
National HealthCare Corporation and National Health Realty Announce Merger

Date: 12/21/06

National HealthCare Corporation (AMEX:NHC), one of the nation's leading operators of long-term health care and assisted living facilities, announced it has agreed to acquire National Health Realty, Inc., (AMEX:NHR), a real estate investment trust which NHC spun off in 1997, for preferred stock and cash for a total value of approximately \$250 million.

Cahill Gordon & Reindel LLP is acting as counsel to National HealthCare Corporation and the special committee of the board of directors of National HealthCare Corporation.

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