

EXTENDICARE

EXTENDICARE INC. DIVIDEND REINVESTMENT PLAN

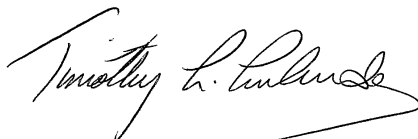
Extendicare Inc. (“Extendicare”) is pleased to offer through its Dividend Reinvestment Plan (the “Plan”) a convenient and economical way for Canadian resident holders (“Shareholders”) of common shares of Extendicare (“Common Shares”) to increase their investment in Extendicare by reinvesting the amount of any dividends declared on the Common Shares into Common Shares at a three percent discount to the average market price of the Common Shares on the Toronto Stock Exchange at the time of reinvestment, without paying any commissions, service charges or brokerage fees.

The Plan amends, restates and supersedes the Distribution Reinvestment Plan of Extendicare Real Estate Investment Trust (the “REIT”). On July 1, 2012, the REIT was converted from an income trust structure to a corporate structure pursuant to a plan of arrangement under the *Canada Business Corporations Act*. Former registered holders of trust units of the REIT (“REIT Units”) who were validly enrolled in the Distribution Reinvestment Plan of the REIT prior to July 1, 2012 will be deemed to be participants in the Plan without any further action on their part. Former beneficial owners of REIT Units who held their REIT Units through a broker, investment dealer, financial institution or other nominee, should contact their nominee to confirm their continued participation in the Plan.

If you are an eligible Shareholder, we invite you to consider participating in the Plan simply by completing the separate authorization form provided with this booklet, or notifying the brokerage firm, investment dealer or financial institution with whom you invest of your interest in the Plan. If you require further information about the Plan, please contact Computershare Trust Company of Canada at 1-800-564-6253, Extendicare at (905) 470-5534, or visit the Investor Relations section of our website at www.extendicare.com.

Shareholders should carefully review the Plan in the context of their own personal circumstances and consult their investment advisors before making an enrolment decision.

Sincerely,



Timothy L. Lukenda
President and Chief Executive Officer

Registered Name in which account is held (e.g. John Smith)

ERIQ

Reinvestment Enrollment - Participant Declaration Form

A – PARTICIPANT DECLARATION

I/We, the account holder(s) named above, hereby certify as follows:

1) Date of Birth: _____ Principal Business or Occupation: _____
Day Month Year (e.g. cashier, student, retired, accounting firm)

2) Date of Birth: _____ Principal Business or Occupation: _____
Day Month Year (e.g. cashier, student, retired, accounting firm)

and that the account holder is **(Check the appropriate account holder status box, if applicable):**

a Corporation, Trust, Partnership, or an unincorporated Fund or Organization
(Required documents enclosed, as applicable)

a Financial Entity or Securities Dealer and is exempt from Third Party Determination in Section B below. **(Proceed to part C)**

B – THIRD PARTY DETERMINATION – Check one of the two boxes below. If the second box is marked, you must provide the information

This account is not intended to be used by, or on behalf of, a 3rd party.

This account is intended to be used by, or on behalf of, a 3rd party and I have completed the required information fields below.

Name of 3rd party: _____

Address of 3rd party: _____

Date of Birth of 3rd party (if an individual): _____

Nature of Principal Business or Occupation of 3rd party: _____

If 3rd party is a Corporation, provide incorporation number and place of issue: _____

Describe relationship between account holder and 3rd party, in respect of the account: _____

C – ENROLLMENT PARTICIPATION

I wish to participate in **FULL Reinvestment**. All dividends/distributions payable on all securities now held or any future holdings in this account will be reinvested.

By participating in the plan, I/we confirm that I/we have read, fully understand and agree to be bound by the terms and conditions of the prospectus or brochure that governs the plan. I/We agree that participation in the plan will continue until I/we notify Computershare in writing that I/we desire to terminate participation. I/We acknowledge that withdrawals from the plan will be subject to the terms and conditions of the prospectus or brochure that governs the plan. I/We also confirm the completeness and accuracy of the information I/we have provided in this Reinvestment Enrollment – Participation Declaration form.

To be valid, this form must be signed by all registered account holder(s) or applicable authorized individual(s). If you do not sign and return this form, you will continue to receive dividend/distribution payments in cash.

Signature 1 - Please keep signature within the box

Signature 2 - Please keep signature within the box

Day Month Year

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Privacy Notice

Computershare is committed to protecting individuals' personal information. In the course of providing our services, we receive non-public personal information - from transactions we perform for investors, forms sent to us, other communications we have with investors or representatives, etc. This information could include name, address, social insurance number, social security number, securities holdings and other financial information. We use this to administer investor accounts, to better serve investors' and 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 personal information is protected. It is available at our website, www.computershare.com, or by writing us at 100 University Avenue, Toronto, Ontario, M5J 2Y1.

Please return completed form to:

Computershare, 9th Floor, 100 University Ave, Toronto Ontario M5J 2Y1

EXTENDICARE

EXTENDICARE INC.

DIVIDEND REINVESTMENT PLAN

QUESTIONS AND ANSWERS

The following series of questions and answers explain some of the key features of the Dividend Reinvestment Plan (the “Plan”) of Extencicare Inc. (“Extencicare”).

The answers are, however, of a summary nature, and as such are designed only to give holders (“Shareholders”) of common shares of Extencicare (“Common Shares”) guidelines with respect to the Plan’s operation.

For further information Shareholders should refer to the complete text of the Plan, which is included in this booklet.

Shareholders should carefully read the complete text of the Plan before making any decisions regarding participation in the Plan.

