

# EXTENDICARE

## NOTICE OF REDEMPTION OF CLASS I PREFERRED SHARES, SERIES 3

NOTICE IS HEREBY GIVEN that Extendicare Inc. (the "Corporation") has called for redemption on October 13, 2006 (the "Redemption Date"), all of its outstanding Class I Adjustable Dividend Preferred Shares, Series 3 ("Series 3 Preferred Shares"). The Corporation will pay, to or to the order of the registered holders of the Series 3 Preferred Shares, \$25.00 per share and the further sum of \$0.1138 per share representing all accrued and unpaid dividends up to and including the Redemption Date, being a total redemption price of \$25.1138 per share (the "Redemption Price"), net of any withholding tax, upon presentation and surrender at the principal offices of Computershare Trust Company of Canada (Computershare) in Toronto, Ontario of the certificate(s) for such shares.

NOTICE IS HEREBY FURTHER GIVEN that from and after the Redemption Date the Series 3 Preferred Shares will not be entitled to dividends and the holders thereof will not be entitled to exercise any of the rights of shareholders in respect thereof except the right to receive the Redemption Price, net of any withholding tax.

The Corporation has the right at any time after the mailing of this notice to deposit the Redemption Price of the Series 3 Preferred Shares to a special account at the principal office of Computershare Trust Company of Canada in Toronto, to be held in trust for the respective holders of such Series 3 Preferred Shares upon presentation and surrender at the said office of Computershare Trust Company of Canada of certificate(s) representing the same. From and after the Redemption Date, the Series 3 Preferred Shares in respect of which such deposit shall have been made will be redeemed and the rights of the holders thereof shall be limited to receiving without interest the proportionate part of the total Redemption Price so deposited, net of any withholding tax, against presentation and surrender of the said certificate(s) held by them respectively.

A Letter of Transmittal under which shareholders may transmit to Computershare share certificate(s) representing Series 3 Preferred Shares to be redeemed accompanies this notice. The address of the registered office of the Corporation and the principal offices of Computershare to which the Series 3 Preferred Shares and completed Letter of Transmittal may be sent and other instructions relating to its completion and deposit are set out on the reverse side of the Letter of Transmittal.

Redemption monies which are represented by a cheque which has not been presented for payment or which otherwise remains unclaimed for a period of six years from the date specified for redemption shall be forfeited to Extendicare.

DATED the 6<sup>th</sup> day of September, 2006.



Mel Rhineland  
President and Chief  
Executive Officer

**REDEMPTION OF  
EXTENDICARE INC.  
CLASS I PREFERRED SHARES, SERIES 3**

**LETTER OF TRANSMITTAL**

This form together with your share certificate(s) should be delivered or sent by registered mail to Computershare Trust Company of Canada at its office as indicated on the reverse.

The undersigned hereby surrenders for redemption the following certificate(s) representing Class I Adjustable Dividend Preferred Shares, Series 3 (the "Series 3 Preferred Shares") at the price of Canadian \$25.00 per Series 3 Preferred Share plus Canadian \$0.1138 per Series 3 Preferred Share in accrued and unpaid dividends, net of any withholding tax.

Certificate Number	Number of Shares	Registered in the Name of

**DIRECTION TO COMPUTERSHARE TRUST COMPANY OF CANADA**

The undersigned represents and warrants that:

- (a) it has full power and authority to surrender the Series 3 Preferred Shares;
- (b) the Series 3 Preferred Shares have not been sold, assigned or transferred, nor has any agreement been entered into to sell, assign or transfer any of the Series 3 Preferred Shares to any other person; and
- (c) it has good title to and is the beneficial owner of the Series 3 Preferred Shares free and clear of all liens, restrictions, charges, encumbrances, claims and rights of others.

The undersigned covenants to execute upon request of Extendicare Inc. any additional documents, transfers and other assurances as may be necessary or desirable to complete the surrender of the Series 3 Preferred Shares to Extendicare Inc.

Please forward the cheque for the proceeds of the redemption of the Series 3 Preferred Shares represented by the above certificates as follows:

Name <b>(please print)</b>			
Address			
City	Province	Postal Code	
Telephone (Office) (    )	(Home) (    )	Social Insurance Number	Tax Identification Number

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of Shareholder

## INSTRUCTIONS

1. This Letter of Transmittal should be completed and signed and returned together with the appropriate certificate(s) representing the Series 3 Preferred Shares to Computershare Trust Company of Canada (Computershare) at any of the following offices listed below. The method of delivery to Computershare is at the option and risk of the shareholder, but if mail is used, registered mail is recommended.

### **By Mail**

Computershare Trust Company of Canada  
P.O. Box 7021  
31 Adelaide St E  
Toronto, ON  
M5C 3H2  
Attention: Corporate Actions

### **By Registered Mail, Hand or by Courier**

Computershare Trust Company of Canada  
100 University Avenue  
9<sup>th</sup> Floor  
Toronto, ON  
M5J 2Y1  
Attn: Corporate Actions

2. Extencicare Inc. reserves the right, if it so elects, in its absolute discretion to instruct Computershare to waive any defect or irregularity contained in any Letter of Transmittal received by it.
3. Share certificate(s) registered in the name of the person by whom (or on whose behalf) the Letter of Transmittal is signed need not be endorsed or accompanied by any share transfer power of attorney.
4. Share certificate(s) not registered in the name of the person by whom (or on whose behalf) the Letter of Transmittal is signed must be endorsed by the registered holder thereof or deposited together with share transfer power of attorney properly completed by the registered holder. Such signature must be guaranteed by an "Eligible Institution", or in some other manner satisfactory to Computershare.

An "Eligible Institution" means a Canadian schedule 1 chartered bank, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada and the United States, members of the Investment Dealers Association of Canada, members of the National Association of Securities Dealers or banks and trust companies in the United States.

5. Where the Letter of Transmittal is executed on behalf of a corporation, partnership or association or by an agent, executor, administrator, trustee, tutor, curator, guardian or any person acting in a representative capacity, the Letter of Transmittal must be accompanied by satisfactory evidence of authority to act.
6. Additional copies of the Letter of Transmittal may be obtained from Computershare at any one of its addresses listed above.
7. If a share certificate has been lost or destroyed, this Letter of Transmittal should be completed as fully as possible and forwarded to Computershare together with a letter stating the loss. Computershare will respond with the replacement requirements, which must be properly completed and returned prior to effecting the redemption.
8. Privacy Notice: Computershare is committed to protecting your personal information. In the course of providing services to you and our corporate clients, we receive non-public personal information about you - from transactions we perform for you, forms you send us, other communications we have with you or your representatives, etc. This information could include your name, address, social insurance number, securities holdings and other financial information. We use this to administer your account, to better serve you and our clients' needs and for other lawful purposes relating to our services. We have prepared a Privacy Code to tell you more about our information practices and how your privacy is protected. It is available at our website, [computershare.com](http://computershare.com), or by writing us at 100 University Avenue, Toronto, Ontario, M5J 2Y1. Computershare will use any information you provide using a return form included with this Statement in order to process your request and will treat your submission of the form as your consent to the above.
9. Any questions should be directed to Computershare at 1-800-564-6253 or by e-mail to [corporateactions@computershare.com](mailto:corporateactions@computershare.com).