

Extendicare Announces Exercise of Over-Allotment Option and Closes on Lease of Remaining Two Kentucky Centers

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MARKHAM, ONTARIO – Extendicare Inc. (“Extendicare” or the “Company”) (TSX: EXE) announced today that it has closed on the issuance of an additional \$16.5 million aggregate principal amount of its 6.00% convertible unsecured subordinated debentures due September 30, 2019 (the “Debentures”) following the exercise in full of the over-allotment option granted to a syndicate of underwriters led by RBC Capital Markets in connection with the previously announced offering of \$110 million aggregate principal amount of the Debentures, which closed on September 25, 2012. The exercise of the over-allotment option brings the total aggregate principal amount of Debentures issued by the Company to \$126.5 million. The Debentures are listed for trading on the Toronto Stock Exchange (the “TSX”) under the symbol “EXE.DB.B”.

The net proceeds from the offering (after deducting the underwriters’ fee and expenses of the offering) will be used primarily to redeem the Company’s outstanding 7.25% convertible unsecured subordinated debentures due on June 30, 2013 (the “2013 Debentures”) trading on the TSX under the symbol “EXE.DB.A”. The balance of the net proceeds from the offering will be used by the Company for general corporate purposes, which may include reducing indebtedness, funding internal growth expenditures or purchasing common shares of the Company under its normal course issuer bid.

As previously announced, on September 25, 2012, Extendicare issued a notice of redemption, effective October 29, 2012 (the “Redemption Date”), in respect of all of its outstanding 2013 Debentures, for an aggregate redemption price equal to the sum of the outstanding aggregate principal amount of the 2013 Debentures (\$91,794,000) and all accrued and unpaid interest thereon up to but excluding the Redemption Date, for a total of \$1,024.03 per \$1,000 principal amount of 2013 Debentures. The 2013 Debentures will cease to bear interest from and after the Redemption Date. The redemption of the 2013 Debentures will be effected in accordance with the terms of the trust indenture dated June 21, 2007, as supplemented, between the Company and Computershare Trust Company of Canada.

U.S. Subsidiary Closes on Lease of Remaining Two Kentucky Centers

As previously announced in May 2012, Extendicare’s wholly owned U.S. subsidiary, Extendicare Health Services, Inc. (EHSI), entered into an agreement to lease all 21 of its Kentucky skilled nursing centers (1,762 beds) to an experienced third-party long-term care operator, of which 19 of the centers (1,545 beds) had been leased effective July 1, 2012. Effective October 1, 2012, EHSI has closed on the remaining two centers. The operating leases are for a 10-year term with two 5-year extensions at the option of the operator. In addition, if certain conditions are met, the operator has the option to purchase all of the centers during the term of the initial lease term at agreed upon per bed amounts. As a result of this transaction, EHSI will no longer operate skilled nursing centers in Kentucky. The decision to exit the State of Kentucky is consistent with Extendicare’s continuing strategy for achieving ongoing performance improvements that involves the divestiture of operations that impede growth or create undue risk exposure.

This press release shall not constitute an offer to sell, or the solicitation of an offer to buy, any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities being offered have not been and will not be registered under the U.S. Securities Act of 1933 as amended and may not be offered or sold in the United States absent registration or pursuant to applicable exemption from registration.

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 36,100 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 245 senior care centers in North America have capacity to care for approximately 26,900 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 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 Extendicare 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 Extendicare 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 Extendicare’s forward-looking statements. Further information can be found in the disclosure documents filed by Extendicare with the securities regulatory authorities, available at www.sedar.com and on Extendicare’s website at www.extendicare.com.

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