1. What is the Dividend Reinvestment Plan?

The Plan represents a convenient and economical way in which Shareholders can reinvest any cash dividends declared and payable to them to maximize their investment in Extencicare without paying any commissions, service charges or brokerage fees. However, if you hold your Common Shares through a nominee, you will be responsible for any fees charged by your nominee.

Under the Plan, rather than distributing your cash dividends, they are reinvested in additional Common Shares which are accumulated and held for your account under the Plan.

If you are an eligible Shareholder and elect to participate in the Plan, you are entitled to acquire additional Common Shares at a 3% discount to the Average Market Price (as defined under the Plan) through the reinvestment of cash dividends payable in respect of your Common Shares. Eligible registered Shareholders may enrol in the Plan directly. Beneficial owners of Common Shares held through a broker, investment dealer, financial institution or other nominee must arrange for their nominee to enrol in the Plan on their behalf.

You are not required to participate in the Plan. If you do not participate, then you will continue to receive any cash dividends in the normal manner.

2. What are the advantages of the Plan?

- Eligible Shareholders under the Plan may elect to reinvest any cash dividends declared and payable to them in additional Common Shares on the dividend payment date, at a 3% discount to the Average Market Price (as defined under the Plan).
- No commissions, service charges or brokerage fees are payable by eligible Shareholders in connection with the purchase of additional Common Shares under the Plan.
- Full investment of cash dividends is possible because the Plan permits fractional interests in whole Common Shares (to four decimal places) as well as whole Common Shares to be credited to your account under the Plan. Beneficial owners of Common Shares held through a broker, investment dealer, financial institution or other nominee will not be entitled to accumulate fractional interests in Common Shares.
- Until you elect to terminate your participation in the Plan, future cash dividends on Common Shares that are held on your behalf in the Plan will be automatically reinvested in new Common Shares, which will be retained in your account.

3. Am I eligible to participate in the Plan?

At present, all Canadian resident Shareholders may participate in the Plan regardless of the number of Common Shares held.

Shareholders resident in a jurisdiction outside of Canada are not entitled to enrol, directly or indirectly, in the Plan.

The extent to which you may directly participate in the Plan will depend on the manner in which you hold your Common Shares. If you are a registered owner you may directly enrol in the Plan. If you are a beneficial owner then in order to participate in the Plan, you must make arrangements through your broker, investment dealer, financial institution or other nominee who holds Common Shares on your behalf.

Registered Shareholders

You are a registered owner of Common Shares if your Common Shares are registered in your own name, that is, they are not held on your behalf by a broker, investment dealer, financial institution or other nominee. If you are a registered owner and wish to participate in the Plan then you may enrol directly with Computershare Trust Company of Canada, the plan agent (“**Computershare**”).

Beneficial Shareholders

You are a beneficial Shareholder if you hold your Common Shares through a broker, investment dealer, financial institution or other nominee. If you are a beneficial Shareholder and wish to participate in the Plan, then you must determine whether your nominee allows participation in the Plan. Please note that not all nominees will allow, nor is any nominee required to allow, participation in the Plan. If you wish to participate and your nominee does not allow it, it is your responsibility to either transfer your Common Shares to a different nominee allowing participation, or into your own name and enrol directly. If your nominee allows participation, you must arrange for your nominee to enrol in the Plan on your behalf. **If you choose to enrol in the Plan, unless otherwise instructed by you, your participation in the Plan will normally be continued by your nominee every dividend period.**

Nominee Holders of Common Shares

If you are a broker, investment dealer, financial institution or other nominee for one or more beneficial Shareholders who wish to participate in the Plan, then you must enrol on their behalf through CDS. **You will be required to elect to participate on behalf of such beneficial Shareholders every dividend period.**

4. How do I become a participant in the Plan?

Eligible registered Shareholders may enrol in the Plan by delivering a duly completed and signed Authorization Form, by mail or facsimile, to Computershare, as follows:

Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1

Attention: Dividend Reinvestment Department
Fax: (416) 263-9394
Toll Free: 1-800-564-6253

Shareholders may obtain an Authorization Form from Computershare or Extencicare Inc. at any time upon request, or from Extencicare’s website at www.extencicare.com. **Eligible beneficial owners whose Common Shares are registered in the name of CDS or another nominee cannot directly enrol in the Plan using this form.**

Eligible beneficial Shareholders may participate in the Plan by arranging for the broker, investment dealer, financial institution or other nominee who holds their Common Shares to enrol in the Plan on their behalf, and should contact their nominee to provide instructions in this regard.

5. When will my participation in the Plan become effective?

Computershare must receive your initial Authorization Form prior to a dividend record date in order for the cash dividend to which such dividend record date relates to be reinvested under the Plan. If Computershare receives your initial Authorization Form later than 4:00 p.m. (Toronto time) on the fifth (5th) business day preceding a dividend record date, the dividend to which such dividend record date relates will not be reinvested under the Plan and your Authorization Form will be effective for purposes of subsequent dividends. Dividend record dates are usually about 15 days prior to the dividend payment dates.

6. Am I required to take action if I was previously enrolled in the Distribution Reinvestment Plan of Extencicare Real Estate Investment Trust (the "REIT")?

The Plan amends, restates and supersedes the REIT's Distribution Reinvestment Plan. On July 1, 2012, the REIT was converted from an income trust structure to a corporate structure pursuant to a plan of arrangement (the "Arrangement"). Former registered holders of trust units of the REIT ("REIT Units") who were validly enrolled in the REIT's Plan prior to July 1, 2012 will be deemed to be participants in the Plan without any further action on their part. Former beneficial owners of REIT Units who hold their REIT Units through a broker, investment dealer, financial institution or other nominee, should contact their nominee to confirm their continued participation in the Plan.

