

NATIONAL HEALTH INVESTORS INC  
Form DEF 14A  
March 20, 2015

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

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934

Filed by the Registrant  [ x ]

Filed by a Party other than the Registrant  [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement

[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

[ x ] Definitive Proxy Statement

[ ] Definitive Additional Materials

[ ] Soliciting Material Pursuant to §240.14a-12

National Health Investors, Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[ x ] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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- (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:
-

NATIONAL HEALTH INVESTORS, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD THURSDAY, MAY 7, 2015 AT 8:00 AM CDT

To Our Shareholders:

We cordially invite you to attend the Annual Meeting of the Shareholders (the "Meeting") of National Health Investors, Inc. ("NHI" or the "Company"). The Meeting will be held at the Stones River Country Club, 1830 NW Broad Street, Murfreesboro, Tennessee on Thursday, May 7, 2015, at 8:00 am CDT, for the following purposes:

- (1) To elect one director, Robert T. Webb, a current director of the Company;
- (2) To authorize and approve the First Amendment to the Company's 2012 Stock Incentive Plan ;
- (3) To approve, on an advisory basis, the compensation paid to our named executive officers;
- (4) To ratify the Audit Committee's selection of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015; and
- (5) To transact such other business as may properly come before the Meeting or any continuances of it.

The Board of Directors has fixed the close of business on Friday, March 13, 2015 (the "Record Date"), for the determination of shareholders who are entitled to vote at the Meeting, including any continuances.

To assure your representation at the Meeting, the Board of Directors solicits votes by the execution and prompt return of the proxy in the enclosed return envelope by mail or by use of our telephone or Internet voting procedures. Any shareholder attending the Meeting may vote in person even if he or she has returned a proxy. Whether you are able to attend the Meeting or not, we urge you to indicate your vote as follows:

- \* FOR the election of Mr. Webb as a Director of NHI;
- \* FOR authorization and approval of the First Amendment to the Company's 2012 Stock Incentive Plan;
- \* FOR the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis section and accompanying compensation tables contained in this proxy statement;
- \* FOR ratification of the Audit Committee's selection of BDO USA, LLP as our independent registered public accounting firm for the year ending December 31, 2015.

By order of the Board of Directors,

/s/ SUSAN V. SIDWELL  
Corporate Secretary  
Murfreesboro, Tennessee  
March 20, 2015



NATIONAL HEALTH INVESTORS, INC.

222 Robert Rose Drive  
Murfreesboro, Tennessee 37129

## PROXY STATEMENT

The accompanying proxy is solicited by the Board of Directors of National Health Investors, Inc. (“NHI” or the “Company”) to be voted at the Annual Meeting (the “Meeting”) of the Shareholders on Thursday, May 7, 2015, commencing at 8:00 am CDT and at any continuances of the Meeting. The Meeting will be held at the Stones River Country Club, 1830 NW Broad Street, Murfreesboro, Tennessee. It is anticipated that this proxy statement and the form of proxy solicited on behalf of our Board of Directors will be filed with the Securities and Exchange Commission (“SEC”) and an accompanying Notice mailed to our shareholders on March 20, 2015.

Why am I receiving this proxy statement and proxy form?

As permitted by the SEC, we are making this proxy statement and our 2014 Annual Report on Form 10-K (the “2014 Annual Report”) available to our shareholders electronically via the Internet. If you received a Notice by mail, you will not automatically receive a printed copy of the proxy material in the mail. Instead, the Notice instructs you how to access and review on the Internet all of the important information contained in the proxy statement and 2014 Annual Report. The Notice also instructs you how to submit your vote over the Internet. If you received a Notice by mail and would like to receive a printed copy of the proxy materials, you should follow the instructions for requesting such materials included in the Notice.

You are receiving the Notice by mail or this proxy statement and proxy form because you own shares of National Health Investors, Inc. common stock. This proxy statement describes issues on which you are entitled to vote. When you sign the proxy form, you appoint J. Justin Hutchens, the Company's Chief Executive Officer, and Roger R. Hopkins, the Company's Chief Accounting Officer, or either of them, as your representative at the Meeting. Mr. Hutchens and Mr. Hopkins will vote your shares at the Meeting as you have instructed on the proxy form. This way, your shares will be voted even if you cannot attend the Meeting.

If your shares are not voted in person or by telephone or on the Internet, they cannot be voted on your behalf unless you provide our corporate secretary with a signed proxy authorizing another person to vote on your behalf. Even if you expect to attend the Meeting in person, in order to ensure that your shares are represented, please vote using the telephone or Internet voting instructions found on the enclosed proxy card or complete, sign and date the enclosed proxy form and return it promptly.

If your shares are held in a brokerage account or in the name of another nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you together with a voting instruction form. As the beneficial owner, you have the right to direct your broker, trustee or nominee how to vote your shares. Since a beneficial owner is not the owner of record, you may not vote these shares in person at the Meeting unless you obtain a “legal proxy” from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the Meeting. Your broker, trustee or nominee has enclosed or provided voting instructions for you to use in directing the broker, trustee or nominee how to vote your shares.

Who is soliciting my proxy and who is paying the cost of the solicitation?

The Company's Board of Directors is sending you this proxy statement in connection with its solicitation of proxies for use at the Meeting. Certain of our directors, officers and employees may solicit proxies by mail, telephone, facsimile or in person. The Company will pay for the costs of solicitation. As of the date of this proxy statement, we

do not expect to pay any compensation for the solicitation of proxies, except to brokers, nominees and similar recordholders for reasonable expenses in mailing proxy materials to the beneficial owners of our common stock. We utilize the services of Broadridge Financial Solutions Inc. to disseminate our proxy materials for an estimated cost of \$50,000.

What am I voting on?

At the Meeting you will be asked to vote on four proposals: The first proposal is the election of one Director to serve a three-year term on the Company's Board of Directors. The second proposal is an amendment to our 2012 Stock Incentive Plan to (i) increase the maximum number of shares under the plan; (ii) increase the automatic annual grant to non-employee directors and (iii) to limit the Company's ability to re-issue shares under the Plan. The third proposal is a non-binding advisory approval of the Company's executive compensation as described in this proxy statement. The fourth proposal is the ratification of the appointment of BDO USA, LLP as the Company's independent registered public accounting firm.

Who is entitled to vote?

Only shareholders of record at the close of business on Friday, March 13, 2015 (the "Record Date") are entitled to notice of and to vote at the Meeting or any continuances. We have no class or series of shares currently outstanding other than our common stock. Each holder of the shares of our common stock is entitled to one vote per share on all matters properly brought before the Meeting. Shareholders are not permitted to cumulate votes for the purpose of electing directors or otherwise.

How do I vote?

You may vote your shares either in person at the Meeting, by telephone or on the Internet or by proxy. If you duly execute and return a proxy in the accompanying form or use our telephone or Internet voting procedures to authorize the named proxies to vote your shares, those shares will be voted as specified, and if no specification is made, the shares will be voted in accordance with the recommendations of the Board of Directors. To vote by proxy, you should mark, date, sign and mail the enclosed proxy in the prepaid envelope provided. Instructions for voting on the Internet or by telephone may be found in the proxy voting instructions included in the Notice. If your shares are registered in your own name and you attend the Meeting, you may deliver your completed proxy in person. "Street name" shareholders, that is, those shareholders whose shares are held in the name of and through a broker or nominee, who wish to vote at the Meeting will need to obtain a proxy form from the institution that holds their shares if they did not receive one directly. Shares held in street name may also be eligible for Internet or telephone voting.

Will my shares be voted if I do not sign and return my proxy form?

If your shares are registered in your name and you do not return your proxy form or do not vote in person at the Meeting, your shares will not be voted. If your shares are held in street name and you do not submit voting instructions to your broker, your broker may vote your shares for you. Brokers normally have discretion to vote on routine matters, such as ratification of auditors, but not on non-routine matters, such as compensation proposals. The New York Stock Exchange has changed its rules so that uncontested director elections are no longer considered routine matters and brokers no longer have discretion to vote on any director election.

Can I change my vote after I return my proxy form?

Yes. You may revoke your proxy and change your vote at any time before the proxy is exercised by filing either a written notice of revocation or another signed proxy bearing a later date. The powers of the proxy holders will be suspended if you attend the Meeting in person and inform the corporate secretary that you wish to revoke or replace your proxy. Your attendance at the Meeting will not by itself revoke a previously granted proxy. If you hold your shares in "street name" through a broker, bank or other nominee, you may revoke your proxy by following instructions provided by your broker, bank or nominee. No notice of revocation or later-dated proxy will be effective until received by the Company at or prior to the Meeting.

How many votes are needed to hold the Meeting?

As of the Record Date, the Company had a total of 37,566,221 shares of outstanding common stock. A majority of the Company's outstanding shares as of the Record Date (a quorum) must be present at the Meeting in order to hold the Meeting and conduct business. Shares are counted as present at the Meeting if: (a) a shareholder is present and votes in person at the Meeting; (b) a shareholder has properly submitted a proxy form, even if the shareholder marks abstentions on the proxy form; or (c) a broker or nominee has properly submitted a proxy form, even if the broker does not vote because the beneficial owner of the shares has not given the broker or nominee specific voting instructions and the broker or nominee does not have voting discretion (a "broker non-vote"). A share, once represented

for any purpose at the Meeting, is deemed present for purposes of determining a quorum for the Meeting (unless the Meeting is adjourned and a new record date is set for the adjourned meeting), even if the holder of the share abstains from voting with respect to any matter brought before the Meeting.

What is the Board of Directors' recommendation and how will my shares be voted?

The Board of Directors recommends a vote (1) FOR the election of Mr. Webb as a Director of NHI; (2) FOR authorization and approval of the First Amendment to the Company's 2012 Stock Incentive Plan ; (3) FOR the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis section and accompanying compensation tables contained in this proxy statement; and (4) FOR ratification of the Audit Committee's selection of BDO USA, LLP as our independent registered public accounting firm for the year ending December 31, 2015. If properly signed and returned in time for the Meeting, the enclosed proxy will be voted in accordance with the choices specified thereon. If you return a signed proxy, but do not specify a choice, the persons named as the proxy holder on the proxy form will vote as recommended by the Board of Directors. If a broker submits a proxy that indicates that the broker does not have discretionary authority as to certain shares to vote on one or more



matters, those shares will be counted as shares that are present for purposes of determining the presence of a quorum but will not be considered as present and entitled to vote with respect to such matters. Abstentions will be counted as shares that are present for purposes of determining the presence of a quorum, but are not considered votes cast with respect to the tabulations of votes cast on proposals presented to shareholders. Each proposal is tabulated separately.

Can I vote on other matters or submit a proposal to be considered at the Meeting?

The Company has not received timely notice of any shareholder proposals pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 to be considered at the Meeting. Shareholders may submit matters for a vote without inclusion in this proxy statement only in accordance with Rule 14a-4(c) or the Company's bylaws. The Company does not intend to present any other business at the Meeting and does not know of any other business intended to be presented other than as discussed or referred to in this proxy statement (the date specified in the Company's bylaws for advance notice of proposals by shareholders has passed). If any other matters properly come before the Meeting, the persons named in the accompanying proxy card will vote the shares represented by the proxy in the manner as the Board of Directors may recommend, or in their discretion, in each case to the extent permitted under the Federal securities laws.

It is contemplated that the Company's 2016 annual meeting of shareholders will take place in May 2016. Shareholders' proposals will be eligible for consideration for inclusion in the proxy statement for the 2016 annual meeting pursuant to Rule 14a-8 if such proposals are received by the Company before the close of business on November 24, 2015. Notices of shareholders' proposals submitted outside the processes of Rule 14a-8 will generally be considered timely (but not considered for inclusion in our proxy statement), pursuant to the advance notice requirement set forth in Rule 14a-4(c). For shareholders seeking to present a proposal at the 2016 annual meeting without inclusion of such proposal in the Company's proxy materials, the proposal should be received by the Company no later than February 7, 2016.

Are there any dissenters' rights or appraisal rights with respect to any of the proposals described in this proxy statement?

There are no rights of appraisal or similar dissenter's rights with respect to any matter to be acted upon pursuant to this proxy statement.

