

Susan V. Sidwell
ssidwell@bassberry.com
(615) 742-6264

January 14, 2021

VIA E-MAIL (shareholderproposals@sec.gov)

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

**Re: National HealthCare Corporation - Omission of Shareholder Proposal by State of
New York Office of the State Comptroller**

Ladies and Gentlemen:

We are writing on behalf of our client, National HealthCare Corporation (the “Company”), to respectfully request confirmation that the staff of the Division of Corporation Finance (the “Staff”) of the U.S. Securities and Exchange Commission (the “Commission” or “SEC”) will not recommend enforcement action to the Commission if, in reliance on Rule 14a-8 under the Securities Exchange Act of 1934, as amended (“Rule 14a-8”), the Company omits from its proxy statement and form of proxy (the “2021 Proxy Materials”) for the Company’s annual meeting of shareholders expected to be held on May 6, 2021 (the “Annual Meeting”) the Shareholder Proposal attached as Exhibit A (the “Proposal”) submitted by the State of New York, Office of the State Comptroller (the “Proponent”), which was dated November 23, 2020.

The Company intends to file the 2021 Proxy Materials on or about April 5, 2021. In accordance with Section C of Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”), we are emailing this letter and its attachments to the Staff at shareholderproposals@sec.gov.

In accordance with Rule 14-8(j), we are:

- submitting this letter not later than 80 days prior to the date on which the Company intends to file its definitive 2021 Proxy Materials; and
- simultaneously providing a copy of this letter and its Exhibits to the Proponent by e-mail to Gianna McCarthy, thereby notifying the Proponent of the Company’s intention to exclude the Proposal from its 2021 Proxy Materials.

Rule 14a-8(k) and SLB 14D provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the Staff. Accordingly, we are taking this opportunity to remind the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with respect to this Proposal, a copy of that correspondence should be furnished concurrently to the Company pursuant to Rule 14a-8(k) and SLB 14D.

THE PROPOSAL

On November 23, 2020, the Company received the Proposal from the Proponent. The Proposal states, in relevant part:

Board Diversity

WHEREAS: National Healthcare Corporation has no women on its Board of Directors and only one woman in a senior leadership role.

Corporate leaders recognize the strong business case for broader board diversity. The Guiding Principles of Corporate Governance of the Business Roundtable, state: "Diverse backgrounds and experiences on corporate boards, including those of directors who represent the broad range of society, strengthen board performance and promote the creation of long-term shareholder value" and observes that boards should develop a framework for identifying appropriately diverse candidates that allows the nominating/corporate governance committee to consider women and minorities with diverse backgrounds as candidates for each open board seat. Benefits associated with board diversity include a larger candidate pool from which to pick top talent, better understanding of consumer preferences, a stronger mix of leadership skills, and improved risk management.

Despite recent progress, particularly among the largest companies, women and people of color remain significantly underrepresented on U.S. corporate boards. At Russell 3000 companies it is estimated 188 companies have all male boards, women account for approximately 23% percent of the directorships and Black directors comprise an estimated 4.1 % of the directorships.

Numerous institutional investors believe that diversity on boards is an indicator of good corporate governance. Public pension plans from Massachusetts, New York, and Rhode Island have adopted proxy voting policies with minimum board diversity thresholds, resulting in votes against thousands of directors cumulatively. Proxy Insight, a leading source on global voting practices, reported that 60% of U.S. institutional investor proxy voting policy changes in 2018 related to board diversity. For example BlackRock, the world's largest asset manager, published updated responsible investment guidelines stating, "we would normally expect to see at least two women directors on every board."

The consensus among investors is so clear that Goldman Sachs will not underwrite an initial public offering in the U.S. or Europe if the company does not have a diverse director on its board, and the boards of subsidiary companies. Private equity firms have made similar or even more robust commitments concerning boards of portfolio companies. And California has enacted two pieces of legislation that mandate diversity on boards of companies with principal executive offices in that state.

Resolved: Shareholders request that the Board of Directors prepare a report by September 2021, at reasonable expense and omitting proprietary information, on if and how the Company is taking steps to enhance broader diversity. In its discretion, the Board could consider:

- Embedding a commitment to diversity inclusive of sex, race, ethnicity, age, gender identity, gender expression, and sexual orientation in Nominating and Corporate Governance charters;
- Committing publicly to include women and people of color in each candidate pool from which director nominees are chosen; and
- Disclosing in proxy statements the number of women and people of color nominated for or sitting on the board.

BASIS FOR EXCLUSION

On behalf of the Company, we respectfully request that the Staff concur in the Company's view that it may exclude the Proposal from its 2021 Proxy Materials pursuant to Rule 14-8(i)(10), as the Company has already substantially implemented the Proposal.

The Proponent submitted a substantively similar proposal for inclusion in the Company's 2020 proxy materials (the "2020 Proposal") (attached as Exhibit B). The 2020 Proposal was included in the Company's proxy statement for its annual meeting of shareholders held on May 7, 2020 (the "2020 Annual Meeting") and, thereafter, the Company took steps to implement the 2020 Proposal. Thus, the Proposal is duplicative of 2020 Proposal, and the Company has already substantially implemented the Proposal.

ANALYSIS

(i) *A Substantially Implemented Proposal can be Excluded*

Pursuant to Rule 14a-18(i)(10), a Company may exclude a shareholder proposal if the Company "has already substantially implemented the proposal." The Commission stated in 1976 that the predecessor to Rule 14a-8(i)(10) was "designed to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management." *SEC Release No. 34-12598* (July 7, 1976).

The Staff has stated that "substantial" implementation under the rule does not require implementation in full or exactly as presented by the proponent. *See SEC Release No. 34-40018* (May 21, 1998). Rather, a company will have substantially implemented a shareholder proposal if the company's "particular policies, practices and procedures compare favorably with the guidelines of the proposal." *Texaco, Inc.* (Mar. 28, 1991). While Rule 14a-8(i)(10) was originally interpreted to allow exclusion of a shareholder proposal only when the proposal was "fully effected" by the company, the Commission has revised its approach over time to allow for exclusion of proposals that have been "substantially implemented." *See SEC Release No. 34-19135* (Oct. 14, 1982); *SEC Release No. 34-20091* (Aug. 16, 1983).

