



NATIONAL HEALTHCARE CORPORATION

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Contact: Gerald Coggin, Sr. VP of Corporate Relations
Phone: (615) 890-2020

NHC Reports a 16.1% Increase in Net Income and Announces a 14.3% Increase in the Common Dividend

MURFREESBORO, Tenn. -- National HealthCare Corporation (AMEX: NHC; AMEX: NHC.PR.A), a publicly traded long-term health care company, today announced net income for the quarter ended March 31, 2008 of \$8,172,000 compared to \$7,040,000 for the quarter ended March 31, 2007.

The current period basic earnings per share were reduced by approximately 17 cents due to the dividends on the preferred stock that we issued as consideration in the merger with National Health Realty, Inc. ("NHR"). Revenues for the three months ended March 31, 2008 totaled \$160,141,000 compared to \$146,504,000 for the same three months of 2007. Net income was \$.47 per share basic for the quarter ended March 31, 2008 compared to \$.56 per share basic for the quarter ended March 31, 2007.

Highlights of the quarter include the purchase for \$6.4 million by NHC of the 109-bed skilled nursing facility Holston Health and Rehabilitation Center located in Knoxville, Tennessee and the selection of NHC by McKendree Village to manage its continuing care retirement community located in the Nashville, Tennessee suburb of Hermitage.

The Board of Directors has also declared a quarterly cash dividend of \$.24 per common share to shareholders of record on June 30, 2008 and payable on September 2, 2008. This represents a 14.3% increase over last quarter's dividend.

NHC operates, through various subsidiaries, for itself and third parties, 75 long-term health care centers with 9,582 beds. NHC also operates, through subsidiaries, 32 homecare programs, seven independent living centers and 23 assisted living centers. NHC's other services include managed care specialty medical units, Alzheimer's units, hospice, rehabilitative services and accounting and financial services. Additional information including the company's most recent press releases may be obtained on NHC's Web site at www.NHCcare.com.

Statements in this press release that are not historical facts are forward-looking statements. NHC cautions investors that any forward-looking statements made involve risks and uncertainties and are not guarantees of future performance. The risks and uncertainties are detailed from time to time in reports filed by NHC with the S.E.C., including Forms 8-K, 10-Q and 10-K, and include, among others, the following: liabilities and other claims asserted against us and patient care liabilities, as well as the resolution of current litigation; availability of insurance and assets for indemnification; national and local economic conditions; including their effect on the availability and cost of labor, utilities and materials; the effect of government regulations and changes in regulations governing the healthcare industry, including our compliance with such regulations; changes in Medicare and Medicaid payment levels and methodologies and the application of such methodologies by the government and its fiscal intermediaries, the ability of third parties for whom we have guaranteed debt to refinance certain short term debt obligations; and other factors referenced or incorporated by reference in the S.E.C. filings. The risks included here are not exhaustive. All forward-looking statements represent NHC's best judgment as of the date of this release.

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Condensed Statements of Income*(in thousands, except share and per share amounts)*

| | Three Months Ended March 31 | |
|---|--------------------------------|-----------------|
| | <u>2008</u> | <u>2007</u> |
| Revenues: | | |
| Net patient revenues | \$ 143,965 | \$ 133,480 |
| Other revenues | 16,176 | 13,024 |
| Net revenues | <u>160,141</u> | <u>146,504</u> |
| Costs and Expenses: | | |
| Salaries, wages and benefits | 87,541 | 79,174 |
| Other operating | 45,314 | 41,828 |
| Rent | 7,918 | 10,523 |
| Depreciation and amortization | 5,997 | 3,756 |
| Interest | 219 | 276 |
| Total costs and expenses | <u>146,989</u> | <u>135,557</u> |
| Income Before Income Taxes | 13,152 | 10,947 |
| Income Tax Provision | <u>(4,980)</u> | <u>(3,907)</u> |
| Net Income | <u>8,172</u> | <u>7,040</u> |
| Dividends to Preferred Shareholders | <u>(2,168)</u> | <u>-</u> |
| Net income available to common shareholders | <u>\$ 6,004</u> | <u>\$ 7,040</u> |
| Earnings Per Share: | | |
| Basic | \$ 0.47 | \$ 0.56 |
| Diluted | \$ 0.46 | \$ 0.54 |
| Weighted average common shares outstanding | | |
| Basic | 12,767,696 | 12,526,231 |
| Diluted | 13,118,218 | 12,992,219 |

Balance Sheet Data

(in thousands)

| | March 31 <u>2008</u> | Dec. 31 <u>2007</u> |
|--------------------------------|-------------------------|------------------------|
| Cash and marketable securities | \$ 186,166 | \$ 167,779 |
| Current assets | 257,538 | 246,014 |
| Total assets | 707,065 | 698,408 |
| Current liabilities | 187,385 | 188,825 |
| Long-term obligations | 34,037 | 33,790 |
| Deferred lease credit | 4,544 | 4,847 |
| Deferred revenue | 17,982 | 15,238 |
| Shareholders' equity | 463,117 | 455,708 |

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Selected Operating Statistics

| | Three Months Ended March 31 | |
|-----------------------|--------------------------------|-------------|
| | <u>2008</u> | <u>2007</u> |
| Per Diems: | | |
| Medicare | \$ 363.44 | \$ 352.12 |
| Medicaid | 146.54 | 139.96 |
| Private Pay and Other | 212.98 | 201.10 |
| Patient Days: | | |
| Medicare | 103,606 | 99,491 |
| Medicaid | 275,040 | 274,544 |
| Private Pay and Other | 164,321 | 150,420 |
| | 542,967 | 524,455 |
| Average Per Diem | \$ 208.03 | \$ 197.74 |