With respect to the distribution payable by Extencicare REIT to holders of REIT Units of record on June 30, 2012, which obligation was assumed by Extencicare pursuant to the Arrangement, the REIT's obligation to issue REIT Units under the REIT's Distribution Reinvestment Plan will be satisfied by the issuance of Common Shares by Extencicare reserved and authorized for issuance under the Plan.

7. What will be the price of the additional Common Shares purchased under the Plan?

Additional Common Shares will be purchased under the Plan at a price equal to 97% of the Average Market Price (as defined under the Plan).

8. Are there restrictions on the purchase of Common Shares under the Plan?

Extencicare reserves the right to determine, for each dividend payment date, the maximum amount of new Shareholders' equity, if any, that will be made available under the Plan on that date. No assurances can be made that new equity will be made available under the Plan and participating Shareholders will receive their regular cash dividend to the extent that the cash dividends cannot be reinvested in additional Common Shares under the Plan.

9. Can I make optional cash payments to purchase additional Common Shares at a discount under the Plan?

No. Optional cash payments are not permitted under the Plan.

10. Can I enrol in the Plan with respect to less than 100% of the Common Shares that I own?

If you are the registered holder of your Common Shares and enrol in the Plan, the cash dividends payable in respect of 100% of your Common Shares bearing the same registration will be reinvested under the Plan.

Extencicare understands that a number of brokers and financial institutions can accommodate elections for partial participation from their clients. Registered Shareholders who wish to participate in the Plan with respect to less than 100% of their Common Shares may therefore wish to consider transferring registration of their Common Shares to a broker, investment dealer, financial institution or other nominee who can accommodate partial participation arrangements. Shareholders should contact their broker or financial advisor for direction in this regard.

11. How are Common Shares purchased under the Plan and who will hold them?

Common Shares acquired on the reinvestment of cash dividends are purchased directly from the treasury of Extencicare by Computershare, who acts on behalf of participating Shareholders. The Common Shares so purchased will be held by Computershare under the Plan for the account of participants or, in the case of CDS, credited by Computershare to CDS, which will, in turn, credit the accounts of the appropriate CDS participants through the CDS depository system.

12. How will I know how many Common Shares I own under the Plan?

For registered Shareholders, accounts will be maintained by Computershare with respect to purchases of Common Shares made under the Plan for their account, and unaudited statements of account will be mailed on a monthly basis (usually within 2-3 weeks of a dividend payment date).

Beneficial Shareholders who participate indirectly in the Plan through their broker, investment dealer, financial institution or other nominee will not receive any such reports directly from Extencicare or Computershare, and should check with such nominee to determine what reports, if any, they can expect to receive from the nominee.

13. Will certificates be issued for new Common Shares purchased under the Plan?

Registered Shareholders

Common Shares purchased and held under the Plan will be registered in the name of Computershare or its nominee, or recorded in accounts designated by it, for the account of participating registered Shareholders. A direct registration system advice (“DRS Advice”) evidencing book-entry registered ownership of such Common Shares or a certificate for whole Common Shares so registered or recorded will only be issued if the Plan is terminated, if the participant’s enrolment is terminated, or if a participant withdraws all or some of the whole Common Shares held by Computershare for its account under the Plan.

A participating registered Shareholder may withdraw all or some of the whole Common Shares held by Computershare for the participant’s account and have a DRS Advice or certificate issued for the Common Shares that are withdrawn by duly completing the withdrawal portion of the voucher located on the reverse side of the statement of amount and sending it to Computershare. A DRS Advice or certificate will normally be issued within three weeks of receipt by Computershare of the participant’s withdrawal request.

Beneficial Shareholders

A DRS Advice or Common Share certificates will not normally be issued for new Common Shares that are purchased and held by your broker, investment dealer, financial institution or other nominee, through CDS, on your behalf under the Plan. Instead such Common Shares will be held by CDS on behalf of your nominee. If you require a DRS Advice or Common Share certificate and do not wish to terminate your participation in the Plan you may instruct your nominee to withdraw all or any of your Common Shares from their aggregate holdings and request from Computershare a DRS Advice or Common Share certificate in your name in respect of such Common Shares. That is, in order to obtain a DRS Advice or a Common Share certificate for all or any of your Common Shares, you must first become a registered Shareholder by transferring such Common Shares into your own name or into the name of your nominee. You should contact your nominee for assistance in this regard.

14. Can I sell the Common Shares held for my account under the Plan?

If you are a registered Shareholder, any Common Shares held by Computershare for your account under the Plan cannot be sold, pledged or otherwise disposed of while so held. In order for any Common Shares enrolled in the Plan to be sold, pledged or otherwise disposed of, you must first request that such Common Shares be transferred into your name or into the name of your broker, investment dealer, financial institution or other nominee by requesting a DRS Advice or certificate representing such Common Shares. See Question #12 above.

15. How can I terminate my participation in the Plan?

If you are a registered Shareholder enrolled in the Plan, your participation in the Plan continues automatically until your enrolment in the Plan is terminated.

If you are a participating registered Shareholder, you may voluntarily terminate your enrolment in the Plan by delivering to Computershare the termination portion of the voucher located in the reverse side of the statement of account signed by you.

If you are a beneficial Shareholder, your broker, investment dealer, financial institution or other nominee must elect to participate on your behalf every dividend period. However, unless otherwise instructed by you, your participation in the Plan will normally be continued by your nominee every dividend period. You should confirm with your nominee its particular practice in this regard.