The exclusion of a proposal on the grounds that a company's policies "compare favorably" with the proposal's guidelines under Rule 14a-8(i)(10) does not require a company to implement every detail of a proposal or to implement a proposal in exactly the same manner set forth by the proponent. *See SEC Release No. 34-40018* (May 21, 1998); *see also, e.g., Walgreen Co.* (September 26, 2013) (concurring in the exclusion of a proposal requesting elimination of supermajority voting requirements in the company's governing documents where the company had eliminated all but one of the supermajority voting requirements). The Staff has permitted the exclusion of shareholder proposals under Rule 14a-8(i)(10) when a company's actions have satisfactorily addressed the proposal's underlying concerns and its "essential objective," when the manner by which a company implements the proposal does not correspond precisely to the actions sought by the proponent. *See MGM Resorts International* (Feb. 28, 2012); *ConAgra Foods, Inc.* (July 3, 2006); and *Johnson & Johnson* (Feb. 17, 2006).

Specifically in the context of shareholder proposals requesting disclosures regarding the diversity of a company's board or workforce, the Staff has concurred that such proposals are substantially implemented when the company's public communications and policies, whether in the form of one or multiple reports or policies, address the underlying concerns of the proposal, even if not every detail of the proposal has been implemented. *See e.g. Nike, Inc.* (July 16, 2019) (concurring with the exclusion of a proposal requesting disclosure of a director skills matrix, including each nominee's ideological

perspectives, where the company adopted a director skills matrix that addressed other aspects of the proposal, but which did not include the nominees' ideological perspectives).

Companies may also demonstrate substantial implementation by referring to a combination of various existing corporate disclosures, even if the proposal requests one report. *See Exelon Corp.* (Feb. 26, 2010) (permitting exclusion on substantial implementation grounds of a proposal requesting a report disclosing policies and procedures for political contributions and monetary and non-monetary political contributions where the company had adopted corporate political contributions guidelines); *Entergy Corp.* (Feb. 14, 2014) (allowing exclusion of a proposal for a sustainability report where the relevant disclosure appeared in a company report and on the company's website); and *Duke Energy Corp.* (Feb. 21, 2012) (permitting exclusion of a proposal requesting a report that the company assess potential actions to reduce greenhouse gas and other emissions, where the required information was available in the company's Form 10-K and annual sustainability report).

(ii) *The Proposal was substantially implemented in response to the Proponent's substantively similar proposal last year.*

The Proposal's essential objective is to provide the Company's shareholders with a commitment to board diversity. It is important to note that the Proposal does not request specific actions beyond a "report" on if and how broader diversity is being enhanced.

Last year, in late 2019, the Proponent submitted the 2020 Proposal for inclusion in the Company's 2020 proxy materials that was nearly identical to the Proposal submitted for the Company's 2021 annual meeting of shareholders, as demonstrated by a marked comparison of the 2020 Proposal and the Proposal, included in [Exhibit C](#). The Company did not object and in fact included the 2020 Proposal in its proxy statement for its 2020 Annual Meeting. The 2020 Proposal received a favorable vote at the 2020 Annual Meeting held in May 2020. As a result, the Company took several steps to implement the 2020 Proposal, including:

- The Nominating and Corporate Governance Committee of the Company's Board of Directors (the "Board") amended its Charter at its August 6, 2020 meeting to directly address board diversity, and the amended Charter was subsequently posted to the Company website.
- The Board adopted Corporate Governance Guidelines at its August 6, 2020 meeting that includes a specific section addressing diversity, and the Corporate Governance Guidelines were subsequently posted to the Company website.
- The Company filed a Current Report on Form 8-K on August 19, 2020 (the "Report") detailing the steps taken by the Company in response to the 2020 Shareholder Proposal.

The Amended and Restated Charter of the Nominating and Corporate Governance Committee is attached as [Exhibit D](#). The Corporate Governance Guidelines are attached as [Exhibit E](#). A copy of the Current Report on Form 8-K filed on August 19, 2020 is attached as [Exhibit F](#).

In short, the same Proponent submitted substantively the same proposal last year in the form of the 2020 Proposal. The Company included the 2020 Proposal in its 2020 Proxy Materials and provided a thoughtful response in its Report in August 2020. While the Company did not include each of the items that the Proposal listed as possible steps, the Proposal itself indicated that those items were for the Board to consider in its discretion, which the Board did. The Nominating and Corporate Governance Committee acted in good-faith in its response to the 2020 Proposal and properly addressed the matters raised.

Now, less than six months later, the same Proponent has re-submitted substantively the same proposal, depriving the Company the opportunity to show how its response to the 2020 Proposal may

have a real impact on its board diversity, as there have been no Board elections since the 2020 Proposal was implemented. Overall, the Company's newly adopted policies and procedures regarding steps to support diversity in its Board compare favorably with the terms of the Proposal by providing that the Nominating and Corporate Governance Committee and the Board will consider diversity in future nominations of directors, which is the underlying concern and its essential objective of the Proposal, even if the Company has done so in a manner that may not correspond precisely to the actions sought by the Proponent. Further, both the 2020 Proposal and the Proposal are vague and non-specific in terms of implementation. Neither proposal is specific as to a form of report, content, or a method of distribution. As a result, the Company should not and is not required to include the same proposal again since the Company has already substantially implemented the Proposal through its responses to the 2020 Proposal. For these reasons, the Proposal may be excluded under Rule 14a-8(i)(10) as substantially implemented.