#### EQUITY OWNERSHIP OF CERTAIN PRINCIPAL BENEFICIAL OWNERS

The following information is based upon filings made by the persons or entities identified below with the SEC. Except as set forth below, on the Record Date, no person was known to us to own beneficially more than 5% of the outstanding common stock:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	4,503,826	(1) 11.99%
Common Stock	BlackRock Inc. 40 East 52nd Street New York, NY 10022	2,817,187	(2) 7.50%
Common Stock	Vanguard Specialized Funds - Vanguard REIT Index Fund 100 Vanguard Blvd. Malvern, PA 19355	2,465,735	(3) 6.56%
Common Stock	Goldman Sachs Asset Management	2,079,412	(4) 5.54%

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200 West Street  
New York, NY 10282

Common Stock	Invesco Ltd. 1555 Peachtree Street NE Atlanta, GA 30309	1,960,575	(5)	5.22%
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- (1) Based solely on a Schedule 13G/A filed by The Vanguard Group, Inc. on February 10, 2015.
- (2) Based solely on a Schedule 13G/A filed by BlackRock, Inc. on January 26, 2015.
- (3) Based solely on a Schedule 13G/A filed by Vanguard Specialized Funds on February 6, 2015.
- (4) Based solely on a Schedule 13G filed by Goldman Sachs Asset Management on February 13, 2015.
- (5) Based solely on a Schedule 13G filed by Invesco Ltd. on February 11, 2015.

## EQUITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table shows the beneficial ownership, reported to us as of the Record Date, of our common stock of each director, each director nominee and each executive officer listed in the table below, and of the directors and executive officers as a group:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership <sup>(1)</sup>	Percent of Class
Common Stock	W. Andrew Adams 222 Robert Rose Drive Murfreesboro, TN 37129	1,484,786	(2) 3.94%
Common Stock	Robert A. McCabe, Jr. 211 Commerce St., Ste. 300 Nashville, TN 37201	27,390	(3) *
Common Stock	Robert T. Webb 141 E. MTCS Road Murfreesboro, TN 37129	94,667	(4) *
Common Stock	J. Justin Hutchens 222 Robert Rose Drive Murfreesboro, TN 37129	173,369	(5) *
Common Stock	James R. Jobe 745 S. Church Street Murfreesboro, TN 37133	24,525	(6) *
Common Stock	Roger R. Hopkins 222 Robert Rose Drive Murfreesboro, TN 37129	133,056	(7) *
Common Stock	Kristin S. Gaines 222 Robert Rose Drive Murfreesboro, TN 37129	142,540	(8) *
Common Stock	Kevin C. Pascoe 222 Robert Rose Drive Murfreesboro, TN 37129	54,345	(9) *
Common Stock	D. Eric Mendelsohn 222 Robert Rose Drive Murfreesboro, TN 37129	13,333	(10) *
Common Stock	All Directors and Executive Officers as a group - 9 persons	2,148,011	(11) 5.64%

\* Less than 1%

(1) Except as otherwise noted, all shares are owned beneficially with sole voting and investment power. The percentages shown are based on 37,566,221 shares of common stock outstanding plus, as to each individual and group listed, the number of shares of common stock deemed to be owned by such holder pursuant to Rule 13d-3 under the Exchange Act, assuming exercise of options held by such holder that are exercisable within 60 days of the Record Date.

(2) Includes options to purchase 80,000 shares of common stock and 9,707 shares of common stock owned by Mr. Adams' spouse. Also includes 54,186 shares owned by three trusts for which Mr. Adams is a trustee and 1,118,586 shares owned by limited partnerships controlled by Mr. Adams. Of these shares, 244,600 are pledged as a security for a loan by Mr. Adams. Also includes 222,307 shares which are owned by a private foundation of which he is a director; however, Mr. Adams expressly disclaims ownership in these shares.

(3) Includes options to purchase 20,000 shares of common stock.

(4) Includes options to purchase 20,000 shares of common stock and 20,194 shares owned by Mr. Webb's spouse.

- (5) Includes options to purchase 100,000 shares of common stock. Includes 35,000 shares held in a margin account which has a current loan balance of \$218,205.
- (6) Includes options to purchase 20,000 shares of common stock and 4,025 shares owned jointly with Mr. Jobe's spouse.
- (7) Includes options to purchase 99,998 shares of common stock.
- (8) Includes options to purchase 116,668 shares of common stock. Of these shares, 15,184 are pledged as security for a loan by Ms. Gaines.
- (9) Includes options to purchase 36,666 shares of common stock.
- (10) Includes options to purchase 13,333 shares of common stock.
- (11) Includes options to purchase 506,665 shares of common stock.

## DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

NHI is managed by its five-person Board of Directors. A director may be removed from office for cause only. Officers serve at the pleasure of the Board of Directors for a term of one year. The following table gives information about our directors and executive officers:

Name	Age	Director Since	Position	Expiration of term
W. Andrew Adams	69	1991	Chairman of the Board	2017
Robert A. McCabe, Jr.	64	2001	Director	2017
Robert T. Webb	70	1991	Director	2015
J. Justin Hutchens	40	2010	President, CEO & Director	2016
James R. Jobe	53	2013	Director	2016
Roger R. Hopkins	53		Chief Accounting Officer	—
Kristin S. Gaines	43		Chief Credit Officer	—
Kevin C. Pascoe	34		EVP - Investments	—
D. Eric Mendelsohn	53		EVP - Corporate Finance	—

W. Andrew Adams (Independent Director) has been our Chairman of the Board of Directors since our inception in 1991. Mr. Adams served as both President and Chief Executive Officer of the Company from our inception until his retirement as President in February 2009 and as Chief Executive Officer in March 2011. Mr. Adams was President and Chief Executive Officer of National HealthCare Corporation (“NHC”) until he resigned those positions in 2004. He remains on NHC’s Board of Directors, and served as Chairman of the Board until 2008. Mr. Adams served as President of National Health Realty, Inc. (“NHR”) from 1997 until November 2004 and served as Chairman of the Board until NHR was acquired by NHC in 2007. Mr. Adams has previously served on the Boards of Assisted Living Concepts, SunTrust Bank, David Lipscomb University and the Boy Scouts of America. He received his Bachelor of Science and Master of Business Administration degrees from Middle Tennessee State University.

The Board of Directors concluded Mr. Adams should serve as a director of the Company based on his prior role as Chief Executive Officer of the Company, extensive experience in the healthcare and REIT industries and his thorough understanding of the Company. Mr. Adams has not been an officer of the Company since February 28, 2011 and based on the NYSE rules and the Company’s amended bylaws, the Board has determined that he is now an independent director.

Robert A. McCabe, Jr. (Independent Director) has served as a director of the Company since February 2001. Mr. McCabe has been Chairman of Pinnacle Financial Partners in Nashville, Tennessee since August 2000. He began his banking career with the former Park National Bank of Knoxville, Tennessee (“PNB”) and held numerous executive positions with PNB and its successor, First American National Bank. In 1994, Mr. McCabe was appointed vice chairman of First American Corporation. In March 1999, he was appointed by First American to manage all banking and non-banking operations, a position he held until First American’s merger with AmSouth Bancorporation in October 1999. Mr. McCabe serves as chairman of Nashville Electric Service, a municipal electric distribution company. Mr. McCabe was also a director of Goldleaf Financial Solutions, Inc. until its sale in 2009 and a director of SSC Services of Knoxville, Tennessee until 2010. Mr. McCabe has been active in various civic organizations within his community, including Leadership Knoxville and Leadership Nashville. He is a member of the World President’s Organization, Chief Executives Organization, served as the past Chairman of the Board of Trustees of The Ensworth School and Cheekwood Botanical Gardens and Museum of Art. He is also the past chairman of the Middle Tennessee Boy Scout Council, the Nashville Symphony and the Nashville Downtown Partnership. Mr. McCabe received his Master of Business Administration degree from the University of Tennessee and completed the Advanced Management Program of Harvard Business School. Mr. McCabe is Chairman of NHI’s Audit Committee, and is a

member of the Nominating and Corporate Governance Committee and Compensation Committee.

The Board of Directors concluded Mr. McCabe should serve as a director of the Company because of his extensive leadership experience, his understanding of finance, accounting and the banking industry, and his independence from the Company.

Robert T. Webb (Independent Director) has served as a director of the Company since its inception in 1991. Mr. Webb is the owner of commercial buildings and rental properties in the Middle Tennessee area and is a subdivision developer. Additionally, Mr. Webb is the Vice President and Treasurer of Webb's Refreshments, Inc., which has been in operation serving the Middle Tennessee area since 1976. Mr. Webb served as President of Webb's Refreshments until that position was assumed by his son in

2010. He attended David Lipscomb College and received a Bachelor of Arts in business marketing from Middle Tennessee State University in 1969. Mr. Webb is Chairman of NHI's Compensation Committee, and is a member of the Audit Committee and Nominating and Corporate Governance Committee.

The Board of Directors concluded Mr. Webb should serve as a director of the Company based on his extensive real estate business experience, his leadership qualities and his independence from the Company.

J. Justin Hutchens joined NHI in February 2009 as President and COO. Pursuant to a succession plan, in March 2011 he was appointed CEO. Prior to joining NHI, Mr. Hutchens acquired 15 years of senior care operations experience. His background includes multi-site management with assisted living and skilled nursing facilities (1997 - 2003). He has national operating experience (2003 -2009) as the Senior Vice-President and COO of Summerville Senior Living and Executive Vice-President and COO of Emeritus Senior Living. Mr. Hutchens holds a Master of Science in Management from Regis University and a Bachelor of Science in Human Services from the University of Northern Colorado. He was awarded Executive Certificates in Measurement and Control of Organizational Performance from the University of Michigan, and Strategy and Innovation from the MIT Sloan School of Management.

The Board of Directors concluded that Mr. Hutchens should serve as a director of the Company based on his role as Chief Executive Officer and his executive experience in the senior care industry.

James R. Jobe (Independent Director) joined NHI as a director on April 29th, 2013. Mr. Jobe is a partner in the accounting firm of Jobe, Hastings & Associates, CPA's, established in 1984 in Murfreesboro, Tennessee. In that capacity, he has provided accounting and consulting services in the healthcare and long-term care industries for over 28 years. Mr. Jobe previously served as an independent director of National Health Realty, Inc., a publicly-traded real estate investment trust, until its merger with NHC in 2007. He received his Bachelor of Business Administration in Accounting from Middle Tennessee State University in 1984 and became a certified public accountant in 1986.

The Board of Directors concluded that Mr. Jobe should serve as a director of the Company based on his public company director experience, his accounting experience within the long-term care industry, and his independence from the Company.

Roger R. Hopkins joined NHI in 2006 when he was named Chief Accounting Officer in December 2006. He has over 30 years of public accounting and financial management experience. Until 2006, he was a partner in the Tennessee regional accounting firm of Rodefer Moss & Co, PLLC and, previously, was a senior manager in the Nashville, Tennessee office of Deloitte & Touche. Mr. Hopkins received a Bachelor of Science in Accounting from Tennessee Technological University in 1982 and is a Certified Public Accountant.

Kristin S. Gaines was appointed NHI's Chief Credit Officer in February 2010. She joined NHI in 1998 as a Credit Analyst. During her tenure with NHI, Ms. Gaines has had a progressive career in the areas of finance and operations. Her experience has resulted in a breadth of expertise in underwriting, portfolio oversight and real estate finance. Ms. Gaines holds a MBA and a Bachelor of Business Administration in Accounting from Middle Tennessee State University.

Kevin C. Pascoe joined National Health Investors in June 2010. Mr. Pascoe oversees NHI's portfolio of assets, relationship management with existing tenants and conducts operational due diligence on NHI's new investment opportunities. He has over 10 years of health care real estate background including his experience with General Electric - Healthcare Financial Services (2006 – 2010) where he most recently served as a Vice-President. With GE HFS, he moved up through the organization while working on various assignments including relationship management, deal restructuring, and special assets. He also was awarded an assignment in the GE Capital Global Risk Rotation Program. Mr. Pascoe holds a Master of Business Administration and a Bachelor of Business Administration

in Economics from Middle Tennessee State University.

D. Eric Mendelsohn joined NHI in January 2015. He has over 15 years of healthcare real estate and financing experience. Previously, Mr. Mendelsohn was with Emeritus Senior Living for 9 years, most recently as a Senior Vice President of Corporate Development where he was responsible for the financing and acquisition of assisted living properties, home health care companies, administration of joint venture relationships and executing corporate finance strategies. Prior to Emeritus, Mr. Mendelsohn was with the University of Washington as a Transaction Officer where he worked on the development, acquisition and financing of research, clinic and medical properties. Prior to that, Mr. Mendelsohn was a practicing transaction attorney, representing lenders and landlords. Mr. Mendelsohn has a BS from American University in International Relations, a Law Degree from Pepperdine University, and a Masters (LLM) in Banking and Finance from Boston University. Mr. Mendelsohn is a member of the Florida and Washington State Bar Associations.



