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

#### FORM 8-K

#### CURRENT REPORT Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): January 19, 2005

#### OMEGA HEALTHCARE INVESTORS, INC.

(Exact name of registrant as specified in charter)

Maryland (State of incorporation) 1-11316 (Commission File Number) **38-3041398** (IRS Employer Identification No.)

9690 Deereco Road Suite 100 Timonium, Maryland 21093

(Address of principal executive offices / Zip Code)

(410) 427-1700

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act.

Soliciting material pursuant to Rule 14a-12 under the Exchange Act.

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act.

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act.

#### Item 1.01. Entry Into a Material Definitive Agreement

**Restricted Stock Awards.** On January 14, 2005, we awarded restricted stock (the "restricted stock awards"), to our independent directors, Thomas Franke, Harold Kloosterman, Bernard Korman, Edward Lowenthal, and Stephen Plavin. The restricted stock awards are part of the independent directors' annual compensation package approved by our board on July 20, 2004. The form of restricted stock award is attached to this Current Report on Form 8-K as Exhibit 10.1 and the following summary is qualified in its entirety by reference thereto. The restricted stock awards have been granted under the Omega Healthcare Investors, Inc. 2004 Stock Incentive Plan.

• <u>Number of Shares.</u> An annual grant of 1,000 shares of restricted common stock was issued to each of the independent directors, other than Mr. Korman, under the restricted stock awards. Mr. Korman, as the chairman of our board, was issued an annual grant of 3,000 shares of restricted common stock under the restricted stock award.

- <u>Vesting</u>. Each restricted stock award vests thirty-three and one-third percent (33 1/3%) on each of January 1, 2006, January 1, 2007, and January 1, 2008. In addition, all restricted stock vests upon the director's death, disability, or upon the occurrence of a change in control (as defined in the restricted stock award).
- <u>Dividends</u>. Dividends are currently paid on unvested and vested shares. If unvested shares are forfeited, dividends that are declared after the date of the forfeiture are not paid on these shares.

*Executive Salaries and Bonuses.* On January 13, 2005, the Compensation Committee of our Board of Directors increased the annual salary of our named executive officers, in accordance with the terms and conditions of the respective employment agreements previously filed by us, as follows:

C. Taylor Pickett	\$ 495,000
Daniel J. Booth	\$ 305,000
Robert O. Stephenson	\$ 245,000
R. Lee Crabill	\$ 237,000

Also, the Compensation Committee approved 2004 cash bonus payments to executive officers in the following amounts set forth below opposite the name of such officer:

C. Taylor Pickett	\$ 480,000
Daniel J. Booth	\$ 147,500
Robert O. Stephenson	\$ 117,500
R. Lee Crabill	\$ 115,000

These bonus amounts were determined in accordance with performance-based criteria established by the Compensation Committee in July 2004, pursuant to which the executives would be paid 100% percent of the bonus amounts available under their respective employment agreements if we achieved an adjusted funds from operations per share of common stock for the fiscal year ended December 31, 2004 equal to or in excess of certain targeted levels.

# Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

In our Current Report on Form 8-K filed on October 18, 2004, we previously disclosed that we entered into a put agreement (the "Put Agreement") on October 12, 2004 with American Health Care Centers, Inc. and its affiliated companies ("American"), whereby we agreed to buy the stock and/or assets of thirteen (13) skilled nursing facilities in the State of Ohio (the "Properties") for a gross purchase price of \$78.8 million, consisting of \$58.1 million in cash, an offset of \$6.9 million previously paid by us to American in 1997 to obtain an option to acquire the Properties and a \$13.8 million mortgage loan we had outstanding with American and its affiliates, which encumbered six of the Properties. On January 13, 2005, American exercised its rights under the Put Agreement, and pursuant to the terms and conditions of the Put Agreement, we purchased the Properties, which we have determined do not constitute a significant amount of assets under Item 2.01 of Form 8-K. In connection with American's exercise of its rights under the Put Agreement, we also entered into certain de minimis purchase agreements and certain other ministerial closing agreements. The Properties will continue to be leased by Essex Healthcare Corporation. The master lease and related agreements have approximately six years remaining and in 2005 we expect annual payments to be approximately \$8.9 million with annual escalators.