CONCLUSION

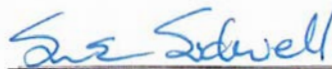
Based on the foregoing, the Company respectfully requests that the Staff concur that it will take no action if the Company excludes the Proposal from its 2021 Proxy Materials. If the Staff disagrees with the conclusions set forth in this letter, or should any additional information be desired in support of the Company's position, we would appreciate the opportunity to confer with the Staff concerning these matters prior to the issuance of the Staff's response.

If you have any questions or need additional information, please feel free to contact me at (615) 742-6264 or by e-mail at ssidwell@bassberry.com.

We appreciate your attention to this request.

Sincerely,

Bass, Berry & Sims PLC



Susan V. Sidwell

Enclosures

cc: Gianna McCarthy - gmccarthy@osc.ny.gov
Josh McCreary

Exhibit A

The Proposal

THOMAS P. DINAPOLI
STATE COMPTROLLER



STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

November 23, 2020

Mr. Josh A. McCreary
Senior V.P., General Counsel, & Secretary
National Healthcare Corporation
100 E. Vine Street
Murfreesboro, TN 37130

Dear Mr. McCreary,

The Comptroller of the State of New York, Thomas P. DiNapoli, is the Trustee of the New York State Common Retirement Fund (the "Fund") and the Administrative Head of the New York State and Local Retirement System. The Comptroller has authorized me to inform you of his intention to offer the enclosed shareholder proposal for consideration of stockholders at the next annual meeting.

I submit the enclosed proposal to you in accordance with Rule 14a-8 of the Securities Exchange Act of 1934 and ask that it be included in your proxy statement.

A letter from J.P. Morgan Chase, the Fund's custodial bank, verifying the Fund's ownership of National Healthcare Corporation shares, continually for over one year, is enclosed. The Fund intends to continue to hold at least \$2,000 worth of these securities through the date of the annual meeting.

We would be happy to discuss this initiative with you. Should National Healthcare Corporation decide to endorse its provisions as company policy, the Comptroller will ask that the proposal be withdrawn from consideration at the annual meeting. Please feel free to contact me at gmccarthy@osc.ny.gov should you have any further questions on this matter. Additionally, please direct any mail correspondence related to this proposal to "New York State Common Retirement Fund" at 110 State Street, 14th Floor, Albany, NY 12236.

Sincerely,

Gianna McCarthy

Gianna McCarthy
Director of Corporate Governance

Enclosures

Board Diversity

WHEREAS: National Healthcare Corporation has no women on its Board of Directors and only one woman in a senior leadership role.

Corporate leaders recognize the strong business case for broader board diversity. The Guiding Principles of Corporate Governance of the Business Roundtable, state: "Diverse backgrounds and experiences on corporate boards, including those of directors who represent the broad range of society, strengthen board performance and promote the creation of long-term shareholder value" and observes that boards should develop a framework for identifying appropriately diverse candidates that allows the nominating/corporate governance committee to consider women and minorities with diverse backgrounds as candidates for each open board seat. Benefits associated with board diversity include a larger candidate pool from which to pick top talent, better understanding of consumer preferences, a stronger mix of leadership skills, and improved risk management.

Despite recent progress, particularly among the largest companies, women and people of color remain significantly underrepresented on U.S. corporate boards. At Russell 3000 companies it is estimated 188 companies have all male boards, women account for approximately 23% percent of the directorships and Black directors comprise an estimated 4.1% of the directorships.

Numerous institutional investors believe that diversity on boards is an indicator of good corporate governance. Public pension plans from Massachusetts, New York, and Rhode Island have adopted proxy voting policies with minimum board diversity thresholds, resulting in votes against thousands of directors cumulatively. Proxy Insight, a leading source on global voting practices, reported that 60% of U.S. institutional investor proxy voting policy changes in 2018 related to board diversity. For example BlackRock, the world's largest asset manager, published updated responsible investment guidelines stating, "we would normally expect to see at least two women directors on every board."

The consensus among investors is so clear that Goldman Sachs will not underwrite an initial public offering in the U.S. or Europe if the company does not have a diverse director on its board, and the boards of subsidiary companies. Private equity firms have made similar or even more robust commitments concerning boards of portfolio companies. And California has enacted two pieces of legislation that mandate diversity on boards of companies with principal executive offices in that state.

Resolved: Shareholders request that the Board of Directors prepare a report by September 2021, at reasonable expense and omitting proprietary information, on if and how the Company is taking steps to enhance broader diversity. In its discretion, the Board could consider:

- Embedding a commitment to diversity inclusive of sex, race, ethnicity, age, gender identity, gender expression, and sexual orientation in Nominating and Corporate Governance charters;
- Committing publicly to include women and people of color in each candidate pool from which director nominees are chosen; and
- Disclosing in proxy statements the number of women and people of color nominated for or sitting on the board.

J.P.Morgan

Miriam G. Awad
Vice President
CIB Client Service Americas

November 23, 2020

Mr. Josh A. McCreary
Senior V.P., General Counsel, & Secretary
National Healthcare Corporation
100 E. Vine Street
Murfreesboro, TN 37130

Dear Mr. McCreary,

This letter is in response to a request by The Honorable Thomas P. DiNapoli, New York State Comptroller, regarding confirmation from JP Morgan Chase that the New York State Common Retirement Fund has been a beneficial owner of National Healthcare Corporation continuously for at least one year as of and including November 23, 2020.

Please note that J.P. Morgan Chase, as custodian for the New York State Common Retirement Fund, held a total of 19,900 shares of common stock as of November 23, 2020 and continues to hold shares in the company. The value of the ownership stake continuously held by the New York State Common Retirement Fund had a market value of at least \$2,000.00 for at least twelve months prior to, and including, said date.

If there are any questions, please contact me at (212) 623 8481.