## Board of Directors and Committees of the Board

Our Company has been led by Mr. W. Andrew Adams, who has served as our Chairman since the Company was founded in 1991. Effective March 1, 2011, J. Justin Hutchens was named Chief Executive Officer. Until that time, Mr. Adams was both Chairman of the Board of Directors and Chief Executive Officer. Effective March 1, 2011, we have separated those positions with Mr. Adams now Chairman of the Board of Directors and Mr. Hutchens now Chief Executive Officer. As a result, our leadership structure has changed and our Board of Directors is now comprised of Mr. Adams as Chairman of the Board, Mr. Hutchens as a director and CEO and three other independent directors. The Board of Directors has three standing independent committees with separate chairs: the Nominating and Corporate Governance Committee, Audit Committee, and Compensation Committee. Mr. Adams and Mr. Hutchens do not serve on any of these committees. The Company does not have a lead director, but our corporate governance guidelines provide that our non-management directors will meet in executive session at least annually and generally each quarter.

We believe that this leadership structure is effective for the Company. Our Chairman is charged with presiding over all meetings of the Board of Directors and our shareholders, and providing advice and counsel to the CEO and our Company's other officers regarding our business and operations. Further, our CEO and Chairman have an excellent working relationship. With over 20 years of experience with NHI and as its founder, our Chairman is well positioned to provide our CEO with guidance, advice and counsel regarding our Company's business, operations and strategy. We believe that having Mr. Adams as Chairman allows us to continue to draw upon Mr. Adams' extensive knowledge of the REIT and healthcare industries while turning over the day-to-day operations of the Company to Mr. Hutchens.

Our full Board of Directors regularly engages in discussions of risk management and receives reports on risk management from members of management. Each of our Board committees also considers the risk within its areas of responsibility. Each of the independent committee chairs leads the Board in its role of risk oversight with respect to such committee's area of responsibility. Thus, the Audit Committee leads the risk management oversight with respect to the Company's financial statements, the Compensation Committee with respect to the Company's compensation policies and the Nominating and Corporate Governance Committee with respect to Corporate Governance. Each of the committees will continue to lead risk oversight with respect to such committee's area of responsibility and the Chairman will add additional risk oversight with respect to the Company as a whole. We believe this structure provides effective oversight of the risk management function.

The Board of Directors held 13 meetings during 2014 and acted pursuant to five written consent actions. Each director attended more than 75% of the total number of meetings of the Board and each committee on which such director served. The Company strongly urges, but does not require, directors to attend the Annual Meeting of Shareholders. All directors were in attendance at the 2014 Annual Meeting.

The Board of Directors has determined that no director other than Mr. Hutchens has a material relationship with the Company. Accordingly, Mr. Adams, Mr. McCabe, Mr. Webb and Mr. Jobe are "independent" directors based on an affirmative determination by our Board of Directors in accordance with the listing standards of the New York Stock Exchange ("NYSE"), the SEC and the Company's bylaws. Mr. Adams had not been considered independent prior to March 1, 2014, since he served as the Chief Executive Officer until March 1, 2011. Since more than three years have passed since Mr. Adams was an officer of the Company, under NYSE standards and the Company's bylaws, he can be considered independent.

The three standing committees of the Board of Directors are the Audit Committee, the Nominating and Governance Committee, and the Compensation Committee, the charters of which are provided on our website at [www.nhireit.com](http://www.nhireit.com). Each committee is comprised of three independent directors, and each committee is submitting a report in this proxy statement. Each committee adopted its respective charter, which provides that each committee elect a chairman. The committee meetings serve as the vehicle for addressing matters at a detailed level which are then brought to the full

Board of Directors for specific action. During the Board of Directors meetings, there are regularly scheduled “Executive Sessions” of the independent directors. A presiding director of each Executive Session meeting is elected by the independent directors in attendance. Mr. Webb, Mr. McCabe and Mr. Jobe are each members of the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee.

The Board of Directors has adopted the NHI Code of Business Conduct and Ethics and the NHI Valuesline program which are described on our website. This proxy statement contains a description of our Valuesline program under the caption “Shareholder Communications.”

The Board of Directors has determined that the chairman of the Audit Committee, Mr. McCabe, meets the SEC's definition of “audit committee financial expert” and all three members of the Audit Committee are “financially literate” as required by NYSE rules. The Company has determined that Mr. McCabe is independent, as independence for audit committee members is defined under the NYSE listing standards. We maintain an internal audit function as required by NYSE rules to provide management and

the Audit Committee with ongoing assessment of our risk management processes and system of internal control over financial reporting. Since 2006, we have outsourced this internal audit function to Rodefer Moss & Co., a Tennessee regional accounting firm with significant experience in providing audit and non-audit related services to its SEC clients.

## COMMITTEE REPORTS

### Report of the Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee's responsibilities include providing 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 process we follow with respect to director nominations is to identify qualified individuals for Board membership and recommend them to the full Board of Directors for consideration. This includes all potential candidates, whether initially recommended from management, other Board members or shareholders of the Company. Nominations by shareholders should be sent to National Health Investors, Inc., Attn: Nominating and Corporate Governance Committee, 222 Robert Rose Drive, Murfreesboro, Tennessee 37129. Any such nominations by shareholders shall include the candidate's name, together with appropriate biographical information of the candidate and a statement as to whether the shareholder or group of shareholders making the recommendation has beneficially owned more than 5% of the Company's common stock for at least one year as of the date the recommendation is made. If the appropriate biographical information is provided on a timely basis, we will evaluate shareholder recommended candidates by following substantially the same process, and applying the same criteria, as we follow for candidates submitted by others.

In determining whether to recommend a candidate for the Board of Directors' consideration, we look at diversity of experience and capabilities, with greater weight given to qualifications like an understanding of the healthcare industry, real estate, finance and accounting. The principal qualification of a director is the ability to act successfully on the shareholders' behalf. We then evaluate each nominee and do an internal rank ordering. Existing Board members are automatically considered by us for a term renewal. We believe that the collective diversity of experience and qualifications of the directors should provide a variety of understanding and abilities that will allow the Board of Directors to fulfill its responsibilities. We have not paid a fee to any third party to identify, evaluate or assist in identifying or evaluating potential nominees.

In November 2012, the Board of Directors amended its bylaws to provide that directors in uncontested elections will be elected by a majority of votes cast. A majority of the votes cast means that the number of votes cast "for" a director nominee must exceed the number of votes cast "against" that director nominee. In contested elections (an election in which the number of nominees for director is greater than the number of directors to be elected) the vote standard will continue to be a plurality of votes cast.

In accordance with our bylaw amendment, the Board will nominate for election or re-election as a Director only candidates who agree to tender, promptly following their failure to receive the required vote for election or re-election at the next meeting at which they would face election or re-election, an irrevocable resignation that will be effective upon acceptance by the Board. In addition, the Board will fill Director vacancies and new directorships only with candidates who agree to tender the same form of resignation, promptly following their appointment to the Board.

If an incumbent Director fails to receive the required vote for re-election, then, within 90 days following certification of the shareholder vote, the Nominating and Corporate Governance Committee will act to determine whether to accept the Director's resignation and will submit the recommendation for prompt consideration by the Board, and the Board will act on the Committee's recommendation. Thereafter, the Board will promptly disclose its decision-making process

and decision regarding whether to accept the Director's resignation offer (or the reason(s) for rejecting the resignation offer, if applicable) in a Form 8-K furnished to the SEC. Any Director who tenders his or her resignation pursuant to this provision of our bylaws may not participate in the Nominating and Corporate Governance Committee recommendation or Board action regarding whether to accept the resignation offer.

The Nominating and Corporate Governance Committee met one time during 2014. On February 13, 2015, the Nominating and Corporate Governance Committee nominated Mr. Webb for re-election to the Board of Directors. Our nominee was assessed and chosen in accordance with our Committee's charter.

This report submitted by the NHI Nominating and Corporate Governance Committee.

James R. Jobe, Chairman

Robert T. Webb

Robert A. McCabe, Jr.

## Report of the Audit Committee

The primary functions of the NHI Audit Committee are to assist the Board of Directors in fulfilling its oversight responsibilities with respect to: (a) the Company's systems of internal control regarding finance, accounting, legal compliance and ethical behavior; (b) the Company's auditing, accounting and financial reporting processes; (c) the Company's financial statements and other financial information provided by the Company to its shareholders, the public and others; (d) the Company's compliance with legal and regulatory requirements; and (e) the performance of the Company's internal audit function and independent auditors. The Committee has the sole authority and responsibility to select, evaluate, and, where appropriate, replace the independent auditors or nominate the independent auditors for shareholder approval. The Committee approves all audit engagement fees and terms and all non-audit engagements with the independent auditors.

During 2014, the Audit Committee met four times. At the 2014 Annual Meeting, shareholders ratified the Audit Committee's selection of BDO USA, LLP ("BDO") as the independent registered public accounting firm for the 2014 fiscal year. BDO was engaged to review the condensed consolidated financial statements set forth in our Quarterly Report on Form 10-Q for each of the first three quarters of 2014 and to audit the Company's consolidated financial statements and effectiveness of internal control over financial reporting set forth in our Annual Report on Form 10-K for the year ended December 31, 2014. Our Company's management has the primary responsibility for the preparation of the financial statements, effectiveness of internal control over financial reporting, and the periodic filings with the SEC.

The responsibility of BDO is to express an opinion on the conformity of the Company's audited consolidated financial statements and financial statement schedules with accounting principles generally accepted in the United States of America, and to express an opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and their reports dated February 17, 2015 expressed unqualified opinions thereon.

The Audit Committee (a) reviewed and discussed with management and BDO the quarterly and annual financial statements and disclosures of the Company contained in Form 10-Q and Form 10-K, respectively, (b) reviewed internal operating reports with management, and (c) made detailed inquiries of the Company's internal auditor and independent auditor as part of the Committee's review of the Company's internal control over financial reporting. During Audit Committee meetings, the members met in executive session individually with the Chief Executive Officer, the Chief Accounting Officer (who also oversees Sarbanes-Oxley §404 compliance), the internal auditor and BDO, whenever the Audit Committee deemed it appropriate. The Audit Committee has discussed with BDO the matters required by the standards of the Public Company Accounting Oversight Board ("PCAOB") (United States) and as required by SEC and NYSE rules. In addition, the Audit Committee has received from and discussed with BDO the written disclosures and letter from BDO required by the applicable requirements of the PCAOB regarding BDO's communications with the Audit Committee concerning independence and concluded that BDO remains independent from management and the Company.

In reliance on the reviews and discussions referred to above, the responsibilities outlined in the Restated Audit Committee Charter and legal requirements applicable for 2014, the Audit Committee recommended to the Board of Directors, and the Board approved, that the audited consolidated financial statements and Management's Annual Report on Internal Control Over Financial Reporting be included in the Company's Annual Report on Form 10-K to the SEC for the year ended December 31, 2014.

This report is hereby submitted by the NHI Audit Committee.

Robert A. McCabe, Jr., Chairman  
Robert T. Webb  
James R. Jobe

This report of the Audit Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under these acts.

## Report of the Compensation Committee

The purpose of the Compensation Committee is to discharge the responsibilities of the Board of Directors relating to the compensation of our executive officers and to review and approve senior officers' compensation. The Compensation Committee met five times during 2014. All members were present at the meetings.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management, and based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

This report is hereby submitted by the NHI Compensation Committee.

Robert T. Webb, Chairman  
Robert A. McCabe, Jr.  
James R. Jobe

This report of the Compensation Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under these acts.

## COMPENSATION DISCUSSION AND ANALYSIS

The objectives of our compensation programs are to actively motivate and retain qualified senior officers and other key employees who are responsible for our Company's success. The compensation program is designed to reward our officers for the Company's performance as a whole and for the officer's individual effort in achieving the Company's goals. Our compensation program includes the elements of (a) a base salary that is reflective of job responsibilities, expertise, and comparability to the same positions with companies in our peer group, (b) an annual bonus to reward individual effort in achieving the Company's goals, and (c) share-based compensation to align the financial interests of our senior officers with those of our shareholders. Annual incentive (bonus) awards are designed to focus management attention on key operational goals for the current fiscal year. The key operational goals are a combination of each executive's area of responsibility and the overall financial performance by the Company. In approving annual bonus awards, the Compensation Committee considers, among other factors, the Company's revenue growth and profitability, the development and expansion of its business, the executive's work during the year, past compensation, perceived contribution to the Company, level of responsibility, and any notable individual achievements or failings in the year in question. Those executives in a position to have a more significant impact on the financial performance of the Company are eligible to receive substantially larger bonuses than executives that are not in such a position. The Compensation Committee has not engaged a compensation consultant to date.

