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NEWS RELEASE

FOR IMMEDIATE RELEASE

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Extendicare Refutes U.S. Government Allegations

MARKHAM, ONTARIO – Extendicare Inc. (“Extendicare” or the “Company”) (TSX: EXE) today announced that its wholly owned U.S. subsidiary, Extendicare Health Services, Inc. (EHSI), denies the allegations that it provided worthless services and billed Medicare for medically unreasonable and unnecessary rehabilitation therapy services as recently alleged in a release from the U.S. Department of Justice (DOJ) and the Office of the Inspector General (OIG) of the U.S. Department of Health and Human Services. As noted in the last sentence of the government release, “the claims resolved by the settlement are allegations only; there has been no determination of liability.”

“These unproven accusations are an affront to the hardworking and dedicated individuals who work tirelessly to meet the complex health care needs of our nation’s most vulnerable adults. We are very proud of the care and services we provide and have demonstrated our commitment to quality care through our on-going quality improvement efforts. In fact, Extendicare is a leader in the long term care and post-acute sector in RN Staffing and has made significant investments in direct care staffing year-over-year as reported by Long Term Care Trend Tracker. Our quality initiatives are further validated as demonstrated by the 80% of Extendicare centers that have achieved an AHCA/NCAL National Quality Award, including eight Silver Quality Awards and 12 Bronze Quality Awards received this week at the AHCA/NCAL national convention in Washington, D.C. In addition, the number of centers with overall four or five-star ratings, as measured by the Centers for Medicare and Medicaid Services (CMS), has improved almost 300% since the program’s inception,” said Tim Lukenda, President and CEO.

“We are pleased to conclude the settlement of this matter and put an end to this disruptive investigatory process in order to allow us to continue our focus on enhancing quality outcomes and achieving our mission of helping people live better. Protracted litigation over many years would have likely cost the company more than it paid in settlement and worse, it would have diverted the company’s attention from our quality efforts. The implementation of the Corporate Integrity Agreement (CIA) will only serve to further strengthen our comprehensive compliance program as well as enhance our quality assurance performance improvement processes,” added Lukenda.

ABOUT US

Extendicare is a leading North American provider of post-acute and long-term senior care services. Through our network of owned and operated health care centers, our qualified and experienced workforce of 36,000 individuals is dedicated to helping people live better through a commitment to quality service that includes skilled nursing care, rehabilitative therapies and home health care services. Our 251 senior care centers in North America have capacity to care for approximately 27,600 residents.

Forward-looking Statements

Information provided by Extendicare from time to time, including this release, contains or may contain forward-looking statements concerning anticipated financial events, results, circumstances, economic performance or expectations with respect to Extendicare and its subsidiaries, including, without limitation, statements regarding its business operations, business strategy, and financial condition. Forward-looking statements can be identified because they generally contain the words “expect”, “intend”, “anticipate”, “believe”, “estimate”, “project”, “plan” or “objective” or other similar expressions or the negative thereof. Forward-looking statements reflect management’s beliefs and assumptions and are based on information

currently available, and Extencare assumes no obligation to update or revise any forward-looking statement, except as required by applicable securities laws. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of Extencare to differ materially from those expressed or implied in the statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on Extencare's forward-looking statements. Further information can be found in the disclosure documents filed by Extencare with the securities regulatory authorities, available at www.sedar.com and on Extencare's website at www.extencare.com.

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