Regards,



Miriam Awad

cc: Gianna McCarthy- NYSCRF
Kyle Seeley - NYSCRF
John White - NYSCRF

Exhibit B

The 2020 Proposal

THOMAS P. DINAPOLI
STATE COMPTROLLER



STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

November 26, 2019

Ms. Kristina R. Hulse
Secretary
National Healthcare Corporation
100 E. Vine Street
Murfreesboro, Tennessee 37130

Dear Ms. Hulse,

The Comptroller of the State of New York, Thomas P. DiNapoli, is the trustee of the New York State Common Retirement Fund (the "Fund") and the administrative head of the New York State and Local Retirement System. The Comptroller has authorized me to inform of his intention to offer the enclosed shareholder proposal for consideration of stockholders at the next annual meeting.

I submit the enclosed proposal to you in accordance with rule 14a-8 of the Securities Exchange Act of 1934 and ask that it be included in your proxy statement.

A letter from J.P. Morgan Chase, the Fund's custodial bank verifying the Fund's ownership of National Healthcare Corporation shares, continually for over one year, is enclosed. The Fund intends to continue to hold at least \$2,000 worth of these securities through the date of the annual meeting.

We would be happy to discuss this initiative with you. Should the National Healthcare Corporation board decide to endorse its provisions as company policy, the Comptroller will ask that the proposal be withdrawn from consideration at the annual meeting. Please feel free to contact Gianna McCarthy at 212-383-1343 and/or email at gmcCarthy@osc.ny.gov should you have any further questions on this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gianna McCarthy".

Gianna McCarthy
Co-Director of Corporate Governance

Enclosures

Board Diversity

WHEREAS: National Healthcare Corporation has no women on its Board of Directors.

Corporate leaders recognize the strong business case for broader board diversity. The Guiding Principles of Corporate Governance of the Business Roundtable, state: “Diverse backgrounds and experiences on corporate boards, including those of directors who represent the broad range of society, strengthen board performance and promote the creation of long-term shareholder value. Boards should develop a framework for identifying appropriately diverse candidates that allows the nominating/corporate governance committee to consider women, minorities and others with diverse backgrounds as candidates for each open board seat.” Benefits associated with board diversity include a larger candidate pool from which to pick top talent, better understanding of consumer preferences, a stronger mix of leadership skills, and improved risk management.

Despite recent progress, particularly among the largest companies, women and people of color remain significantly underrepresented on U.S. corporate boards. 20 percent of companies in the Russell 3000 have all male boards. Excluding S&P 500 companies, women account for just 19 percent of the directorships in the Russell 3000. And, among board members of Russell 3000 companies whose race was identified, non-white directors represent less than 11 percent.

Numerous institutional investors believe that diversity on boards is an indicator of good corporate governance. Public pension plans from Massachusetts, New York, and Rhode Island have adopted proxy voting policies with minimum board diversity thresholds, resulting in votes against thousands of directors cumulatively. Proxy Insight, a leading source on global voting practices, reported that 60% of U.S. institutional investor proxy voting policy changes in 2018 related to board diversity. For example BlackRock, the world’s largest asset manager, published updated responsible investment guidelines stating, “we would normally expect to see at least two women directors on every board.”

Legislation mandating board diversity has arrived in the U.S. California legislation enacted in 2018 mandates gender diversity on boards of companies with principal executive offices in that state. Other states may follow suit.

Resolved: Shareholders request that the Board of Directors prepare a report by September 2020, at reasonable expense and omitting proprietary information, on if and how the Company is taking steps to enhance broader diversity. In its discretion, the Board could consider:

- Embedding a commitment to diversity inclusive of sex, race, ethnicity, age, gender identity, gender expression, and sexual orientation in Nominating and Corporate Governance charters;
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Miriam G. Awad
Vice President
CIB Client Service Americas

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National Healthcare Corporation
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Murfreesboro, Tennessee 37130

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Please note that J.P. Morgan Chase, as custodian for the New York State Common Retirement Fund, held a total of 20,936 shares of common stock as of November 26, 2019 and continues to hold shares in the company. The value of the ownership stake continuously held by the New York State Common Retirement Fund had a market value of at least \$2,000.00 for at least twelve months prior to, and including, said date.

If there are any questions, please contact me at (212) 623 8481.

Regards,


Miriam Awad

cc: Gianna McCarthy - NYSCRF
Kyle Seeley - NYSCRF
John White - NYSCRF

Exhibit C

Marked Comparison of the Proposal and the 2020 Proposal

Board Diversity

WHEREAS: National Healthcare Corporation has no women on its Board of Directors and only one woman in a senior leadership role.

Corporate leaders recognize the strong business case for broader board diversity. The Guiding Principles of Corporate Governance of the Business Roundtable, state: ⁴⁹"Diverse backgrounds and experiences on corporate boards, including those of directors who represent the broad range of society, strengthen board performance and promote the creation of long-term shareholder value." and observes that Bboards should develop a framework for identifying appropriately diverse candidates that allows the nominating/corporate governance committee to consider women; and minorities ~~and others~~ with diverse backgrounds as candidates for each open board seat.⁵⁰ Benefits associated with board diversity include a larger candidate pool from which to pick top talent, better understanding of consumer preferences, a stronger mix of leadership skills, and improved risk management.

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Resolved: Shareholders request that the Board of Directors prepare a report by September 2020~~1~~, at reasonable expense and omitting proprietary information, on if and how the Company is taking steps to enhance broader diversity. In its discretion, the Board could consider:

- Embedding a commitment to diversity inclusive of sex, race, ethnicity, age, gender identity, gender expression, and sexual orientation in Nominating and Corporate Governance charters;
- Committing publicly to include women and people of color in each candidate pool from which director nominees are chosen; and

| • Disclosing in proxy statements the number of women and people of color nominated for or sitting on the board.