On January 13, 2005, we borrowed approximately \$47 million under our \$200 million revolving credit facility (the "Credit Facility") to fund the acquisition of the Properties. The terms of the Credit Facility are governed by that certain credit agreement (the "Credit Agreement"), dated as of March 22, 2004, as amended, by and among OHI Asset, LLC, OHI Asset (ID), LLC, OHI Asset (LA), LLC, OHI Asset (TX), LLC, OHI Asset (CA), LLC, Delta Investors I, LLC, Delta Investors II, LLC and Texas Lessor-Stonegate, LP. and the lenders named therein, and Bank of America, N.A., as administrative agent. Immediately following the purchase of the Properties, approximately \$62 million was outstanding under the Credit Facility. Borrowings under the Credit Facility bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Eurodollar Rate, plus the applicable margin (as defined below) or, at our option, the base rate, which will be the higher of (i) the rate of interest publicly announced by the administrative agent of the Credit Facility as its prime rate in effect, and (ii) the federal funds effective rate from time to time plus 0.50%, in each case, plus the applicable margin. The applicable margin with

respect to the Credit Facility is determined in accordance with a performance grid based on our consolidated leverage ratio, as set forth in the Credit Agreement. The applicable margin may range from 3.25% to 2.25% in the case of Eurodollar advances, and from 1.75% to .75% in the case of base rate advances. The default rate on the Credit Facility is 3.00% above the interest rate otherwise applicable to base rate loans.

Item 9.01	m 9.01 Financial Statements and Exhibits		
(c)	Exhibits.		
Exhibit <u>Number</u>		<u>Description</u>	
10.1	Form of Directors' Restricted Stock Award		

#### SIGNATURES

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

# OMEGA HEALTHCARE INVESTORS, INC.

(Registrant)

Dated: January 19, 2005

By: <u>/S/ C. TAYLOR PICKETT</u> C. Taylor Pickett President and Chief Executive Officer

# EXHIBIT INDEX

Exhibit Number

**Description** 

Form of Directors' Restricted Stock Award

10.1

#### RESTRICTED STOCK AWARD PURSUANT TO THE OMEGA HEALTHCARE INVESTORS, INC. 2004 STOCK INCENTIVE PLAN

THIS AWARD is made as of the Grant Date, by Omega Healthcare Investors, Inc. (the "Company") to \_\_\_\_\_\_ (the "Recipient").

Upon and subject to the Terms and Conditions attached hereto and incorporated herein by reference as part of this Award, the Company hereby awards as of the Grant Date to the Recipient the Restricted Shares (the "Restricted Stock Grant").

- A. Grant Date: .
- B. <u>Plan</u>: (under which Restricted Stock Grant is granted): Omega Healthcare Investors, Inc. 2004 Stock Incentive Plan.
- C. <u>Restricted Shares</u>: \_\_\_\_\_\_ shares of the Company's common stock ("Common Stock"), subject to adjustment as provided in the attached Terms and Conditions.
- D. <u>Vesting Schedule</u>: The Restricted Shares shall vest according to the Vesting Schedule attached hereto as<u>Exhibit 1</u> (the "Vesting Schedule"). The Restricted Shares which have become vested pursuant to the Vesting Schedule are herein referred to as the "Vested Restricted Shares."

IN WITNESS WHEREOF, the Company has executed this Award as of the Grant Date set forth above.

OMEGA HEALTHCARE INVESTORS, INC.

Вy:

Title:

### TERMS AND CONDITIONS TO THE RESTRICTED STOCK AGREEMENT PURSUANT TO THE OMEGA HEALTHCARE INVESTORS, INC. 2004 STOCK INCENTIVE PLAN

Restricted Shares Held by the Share Custodian. The Recipient hereby authorizes and directs the 1. Company to deliver any share certificate issued by the Company to evidence Restricted Shares to the Secretary of the Company or such other officer of the Company as may be designated by the Compensation Committee (the "Share Custodian") to be held by the Share Custodian until the Restricted Shares become Vested Restricted Shares in accordance with the Vesting Schedule. When the Restricted Shares become Vested Restricted Shares, the Share Custodian shall deliver the Restricted Shares to the Recipient. In the event that the Recipient forfeits any of the Restricted Shares, and the number of Vested Restricted Shares includes a fraction of a share, the Share Custodian shall not be required to deliver the fractional share, and the Company may pay the Recipient the amount determined by the Company to be the estimated fair market value therefor. The Recipient hereby irrevocably appoints the Share Custodian, and any successor thereto, as the true and lawful attorney-in-fact of the Recipient with full power and authority to execute any stock transfer power or other instrument necessary to transfer the Restricted Shares to the Company in accordance with this Award, in the name, place, and stead of the Recipient. The term of such appointment shall commence on the date of the Restricted Stock Grant and shall continue until the Restricted Shares are delivered to the Recipient as provided above. In the event the number of shares of Common Stock is increased or reduced by a change in the par value, split-up, stock split, reverse stock split, reclassification, merger, reorganization, consolidation, or otherwise, the Recipient agrees that any certificate representing shares of Common Stock or other securities of the Company issued as a result of any of the foregoing shall be delivered to the Share Custodian and shall be subject to all of the provisions of this Award as if initially granted thereunder. To effect the provisions of this Section, the Recipient shall complete an irrevocable stock power in favor of the Share Custodian in the form attached hereto as Exhibit 2.

