competition provisions to reflect changes in the long-term care industry and extend the terms until December 31, 2018. See "Compensation and Severance Agreements" herein.

Elements of Compensation

Annual Base Salary

Our approach to annual base salary levels has been to offer competitive salaries in comparison with prevailing market practices for comparable positions at our peer group companies. The Committee evaluates and reviews the executive officers' annual base salaries in connection with its annual review of management's performance and based on input from our Chairman of the Board and our Chief Executive Officer. In undertaking the annual review, the Committee considers the decision-making responsibilities of

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each position and the experience, work performance and team-building skills of each incumbent executive officer, as well as our overall performance and the achievement of our strategic objectives and budgets. The Committee generally views work performance as the single most important measurement factor, followed by team-building skills and decision-making responsibilities. The Committee also reviews internal pay equity in the context of the target level of performance when making base salary decisions, although neither internal pay equity nor any performance level is a dispositive factor. The Committee also considers the effect of increasing base salary on other aspects of the overall executive compensation program.

In general, in connection with the Committee's retention of FPL to perform compensation reviews in 2013, 2015 and 2016, the Committee attempted to establish executive base salaries at the market median, based on analysis provided by FPL, with appropriate adjustments to preserve internal pay equity. The base salaries for our executive officers for 2015 are set forth below. For 2016, the aggregate base salaries for all the executive officers were increased by 2.67% over the aggregate base salaries for 2015.

Name	2015 Base Salary (\$)
C. Taylor Pickett	\$ 750,000
Daniel J. Booth	\$ 470,000
Steven J. Insoft	\$ 460,000
Robert O. Stephenson	\$ 450,000
R. Lee Crabill	\$ 350,000
Michael D. Ritz	\$ 300,000

Annual Cash Bonus Opportunity

Our historical compensation practices have embodied the principle that annual cash bonuses based primarily on achieving objectives that enhance long-term stockholder value are desirable in aligning stockholder and management interests. The Committee strives to award individual annual bonuses for each executive officer consistent with market practices for positions with comparable decision-making responsibilities and that reward individual contributions by each executive officer.

We accrue estimated bonuses for our executive officers throughout the year service is performed relating to such bonuses, and thus bonuses are expensed in the year they are earned, assuming they are approved by the Compensation Committee. Each executive officer must include his bonus in his taxable income in the year the bonus is paid, which is the year following the year in which the bonus is earned.

2015 Annual Cash Bonus Opportunity

The Committee established the 2015 cash bonus opportunities for the executive officers subject to the achievement of the performance criteria established below:

Name	Annual Incentive (% of Base Salary)		
	Threshold	Target	High
C. Taylor Pickett	100%	125%	150%
Daniel J. Booth	50%	75%	100%
Stephen J. Insoft			