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Summary report:	
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Intelligent Table Comparison: Active	
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Changes:	
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Delete	17
<u>Move From</u>	1
<u>Move To</u>	1
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
<u>Table moves from</u>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	35

Exhibit D

The Amended and Restated Charter of the Nominating and Corporate Governance Committee

AMENDED AND RESTATED

NATIONAL HEALTHCARE CORPORATION

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

Purpose

The purpose of the Nominating and Corporate Governance Committee of the Board of Directors (the “Committee”) of National HealthCare Corporation (the “Company”) is to provide assistance to the Board of Directors in identifying and recommending candidates qualified to serve as directors of the Company, to review the composition of the Board of Directors, to develop, review and recommend governance policies and principles for the Company and to review periodically the performance of the Board of Directors. The Committee shall make regular reports to the Board of Directors and shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board.

Power and Duties

The powers and duties of the Committee are as follows:

1. Identify, recommend, and recruit qualified candidates for new or vacant positions on the Company’s Board of Directors.
2. Review the qualifications of incumbent directors to determine whether to recommend them as nominees for reelection.
3. Review and consider candidates who may be suggested by any director or executive officer of the Company, or by any stockholder if made in accordance with the Company’s certificate of incorporation, bylaws and applicable law.
4. Recommend, after reviewing their qualifications, directors to serve as members of the various committees of the Board of Directors.
5. Review considerations relating to board composition, including size of the Board and the criteria for membership on the Board of Directors. The considerations relating to directors’ qualifications shall include, but not be limited to, diversity of thought, race, ethnicity, gender, age, independence, experience, expertise, skills, honesty, strength of character, the ability to act in the shareholders’ best interest, and those other criteria set forth in the Company’s Corporate Governance Guidelines.
6. Review and recommend corporate governance policies and principles for the Company, including those relating to the structure and operations of the Board of Directors and its committees.
7. Review corporate governance ratings received by the Company and consider modifications to corporate governance policies and principles which address issues raised by such ratings.

8. Review annually the performance of the Board of Directors, assess its contribution to the Company and consider whether additional powers and responsibilities of the Board are needed to allow it to more effectively oversee the business and affairs of the Company.
9. Make such recommendations to the Board of Directors as the Committee may consider appropriate and consistent with its purpose, and take such other actions and perform such services as may be referred to it from time to time by the Board of Directors.
10. Review annually its own performance.

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 Chairman. 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.

Composition of the Committee

The Committee shall be comprised of not less than three Board members, designated by the Board of Directors, each of whom shall meet the independence requirements of the American Stock Exchange, the Governance Plan and any other applicable legal, contractual, and regulatory requirements.

Adopted Effective: August 15, 2020

Exhibit E

Corporate Governance Guidelines

CORPORATE GOVERNANCE GUIDELINES

NATIONAL HEALTHCARE CORPORATION

The Board of Directors (the “Board”) of National Healthcare Corporation (the “Company”) has adopted corporate governance guidelines for the Company. These guidelines reflect the Board’s commitment to a system of governance which enhances corporate responsibility and accountability and the requirements of the Sarbanes-Oxley Act of 2002 and the New York Stock Exchange (“NYSE”) listing standards. These guidelines are subject to modification from time to time by the Board as the Board deems necessary and appropriate. Except to the extent the principles herein are restatements of existing laws or regulations, they are intended as guidelines within which the Board may conduct its business and are not intended to be legally binding obligations. The Board, in the exercise of its discretion, may deviate from these guidelines from time to time as it deems appropriate.

ROLES OF BOARD AND MANAGEMENT

The Board oversees management as it operates the Company’s business with the standards of responsibility, ethics and integrity. To shoulder their respective responsibilities, each of the Board and members of senior management shall set policies and guidelines that reflect the Company’s commitment to business success through maintenance of these standards of responsibility, ethics and integrity.

1. Responsibilities of the Board. The Board shall be responsible for overseeing the conduct of the Company’s business and ensuring that the interests of the Company’s stockholders are being served. In carrying out that oversight duty, and in addition to the other responsibilities imposed by law, regulation, stock exchange rules and the Company’s Certificate of Incorporation and Bylaws, the Board’s primary functions (which may be fulfilled by committees of the Board) shall include:

- a. *Strategic and operational planning:* Reviewing and approving long-term strategic plans and annual operating plans and monitoring the implementation and execution of those plans;
- b. *Major corporate actions:* Reviewing and approving significant financial and business transactions and other major corporate actions;
- c. *Financial reporting:* Reviewing publicly disclosed financial statements and related reports, and overseeing the establishment and maintenance of controls, processes and procedures to promote the accuracy, integrity and clarity of financial and other disclosures; and
- d. *Governance and compliance management:* Establishing and maintaining governance and compliance processes and procedures to promote the highest standards of responsibility, ethics and integrity in the management of the Company.

2. Responsibilities of Management. Management, at the direction of the CEO, shall be responsible for conducting the Company’s business and affairs in an effective, responsible and ethical manner consistent with the principles and direction established by the Board. In carrying out that duty, management is charged with the following:

- a. *Organizing management:* Selecting qualified personnel and implementing an organizational structure that is efficient and appropriate for the Company’s operations and culture;

b. *Strategic and operational planning and implementation:* Developing strategic plans and annual operating plans, presenting those plans to the Board, implementing and executing approved plans and recommending and executing changes to those plans as necessary, and managing the Company's overall risk profile;

c. *Financial reporting:* Ensuring the integrity of the Company's financial statements and reports by implementing and supervising systems, controls, processes and procedures that allow the Company to record, process, summarize and report information in a timely and accurate manner, produce financial statements and other disclosures that accurately and fairly present the Company's financial condition and results of operations and permit stockholders to understand the Company's business, financial soundness and risks.

BOARD OF DIRECTORS

The Nominating and Corporate Governance Committee (the "Nominating Committee"), with input from the other directors, is responsible for reviewing with the Board the skills and characteristics required of the directors in view of sound business principles and best practices as well as by current legal and regulatory requirements. This assessment is addressed below in the "Director Qualifications" Section. The Nominating Committee is responsible for overseeing the screening and recruitment process and for making recommendations for new director candidates.