2. <u>Rights of a Shareholder</u>. During the period that the Share Custodian holds the shares of Common Stock subject to Section 1, the Recipient shall be entitled to all rights applicable to shares of Common Stock not so held, except as otherwise provided in the Award, including the right to receive dividends paid on Common Stock notwithstanding that all or some of the Restricted Shares may not be Vested Restricted Shares.

3. <u>Withholding</u>. This Section shall not apply if the Recipient is not and has not been an employee of the Company or an Affiliate. To the extent required by law, the Company shall have the right to require the Recipient to remit to the Company an amount sufficient to satisfy any federal, state and local withholding tax requirement, if any, upon the earlier of the vesting of the Restricted Shares or the effective date of an election pursuant to Section 83(b) of the Internal Revenue Code with respect to such Restricted Shares. The Recipient must pay the withholding tax (i) in cash; (ii) by certified check; or (iii) by tendering shares of Common Stock which have been owned by the Recipient for at least six (6) months prior to the date of exercise having a Fair Market Value equal to the withholding obligation.

4. <u>Restrictions on Transfer of Restricted Shares</u>. Except for the transfer of any Restricted Shares by bequest or inheritance, the Recipient shall not have the right to make or permit to exist any transfer or hypothecation, whether outright or as security, with or without consideration, voluntary or involuntary, of all or any part of any right, title or interest in or to any unvested Restricted Shares. Any such disposition not made in accordance with this Award shall be deemed null and void. Any permitted transferee under this Section shall be bound by the terms of this Award.

# 5. <u>Additional Restrictions on Transfer</u>.

Certificates evidencing the Restricted Shares shall have noted conspicuously on the certificate a legend required under applicable securities laws or otherwise determined by the Company to be appropriate, such as:

# TRANSFER IS RESTRICTED

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND FORFEITURE PROVISIONS WHICH ALSO APPLY TO THE TRANSFEREE AS SET FORTH IN A RESTRICTED STOCK AGREEMENT DATED \_\_\_\_\_, A COPY OF WHICH IS AVAILABLE FROM THE COMPANY. THE SECURITIES EVIDENCED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, OR HYPOTHECATED UNLESS (1) THERE IS AN EFFECTIVE REGISTRATION UNDER SUCH ACT COVERING SUCH SECURITIES, (2) THE TRANSFER IS MADE IN COMPLIANCE WITH RULE 144 PROMULGATED UNDER SUCH ACT, OR (3) THE ISSUER RECEIVES AN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO THE COMPANY, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT.

# 6. <u>Change in Capitalization</u>.

(a) The number and kind of unvested Restricted Shares shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a subdivision or combination of shares or the payment of a stock dividend in shares of Common Stock to holders of outstanding shares of Common Stock or any other increase or decrease in the number of shares of Common Stock outstanding is effected without receipt of consideration by the Company. No fractional shares shall be issued in making such adjustment.

(b) In the event of a merger, consolidation, extraordinary dividend, spin-off, sale of substantially all of the Company's assets or other material change in the capital structure of the Company, or a tender offer for shares of Common Stock, or other reorganization of the Company, in each case that does not result in a Change in Control, the Compensation Committee shall take such action to make such adjustments with respect to the unvested Restricted Shares, in its sole discretion, determines in good faith is necessary or appropriate, including, without limitation, adjusting the number and class of securities subject to the unvested portion of the Award, or removing of restrictions on unvested Restricted Shares.

(c) All determinations and adjustments made by the Compensation Committee pursuant to this Section will be final and binding on the Recipient. Any action taken by the Compensation Committee need not treat all recipients of awards under the Plan equally.

The existence of the Plan and the Restricted Stock Grant shall not affect the right or power of

the Company to make or authorize any adjustment, reclassification, reorganization or other change in its capital or business structure, any merger or consolidation of the Company, any issue of debt or equity securities having preferences or priorities as to the Common Stock or the rights thereof, the dissolution or liquidation of the Company, any sale or transfer of all or part of its business or assets, or any other corporate act or proceeding.

7. <u>Governing Laws</u>. This Award shall be construed, administered and enforced according to the laws of the State of Maryland; provided, however, no Restricted Shares shall be issued except, in the reasonable judgment of the Compensation Committee, in compliance with exemptions under applicable state securities laws of the state in which Recipient resides, and/or any other applicable securities laws.

