

**Extendicare Announces Completion of Sale of its U.S. Business**

MARKHAM, ONTARIO – July 2, 2015 – Extendicare Inc. (“Extendicare” or the “Company”) (TSX: EXE) today announced that effective July 1, 2015, it has completed its previously disclosed sale of the Company’s U.S. business (the “Transaction”) to a group of investors led by Formation Capital, LLC and an affiliate of Safanad (the “Purchaser”), for US\$870 million (\$1.1 billion using the closing U.S./Canadian dollar exchange rate of 1.249 as at June 30, 2015), partially settled through the assumption by the Purchaser of mortgage loans and other third-party indebtedness relating to the U.S. business of approximately US\$655 million, and working capital and other specified adjustments. Extendicare currently estimates aggregate net after-tax proceeds from the Transaction of approximately US\$240 million, or C\$300 million using the closing foreign exchange rate of 1.249 at June 30, 2015.

The Company also today announced that Extendicare Health Services, Inc. (EHSI), which owned and operated the Company’s U.S. business, was successful in closing on the sale of all of the 10 centres that were excluded from the Transaction for net-after tax cash proceeds of approximately US\$11 million. All of the net after-tax cash proceeds related to the 10 centres were distributed to the Company prior to the closing of the Transaction in the form of intercompany cash dividends. The Company has also benefitted from the receipt of additional cash dividends from EHSI of approximately US\$9 million during the first six months of 2015.

“We are pleased to have completed this strategic transaction which will facilitate the repositioning of Extendicare as a pure-play Canadian senior care and services company,” commented Tim Lukenda, Extendicare’s President and CEO.

“In addition to using part of the proceeds to repay a bridge loan associated with our recent home health acquisition, we intend to use the proceeds to further expand and grow our Canadian operations including growing our long-term care revenue through redevelopment, and exploring opportunities in the private-pay retirement space,” Lukenda added.

The Company thanks the employees of EHSI for their loyal services and wishes them all of the best for the future.

Guggenheim Securities acted as financial advisor, and Bennett Jones LLP acted as legal advisor to the Board of Directors and its Strategic Committee in connection with the Transaction.

BofA Merrill Lynch and Desjardins Capital Markets acted as financial advisors, and Skadden, Arps, Slate, Meagher & Flom, LLP and Goodmans LLP acted as legal advisors to Formation Capital, LLC.

**ABOUT EXTENDICARE**

Extendicare is a leading provider of care and services for seniors in Canada. Through our network of 112 operated senior care centres (58 owned/54 managed) as well as our home health care operations, we are committed to delivering care throughout the health care continuum to meet the needs of a growing seniors’ population in Canada. Our qualified and highly trained workforce of 22,400 individuals is dedicated to helping people live better through a commitment to quality service and a passion for what we do.

**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 the Company's expected net cash proceeds from the sale of the U.S. business, the expected growth opportunities resulting from the Transaction, and the Company's business operations, business strategy, and financial condition. Forward-looking statements can be identified because they generally contain the words "anticipate", "believe", "estimate", "expect", "intend", "objective", "plan", "project", "will" 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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