1. Size and Composition of Board. The number of directors constituting the full Board shall be not less than six (6) or more than twelve (12), with the exact numbers to be determined from time to time by the Board within the limits prescribed by the Company's certificate of incorporation and bylaws. A majority of the directors on the Board shall be directors who meet the independence requirements of the applicable NYSE rules (the "Independent Directors"). In addition to the Board's annual review, each Independent Director shall periodically evaluate the criteria set forth in these guidelines to determine if he or she continues to be "independent." Upon making a determination that he or she no longer qualifies as an Independent Director, the director shall as soon as practicable notify the Chair of the Nominating Committee of such fact so that Board review can be facilitated.

2. Director Qualifications.

a. *Independence:* There shall be at least a majority of Independent Directors on the Board, each of whom must meet the independence requirements of the applicable provisions of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the rules promulgated thereunder and the applicable rules of the New York Stock Exchange (the "NYSE").

b. *Diversity:* The Nominating Committee, with input from the other directors, is responsible for reviewing with the Board the skills and characteristics required of the directors in view of sound business principles and best practices as well as by current legal and regulatory requirements. In determining whether to recommend a candidate for the Board of Directors' consideration, the Nominating Committee looks at diversity of experience and thought, race, gender, ethnicity, age, and capabilities, with greater weight given to qualifications like an understanding of the healthcare industry, public company leadership, finance and accounting. The Board may also consider reputation, integrity, judgement, skill, honesty, and strength of character. The minimum and principal qualification of a director is the ability to act successfully on the shareholders' behalf.

c. *Current Directors:* Existing Board members are automatically considered for a term renewal. When determining whether to nominate a current director to stand for reelection as a

director, the Nominating Committee shall review and consider the performance of such director during the prior year using performance criteria established by the Board. In recruiting and evaluating new director candidates, the Nominating Committee shall assess a candidate's independence, as well as the candidate's background and experience, current board skill needs and diversity. In addition, individual directors and any person nominated to serve as a director should demonstrate high ethical standards and integrity in their personal and professional dealings and be willing to act on and remain accountable for their boardroom decisions. Each director and person nominated to serve as a director shall be in a position to devote an adequate amount of time to the effective performance of director duties. Each director must also take reasonable steps to keep informed on the complex, rapidly evolving health care environment.

d. *Nominations*: The Nominating Committee will consider any candidates proposed by any senior executive officer, director or stockholder, in a manner consistent with applicable law, the Company's certificate of incorporation and bylaws and the criteria set forth herein.

3. Majority Voting on Directors. In an uncontested election of directors, any incumbent nominee for director who receives a greater number of votes "withheld" or "against" his or her election than votes "for" his or her election will promptly tender his or her resignation to the Chairman of the Board and the Chairman of the Nominating Committee as provided in the Company's bylaws. The Nominating Committee will promptly consider the resignation submitted by a director receiving a greater number of votes "withheld" or "against" his or her election than votes "for" his or her election, and the Nominating Committee will recommend to the Board whether to accept the tendered resignation or reject it. The Board of Directors shall act on the tendered resignation, taking into account the Nominating Committee's recommendation, and publicly disclose (by a press release, a filing with the Securities and Exchange Commission, or other broadly disseminated means of communication) its decision regarding the tendered resignation and the rationale behind the decision within 90 days from the date of the certification of the election results.

The Nominating Committee in making its recommendation, and the Board in making its decision, may each consider any factors or other information that it considers appropriate and relevant. Any Director who tenders his or her resignation shall not participate in either the Nominating Committee's or Board's consideration or other action regarding whether to accept the resignation. However, if each member of the Nominating Committee failed to receive a majority of the votes cast at the same election, then the Independent Directors who did not fail to receive a majority of the votes cast shall appoint a committee amongst themselves to consider the resignations and recommend to the Board of Directors whether to accept them.

4. Chairman and CEO Structure. On an annual basis, the Board shall evaluate the Company's leadership structure to ensure that it remains the optimal structure for the Company and its shareholders. While historically the Company has had the same person serve as the Chairman and CEO, that changed effective January 1, 2017 when Robert Adams, the retiring CEO was named non-executive Chairman. The Chairman is charged with presiding over all Board and shareholder meetings and providing advice and counsel to the CEO and our Company's other officers regarding our business and operations. The Board recognizes that different board leadership structures may be appropriate for companies with different histories and cultures, as well as companies with varying sizes and performance characteristics. The Company believes that the current structure of separating the Chairman and CEO position is the optimal structure for our Company and our shareholders at this time.

5. Retirement or Withdrawal of Directors. The Board believes that directors should serve for only so long as they add value to the Board. A director's contributions to the Board, and the director's ability to continue to productively contribute, will be considered by the Nominating Committee each time a director is considered for nomination. The Board does not believe that it should establish term limits or a fixed retirement age for its members. The Board recognizes the value of continuity of leadership by

directors who have experience with the Company and who have gained over a period of time a level of understanding of the Company and its operations that enable them to make significant contributions to the deliberations of the Board. The Board believes, as alternatives to term limits or a fixed retirement age, it can ensure that the Board continues to evolve and consider new viewpoints through the Company's Board evaluation and nomination processes.

6. Conflicting Commitments. All directors are expected to be active participants in and share collective responsibility for the Board's activities. Accordingly, the Board believes there should be a limit to the number of other public company boards on which a director may serve. Generally, without the express approval of both the Board and a majority of the Independent Directors thereof, no member of the Board may serve on more than five public company boards (including the Company).

It is the responsibility of each director to ensure that his or her other commitments do not conflict or materially interfere with the director's commitments to the Company. If a director has any concerns about whether serving as a director of another company might conflict with his or her duties to the Company, the director should consult the chairman of the Board (the "Chairman").

7. Director Orientation and Education. The Company's management shall provide new directors with materials, briefings and additional educational opportunities to permit them to become familiar with the Company and to enable them to better perform their duties. The Board of Directors has not adopted any specific requirement for director orientation and continuing education, but approves participation by directors in such programs on an ad hoc basis. The Company will reimburse directors for reasonable expenses incurred in connection with participation in approved director education programs.