While the Compensation Committee does not engage in benchmarking with respect to the compensation paid to our named executive officers, the Compensation Committee does review the compensation of companies within our peer group. Our peer group is ten other REITS, primarily in the healthcare industry, and includes: Healthcare Realty Trust Inc.; HCP, Inc.; Health Care REIT, Inc.; LTC Properties, Inc.; Omega Healthcare Investors, Inc.; Medical Properties Trust, Inc.; National Retail Properties, Inc.; Sabra Health Care REIT, Inc.; Ventas, Inc. and Aviv REIT, Inc. As part of the general information provided to the Compensation Committee members, a summary of the publicly disclosed prior year's compensation paid to the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer of the identified peer group was provided. There was no specific discussion of these numbers, rather, each member of the Compensation Committee considered this information along with his own professional experience and knowledge of

executive compensation practices generally. Once the Compensation Committee determined the amount of compensation for each officer, it was observed that the total compensation expected to be paid our officers was, in each case, below the average of the peer group officers in similar positions. The Compensation Committee specifically discussed, and concluded that we do not believe our policies and practices of compensating our employees, including non-executive officers, are reasonably likely to have a material adverse effect on the Company because such policies and practices do not relate to risk management practices and risk-taking incentives. The Company's say-on-pay proposal was approved by over 77% of the votes cast at the 2014 annual meeting. The Committee and the Board had a discussion of the results of such shareholder vote and given the significant level of shareholder support, the Committee did not materially revise the Company's compensation policies and decisions relating to the named executive officers as a result of such vote. The Committee will continue to consider the outcome of shareholder votes and other shareholder feedback in making future compensation decisions for the named executive officers.



#### J. Justin Hutchens

Effective February 25, 2009, the Company appointed J. Justin Hutchens as President and Chief Operating Officer of the Company. In connection with the appointment of Mr. Hutchens, the Company entered into an employment agreement (the "Agreement") with Mr. Hutchens. The Agreement had a three-year term and provided an initial base salary of \$380,000 and initial bonus of \$380,000. The Agreement provided for a grant of a fully vested option to purchase 100,000 shares of common stock of the Company at the market price on the date of grant on the effective date of the Agreement and on each anniversary of the effective date of the Agreement, provided he remains employed by the Company on such anniversary date.

In March 2010, the Agreement was amended to provide that Mr. Hutchens became Chief Executive Officer of the Company on March 1, 2011. The Agreement amendment provided that the Agreement be extended until the third anniversary of the Agreement amendment and such term shall automatically be extended for an additional one-year period on the first anniversary of the Agreement amendment unless 90 days' prior notice is given by either party. In addition, Mr. Hutchens elected to be compensated under the Cash Performance Incentive Plan. The Cash Performance Incentive Plan, as amended, provided a base salary of \$400,000 for 2012 and provided a normalized adjusted funds from operations ("AFFO") Bonus based on the Company achieving a normalized AFFO as defined in the Agreement and a Dividend Bonus based on the Company's payment of recurring dividends as defined in the Agreement.

For 2014, the potential AFFO Bonus was \$400,000, provided that no AFFO Bonus would be paid if the Company did not achieve a per share normalized AFFO of at least \$3.60 for 2014. In addition, the Cash Performance Incentive Plan provided a minimum Dividend Bonus of \$400,000 based on the Company's payment of recurring dividends, as defined in the Agreement, of at least \$3.05 per share. In no event would Mr. Hutchens receive any Dividend Bonus if the per share recurring dividend did not meet or exceed \$3.05 per share; however, the Board of Directors may, in its discretion, increase the Dividend Bonus based on the amount by which the per share recurring dividend exceeds such amount.

Based on the forgoing, on February 13, 2015, Mr. Hutchens was awarded a bonus amount of \$1,150,000. This bonus consisted of a \$400,000 normalized AFFO Bonus based upon the Company achieving an actual normalized AFFO of \$3.75 for 2014 and a \$400,000 bonus based upon the Company paying a recurring dividend of \$3.08 for 2014. The Board elected to pay Mr. Hutchens a discretionary bonus of \$350,000 as a result of the exceptional performance for 2014. In addition, on February 13, 2015, Mr. Hutchens was granted an option to purchase 100,000 shares of common stock at the closing price of our common stock on February 20, 2015. The option was fully vested on the date of grant.

For 2015, Mr. Hutchens' salary will be \$400,000. The 2015 normalized AFFO Bonus is \$600,000, provided that the Company achieves a 5% increase over the Company's 2014 actual normalized AFFO per share. In addition, the Cash Performance Incentive Plan provides a minimum Dividend Bonus of \$600,000 based on the Company's payment of recurring dividends, as defined in the Agreement, of at least a 5% increase over the actual 2014 recurring dividends paid per share. In no event shall Mr. Hutchens receive any Dividend Bonus if the per share recurring dividend does not meet or exceed a 5% increase per share over 2014; however, the Board of Directors may, in its discretion, increase the Dividend Bonus based on the amount by which the per share recurring dividend exceeds such amount.

#### Other Named Executive Officers

On February 14, 2014, Mr. Hopkins' salary for 2014 was set at \$278,486. Mr. Hopkins' incentive plan for 2014 provided for a bonus potential of up to \$150,000 based on achieving certain goals related to timing of SEC filings and contributing to the achievement of normalized AFFO and recurring dividend payout goals as disclosed above. Mr. Hopkins' bonus was structured such that he is entitled to a \$18,750 bonus each quarter provided the Company's Form 10-Qs and Form 10-K are filed by specified dates and a \$37,500 bonus for meeting the \$3.76 normalized AFFO and

\$37,500 bonus for meeting the recurring dividend of \$3.05. Mr. Hopkins met each of the filing deadlines and thus earned \$75,000 of his bonus during the year. In addition, on February 13, 2015, the Compensation Committee granted Mr. Hopkins a bonus of \$75,000 for meeting the normalized AFFO and recurring dividend goals plus an additional \$80,000 for a total 2014 bonus of \$230,000. The additional amount was awarded as a result of the Company exceeding the normalized AFFO and recurring dividend payments as described above. In addition, on February 13, 2015, the Company granted Mr. Hopkins an option to purchase 50,000 shares of our common stock at the closing price of our common stock on February 20, 2015. Mr. Hopkins' option vests one-third on the date of grant and one-third on each of the first and second anniversary of the date of grant. On February 13, 2015, Mr. Hopkins' salary for 2015 was set at \$286,841 and his bonus goal was set at \$225,000. His bonus goal is structured such that Mr. Hopkins will be entitled to a bonus amount of \$18,750 per quarter for achieving certain filing dates with the SEC of the Company's Form 10-Qs and Form 10-K. In addition, Mr. Hopkins will be entitled to a bonus of \$75,000 if the Company achieves the normalized AFFO goal described above and a bonus of \$75,000 if the Company achieves the recurring dividend payment goal described above.

On February 14, 2014, Kristin S. Gaines' base salary was set at \$150,648. Ms. Gaines' incentive plan for 2014 provided for a bonus goal of \$200,000 based on a \$15,000 bonus per occurrence for achieving a closing of a lease or loan transaction with a cap of \$105,000 on these bonus amounts. In addition, Ms. Gaines was entitled to a bonus of \$47,500 if the Company achieved the normalized AFFO goal described above and a bonus of \$47,500 if the Company achieved the recurring dividend payment goal described above. Based on the foregoing, on February 13, 2015, the Compensation Committee granted Ms. Gaines a bonus of \$280,000 for 2014. This included her bonus goal of \$200,000, plus a discretionary bonus of \$80,000 as a result of the Company exceeding the normalized AFFO and recurring dividend payments as described above. In addition, on February 13, 2015, the Company granted Ms. Gaines an option to purchase 50,000 shares of our common stock at the closing price of our common stock on February 20, 2015. Ms. Gaines' option vests one third on the date of grant and one third on each of the first and second anniversary of the date of grant. On February 13, 2015, Ms. Gaines' salary for 2015 was set at \$155,167 and her bonus goal was set at \$300,000. Ms. Gaines' incentive plan for 2015 is based on a \$15,000 bonus per occurrence for achieving a closing of a lease or loan transaction . In addition, Ms. Gaines will be entitled to a bonus if the Company achieves the normalized AFFO goal described above and a bonus if the Company achieves the recurring dividend payment goal described above such that her total target bonus for all three parts is \$300,000.

On January 26, 2015, the Company promoted Kevin C. Pascoe to Executive Vice President – Investments. As a result of the promotion, Mr. Pascoe is a named executive officer for 2015. On February 13, 2015, Mr. Pascoe's base salary for 2015 was set at \$150,000 and his target bonus was set at \$280,000. Mr. Pascoe's incentive plan for 2015 is based on a \$15,000 bonus per occurrence for achieving a closing of a lease or loan transaction . In addition, Mr. Pascoe will be entitled to a bonus if the Company achieves the normalized AFFO goal described above and a bonus if the Company achieves the recurring dividend payment goal described above such that his total target bonus amount for all three parts is \$280,000.

On January 26, 2015, D. Eric Mendelsohn joined the Company as Executive Vice President – Corporate Finance. Mr. Mendelsohn will also be a named executive officer for 2015. Mr. Mendelsohn's employment letter provides an initial base salary of \$150,000 and a 2015 bonus of \$150,000. In addition, in 2015 Mr. Mendelsohn received a \$75,000 signing bonus and a \$100,000 relocation payment. If Mr. Mendelsohn terminates his employment during the first year, he is required to refund the \$100,000 relocation payment. His employment letter provides that if NHI terminates Mr. Mendelsohn for any reason during the first 12 months of his employment, he will be entitled to severance equal to one year's salary and one year of continued health insurance as well as a \$100,000 relocation fee. If NHI terminates Mr. Mendelsohn for any reason during the 13th to 24th month of his employment, he will be entitled to severance equal to one year's salary and one year of continued health insurance.

#### Role of Executive Officers in Determining Compensation

The Compensation Committee makes all final determinations with respect to executive officers' compensation, based on information provided by management and an appraisal of the Company's financial status. The Chief Executive Officer does make recommendations to the Compensation Committee relating to the compensation of executive officers who directly report to him, but the Compensation Committee has full autonomy in determining executive compensation.

#### Tax and Accounting Considerations

Section 162(m) of the Internal Revenue Code of 1986, as amended, generally provides that compensation in excess of \$1 million paid to certain executive officers is not deductible unless it is performance-based. The Compensation Committee will periodically review and consider whether particular compensation and incentive payments to the Company's executives will be deductible for federal income tax purposes. However, the Compensation Committee retains the ability to evaluate the performance of the Company's executives and to pay appropriate compensation, even

if it may result in the non-deductibility of certain compensation under federal tax law.

## 2014 Summary Compensation Table

The following table sets forth the compensation earned by the Chief Executive Officer, Chief Accounting Officer and Chief Credit Officer at December 31, 2014, or during the 2014 fiscal year (collectively, the “named executive officers”) for their services in all capacities to the Company for the 2014, 2013 and 2012 fiscal years.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Comp. (\$)	Change in Pension		Total (\$)
							Value and Nonqualified Deferred Earnings (\$)	All Other Comp. (\$) <sup>(2)</sup>	
J. Justin Hutchens	2014	400,000	350,000	—	460,780	800,000	—	7,800	2,018,580
Chief Executive Officer,	2013	400,000	200,000	—	587,930	800,000	—	7,650	1,995,580
President	2012	400,000	100,000	—	537,730	750,000	—	7,500	1,795,230
Roger R. Hopkins	2014	278,486	80,000	—	256,976	150,000	—	7,800	773,262
Chief Accounting Officer	2013	270,375	80,000	—	341,504	150,000	—	7,650	849,529
	2012	262,500	40,000	—	361,558	125,000	—	7,500	796,558
Kristin S. Gaines	2014	150,648	80,000	—	256,976	200,000	—	7,800	695,424
Chief Credit Officer	2013	146,260	80,000	—	341,504	200,000	—	7,650	775,414
	2012	142,000	40,000	—	361,558	175,000	—	7,500	726,058

(1) Represents amounts to be expensed by us over the vesting period for grants made to executive officers. Such grants provide our executive officers the opportunity to purchase shares of NHI common stock at some future date at the fair market value of the stock on the date of the grant. The dollar value of the stock option grants is based on the grant date fair value. The grant date fair value is determined in accordance with ASC Topic 718. For additional information on the valuation assumptions with respect to the expense, refer to the Notes of NHI's consolidated financial statements in Form 10-K for the years ended December 31, 2014, 2013 and 2012, as filed with the SEC. The grant date fair value does not represent cash received by the executive. Stock option grants are designed to provide long-term (up to ten years) incentives and awards linked directly to the price of our common stock. Stock options add value to the recipient only when shareholders benefit from stock price appreciation and, as such, further align management's interests with those of our shareholders.

