

### **Extendicare Completes \$110 million Offering of 6.00% Convertible Debentures, Announces Redemption of its 7.25% Convertible Debentures and Expands U.S. Credit Facility**

**NOT FOR DISTRIBUTION IN THE UNITED STATES OR OVER UNITED STATES WIRE SERVICES**

MARKHAM, ONTARIO – Extendicare Inc. (“Extendicare” or the “Company”) (TSX: EXE) announced today the closing of its previously announced public offering of \$110 million aggregate principal amount of 6.00% convertible unsecured subordinated debentures due September 30, 2019 (the “Debentures”) to a syndicate of underwriters led by RBC Capital Markets (the “Underwriters”). The Debentures will be listed for trading on the Toronto Stock Exchange (the “TSX”) under the symbol “EXE.DB.B”. Extendicare has granted the Underwriters an over-allotment option exercisable in whole or in part at any time up to 30 days following today’s closing, to acquire up to an additional \$16.5 million aggregate principal amount of Debentures for the purposes of covering the Underwriters’ “Over-Allocation Position”.

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.

Extendicare will today send 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 Expands its U.S. Credit Facility to US\$100 million**

Extendicare’s wholly owned U.S. subsidiary, Extendicare Health Services, Inc. (EHSI), has expanded its senior secured revolving credit facility (the “Credit Facility”) to US\$100 million from US\$80 million. The additional US\$20 million is an accounts receivable based line of credit secured by the receivables on EHSI’s centers that have mortgages insured by the U.S. Department of Housing and Urban Development, or HUD. The amount available to be borrowed under the US\$20 million accounts receivable based credit facility is based upon 80% of eligible receivables that are less than 90 days old. The US\$100 million Credit Facility has a three-year term to June 2015 and floating-rate interest based on a pricing grid.

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](http://www.sedar.com) and on Extendicare’s website at [www.extendicare.com](http://www.extendicare.com).*

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