CONDUCT OF BOARD MEETINGS

1. Number of Meetings and Attendance. The Board shall be responsible for determining the appropriate number of regular meetings of the Board to be held each fiscal year. Special meetings may be called at any time in a manner consistent with the bylaws. Directors are expected to use best efforts to attend scheduled or specially called Board and applicable committee meetings, and the Annual Shareholder's Meeting.

2. Meeting Agenda. The Board shall be responsible for its agenda, and each director is encouraged to suggest at any time agenda items to the Chairman.

3. Pre-Meeting Materials. Prior to each regularly scheduled Board meeting, the Chairman, with the assistance of management, shall distribute appropriate written materials relating to the substantive agenda items to be discussed at that meeting where prior review would be helpful (unless confidentiality or sensitivity concerns require that materials be distributed only at the meeting). Directors are expected to review in advance of scheduled or specially called meetings the materials supplied to the directors. Each director is encouraged to offer suggestions to the Chairman regarding the nature or extent of information or materials that are regularly distributed in advance of Board meetings.

4. Executive Sessions. The Directors may meet at regularly scheduled executive sessions, which will typically occur at regularly scheduled Board meetings, without any member of management present and must so meet at least annually. The Directors shall be entitled to retain legal counsel, accountants, health care consultants, or other experts, at the Company's expense, to advise the Directors concerning issues arising in the exercise of their functions and powers.

COMMITTEES OF THE BOARD

1. Standing Committees. The Board currently has the following standing committees:

- Audit Committee
- Compensation Committee
- Nominating and Corporate Governance Committee

Each of the Audit Committee, Compensation Committee and Nominating Committee shall be governed by a written charter approved by the Board. Once approved, each committee charter shall be considered an integral part of these Corporate Governance Guidelines. Each committee shall review its charter at least annually and shall report the results of such review (including any recommended changes) to the Board.

2. Membership. The membership of each committee (including the number and identity of directors comprising the committee and the director designated to serve as chair of the committee) shall be determined by the Board and as provided in the applicable charter. Each member of the Audit Committee, Compensation Committee and Nominating Committee must satisfy the independence requirements of the NYSE rules within the periods prescribed by those rules. Directors should promptly inform the Chairman and the Corporate Secretary of any anticipated changes in their circumstances or relationships that may impact their qualification for membership on the Nominating Committee, Audit Committee, or Compensation Committee.

3. Audit Committee Membership Requirements. In addition to being “Independent Directors,” Audit Committee members also must meet the requirements of Rule 10A-3 of the Securities Exchange Act of 1934 (the “Exchange Act”) (or any successor provision); specifically, such members may not:

- directly or indirectly accept any consulting, advisory or other compensatory fee from the Company or its subsidiaries, other than: (1) fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company that is not contingent in any way on continued service, and (2) compensation for service as a Board or Committee member; or
- be an affiliated person (as defined in Rule 10A-3) of the Company or its subsidiaries.

If an Audit Committee member simultaneously serves on the audit committee of more than three public companies (including the Company’s Audit Committee), the Board must determine whether such simultaneous service impairs the ability of such member to effectively serve on the Company’s Audit Committee and will disclose such determination in the Company’s annual proxy statement.

4. Compensation Committee Membership Requirements. In affirmatively determining the independence of any director who will serve on the Compensation Committee, the Board shall consider the additional independence requirements specific to compensation committee membership set forth in Section 303A.02(a)(ii) of the NYSE Listed Company Manual and each Compensation Committee member must be a “non-employee director” within the meaning of Rule 16b-3 promulgated under the Exchange Act or any successor rule or regulation.

5. Conduct of Committee Meetings. Consistent with its purpose (as stated in its charter), each committee shall be responsible for determining the frequency and length of committee meetings and the agenda of items to be discussed. The committee chair, in consultation with appropriate members of

management, shall develop the agenda for each meeting and shall cause appropriate written materials to be prepared and distributed prior to the meeting. The committee chair, generally with the assistance of the Secretary, shall be responsible for ensuring minutes of each committee meeting are properly recorded, and the Secretary shall incorporate these minutes into the official Board minute book. The committee chair shall be responsible for regularly apprising the Board of all committee proceedings, determinations and recommendations.

BOARD COMPENSATION

The Board, through the Compensation Committee, will periodically review, or request management or outside consultants to review, appropriate compensation policies with respect to the directors serving on the Board and the committees thereof. The Compensation Committee will consider each director's contributions to Board functions, service as a committee chair, and such other factors as it may deem appropriate. Changes in Board compensation, if any, should be suggested by the Compensation Committee, with subsequent discussion and concurrence by the Board and a majority of the Independent Directors thereof.

The Company believes that the directors, as the policy makers for the Company, should be compensated primarily by the quality and financial performance of the Company and only secondarily by cash compensation. In accordance with these principles, director compensation is divided into two components, comprised of cash compensation and equity-based compensation. When reviewing the total compensation packages provided to directors, the Board will compare the compensation packages provided to its directors to compensation packages provided to directors of comparable health care companies.

PERFORMANCE EVALUATION; SUCCESSION PLANNING

1. Annual Board Self-Evaluation. The Board (led by the Nominating Committee) will conduct an annual self-evaluation to determine whether the Board and each of the committees thereof are functioning effectively. These evaluations will be reviewed and discussed with the Board.

2. Annual CEO Evaluation. The Compensation Committee will review and approve corporate goals and objectives relevant to the CEO's compensation, conduct an annual evaluation of the CEO's performance in light of those goals and objectives, and determine the compensation of the CEO based on this evaluation.

3. Succession Planning. The Compensation Committee will regularly report to the Board with respect to executive succession planning and address, as needed, succession plans for the CEO and other senior executives. Succession planning may address policies and principles related to the selection of successor executives, including policies regarding succession in the ordinary course of business, such as by retirement, and succession in the case of an emergency or unexpected event.