(2) Represents matching contributions to NHI's 401(k) Plan

## Grants of Plan-Based Awards in 2014

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$/Sh) <sup>(3)</sup>
		Threshold (\$)	Target (\$) <sup>(1)</sup>	Maximum (\$)				
J. Justin Hutchens	2/25/2014	—	800,000	—	—	100,000 <sup>(2)</sup>	61.31	4.61
Roger R. Hopkins	2/25/2014	—	150,000	—	—	50,000 <sup>(2)</sup>	61.31	5.14
Kristin S. Gaines	2/25/2014	—	200,000	—	—	50,000 <sup>(2)</sup>	61.31	5.14

(1) Amounts represent target bonus for 2014. The target amount is based on the executive achieving each bonus target described above. The amount actually paid under this non-equity incentive plan is included in the Bonus and Non-Equity Incentive Plan columns of the Summary Compensation Table.

(2) On February 25, 2014, the Company granted options to purchase 100,000 shares to Mr. Hutchens and 50,000 shares to each of Mr. Hopkins and Ms. Gaines. These option grants provided for vesting immediately for Mr. Hutchens and on a straight-line basis on the grant date anniversary over the next two years with one-third vesting immediately for Mr. Hopkins and Ms. Gaines. A change of control of NHI will cause the unvested options to vest immediately.

(3) The grant date fair value is determined in accordance with ASC Topic 718 and does not represent cash received by the named executive officers in 2014. Stock option grants are designed to provide long-term (up to ten years) incentives and rewards linked directly to the price of our common stock. Stock options add value to the recipient only when shareholders benefit from stock price appreciation and, as such, further align management's interests with those of our shareholders.

## 2014 Option Exercises and Stock Vested at Fiscal Year-End

There were no option exercises or shares of stock that vested during 2014.

## 2014 Outstanding Equity Awards at Fiscal Year-End

Name	Options Awards				Restricted Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
J. Justin Hutchens	100,000	—	64.49	2/25/2018	—	—
	100,000	—	61.31	2/25/2019	—	—
Roger R. Hopkins	16,668	—	46.22	2/25/2016	—	—
	33,334	—	47.52	2/21/2017	—	—
	33,332	16,668	64.49	2/25/2018	—	—
	16,666	33,334	61.31	2/25/2019	—	—
Kristin S. Gaines	16,668	—	46.22	2/25/2016	—	—
	34,334	—	47.52	2/21/2017	—	—
	33,332	16,668	64.49	2/25/2018	—	—
	16,666	33,334	61.31	2/25/2019	—	—

## Potential Payments upon Termination or Change-in-Control

Mr. Hutchens is the only executive officer that has an employment agreement as of December 31, 2014. Under Mr. Hutchens' employment agreement, if there had been a Without Cause Termination (or Constructive Discharge) on December 31, 2014, Mr. Hutchens would have been entitled to a severance payment equal to \$380,000.

At December 31, 2014, Mr. Hutchens' employment agreement provided that Mr. Hutchens will be granted a fully vested option to purchase 100,000 shares of common stock on February 25th of each year during the term of his employment with the Company priced at the fair market price of NHI's common stock on the date granted. In the event there is a change in control (as defined below) of NHI and Mr. Hutchens did not remain the CEO of the surviving entity, upon the closing of such change in control transaction, Mr. Hutchens would receive a grant of stock with a value equal to 750,000 times the spread between the price of NHI stock on the day prior to the announcement of the change in control transaction and the per share value received by the NHI shareholders in the change in control transaction. NHI's stock was trading at \$69.96 per share at December 31, 2014. As an example, if a change of control event occurred on December 31, 2014 and that event provided the NHI shareholders would receive a value of \$73.45 per share; Mr. Hutchens would receive 35,636 shares of NHI stock. If NHI is not the surviving entity, Mr. Hutchens would receive the number of shares of the surviving entity that equal the number of shares he would have received for such NHI shares in the change in control transaction if the NHI stock had been issued to him immediately prior to the change in control transaction. In the event Mr. Hutchens remains the CEO of the surviving entity following the change in control transaction, his employment agreement would continue as in effect at such time, including the right to receive option grants, and the grant of shares described above would not occur.

The term "change in control" means (i) the acquisition, directly or indirectly, of the beneficial or record ownership of more than fifty percent (50%) of the outstanding voting power of the Company (by operation of law or otherwise) by any Person, provided, however, that the merger or consolidation of the Company with another entity as a result of

which more than 50% of the outstanding voting securities of the surviving or resulting entity (or of the parent entity of such resulting or surviving entity) shall be owned in the aggregate by the former owners of the Company, as the same shall have existed immediately prior to such merger or consolidation, shall not constitute a change of control; (ii) the sale of all or substantially all of the assets of the Company and its subsidiaries in one or more transactions; (iii) the merger or consolidation of the Company with another entity as a result of which less than fifty percent (50%) of the outstanding voting securities of the surviving or resulting entity (or of the parent entity of such resulting or surviving entity) shall be owned in the aggregate by the former owners of the Company, as the same shall have existed immediately prior to such merger or consolidation; or (iv) a majority of members of the Board are replaced

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during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election.

At December 31, 2014, Mr. Hopkins held unvested options to purchase 50,002 shares of common stock and Ms. Gaines held unvested options to purchase 50,002 shares of common stock. The 2005 Stock Option Plan and the 2012 Stock Option Plan provide that a dissolution or liquidation of the Company or a merger, consolidation or acquisition in which the Company is not the surviving corporation shall cause the vesting date of each outstanding option to accelerate. Thus, if such an event had occurred at December 31, 2014, Mr. Hopkins would have received value equal to \$379,513 and Ms. Gaines would have received value equal to \$379,513 based on the number of unvested options that would have vested upon such event multiplied by the difference between the exercise price of such unvested options and \$69.96, the closing market price of the Company's common stock on December 31, 2014.

### Equity Compensation Plans

**The 2012 Stock Option Plan.** Proposal II proposes a First Amendment to the 2012 Plan, and as a result, there is a detailed summary of the 2012 Plan as amended under Proposal II below. The First Amendment to our 2012 Stock Incentive Plan provides that the Plan (i) increase the maximum number of shares under the plan from 1,500,000 shares to 3,000,000 shares; (ii) increase the automatic annual grant to non-employee directors from 15,000 shares to 20,000 shares and (iii) limit the Company's ability to re-issue shares under the Plan. All other provisions of the 2012 Plan will remain the same. See Proposal II below for more information.

**The 2005 Stock Option Plan.** The maximum number of shares of Company common stock which may be awarded and delivered under the 2005 Stock Option Plan is 1,500,000 shares. The 2005 Plan expired in March 2015 and no additional shares may be granted under the 2005 Plan, however, options that are currently outstanding remain outstanding and exercisable. As of March 13, 2015, there were options to purchase 100,002 shares of common stock outstanding under the 2005 Stock Option Plan.

Options granted under the 2005 Stock Option Plan may be either "incentive stock options," as defined in Section 422 of the Code, or non-statutory stock options. The 2005 Stock Option Plan also continues the long-standing automatic grant of non-statutory options to the independent directors of the Board. Pursuant to the terms of the 2005 Stock Option Plan, independent directors will receive a fully vested option to purchase 15,000 shares once a year at the closing price of the shares on the third business day after the Company releases earnings for the prior year. The stock options are non-transferable except with Board approval and the maximum term is ten years from the date of grant. The Board of Directors is authorized to specify other terms and conditions of the grants. The options are granted at the fair market value of the Company's common stock on the date of grant.

The Compensation Committee may grant Stock Appreciation Rights ("SARs") and Restricted Stock Awards under the 2005 Stock Option Plan. The terms and conditions of each SAR or Restricted Stock Award granted under the 2005 Plan shall be as specified by the Compensation Committee, in its sole discretion, and must be set forth in a written agreement between the Company and the participant, and shall be clearly identified therein as a SAR or Restricted Stock Award.

Incentive stock options may be granted only to employees of the Company or its subsidiaries. Non-statutory stock options, restricted stock awards and SAR awards may be granted under the 2005 Stock Option Plan to employees and consultants of the Company, its affiliates and subsidiaries, as well as to persons to whom offers of employment as employees have been granted.

The Compensation Committee determines when options become exercisable. The means of payment for shares issued upon exercise of an award will be specified in each award agreement. Under the 2005 Stock Option Plan, the exercise

price may be payable in cash or by tendering shares of stock acceptable to the Compensation Committee valued at fair market value as of the day of exercise, or in any combination thereof, provided, however, unless otherwise determined by the Compensation Committee, no shares may be tendered unless such shares have been held by the participant for six (6) months or more. In addition, the Compensation Committee may permit a participant to elect to pay the exercise price upon the exercise of an incentive stock option or non-qualified stock option by irrevocably authorizing a third party to sell shares of stock (or a sufficient portion of the shares) acquired upon exercise of the incentive stock option or non-qualified stock option and remit to the Company a sufficient portion of the sale proceeds to pay the entire exercise price and any tax withholding resulting from such exercise. For non-qualified stock options and stock received from restricted stock awards or upon the exercise of SARs, the option holder or stock recipient must also pay the Company, at the time of purchase, the minimum amount of federal, state, and local withholding taxes required to be withheld by the Company.

The federal income tax consequences to the Company, its affiliates and their employees of awards under the 2005 Stock Option Plan are complex and subject to change. There typically will be no federal income tax consequences to a participant or to

us upon the grant of an incentive stock option. If the participant holds shares acquired through the exercise of an incentive stock option for the later of two years after the date the option was granted or one year after exercise of the option, the difference between the exercise price and the amount realized upon sale or disposition of the option shares will be long-term capital gain or loss, and we will not be entitled to a federal income tax deduction. If the participant disposes of the option shares in a sale, exchange, or other disqualifying disposition before the required holding period ends, he/she will realize taxable ordinary income in an amount equal to the excess of the fair market value of the option shares at the time of exercise over the exercise price, and the Company will be allowed a federal income tax deduction equal to such amount, subject to certain limitations under Section 162(m) of the Code. While the exercise of an incentive stock option does not result in current, taxable income, the excess of the fair market value of the option shares at the time of exercise over the exercise price will be an item of adjustment for purposes of determining the participant's alternative minimum tax income.

Non-qualified stock options granted under the 2005 Stock Option Plan do not qualify as “incentive stock options” and will not qualify for any special tax benefits to the optionee. An optionee generally will not recognize any taxable income at the time he or she is granted a non-qualified option. However, upon its exercise, the optionee will recognize ordinary income for federal tax purposes measured by the excess of the then fair market value of the shares over the exercise price. The income realized by the optionee will be subject to income and other employee withholding taxes.

In general, there will be no federal income tax deduction allowed to the Company upon the grant or termination of a non-qualified stock option or a sale or disposition of the shares acquired upon the exercise of a non-qualified stock option. However, upon the exercise of a non-qualified stock option, the Company will be entitled to a deduction for federal income tax purposes equal to the amount of ordinary income that an optionee is required to recognize as a result of the exercise, provided that the deduction is not otherwise disallowed under the Code.

Equity Compensation Plan Information. The following table provides aggregate information as of December 31, 2014, with respect to shares of common stock that may be issued under our existing equity compensation plans:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans [excluding securities reflected in column(a)]
	(a)	(b)	(c)
Equity compensation plans approved by security holders	2005 Plan: 130,004 2012 Plan: 741,667	\$46.96 \$62.79	2005 Plan: 20,635 2012 Plan: 755,000
Equity compensation plans not approved by security holders	None	N/A	N/A
Total	871,671	\$60.43	775,635

#### Director Compensation

During 2014, the independent directors received compensation for their Board service in the amount of \$4,000 per meeting attended, plus fully vested options to purchase 15,000 shares of Company stock based on the closing price of NHI's shares on February 25, 2014, the date of grant. Mr. McCabe received an additional \$1,000 per meeting of the Audit Committee. The automatic grant of options to our independent directors has previously been approved by our shareholders. Additionally, the Company reimburses all directors for travel expenses incurred in connection with their duties as directors of the Company.