If you are a beneficial Shareholder, you may voluntarily terminate your participation in the Plan by contacting your nominee and advising your nominee to terminate your participation in the Plan. Your nominee must then make appropriate arrangements with CDS (which may simply include not enrolling you in the Plan for that dividend period) to ensure that you are no longer enrolled under the Plan. See “*Termination of Participation*” in the full Plan text.

On the termination becoming effective, Computershare will, within three weeks thereafter, send a DRS Advice or certificate for all whole Common Shares held for your account under the Plan and a cheque in payment for the value of any fractional interest remaining in your account, based on the last Average Market Price.

If a notice of termination is not received by Computershare before 4:00 p.m. (Toronto time) on the fifth (5th) business day preceding a dividend record date, your account will not be closed, and enrolment will not be terminated, until after the dividend payment date to which that record date relates.

16. What are the income tax consequences of participation in the Plan?

The fact that cash dividends payable on Common Shares are reinvested under the terms of the Plan does not relieve you of any liability for Canadian income taxes that may be payable on the dividend. Participants in the Plan are urged to consult their own tax advisors as to their particular tax position.

The statements of account mailed to registered participating Shareholders are a continuing record of purchases of Common Shares made for such participants' account under the Plan and should be retained for income tax purposes. Computershare will also send annually to each such registered participant certain tax forms for tax reporting purposes. Adjusted cost base calculations for tax reporting purposes are the responsibility of each participant, as certain averaging rules may apply and such calculations may depend on the cost of other Common Shares held by the participant, among other things.

17. Where can I get the necessary authorization forms and further information about the Plan?

Authorization, withdrawal and termination forms may be obtained from Computershare or Extencicare at any time upon request, or from Extencicare's website at www.extencicare.com. If you have any questions regarding the Plan, please direct them to the Plan Agent or Extencicare.

Contact information for the Plan Agent is as follows:

Computershare Trust Company of Canada
100 University Avenue, 9th Floor Toronto Ontario M5J 2Y1

Attention: Dividend Reinvestment Department
Toll Free: 1-800-564-6253
Fax: (416) 263-9394

Contact information for Extencicare is as follows:

Extencicare Inc.
3000 Steeles Avenue East, Suite 700
Markham, Ontario L3R 9W2

Attention: Corporate Secretary
Fax: 905-470-4003
Telephone: 905-470-5534

A beneficial owner whose Common Shares are held through a broker, investment dealer, financial institution or other nominee should contact their representative directly.

ADDITIONAL INFORMATION:

Extencicare, in conjunction with Computershare Trust Company of Canada, may from time to time adopt rules and regulations to facilitate the administration of the Plan. Extencicare Inc. also reserves the right to regulate and interpret the Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Plan.

The information contained in these FAQs is in summary form and does not address all terms and conditions of the Plan. Readers are referred to the complete text of the Plan, which is included in this booklet.

EXTENDICARE

**EXTENDICARE INC.
DIVIDEND REINVESTMENT PLAN**

July 1, 2012

EXTENDICARE INC.

DIVIDEND REINVESTMENT PLAN

Purpose

The Extendicare Inc. Dividend Reinvestment Plan (“**Plan**”) provides eligible holders (“**Shareholders**”) of common shares (“**Common Shares**”) of Extendicare Inc. (“**Extendicare**”) with the opportunity to reinvest any cash dividends declared and payable to them in additional Common Shares at a price equal to 97% of the Average Market Price (as defined below).

Transition from the previous Plan of Extendicare Real Estate Investment Trust

The Plan amends, restates and supersedes the Distribution Reinvestment Plan (the “**REIT’s Plan**”) of Extendicare Real Estate Investment Trust (the “**REIT**”). On July 1, 2012, the REIT was converted from an income trust structure to a corporate structure pursuant to a plan of arrangement (the “**Arrangement**”) under the *Canada Business Corporations Act*. Former registered holders of trust units of the REIT (“**REIT Units**”) who were validly enrolled in the REIT’s Plan prior to July 1, 2012 will be deemed to be participants in the Plan without any further action on their part. Former beneficial owners of REIT Units who hold their REIT Units through a broker, investment dealer, financial institution or other nominee, should contact their nominee to confirm their continued participation in the Plan.

With respect to the distribution payable by Extendicare REIT to holders of REIT Units of record on June 30, 2012, which obligation was assumed by Extendicare pursuant to the Arrangement, the REIT’s obligation to issue REIT Units under the REIT’s Plan will be satisfied by the issuance of Common Shares by Extendicare reserved and authorized for issuance under the Plan.

Pursuant to the Arrangement, Extendicare indirectly assumed all of the obligations of the REIT under the REIT’s Plan. All participants under the REIT’s Plan as at the effective date of the Arrangement are deemed to be Participants under the Plan without any further action on the part of such Participants, and eligible Shareholders may participate in the Plan with respect to any cash dividends declared and paid by Extendicare on the Common Shares.

Definitions

Wherever used in this Plan, the following words and terms have the respective meanings set out below unless the context otherwise requires:

“**Authorization Form**” means the authorization form for Shareholders delivered by the Plan Agent to Shareholders with the Plan or otherwise, or any other authorization form acceptable to Extendicare, the Plan Agent or the relevant CDS Participant for purposes of a Shareholder communicating to Extendicare, the Plan Agent or CDS Participant, as applicable, his, her or its intention to participate in the Plan;

“**Average Market Price**” in respect of a particular Dividend Payment Date, means the volume weighted average trading price of the Common Shares (calculated to four decimal places) on the TSX for the five (5) Normal Trading Days immediately preceding the corresponding Dividend Payment Date, appropriately adjusted for capital changes as set forth under the heading “Dividend Reinvestment” below;

