

**NATIONAL HEALTHCARE CORPORATION  
AMENDED AND RESTATED COMPENSATION COMMITTEE CHARTER**

**I. Purpose**

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of National HealthCare Corporation (the “Company”) is to discharge the responsibilities of the Board relating to compensation of the Company’s executive officers and to review and approve senior officers’ compensation. The Committee shall make regular reports to the Board and shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board.

**II. Power and Duties**

The powers and duties of the Committee are as follows:

1. Review the alignment of executive compensation and benefit programs, policies and practices with Company values and strategy and the creation of value for stockholders.
2. Oversee and review executive compensation programs, benefits, policies and practices with a view to attract, motivate and retain qualified executive officers and other key employees of the Company and make recommendations to the Board with respect to compensation, incentive compensation plans and equity-based plans for directors and officers of the Company.
3. Exercise oversight with respect to management’s review of the Company’s compensation programs, policies and practices to determine whether they create risks that are reasonably likely to have a material adverse effect on the Company.
4. Review and approve corporate goals and objectives relevant to compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals and objectives, and determine the compensation of the Chief Executive Officer based on this evaluation. In determining the long-term incentive component of Chief Executive Officer compensation, the Committee will consider the Company’s performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Chief Executive Officer in past years. The Chief Executive Officer may not be present during voting or deliberations regarding his or her compensation.

5. Review and determine individual compensation and incentive arrangements (including any equity-based awards and employment, separation or severance agreements) for the senior executive officers of the Company employed in policy making capacities.
6. Review new executive compensation programs; review on a periodic basis the operation of the Company's executive compensation programs to determine whether they are appropriately coordinated; and establish and periodically review policies for the administration of executive compensation programs.
7. Review policies in the area of management perquisites.
8. Review its own performance annually.
9. To the extent the Committee deems it necessary in the Committee's sole discretion, obtain the advice of a compensation consultant, independent legal counsel or other adviser in performing the duties set forth in this Charter. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel or other adviser retained by the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to the compensation consultant, independent legal counsel or other adviser retained by the Committee. Prior to selecting or receiving advice from a compensation consultant, legal counsel or other adviser to the Committee (other than in-house legal counsel or any compensation consultant, legal counsel or other adviser whose role is limited to the activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K), the Committee shall take into consideration all relevant factors, including the following:
  - a. the provision of other services to the Company by the adviser's employer;
  - b. the amount of fees received from the Company by the adviser's employer, as a percentage of total revenue of the adviser's employer;
  - c. the policies and procedures of the adviser's employer that are designed to prevent conflicts of interest;
  - d. any business or personal relationship of the adviser with a member of the Committee;
  - e. any stock of the Company owned by the adviser; and
  - f. any business or personal relationship of the adviser or the adviser's employer with an executive officer of the Company.

10. Review and discuss with management the Compensation Discussion and Analysis (the “CD&A”) required to be included in the Company’s proxy statement and annual report on Form 10-K by the rules and regulations of the Securities and Exchange Commission and, based on such review and discussion, approve the CD&A for inclusion in the applicable filing.
11. Produce the annual Compensation Committee Report for inclusion in the Company’s proxy statement and annual report on Form 10-K in compliance with the rules and regulations promulgated by the Securities and Exchange Commission.
12. Perform such other activities, consistent with this Charter, the Company’s Certificate of Incorporation and Bylaws and governing law as the Committee deems necessary or appropriate or as may be required under the provisions of any compensation or benefit plan maintained by the Company.
13. Make such recommendations to the Board as the Committee may consider appropriate and consistent with its purpose, and take such other actions and perform such services as may be delegated to it from time to time by the Board.

### **III. Meetings**

The Committee shall meet at least annually and more frequently as necessary or appropriate. Special meetings of the Committee may be called on two hours’ notice by the Chairman of the Board or the Committee Chairperson. The Committee chairperson shall preside at each meeting. In the event the Committee chairperson is not present at a meeting, the Committee members present at that meeting shall designate one of the members as the acting chairperson of such meeting. A majority of the Committee shall constitute a quorum and the Committee shall act only on the affirmative vote of a majority of the members present at the meeting. The Committee shall maintain minutes of all meetings documenting its activities and recommendations to the Board.

### **IV. Composition of the Committee**

The size of the Committee shall be determined by the Board and shall consist of not less than three Board members, each of whom shall (i) meet the applicable independence requirements of the NYSE-MKT listing standards and the Company’s Bylaws, (ii) be a “non-employee director” for purposes of Section 16 of the Securities Exchange Act of 1934 as amended, and the rules thereunder, and (iii) be an “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder. In evaluating the

independence of a Committee member, the Board must consider all factors specifically relevant to determining whether a director has a relationship to the Company which is material to that director's ability to be independent from management in connection with the duties of a Committee member, including, but not limited to: (A) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and (B) whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

This Charter will be made available on the Company's website at "www.nhccare.com."

Date of Amendment: August 1, 2013