Our review of the peer group indicated that our director compensation is on the lower end of the compensation paid directors by the other companies in our peer group. As a result, effective January 1, 2015, we amended our director compensation to a fee of \$6,000 per meeting attended plus fully vested options to purchase 20,000 shares of Company stock. In addition, the chairman of the Audit Committee will receive an additional \$2,500 per meeting of the Audit Committee. We do not pay any retainer fees and only compensate directors for meetings attended. In addition, as our option grants only have value if the Company's stock price increases, we believe our director compensation package is reasonable. Mr. Hutchens did not receive any additional compensation as a director of the Company.

## 2014 Director Compensation

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Comp.(\$)	Change in Pension Value and Nonqualified Deferred Comp. Earnings	All Other Comp. (\$)	Total (\$)
W. Andrew Adams	52,000	—	69,117	—	—	—	121,117
Robert T. Webb	52,000	—	69,117	—	—	—	121,117
Robert A. McCabe, Jr.	56,000	—	69,117	—	—	—	125,117
James R. Jobe	52,000	—	69,117	—	—	—	121,117

(1) This represents the amount of stock compensation expense recorded by the Company in 2014 for the automatic grant (each year) of 15,000 option shares to each independent director on the third day following the Company's annual earnings release. The exercise price of the options is the closing price of our common stock on the NYSE on the day the options are granted. The options vest immediately.

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES AND SERVICES

The aggregate professional fees billed by BDO for each of the following categories of services for the past two years are set forth below:

	2014	2013
Audit Fees <sup>(1)</sup>	\$672,594	\$596,923
Audit-Related Fees <sup>(2)</sup>	\$77,330	\$52,558
Tax Fees <sup>(3)</sup>	—	\$27,250
All Other Fees	—	—

(1) Fees for services related to the audit of the Company's consolidated financial statements and internal control over financial reporting, quarterly reviews of the Company's unaudited interim consolidated financial statements, review of SEC comment letters, and consultation on significant accounting matters of \$441,410 and \$435,231, respectively, for 2014 and 2013, and fees in connection with the Company's comfort letters for offerings in 2014 and 2013 of \$231,184 and \$161,692, respectively.

(2) Fees for audit-related services to the Company include due diligence procedures and debt compliance procedures of \$77,330 and \$52,558 for 2014 and 2013, respectively.

(3) Tax fees to the Company related to a transfer pricing study.

The Audit Committee exercised its responsibility to pre-approve all services provided by BDO within the categories listed above. The Audit Committee delegates to the Chairman of the Committee the authority to pre-approve fees for services to be provided by BDO until a formal annual audit plan and fee estimate is presented to a regularly scheduled meeting of the Audit Committee for review and approval.

## COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Company's Compensation Committee currently consists of Mr. Webb, Mr. McCabe and Mr. Jobe. No interlocking relationship exists between the members of the Company's Board of Directors or Compensation Committee and the Board of Directors or Compensation Committee of any other company.

## SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities and Exchange Act of 1934, as amended, requires our executive officers, directors, and persons who own more than ten percent of a registered class of our equity securities to file statements with the SEC and the NYSE of initial reports of ownership and reports of changes in ownership of such equity securities. Executive officers, directors and greater than ten percent shareholders are required by SEC regulations to file these reports within two business days of the transaction, and to furnish us with copies of all such forms they file.

To our knowledge, and based solely on review of the copies of such forms furnished to us and written representations that no other reports were required, we believe that during the fiscal year ended December 31, 2014, all filing requirements applicable to our executive officers, directors, and persons who beneficially own more than ten percent of our common stock were fulfilled and timely filed.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

### National HealthCare Corporation

As of December 31, 2014, we leased 42 health care facilities under two master leases to NHC, a publicly-held company and the lessee of our legacy properties. The facilities leased to NHC consist of 3 independent living facilities and 39 skilled nursing facilities (4 of which are subleased to other parties for whom the lease payments are guaranteed to us by NHC). These facilities are leased to NHC under the terms an amended Master Lease Agreement dated October 17, 1991 ("the 1991 lease") which includes our 35 remaining legacy properties and a Master Lease Agreement dated August 30, 2013 ("the 2013 lease"), discussed below, which includes seven skilled nursing facilities acquired from ElderTrust on August 31, 2013.

The 1991 lease has been amended to extend the lease expiration to December 31, 2026. There are two additional 5-year renewal options, each at fair rental value of such leased property as negotiated between the parties and determined without including the value attributable to any improvements to the leased property voluntarily made by NHC at its expense. Under the terms of the 1991 lease, the base annual rental is \$30,750,000 and rent escalates by 4% of the increase, if any, in each facility's revenue over a 2007 base year. The 2013 lease provides for a base annual rental of \$3,450,000 and has a lease expiration of August 2028. Under the terms of the 2013 lease, rent escalates 4% of the increase in each facility's revenue over the 2014 base year. For both the 1991 lease and the 2013 lease, we refer to this additional rent component as "percentage rent." During the last three years of the 2013 lease, NHC will have the option to purchase the facilities for \$49,000,000.

Of our total revenues from continuing operations, \$36,446,000 (21%), \$34,756,000 (29%) and \$33,056,000 (35%) in 2014, 2013 and 2012, respectively, were derived from the two lease agreements with NHC.

W. Andrew Adams is on the Board of Directors of NHC and his brother, Robert Adams, is Chairman of its Board of Directors and the Chief Executive Officer.

At December 31, 2014, NHC owned 1,630,642 shares of our common stock.

### Pinnacle Financial Partners

We have a primary banking relationship with Pinnacle Financial Partners ("Pinnacle"), the fourth largest bank in the Nashville market area. Mr. McCabe is Chairman of the Board of Directors of Pinnacle and, based upon the advice of our legal counsel, our banking relationship with Pinnacle is not prohibited by law or regulation.

In addition, Pinnacle is a participating bank in our Third Amended and Restated Credit Agreement dated March 27, 2014. The credit facility is provided by Wells Fargo, as Administrative Agent, the Swing Line Lender and the Issuing Bank, with Pinnacle National Bank as a participating bank. Pursuant to the Credit Agreement, Pinnacle committed to fund a maximum of \$40,000,000 of the \$700,000,000 credit facility. Pinnacle is also the custodian on behalf of the Company with respect to an insured cash sweep account whereby deposit accounts with a variety of depository institutions are established for a lease escrow deposit from one of our tenants. The total of this lease escrow deposit as of December 31, 2014 was \$21,648,000. These funds are held in numerous depository accounts at different financial institutions and Pinnacle only acts as our agent with respect to these accounts. Pinnacle is paid a normal and customary fee for acting as the custodian of these accounts. Our Board of Directors has reviewed these relationships between the Company and Pinnacle and determined that Mr. McCabe remains an independent director in compliance with the NYSE rules.

Policy regarding Related Party Transactions

The Company has a policy that any transactions between NHI and its officers, directors and affiliates will be on terms as favorable to NHI as can be obtained from unaffiliated third parties. Such transactions with such persons will be subject to approval by the Audit Committee of the Board.

PROPOSAL I  
ELECTION OF DIRECTORS

Pursuant to our Articles of Incorporation, the directors have been divided into three groups. Each group is elected for a three-year term and only one group is up for election each year. The Company's Articles of Incorporation provide that the number of directors to be elected by the shareholders shall be at least three and not more than 15, as established by the Board of Directors



from time to time. The number of directors has been set at five. Thus, one director has been nominated for election at the May 7, 2015 meeting for a term of three years or until their successor is duly elected and qualified. On February 13, 2015, the Board's Nominating and Corporate Governance Committee recommended and the full Board nominated Mr. Webb for re-election to the Board of Directors. NHI's Bylaws require that Directors be elected by a majority of the votes cast. If a proxy does not specifically vote against the election of Mr. Webb, your proxy holder intends to vote for the election of Mr. Webb to hold office as a director for a term of three years or until his successor has been duly elected and qualified.

If Mr. Webb becomes unavailable for any reason (which event is not anticipated), the shares represented by the enclosed proxy may (unless such proxy contains instructions to the contrary) be voted for such other person as may be determined by the proxy holder, to the extent permitted under the federal securities laws.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF MR. WEBB AS PROVIDED IN PROPOSAL I.

## PROPOSAL II

AUTHORIZE AND APPROVE AN AMENDMENT TO THE 2012 STOCK INCENTIVE PLAN

At the Meeting, the shareholders will be requested to approve the First Amendment to the National Health Investors, Inc. 2012 Stock Incentive Plan (the "2012 Plan") that changes three provisions of the 2012 Plan. The First Amendment will:

1. Increase the number of shares available under the plan from 1,500,000 shares to 3,000,000 shares.
2. Increase the annual stock option grant to non-employee directors from 15,000 shares to 20,000 shares
3. Delete the company's ability to reissue shares that are not issued because they are used to pay the exercise price or the tax obligation in an exercise of an option or other award.

As of March 13, 2015, there were 305,000 shares of stock available to be issued under the 2012 Plan. In addition, the Company's 2005 plan has expired and no additional shares may be issued under that plan. Thus the Board of Directors recommends approval of the amendment to the 2012 Plan to increase the number of shares available in order to allow the Company to continue its overall compensation program and to promote the interests of the Company by providing incentives and rewards to employees, officers, directors, and consultants who are primarily responsible for the management, growth and financial success of the Company.

While the use of equity is an important part of our compensation, we are mindful of our responsibility to our stockholders in exercising judgment in the granting of equity awards. Our overhang (the sum of shares subject to outstanding options and restricted stock units plus shares available for grant, as a percentage of the sum of common shares outstanding, plus shares subject to outstanding options and restricted stock units, plus shares available for grant) was 4.3% as of December 31, 2014. If the amendment to the 2012 Plan is approved by our shareholders, the maximum overhang would be 7.1% (based on 870,012 outstanding options as of March 13, 2015). The annual share usage under the Company's equity compensation program for the last three fiscal years was as follows:

2012 Plan	2015	2014	2013	
A Stock Options Granted	470,000	400,000	360,000	
B Restricted Stock/Units Granted	—	—	—	
C Total Shares Granted (A+B)	470,000	400,000	360,000	
D Basic Weighted Average Common Shares Outstanding	33,375,966	28,362,398	27,811,813	
E Annual Share Usage (C / D)	1.41	% 1.41%	1.29	%

The Company first adopted the automatic annual grant of 15,000 shares to the non-employee directors in the Company's 1997 Stock Incentive Plan. That same grant has been continued in each plan since 1997 with no increase in the number of options granted. In December 2014, the Compensation Committee reviewed the Company's compensation of Directors and as part of the review, amended the annual grant to increase it from 15,000 shares to 20,000 shares. This is the first increase in the equity grant to Directors in 18 years. The Company has grown significantly over that time period, and the Board believes that this increase in compensation to Directors is reasonable. Thus the Board of Directors recommends the increase in the annual grant to non-employee Directors from 15,000 shares to 20,000 shares.

The 2012 Plan has provided that to the extent (i) an Option is exercised by using an actual or constructive exchange of shares of common stock to pay the exercise price, (ii) shares of common stock are withheld to satisfy the minimum withholding

taxes upon exercise or vesting of an award granted under the 2012 Plan, or (iii) any shares of common stock are repurchased or reacquired by the Company, then such shares shall again become available for issuance pursuant to the Plan. While the 2012 Plan has included this provision since its adoption, the Company has never reused shares as provided in above. As a result, the Board of Directors recommends that this provision should be deleted and shall clearly state that the Company may not reissue shares under the 2012 Plan that are withheld to pay the exercise price or minimum tax withholding obligations in connection with the exercise of options or other awards.

For these reasons, the Board of Directors has unanimously adopted resolutions approving, and recommending to the shareholders for their approval the First Amendment to the 2012 Plan. A copy of the First Amendment to the 2012 Plan is attached hereto as Appendix A.

#### Description of the Plan

The following is a description of the 2012 Plan, as amended by the First Amendment. The only changes to the 2012 Plan are those described above. All other provisions of the 2012 Plan are the same as in the original plan.

**General.** The purposes of the 2012 Plan are to (i) attract and retain the best available individuals for positions of substantial responsibility; (ii) motivate such individuals, by means of appropriate incentives, to achieve long range goals; (iii) provide incentive compensation opportunities that are competitive with those of other similar companies; and (iv) further identify the interests of such individuals with those of the Company's other shareholders by offering options to purchase the Company's common stock and stock appreciation rights based on the increase in the value of the Company's common stock, thereby promoting the long term financial interest of the Company and its subsidiaries, including the growth in value of the Company's equity and enhancement of long-term shareholder return.