“**Beneficial Shareholder**” means a beneficial owner of Common Shares that are registered in the name of CDS or a broker, investment dealer, financial institution or other nominee;

“**Business Day**” means any day on which the offices of the Plan Agent in Toronto, Ontario are generally open for the transaction of commercial business, but does not, in any event, include a Saturday, Sunday or civic or statutory holiday in Ontario or a day on which the TSX is closed for trading;

“**CDS**” means The Canadian Depository for Securities Limited, which acts as nominee for a number of Canadian brokers, investment dealers, financial institutions and other Nominees, or its nominee or successor, as applicable;

“**CDS Participant**” means a broker, investment dealer, financial institution or other Nominee, in its capacity as a participant in the CDS depository service, who holds Common Shares, registered in the name of CDS on behalf of or for the account of eligible Beneficial Shareholders and who is acting on behalf of such Beneficial Shareholders hereunder;

“**Director**” means, at any time, an individual who is a director of Extencicare;

“**Dividend**” means a cash dividend declared payable by Extencicare on the outstanding Common Shares;

“**Dividend Payment Date**” means each date on which Extencicare pays a Dividend to Shareholders of record on the corresponding Dividend Record Date;

“**Dividend Record Date**” means the date established by Extencicare for the purposes of determining the Shareholders that are entitled to receive a Dividend;

“**DRS Advice**” means a direct registration system advice or similar document evidencing the electronic registration of ownership of Common Shares;

“**Nominee**” means a broker, investment dealer, financial institution or other nominee holder of Common Shares who holds Common Shares registered in its own name on behalf of eligible Beneficial Shareholders;

“**Normal Trading Day**” means a day on which: (i) the TSX is open for trading in the ordinary course of business; and (ii) at least one board lot of Common Shares is traded;

“**Participant**” means the holder of at least one Common Share who, on the applicable Dividend Record Date, is eligible to participate in the Plan and has elected to do so by, in the case of a registered Shareholder, completing and delivering to the Plan Agent, or in the case of a Beneficial Shareholder, having its Nominee complete and deliver to the Plan Agent (through CDS, if applicable), an Authorization Form, as more particularly described in the Plan;

“**Plan Agent**” means Computershare Trust Company of Canada, its successors or assigns or such other qualified trust company as is designated by Extencicare from time to time to act as plan agent under the Plan; and

“**TSX**” means the Toronto Stock Exchange.

Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

Interpretation

Any issues of interpretation arising in connection with the Plan or its application shall be conclusively determined by Extencicare.

Plan Administration

Computershare Trust Company of Canada currently acts as Plan Agent under the Plan for and on behalf of the Participants. If Computershare Trust Company of Canada ceases to act as Plan Agent for any reason, another qualified trust company will be designated by Extencicare to act as Plan Agent and Participants (or their Nominees) will be promptly notified of the change by press release.

Participation

All Shareholders who are residents of Canada for the purposes of the *Income Tax Act* (Canada) are eligible for enrolment in the Plan at any time. Shareholders who are non-residents of Canada for the purposes of the *Income Tax Act* (Canada) are not entitled to enrol, directly or indirectly, in the Plan.

Beneficial Shareholders whose Common Shares are registered in the name of a Nominee may not directly enrol in the Plan and may only participate in the Plan if they (i) transfer their Common Shares into their own name and then enrol in the Plan directly, or (ii) arrange for their Nominee to enrol in the Plan on their behalf.

Beneficial Shareholders should contact their Nominee directly to provide instructions on how they would like to participate in the Plan. Not all Nominees will allow, nor are required to allow, participation in the Plan. Shareholders interested in participating in the Plan who hold their Common Shares through a Nominee that does not allow participation are responsible for either transferring their Common Shares, as applicable, to a different Nominee or into their own name in order to participate.

Extencicare will have the right to deny participation in the Plan to, and to not accept an Authorization Form from any person (or the agent of such person) who appears to be, or who Extencicare has reason to believe is, a non-resident of Canada for the purposes of the *Income Tax Act* (Canada). Extencicare will further have the right to terminate the enrolment of any Shareholder that is enrolled in the Plan if Extencicare or the Plan Agent has reason to believe that such Shareholder is resident in, or is enrolled in the Plan on behalf of a Beneficial Shareholder who is resident in, a jurisdiction outside of Canada. In such circumstances, Extencicare or the Plan Agent may require, as a condition to continued enrolment, that the Shareholder provide a declaration satisfactory to Extencicare that the person is not a non-resident of Canada.

Subject to applicable law and regulatory policy, Extencicare reserves the right to determine, from time to time, a minimum number of Common Shares that a Participant must hold in order to be eligible to enrol in, or to remain enrolled in, the Plan. Extencicare further reserves the right to refuse enrolment in the Plan to, or terminate the enrolment of, any person who, in the opinion of Extencicare, is participating in the Plan primarily with a view to arbitrage trading.

An eligible Shareholder becomes a Participant by enrolling online through the Plan Agent's self-service web-portal, Investor Centre, at www.computershare.com/investorcentrecanada or by completing and delivering to the Plan Agent, or by having such Participant's Nominee complete and deliver to the Plan Agent (through CDS, if applicable) on its behalf, a duly completed Authorization Form. If required, an Authorization Form may be obtained from the Plan Agent at any time upon request or online through the Plan Agent's self-service web portal, Investor Centre, at www.computershare.com/investorcentrecanada, or from Extencicare's website at www.extencicare.com.

By enrolling in the Plan, a Participant is deemed to have directed Extencicare to forward to the Plan Agent all Dividends in respect of Common Shares held by the Participant or its Nominee, and to have directed the Plan Agent to reinvest such Dividends in additional Common Shares in accordance with the Plan.