ACCESS TO MANAGEMENT, ADVISORS AND DIRECTORS

1. Shareholder Access to Directors. The Board of Directors has adopted a third party "NHC Valuesline" program in order to enable employees and shareholders to communicate (on a non-identifiable basis if so desired) with the Company's Compliance Officer, executive officers and directors. The Valuesline toll free number is 888-568-8578 and is answered by an independent contractor who will transmit the communication to the Compliance Officer and establish a date by which the caller can obtain a response to the communication, if so requested. The Compliance Officer will forward any

inquiries to or about executive officers or directors to the Office of General Counsel, who will coordinate any necessary communication and response.

2. Director Access to Management. It is the policy of the Board to encourage the Chief Executive Officer, from time to time, to bring managers into Board meetings who can provide additional insight into items being discussed or into significant segments of the Company's business as well as those managers with future senior management potential that senior management believes should be given exposure to the Board.

3. Director Access to Independent Advisors. The Board and the committees thereof, as well as the non-management directors holding executive sessions, may retain at the Company's expense independent outside financial, legal or other advisors as they deem necessary or appropriate, in their sole discretion.

CONDUCT AND ETHICS STANDARDS FOR DIRECTORS

Directors are subject to applicable provisions of the Company's Code of Ethics and Business Conduct, which provides that, among other things, directors shall conduct themselves in a manner that ensures they remain free of conflicts of interest in the performance of their responsibilities to the Company and that protects the Company's business reputation. Company loans to, or guarantees of obligations of, directors and their family members are expressly prohibited. Directors must seek determinations and prior authorizations or approvals of potential conflicts of interest exclusively from the Audit Committee.

Directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. Accordingly, directors are prohibited from taking for themselves personally (or for the benefit of friends or family members) business opportunities that are discovered through the use of Company assets, property, information or position for personal gain. In addition, no director may compete with the Company.

Directors, in the course of their Company duties, shall comply fully, both in letter and spirit, with all federal and state laws applicable to the Company's businesses, and with applicable Company policies (including policies relating to use of confidential information and insider trading).

Directors shall maintain the confidentiality of information entrusted to them by the Company or its customers, suppliers or partners, except when disclosure is expressly authorized or legally required. Confidential Information includes all non-public information (regardless of its source) that might be of use to the Company's competitors or harmful to the Company or its customers, suppliers or partners if disclosed.

AMENDMENT

These Corporate Governance Guidelines may be periodically reviewed and amended by the Board.

APPROVAL AND ADOPTION

Reviewed and adopted by the Board effective August 15, 2020.

Exhibit F

Current Report on Form 8-K filed August 19, 2020

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): August 19, 2020 (August 15, 2020)

NATIONAL HEALTHCARE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

001-13489
(Commission File Number)

52-2057472
(I.R.S. Employer Identification No.)

100 Vine Street
Murfreesboro, Tennessee
(Address of Principal Executive Offices)

37130
(Zip Code)

Registrant's telephone number, including area code: (615) 890-2020

Not Applicable
(Former name or former address, if changed since last report)

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 (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol
Common Stock, \$0.1 par value	NHC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 7.01 REGULATION FD DISCLOSURE.

The Secretary of the Company received a written notice dated November 26, 2019 from the Comptroller of the State of New York, Thomas P. DiNapoli, trustee of the New York Common Retirement Fund and administrative head of the New York State and Local Retirement System (the “Proponent”), as a shareholder, submitting a proposal for inclusion in the Company’s proxy materials pursuant to Rule 14a-8 under the Exchange Act to introduce a resolution at the Annual Meeting of the Shareholders of the Company. The proposed resolution included that the “Shareholders request that the Board of Directors prepare a report by September, 2020, at reasonable expense and omitting proprietary information, on if and how the Company is taking steps to enhance broader diversity” (the “Proposal”). The Proposal and supporting statement were presented verbatim in the Company’s proxy statement.

At the Company’s Annual Meeting of the Shareholders on May 7, 2020, the Proponent appeared virtually and presented the Proposal. The Proposal was approved at the Annual Meeting by shareholder vote.

The Company provides this report to the shareholders in response to the Proposal. At a meeting of the Nominating and Corporate Governance Committee (the “Committee”) on August 6, 2020, the Committee considered and then recommended to the Board of Directors (the “Board”) amendments to the Nominating and Corporate Governance Committee Charter to more directly address Board diversity, including, but not limited to, race, ethnicity, gender, and age. The Committee also considered, for the first time, Corporate Governance Guidelines for the Company. The Committee determined the adoption of guidelines would be an appropriate and responsible approach to the Proposal and to address Board diversity. The Corporate Governance Guidelines include, among other provisions, a section devoted to Board diversity. The diversity provision states that race, gender, ethnicity, and age are to be considered when evaluating Board candidates and Board composition. The Board can also consider other relevant qualifications, such as diversity of experience and thought, an understanding of the healthcare industry, public company leadership, finance, and accounting, among other relevant factors. The Committee recommended approval of the adoption of the Corporate Governance Guidelines and the amendment to Nominating and Corporate Governance Committee Charter to the Board as its response to the Proposal and report to the shareholders.

The Board of Directors, at its regularly scheduled meeting on August 6, 2020, considered the recommendations of the Committee and reviewed the Amended and Restated Nominating and Corporate Governance Committee Charter and Corporate Governance Guidelines. The Board agreed that the documents represented an effective and appropriate response to the Proposal and properly addressed Board diversity. The Board then approved both documents effective August 15, 2020 as its response to the Proposal. Both the Amended and Restated Nominating and Corporate Governance Committee Charter and Corporate Governance Guidelines are being posted on the Company website at www.nhccare.com under the “corporate governance” tab under “investor relations.”

SIGNATURES

Date: August 19, 2020

NATIONAL HEALTHCARE CORPORATION

By: /s/Stephen F. Flatt

Name: Stephen F. Flatt

Title: CEO