**Administration.** The 2012 Plan will be administered by the Board of Directors or the Compensation Committee of the Board (hereafter, the "Committee").

**Shares Subject to the 2012 Plan.** The maximum number of shares of Company common stock which may be awarded and delivered under the 2012 Plan is 3,000,000. The shares issued under the 2012 Plan may be currently authorized but unissued shares of common stock or currently held or subsequently acquired by the Company as treasury shares, including shares purchased in the open market or in private transactions. Shares representing Attached SARs, as defined below, shall only be counted against the maximum as either shares representing Options outstanding or SARs outstanding, but not as both. In addition, if any award granted under the 2012 Plan expires or terminates for any reason without having been exercised in full, such shares will again be available for issuance in connection with new awards under the 2012 Plan. To the extent an Option is exercised by using an actual or constructive exchange of shares of Common Stock to pay the Exercise Price, or shares of Common Stock are withheld to satisfy the minimum withholding taxes upon exercise or vesting of an Award granted under the 2012 Plan, then such shares shall not become available for re-issuance pursuant to the Plan. Notwithstanding the foregoing, the maximum number of shares of Company stock which may be awarded and delivered under the 2012 Plan that are intended to qualify as ISOs is 3,000,000. Further provided, however, that the discussion above with respect to expired or terminated shares applies only with respect to ISOs to the extent that it will not cause an ISO to fail to qualify as an incentive stock option under section 422 of the Code. The Plan is also intended to satisfy the provisions of section 162(m) of the Code and qualify as performance based compensation as provided in such section. The maximum number of shares that may be subject to Options, Stock Appreciation Rights or any combination thereof granted under the Plan in any calendar year to an individual recipient is 250,000.

**New Plan Benefits.** Because benefits under the 2012 Plan, as amended, will depend on the Committee's actions and the fair market value of common stock at various future dates, it is not possible to determine the benefits that will be received by officers and other employees if the amendment to the 2012 Plan is approved by the shareholders. No

benefits have been granted under the amendment to the 2012 Plan as of the date hereof.

Options. Options granted under the 2012 Plan may be either “incentive stock options,” as defined in Section 422 of the Internal Revenue Code (“Code”), or non-statutory stock options. The 2012 Plan, as amended, also continues the long-standing automatic grant of non-statutory options to the non-employee directors of the Board. Pursuant to the terms of the 2012 Plan, as amended, non-employee directors will receive the option to purchase 20,000 shares once a year on the third business day after the Company releases earnings for the prior year with an exercise price equal to the closing price of the shares on the date of grant. The Board of Directors is authorized to specify other terms and conditions of the grants.

Stock Appreciation Rights. The Committee may grant SAR awards under the 2012 Plan. The terms and conditions of each SAR granted under the Plan shall be specified by the Committee, in its sole discretion, shall be set forth in a written agreement

between the Company and the participant in such form as the Committee shall approve, and shall be clearly identified therein as a SAR.

Upon exercise of a SAR, the participant will be entitled to receive the excess of the fair market value on the exercise date of the Company common shares underlying the SAR over the aggregate base price applicable to such shares; provided that the base price per share may not be less than the fair market value of such shares on the grant date. Distributions to the participant may be made in common stock, in cash, or in a combination of stock and cash, as determined by the Committee.

A SAR may also be granted simultaneously with a non-qualified option (an "Attached SAR"). An Attached SAR may only be exercised to the extent the non-qualified option to which it relates is exercised. The exercise of an Attached SAR will cancel the related non-qualified option for a like number of shares, and the exercise of the related non-qualified option will cancel an Attached SAR for a like number of shares.

A SAR will not be granted unless the Committee first obtains an opinion of counsel that such grant does not invoke the provisions of Section 409A of the Code.

**Eligibility.** Incentive stock options may be granted only to employees of the Company or its subsidiaries. Non-statutory stock options and SARs may be granted under the 2012 Plan to employees and non-employees that are providing services to the Company or its subsidiaries, whether as a director or consultant. The Committee, in its discretion, will select the individuals to whom options and SARs will be granted, the time or times at which such awards are granted, and the number of shares subject to each grant. Currently the Company employs 12 people, of whom five are officers, and the Board of Directors includes five directors, of which one is also an officer of the Company, all of whom will be eligible to receive grants under the 2012 Plan. No consultants have been identified who are expected to participate in the 2012 Plan.

**Terms and Conditions of Awards.** Each award is to be evidenced by an award agreement between the Company and the individual participant and is subject to the following additional terms and conditions:

- Exercise Price.** The Committee will determine the exercise price for the shares of common stock underlying each award at the time the award is granted. The exercise price for shares under an incentive stock option may not be less than 100% (or 110%, if the grantee is the owner (actually or constructively) of more than 10% of the total combined voting power of all classes of stock of the Company) of the fair market value of the common stock on the date such option is granted. The fair market value price for a share of Company common stock underlying each award is the closing price per share on the New York Stock Exchange (NYSE) on the date the award is granted. On March 13, 2015, the closing price of the Company's common stock on the NYSE was \$68.96.

- Exercise of Award; Form of Consideration.** The Committee will determine when options and SARs granted under the 2012 Plan become exercisable. With respect to incentive stock options, and unless otherwise specified in the applicable award agreement, with respect to non-qualified stock options and SARs, an award may not be exercised following the termination of the grantee's employment except under the following conditions. Awards remain exercisable for 180 days following termination of the grantee's employment on account of permanent and total disability or death of the grantee. In the case of the grantee's death, the award may be exercised by the executor or administrator of the grantee's estate or any person who has acquired the option or SAR from the grantee pursuant to the grantee's will or the laws of descent and distribution or as otherwise permitted under the 2012 Plan and applicable award agreement. In each case the award may only be exercised to the extent it was exercisable as of the date the employee ceased to be employed by the Company. In the event the employee is terminated for "cause", the employee's right to exercise any award, whether vested or unvested, will terminate upon notice of discharge. "Cause" is defined under the 2012 Plan to include final conviction of a felony, nonacceptance of office, or conduct prejudicial to the

interests of the Company.

The means of payment for shares issued upon exercise of an award will be specified in each award agreement. Under the 2012 Plan, the exercise price may be payable in cash or by tendering shares of stock acceptable to the Committee valued at fair market value as of the day of exercise, or in any combination thereof, as determined by the Committee.

In addition, the Committee may permit a participant to elect to pay the exercise price upon the exercise of an incentive stock option or non-qualified stock option by irrevocably authorizing a third party to sell shares of stock (or a sufficient portion of the shares) acquired upon exercise of the incentive stock option or non-qualified stock option and remit to the Company a sufficient portion of the sale proceeds to pay the entire exercise price and any tax withholding resulting from such exercise. For non-qualified stock options and stock received upon the exercise of stock appreciation rights, the option holder or stock recipient must also pay the Company, at the time of purchase, the amount of federal, state, and local withholding taxes required to be withheld by the Company.

•**Nontransferability of Awards.** Except as otherwise provided by the Committee, awards under the Plan are not transferable except (a) by last will and testament or the laws of descent and distribution upon the grantee's death or (b) with respect to non-qualified stock options and SAR awards, which may be transferable (i) to members of the grantee's immediate family (or to one or more trusts or certain partnerships or limited liability companies formed for the benefit of such family members); or (ii) to IRS-qualified educational, charitable or religious foundations or institutions; in each case only if (y) the applicable award agreement permits such a transfer and (z) the transferor receives no consideration for the transfer.

•**Other Provisions.** An award agreement may contain other terms, provisions, and conditions not inconsistent with the 2012 Plan, as may be determined by the Committee.

**Adjustments upon Changes in Capitalization, Merger or Sale of Assets.** In the event that the Company's stock changes by reason of stock dividends, stock splits, reverse stock splits, subdivisions, consolidations or other similar events; the Company engages in a transaction to which section 424 of the Code applies; or there occurs any other event that in the judgment of the Committee necessitates such action, the Company may make appropriate adjustments in the number and class of shares of stock subject to the 2012 Plan, the number and class of shares of stock subject to any award outstanding under the 2012 Plan, and the exercise price for shares subject to any such outstanding award.

In the event of a dissolution of the Company, liquidation or sale of substantially all of the assets of the Company, or a merger or other reorganization of the Company in which the Company is not the surviving entity or survives only as a subsidiary of another entity, whether or not such event constitutes a Change in Control, as defined in the Plan, the vesting date of each outstanding Option shall accelerate and be exercisable within 60 days prior to such occurrence in whole or in part.

Except to the extent that the previous paragraph controls the disposition, vesting, settlement, exchange or other treatment of any award, in the event of a Change in Control, as defined in the 2012 Plan, in which the Company is the surviving entity, all awards will be subject to the treatment as provided in the transaction documents, including revision, cancellation, conversion or other modification, provided, however, if the awards are cancelled, the grantee will be entitled to the same consideration or its equivalent in cash on vested awards.

Notwithstanding the foregoing, to the extent the grantee would realize less income, net of taxes, after deducting the amount of excise taxes that would be imposed pursuant to Section 4999 of the Code than if the accelerated vesting of that portion of the award did not occur. Any portion of any award remaining unvested as a result of such exception will, in the event the Company is not the surviving entity following the transaction or survives only as a subsidiary or is otherwise controlled by the successor entity, will be assumed by such successor entity or be converted into an award for an option or SAR, as applicable, of the common stock of the surviving entity.

**Company's Repurchase Right.** If any recipient ceases to be employed by the Company or its subsidiaries for any reason, the Company may repurchase any shares held by the recipient or his legal representative that were received by such recipient upon exercise of any options or SARs at a price per share equal to the exercise price of such options or SARs. This repurchase right expires six years after the date the applicable option or SAR was granted.

**Amendment and Termination of the 2012 Plan.** The Board of Directors may amend, alter, suspend or terminate the 2012 Plan, or any part thereof, at any time and for any reason, provided, however, that without the approval of the holders of a majority of the outstanding shares of common stock of the Company entitled to vote thereon at a shareholders' meeting, the Board of Directors may not amend the 2012 Plan to (i) increase the number of shares of common stock that may be issued under the 2012 Plan (except in connection with an adjustment as described above), (ii) increase the benefits accruing to any participant under the 2012 Plan, including any decrease in the minimum exercise price specified by the 2012 Plan, (iii) change the class of persons eligible to receive awards under the 2012

Plan, or (iv) make any other change as it relates to incentive stock options that requires shareholder approval under the Internal Revenue Code. However, the Company shall obtain shareholder approval for any amendment to the 2012 Plan to the extent necessary and desirable to comply with applicable laws. No such action by the Board of Directors or shareholders may alter or impair any award previously granted under the 2012 Plan without the written consent of the applicable participant. The 2012 Plan will only be effective if approved by the shareholders of our Company, but if approved, will be effective as of the date the 2012 Plan was approved by the Board of Directors. The 2012 Plan will be unlimited in duration and, in the event of termination, will remain in effect as long as any awards under it are outstanding; provided, however, that no awards may be granted under the 2012 Plan after the ten (10) year anniversary of the effective date.



## Federal Income Tax Consequences Relating to the 2012 Plan

The federal income tax consequences to the Company and its employees of awards under the 2012 Plan are complex and subject to change. The following discussion is only a summary of the general rules applicable to the 2012 Plan. Recipients of awards under the 2012 Plan should consult their own tax advisors since a taxpayer's particular situation may be such that some variation of the rules described below will apply.

As discussed above, several different types of awards may be issued under the 2012 Plan. The tax consequences related to the issuance of each is discussed separately below.

### Options

As noted above, options granted under the 2012 Plan may be either incentive stock options or non-qualified stock options. Incentive stock options are options which are designated as such by the Company and which meet certain requirements under Section 422 of the Code and the regulations thereunder. Any option which does not satisfy these requirements will be treated as a non-qualified stock option.