Where a registered Shareholder wishes to participate in the Plan with respect to Common Shares, an initial Authorization Form must be received by the Plan Agent no later than 4:00 p.m. (Toronto time) on the fifth (5th) Business Day immediately preceding a Dividend Record Date in order for the Dividend to which such Dividend Record Date relates to be reinvested under the Plan.

Where a Beneficial Shareholder wishes to participate in the Plan with respect to Common Shares registered through a Nominee, the Nominee must enrol on behalf of the Beneficial Shareholder through CDS and the Beneficial Shareholder must advise its Nominee of its intention to participate in the Plan no later than 2:00 p.m. (Toronto time) on the fifth (5th) Business Day immediately preceding a Dividend Record Date (or such other deadline as the Participant's nominee may set from time to time). The Nominee must then provide an Authorization Form to CDS no later than 2:00 p.m. (Toronto time) on the Business Day immediately preceding a Dividend Record Date in order for the Dividend to which such Dividend Record Date relates to be reinvested under the Plan. CDS will, in turn, be

required to provide such notice to Computershare no later than 2:00 p.m. (Toronto time) on the Dividend Record Date.

If an initial Authorization Form is not received by the Plan Agent from a registered Shareholder, or by CDS from a Participant's Nominee in the case of a Beneficial Shareholder, on or before such deadlines, the Dividend to which such Dividend Record Date relates will not be reinvested under the Plan and a Participant's enrolment in the Plan will only be effective for purposes of subsequent Dividends.

Beneficial Shareholders who wish to participate in the Plan will need their Nominee to elect to participate on their behalf in respect of each Dividend Record Date. A failure to so elect will result in the withdrawal of participation in respect of such Dividend Payment Date. Some Nominees will automatically continue a Beneficial Shareholder's participation in the Plan unless otherwise instructed by the Beneficial Shareholder. A Beneficial Shareholder should confirm with its Nominee its particular practice in this regard.

A Participant (other than CDS) that has enrolled in the Plan will remain enrolled in and will automatically continue to participate in the Plan until such time as the Plan is terminated by Extencicare or until the Participant's enrolment is terminated by the Participant or by Extencicare. All Dividends payable in respect of the Participant's Common Shares, subject to the terms hereof, will be automatically reinvested, on the Dividend Payment Date, in additional Common Shares on the Participant's behalf. The Dividends to be reinvested are those payable in respect of Common Shares that are registered to the Participant, as well as Common Shares that have been previously purchased with reinvested Dividends and are held by the Plan Agent for a Participant's account under the Plan.

CDS will provide instructions to the Plan Agent regarding the extent of its participation in the Plan, on behalf of eligible Beneficial Shareholders, in respect of every Dividend Payment Date on which Dividends otherwise payable to CDS, as Shareholder of record, are to be reinvested under the Plan.

Dividend Reinvestment

The Plan Agent acts for and on behalf of the Participants. On each Dividend Payment Date, Extencicare will pay to the Plan Agent all Dividends in respect of Common Shares registered in the name of, or held under the Plan for the account of, Participants who have enrolled under the Plan.

The Plan Agent will use such funds to purchase additional Common Shares directly from Extencicare at a 3% discount to the Average Market Price, and such additional Common Shares will be credited to the Participant's (or the applicable Nominee's) account. In no event will interest be paid to Participants on any funds held for reinvestment under the Plan.

Subject to prorating as described below, the number of Common Shares (or fractional interests therein to four decimal places) acquired under the Plan for the account of each Participant on any Dividend Payment Date will be equal to the Dividend payable in respect of the Participant's Common Shares on such date divided by 97% of the Average Market Price. Extencicare will advise the Plan Agent of the Average Market Price and the applicable purchase price on or before each Dividend Payment Date on which Dividends are to be reinvested under the Plan.

The Average Market Price will be appropriately adjusted for any subdivision, consolidation or similar pro rata change in the number of outstanding Common Shares into a greater or lesser number of Common Shares, any reclassification of Common Shares into other securities of Extencicare, or any issue of Common Shares or other securities or assets of Extencicare (other than Dividends in the ordinary course) to the holders of all or substantially all of the then outstanding Common Shares, the effective date of which or the record date for which falls within the 5-day period over which the Average Market Price is calculated.

If Extencicare determines that no Common Shares or only a limited amount of Shareholders' equity will be available under the Plan for a particular Dividend Payment Date, the Dividends payable on that date (or any portion thereof) that cannot be reinvested under the Plan will be paid to Participants in the ordinary course. See "Prorating" below.

Prorating

Extendicare will reserve the right to determine, for each Dividend Payment Date, the maximum amount of new Shareholders' equity, if any, that will be made available under the Plan on that date. If, in respect of any Dividend Payment Date, fulfilling all of the Participants' entitlements under the Plan would result in Extendicare exceeding the limit on new equity set by Extendicare, then purchases of Common Shares on the applicable Dividend Payment Date will be prorated among all Participants. If Extendicare determines not to issue any new equity through the Plan on a particular Dividend Payment Date, then Participants will receive from Extendicare the Dividends to which they would otherwise be entitled on such date and which are not reinvested as a result of such determination or proration.

Costs

No commissions, service charges or brokerage fees are payable by Participants in connection with the purchase of additional Common Shares from treasury under the Plan, and Extendicare will pay all administrative costs of operating the Plan.

Beneficial Shareholders who wish to participate in the Plan through the Nominee who holds their Common Shares should consult that Nominee to confirm what fees, if any, the Nominee may charge to enrol in the Plan on their behalf or whether the Nominee's policies might result in any costs otherwise becoming payable by Beneficial Shareholders. Any such costs will be the sole responsibility of the Beneficial Shareholder and Extendicare shall not have any responsibility or liability therefore.