8. <u>Successors</u>. This Award shall be binding upon and inure to the benefit of the heirs, legal representatives, successors, and permitted assigns of the parties.

9. <u>Notice</u>. Except as otherwise specified herein, all notices and other communications under this Award shall be in writing and shall be deemed to have been given if personally delivered or if sent by registered or certified United States mail, return receipt requested, postage prepaid, addressed to the proposed recipient at the last known address of the recipient. Any party may designate any other address to which notices shall be sent by giving notice of the address to the other parties in the same manner as provided herein.

10. <u>Severability</u>. In the event that any one or more of the provisions or portion thereof contained in this Award shall for any reason be held to be invalid, illegal, or unenforceable in any respect, the same shall not invalidate or otherwise affect any other provisions of this Award, and this Award shall be construed as if the invalid, illegal or unenforceable provision or portion thereof had never been contained herein.

11. <u>Entire Agreement</u>. Subject to the terms and conditions of the Plan, this Award expresses the entire understanding and agreement of the parties with respect to the subject matter.

12. <u>Headings and Capitalized Terms</u>. Paragraph headings used herein are for convenience of reference only and shall not be considered in construing this Award. Capitalized terms used, but not defined, in this Award shall be given the meaning ascribed to them in the Plan.

13. <u>Specific Performance</u>. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Award, the party or parties who are thereby aggrieved shall have the right to specific performance and injunction in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

14. <u>No Right to Continued Retention</u> Neither the establishment of the Plan nor the award of Restricted Shares hereunder shall be construed as giving Recipient the right to continued service with the Company or an Affiliate.

# Exhibit 1 to Restricted Stock Agreement Vesting Schedule

The Restricted Shares shall become vested as follows:

Percentage of Vested Restricted Shares

> 33-1/3% 66-2/3% 100%

Vesting Date

January 1, 20\_\_\_\_ January 1, 20\_\_\_\_ January 1, 20\_\_\_\_ For purposes of the above schedule, the Restricted Shares shall become vested as indicated in the above schedule on each Vesting Date if the Recipient remains at all times a director, employee, or consultant of the Company or an Affiliate from the Grant Date to such Vesting Date. Any of the Restricted Shares which are not vested (1) at the time that the Recipient ceases to be a director, employee, or consultant of the Company due to death or Disability, or (2) upon a Change in Control shall become fully vested. Notwithstanding the foregoing, any of the Restricted Shares which are not vested at the time that the Recipient ceases to be a director, employee, or consultant of the Company or an Affiliate for any reason other than death or Disability shall be forfeited to the Company.

For purposes of the above schedule, "Change in Control" means any one of the following events which occurs following the Grant Date:

(a) the acquisition, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than the Company or any employee benefit plan of the Company or an Affiliate, or any corporation pursuant to a reorganization, merger or consolidation, of equity securities of the Company, resulting in such person or persons holding equity securities of the Company that in the aggregate represent thirty percent (30%) or more of the combined ordinary voting power of the Company's then outstanding equity securities;

(b) individuals who as of the date hereof, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board of Directors;

(c) a reorganization, merger or consolidation, with respect to which persons who were the holders of equity securities of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own equity securities of the surviving entity representing more than fifty percent (50%) of the combined ordinary voting power of the then outstanding voting securities of the surviving entity; or

(d) a sale, or one or more sales occurring in a twelve-month period, of all or substantially all of the assets of the Company to any third party.

Notwithstanding the foregoing, no Change in Control shall be deemed to have occurred for purposes of this Award by reason of any actions or events in which the Recipient participates in a capacity other than in his capacity as an officer, employee, or director of the Company or an Affiliate.

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# Exhibit 2 to Restricted Stock Agreement

#### Irrevocable Stock Power

The undersigned hereby assigns and transfers to Omega Healthcare Investors, Inc. (the "Company"), 1,000 shares of the Common Stock of the Company registered in the name of the undersigned on the stock transfer records of the Company and represented by Stock Certificate No. \_\_\_\_\_\_\_ of the Company; and the undersigned does hereby irrevocably constitute and appoint Thomas H. Peterson, his attorney-in-fact, to transfer the aforesaid shares on the books of the Company, with full power of substitution; and the undersigned does hereby ratify and confirm all that said attorney-in-fact lawfully shall do by virtue hereof.

Date:\_\_\_\_\_ Signed:\_\_\_\_\_

Print Name:

IN THE PRESENCE OF:

(Print Name)

(Signature)