**Incentive Stock Options.** There typically will be no federal income tax consequences to a participant or to the Company upon the grant or exercise of an incentive stock option. If the participant holds shares acquired through the exercise of an incentive stock option for the later of two years after the date the option was granted or one year after exercise of the option, the difference between the exercise price and the amount realized upon sale or disposition of the option shares will be long-term capital gain or loss, and the Company will not be entitled to a federal income tax deduction. If the participant disposes of the option shares in a sale, exchange, or other disqualifying disposition before the required holding period ends, the participant will realize taxable ordinary income in an amount equal to the excess of the fair market value of the option shares at the time of exercise over the exercise price, and the Company will be allowed a federal income tax deduction equal to such amount, subject to certain limitations under Section 162(m) of the Internal Revenue Code. While the exercise of an incentive stock option does not result in current, taxable income, the excess of the fair market value of the option shares at the time of exercise over the exercise price will be an item of adjustment for purposes of determining the participant's alternative minimum tax income.

**Non-qualified Stock Options.** Non-qualified stock options granted under the 2012 Plan do not qualify as "incentive stock options" and will not qualify for any special tax benefits to the optionee. An optionee generally will not recognize any taxable income at the time he or she is granted a non-qualified option. However, upon its exercise, the optionee will recognize ordinary income for federal tax purposes measured by the excess of the then fair market value of the shares over the exercise price. The income realized by the optionee will be subject to income and other employee withholding taxes.

The optionee's basis for determination of gain or loss upon the subsequent disposition of shares acquired upon the exercise of a nonqualified stock option will be the amount paid for such shares plus any ordinary income recognized as a result of the exercise of such option. Upon disposition of any shares acquired pursuant to the exercise of a nonqualified stock option, the difference between the sale price and the optionee's basis in the shares will be treated as a capital gain or loss and generally will be characterized as long-term capital gain or loss if the shares have been held for more than one year at their disposition.

In general, there will be no federal income tax deduction allowed to the Company upon the grant or termination of a non-qualified stock option or a sale or disposition of the shares acquired upon the exercise of a non-qualified stock option. However, upon the exercise of a non-qualified stock option, the Company will be entitled to a deduction for federal income tax purposes equal to the amount of ordinary income that an optionee is required to recognize as a result of the exercise, provided that the deduction is not otherwise disallowed under the Code.

## Stock Appreciation Rights

Generally, the recipient of a SAR will not recognize any taxable income at the time the award is granted. Upon the settlement of the SAR, if the employee receives the appreciation inherent in the SARs in cash, the cash will be taxable as ordinary compensation income to the employee at the time that it is received. If the employee receives the appreciation inherent in the SARs in stock, the employee will recognize ordinary compensation income equal to the excess of the fair market value of the stock on the day it is received over any amounts paid by the employee for the stock.

In general, there will be no federal income tax deduction allowed to the Company upon the grant or termination of SARs. However, upon the exercise of a SAR, the Company will be entitled to a deduction for federal income tax purposes equal to the amount of ordinary income that the employee is required to recognize as a result of the exercise, provided that the deduction is not otherwise disallowed under the Code.

If the SAR is settled in stock, and the amount a recipient receives upon disposition of the stock that the recipient acquired by exercising the SARs is greater than the fair market value of the stock when the recipient exercised the SARs, the excess will be treated as a long-term or short-term capital gain, depending on whether the recipient held the stock for more than one year after he or she acquired the stock by exercising the SARs. Conversely, if the amount a recipient receives upon disposition of the stock that the recipient acquired by exercising the SARs is less than the fair market value of the stock when the recipient exercised the SARs, the difference will be treated as a long-term or short-term capital loss, depending on whether the recipient held the stock for more than one year after he or she acquired the stock by exercising the SARs.

## Vote Required and Board Recommendation

The affirmative vote of holders of a majority of the shares of common stock cast in person or by proxy at the meeting is required for approval of the First Amendment to the 2012 Plan.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE FIRST AMENDMENT TO THE 2012 PLAN AS PROVIDED IN PROPOSAL II.**

## PROPOSAL III

### ADVISORY VOTE ON COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) enables the Company's shareholders to vote to approve, on an advisory (nonbinding) basis, the compensation of the Company's named executive officers as disclosed in this proxy statement in accordance with the SEC's rules. The Company is asking its shareholders to indicate their support for its named executive officer compensation as described in this proxy statement. This proposal, commonly known as a “say-on-pay” proposal, gives the Company's shareholders the opportunity to express their views on the compensation paid to the Company's named executive officers. This vote is not intended to address any specific item of compensation, but rather the overall compensation of the Company's named executive officers and the philosophy, policies and practices described in this proxy statement. Accordingly, the Company is asking its shareholders to vote “FOR” the following resolution at the Meeting:

“RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K in the Company's proxy statement for the 2015 Annual Meeting of Shareholders, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.”

We believe that our executive compensation is designed to reward our officers for the Company's performance as a whole and for each officer's individual effort in achieving the Company's goals. Our compensation program includes the elements of (a) a base salary that is reflective of job responsibilities, expertise, and comparability to the same positions with companies in our peer group, (b) an annual bonus to reward individual effort in achieving the Company's goals, and (c) share-based compensation to align the financial interests of our senior officers with those of our shareholders. Annual incentive (bonus) awards are designed to focus management attention on key operational goals for the current fiscal year and are significantly tied to the Company's achievement of normalized funds from operation and recurring dividend payment goals. We believe that these goals are aligned with the interests of our shareholders.

The "say-on-pay" vote is advisory, and therefore is not binding on the Company, the Compensation Committee or the Board of Directors. However, the Board of Directors and the Compensation Committee value the opinions of our shareholders and, to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, will consider the shareholders' concerns and the Board of Directors and Compensation Committee will evaluate whether any actions are necessary to address those concerns. The Company has elected to hold the "say-on-pay" vote every year.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE COMPANY'S COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THE COMPENSATION DISCUSSION AND ANALYSIS SECTION AND THE ACCOMPANYING COMPENSATION TABLES CONTAINED IN THIS PROXY STATEMENT.

PROPOSAL IV  
RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM

The Audit Committee has retained BDO USA, LLP (“BDO”) as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015. Although a shareholder vote is not required, the Board of Directors submits this accounting firm for approval by the shareholders. BDO has audited the Company's consolidated financial statements for each of the past nine fiscal years, and has also provided the required Sarbanes-Oxley §404 attestation.

The affirmative vote of the holders of a majority of the votes cast at the Meeting is required for the ratification of the Audit Committee's selection of BDO as our independent registered public accounting firm. If the shareholders do not ratify the selection of BDO, the selection of the independent registered public accounting firm will be reconsidered by the Audit Committee, although the Audit Committee would not be required to select a different independent registered public accounting firm for the Company. The Audit Committee retains the power to select another firm as the independent registered public accounting firm for the Company to replace the firm whose selection was ratified by the Company's shareholders in the event the Audit Committee determines that the best interest of the Company warrants a change of its independent registered public accounting firm.

Representatives of BDO are expected to be present at the Meeting and will be given the opportunity to address the shareholders and respond to questions.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE RATIFICATION OF THE SELECTION OF BDO USA, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AS PROVIDED IN PROPOSAL IV.

#### How We Count the Votes

Shares of common stock represented in person or by proxy at the Meeting (including shares which abstain or do not \* vote with respect to one or more of the matters presented at the Meeting) will be tabulated by the Company's Secretary who will determine whether or not a quorum is present.

Abstentions will be counted as shares that are present and entitled to vote for purposes of determining the number of \* shares that are present and entitled to vote with respect to any particular matter, but will not be counted as votes cast on such matter. As a result, abstentions will not have any effect on the voting results with respect to Proposal I, Proposal II, Proposal III or Proposal IV.

If a broker holding stock in “street name” indicates on the proxy that it does not have discretionary authority as to \* certain shares to vote on a particular matter, those shares will not be considered as present and entitled to vote with respect to that matter. Accordingly, a “broker non-vote” may affect establishment of a quorum, but once a quorum is established, will have no effect on the voting on Proposal I, Proposal II, Proposal III or Proposal IV.

A majority of the issued and outstanding shares of common stock entitled to vote constitutes a quorum at the \* Meeting. The affirmative vote of the holders of a majority of the votes cast at the Meeting is required for the election of the director and the approval of Proposal II, Proposal III and Proposal IV.

#### SHAREHOLDER COMMUNICATIONS

How can shareholders communicate with the Company's executive officers and Board of Directors?

The Board of Directors has created the “NHI Valuesline” program in order to enable interested parties to communicate with (on a non-identifiable basis if so desired) NHI executive officers, independent directors, and the NHI Board. The NHI Valuesline toll free number is 877-880-2974 and is answered by an independent contractor who transmits the communication to the Company's corporate secretary and establishes a date by which the caller can obtain a response to the communication, if so requested. The corporate secretary will forward any inquiries to or about executive officers or directors to the Chairman of the Nominating and Corporate Governance Committee. The corporate secretary of the Company will coordinate any necessary communication and response.

Does the Company provide additional information on its website?

24

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The NHI website ([www.nhireit.com](http://www.nhireit.com)) provides information on the Company, including all public filings (Form 10-Qs, 10-Ks, Statements of Beneficial Ownership, 8-Ks). We also maintain the following documents on the website, all of which we hereby incorporate herein by reference:

- Corporate Governance Guidelines
- The Restated Audit Committee Charter
- The Compensation Committee Charter
- The Nominating and Corporate Governance Committee Charter
- Valuesline Information
- The NHI Code of Ethics

The Code of Ethics has been adopted for all employees, officers and directors of the Company. The website will also disclose whether there have been any amendments or waivers to the Code of Ethics. To date there have been none.

Copies of any of these documents will be furnished, free of charge, to any interested investor upon receipt of a written request. All of our press releases for the last two years can be accessed through the site's press release page. The website is updated regularly for any SEC filings and press releases.

Are there any other matters to be addressed at the Meeting?

We know of no other matters to be brought before the Meeting, but if other matters are properly brought up before or at the Meeting, the officers named in your proxy will vote as recommended by the Board of Directors on such matters, or if the Board of Directors does not give a recommendation, they will have discretion to vote in accordance with their best judgment on such matters, in each case to the extent permitted under the federal securities laws.

APPENDIX A

FIRST AMENDMENT TO NATIONAL HEALTH INVESTORS, INC.  
2012 STOCK INCENTIVE PLAN

This First Amendment to the National Health Investors, Inc. 2012 Stock Incentive Plan (the “Plan”) of National Health Investors, Inc. (the “Company”), was approved by the Company’s Board of Directors on March 10, 2015.

1. Section 4.2 of the Plan shall be deleted in its entirety and replaced with the following:

Maximum Number of Shares. The maximum aggregate number of shares of Stock that may be issued pursuant to the Plan is 3,000,000 shares. The maximum number of shares of Stock that may be subject to Options and SARs (including any combination of Options and SARs) granted to any one Participant during any calendar year is 250,000 shares of Common Stock. The aggregate number of shares available for grant under this Plan and the number of shares of Common Stock subject to outstanding awards shall be subject to adjustment as provided in Section 7.1. Shares representing Attached SARs granted hereunder whereby if the Attached SAR is exercised, it cancels the related Option, or if the Option is exercised, it cancels the related Attached SAR shall for such purpose only be counted as either Shares representing Options outstanding or SARs outstanding, but not as both.

2. Section 4.3.2 of the Plan shall be deleted in its entirety and replaced with the following:

4.3.2 To the extent an Option is exercised by using an actual or constructive exchange of shares of Common Stock to pay the Exercise Price, or shares of Common Stock are withheld to satisfy the minimum withholding taxes upon exercise or vesting of an Award granted hereunder, then such shares shall not become available for re-issuance pursuant to the Plan.

3. Section 4.4 of the Plan shall be deleted in its entirety and replaced with the following:

Maximum Number of ISOs. Notwithstanding the provisions of Section 4.3, the maximum aggregate number of shares of Stock that may be issued pursuant to Incentive Stock Options under the Plan is 3,000,000 shares, subject to adjustment as provided in Section 7.1, provided that no adjustment shall be made and no shares of Common Stock may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under section 422 of the Code.

4. Section 6.7 of the Plan shall be deleted in its entirety and replaced with the following:

Fixed Option Grant of Stock Options to Certain Directors. Each Director of the Company who is not an employee of the Company (“Non-Employee Director”) shall automatically be granted a Non-Qualified Option each year to acquire twenty thousand (20,000) shares of Common Stock on third business day after the Company releases earnings for the prior year. All such Non-Qualified Options shall have a per share exercise price equal to the Fair Market Value of a share of Common Stock at the close of business on the date of grant as determined pursuant to Section 2.11. The provisions of this Section 6.7 may not be amended more than once every six (6) months, other than to comply with changes in the Code, ERISA, or rules promulgated thereunder.

5. The Plan remains in full force and effect, and is unmodified except as expressly set forth herein.

-End of Amendment-