Fractional Interests

Full reinvestment of cash dividends is possible under the Plan as the Plan Agent will credit to the account of each registered Participant, on each reinvestment made under the Plan, a fractional interest in a whole Common Share (to four decimal places) for any amount that cannot be reinvested in whole Common Shares. Extendicare will from time to time issue to the Plan Agent such number of whole Common Shares as are necessary or desirable to accommodate the fractional interests of all Participants.

Beneficial owners of Common Shares held through a broker, investment dealer, financial institution or other nominee will not be entitled to accumulate fractional interests in Common Shares but instead will receive the balance of any Dividend in cash.

In certain events described herein, a Participant or its legal representative will be entitled to receive a cheque in payment of the value of any fractional Common Share interest remaining in the Participant's account based on the Average Market Price for the most recent Dividend Payment Date prior to the applicable event. Upon such payment being sent to the Participant or its legal representative, the Participant's fractional interest will be deemed to be cancelled.

Reports to Participants

An account will be maintained by the Plan Agent for each Participant with respect to purchases of Common Shares made under the Plan for the Participant's account. The Plan Agent will, on a monthly basis, mail an unaudited statement of account to each Participant. These statements are a Participant's continuing record of purchases of Common Shares made for their account under the Plan and should be retained for income tax purposes. A Participant may also access its unaudited statement of account online through the Plan Agent's self-service web portal, Investor Centre, at www.computershare.com/investorcentrecanada.

Beneficial Shareholders who participate in the Plan indirectly through a Nominee will not receive any such reports directly from Extendicare or the Plan Agent and should check with such Nominee to determine what reports, if any, they can expect to receive from the Nominee.

All Shareholders are responsible for calculating and monitoring their own adjusted cost base in Common Shares for income tax purposes, as certain averaging rules may apply and such calculations may depend on the cost of other Common Shares held by the Shareholder.

Statements reflecting the Common Shares in the Plan will generally be delivered two to three weeks following each Dividend Payment Date.

Withdrawal of Common Shares Held Under the Plan

Common Shares purchased and held under the Plan will be registered in the name of the Plan Agent or its nominee as agent for the Participants, and a DRS Advice evidencing book-entry registered ownership of such Common Shares or a certificate for such Common Shares will not normally be issued to Participants unless specifically requested in writing. However, a Participant which is a registered holder of Common Shares that does want a DRS Advice or certificate but does not wish to terminate his, her or its participation in this Plan, may obtain same by duly completing the withdrawal portion of the voucher located on the reverse of the statement of account and sending it to the Plan Agent. A Withdrawal Request Form may also be obtained from the Plan Agent at the address set out under "Notices" below or online through the Plan Agent's self-service web portal, Investor Centre, at www.computershare.com/investorcentrecanada. The Plan Agent will generally issue a DRS Advice or certificate to a Participant within three weeks of receipt of the Withdrawal Request Form. A DRS Advice or certificate will not be issued for fractions of a Common Share. Any remaining whole Common Shares and any fractional Common Shares will continue to be held by the Plan Agent for the Participant's account under the Plan.

Common Shares held by the Plan Agent for the account of a Participant under the Plan cannot be sold, pledged or otherwise disposed of by the Participant while so held. Participants who wish to sell, pledge or otherwise dispose of any Common Shares held by the Plan Agent for their account under the Plan will be required to request that the Common Shares be withdrawn from under the Plan and a DRS Advice or certificate representing such Common Shares be issued in the Participant's own name.

Plan accounts will be maintained in the names in which Common Shares were registered with Extencicare at the time the Participant enrolled in this Plan. Consequently, a DRS Advice or certificate for whole Common Shares withdrawn from the Plan will be registered in exactly the same manner when issued.

Termination of Participation

A Participant may voluntarily terminate participation in the Plan by delivering to the Plan Agent, or by having such Participant's Nominee in the case of a Beneficial Shareholder, deliver to the Plan Agent (through CDS, if applicable) on its behalf, the termination portion of the voucher located on the reverse side of the statement of account signed by such Participant (or by such Participant's Nominee, as applicable) stating that such Participant wishes to withdraw its participation in the Plan. A Participant may also terminate participation in the Plan online through the Plan Agent's self-service web portal, Investor Centre, at www.computershare.com/investorcentrecanada. On the termination becoming effective, the Plan Agent will, within three weeks thereafter, send to the Participant (or the Participant's Nominee) a DRS Advice or certificate representing all whole Common Shares held by the Plan Agent in such Participant's (or the applicable Nominee's) account and a cheque in payment of the value of any fractional Common Share interest remaining in the Participant's account, based on the Average Market Price for the most recent Dividend Payment Date prior to the termination becoming effective.

A deceased individual Participant's enrolment in the Plan will be terminated automatically following receipt by the Plan Agent of instructions to terminate from any person reasonably believed by the Plan Agent to be acting in a representative or fiduciary capacity for the deceased Participant. On the termination becoming effective, the Participant's account will be closed and the Plan Agent will, within three weeks thereafter, issue a DRS Advice or certificate representing all whole Common Shares held for the Participant's account under the Plan together with a cheque in payment of the value of any fractional Common Share interest remaining in the Participant's account, based on the Average Market Price for the most recent Dividend Payment Date prior to the termination becoming effective. The DRS Advice or certificate and cheque will be issued in the name of the deceased Participant or his or her estate, as applicable.

If a notice of termination is not received by the Plan Agent before 4:00 p.m. (Toronto time) on the fifth (5th) Business Day immediately preceding a Dividend Record Date, the Participant's account will not be closed, and the Participant's enrolment in the Plan will not be terminated, until after the Dividend Payment Date to which that Dividend Record Date relates.

On a Participant's enrolment in the Plan being terminated by Extencicare in the circumstances described above under the heading, "Participation", the Plan Agent will send to the Participant a DRS Advice or certificate representing all whole Common Shares held for the Participant's account under the Plan and a cheque in payment of the value of any fractional Common Share interest remaining in the Participant's account, based on the Average Market Price for the most recent Dividend Payment Date prior to the effective date on which Extencicare terminated the Participant's enrolment.

Subdivisions and Consolidations

In the event of a subdivision, consolidation or similar pro rata change in the number of outstanding Common Shares into a greater or lesser number of Common Shares, the Plan Agent will proportionately credit or debit the account of each Participant maintained under the Plan according to the number of Common Shares held for the account of that Participant prior to the effective time of the subdivision, consolidation or similar change.

Rights Offering

In the event that Extencicare makes available to its Shareholders rights to subscribe for additional Common Shares or other securities, rights will be issued by Extencicare in respect of whole Common Shares held in a Participant's (or Nominee's) account under the Plan on the record date for such rights issue. No rights will be issuable on a fraction of a Common Share held in a Participant's account.

Shareholder Voting

Whole Common Shares of a Participant enrolled in the Plan on the record date for a vote of Shareholders will be voted in accordance with the Participant's voting instructions given on a form to be furnished to the Participant by the Plan Agent. Common Shares for which voting instructions are not received will not be voted on the Participant's behalf. No voting rights will attach to any fraction of a Common Share held in a Participant's account.

Amendment, Suspension or Termination of the Plan

Extencicare reserves the right to direct that the Plan be amended, suspended, terminated or replaced at any time, but any such action will not have any retroactive effect that is prejudicial to Participants.

If the Plan is amended, no notice thereof will be sent to Participants unless the amendment is, in the opinion of Extencicare, materially prejudicial to Participants. Generally, no notice will be given to Participants regarding any amendments to the Plan that are intended to cure, correct or rectify any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions. Where required, amendments to the Plan will be subject to the prior approval of the TSX.

If the Plan is terminated, each Participant will be sent notice thereof and the Plan Agent will send to each Participant a DRS Advice or certificate representing all whole Common Shares held for the Participant's account under the Plan together with a cheque in payment of the value of any fractional Common Share interest remaining in the Participant's account, based on the Average Market Price for the most recent Dividend Payment Date prior to the termination date. No reinvestment of Dividends will be made under the Plan on the Dividend Payment Date following the effective date of the Plan's termination. Any Dividends payable after the termination date that would, but for the termination, have been reinvested under the Plan will be paid to Participants in the ordinary course.

Limitation of Liability

None of Extencicare or the Plan Agent, nor any of their respective directors, officers, employees, shareholders or representatives, shall be liable to any registered Shareholder or Beneficial Shareholders, or to CDS or any CDS Participant (or any other Nominee) for any act or for any omission to act in connection with the administration or operation of the Plan, including without limitation any claims for liability:

- (a) relating to the prices and times at which Common Shares are purchased under the Plan for the account of a Participant;
- (b) relating to any decision made by or on behalf Extencicare not to make any new Shareholders' equity available under the Plan, or to limit the amount of new equity available under the Plan, for any Dividend Payment Date;
- (c) arising out of a prorating, for any reason, of the number of Common Shares that may be acquired by a Participant under the Plan, in the circumstances described herein;
- (d) relating to any decision to amend, suspend, terminate or replace the Plan in accordance with the terms hereof;
- (e) arising out of the involuntary termination of a Participant's enrolment in the Plan in the circumstances described herein;
- (f) arising out of any failure to terminate an individual Participant's enrolment in the Plan upon such Participant's death before instructions to terminate; or
- (g) arising in connection with income taxes (together with any applicable interest and/or penalties) payable by Participants in connection with their participation in the Plan.

Participants are cautioned that neither Extencicare, nor the Plan Agent can assure Participants a profit or protect them against loss with respect to any Common Shares acquired under the Plan for their account.

Tax Considerations

Neither Extencicare, nor the Plan Agent assume or accept any responsibility for the income or other tax consequences to a Participant of enrolling in and acquiring beneficial ownership of Common Shares issued pursuant to the Plan. Shareholders interested in enrolling in the Plan are advised to consult with their own tax advisors as to the consequences of doing so in their particular circumstances.

Interpretation

Any issues of interpretation arising in connection with the Plan or its application shall be conclusively determined by Extencicare.

Governing Law

This Plan shall be governed by, and administered and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Notices

To Shareholders:

All notices or other documents to be given to Participants pursuant to or in connection with the Plan, including Common Share certificates, a DRS Advice and cheques, will be mailed to Participants at the addresses as shown on the records of the Plan Agent.

To the Plan Agent:

Any notices or forms to be sent to the *Plan Agent*, including any Authorization Forms, shall be sent to:

Computershare Trust Company of Canada
100 University Avenue, 9th Floor, North Tower
Toronto, Ontario M5J 2Y1

Attention: Dividend Reinvestment Department
Telephone: 1-800-564-6253

Or by visiting www.computershare.com/service

To Extencicare:

Any notices or forms to be sent to Extencicare shall be sent to:

Extencicare Inc.
3000 Steeles Avenue East, Suite 700
Markham, Ontario L3R 9W2

Attention: Corporate Secretary
Fax: (905) 470-4003
Telephone: (905) 470-5534

Effective Date

The effective date of the Plan is July 1, 2012.