

EXTENDICARE INC.

(the successor by way of amalgamation of 8067929 Canada Inc., Extendicare Holding General Partner Inc., 8120404 Canada Inc. and Extendicare Inc.)

and

COMPUTERSHARE TRUST COMPANY OF CANADA

SECOND SUPPLEMENTAL INDENTURE

Dated as of July 1, 2012

**Providing for the succession by Extendicare Inc.
to the obligations of Extendicare Real Estate Investment Trust**

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION.....	3
1.1 Supplemental Indenture	3
1.2 Second Supplemental Indenture	3
1.3 Definitions.....	3
ARTICLE 2 THE ARRANGEMENT.....	3
2.1 Continuing Obligations.....	3
2.2 Amendments to Indenture.....	3
2.3 Confirmation of Rights	4
ARTICLE 3 THE DEBENTURES.....	4
3.1 Form of Debentures	4
3.2 Redemption of the Debentures.....	5
3.3 Maturity of the Debentures	5
3.4 Change of Control.....	5
3.5 Exercise of Put Right	5
3.6 Redemption of All Remaining Outstanding Debentures	5
ARTICLE 4 MISCELLANEOUS	5
4.1 Debenture Trustee Accepts Trusts	5
4.2 Anti-Money Laundering	5
4.3 SEC Clause	6
4.4 Force Majeure	6
4.5 Counterparts	6
4.6 Language.....	6
 Schedule "A" – Form of Initial Global Debenture	
Schedule "B" – Form of Series 2008-1 Global Debenture	
Schedule "C" – Form of Redemption Notice for Initial Debentures	
Schedule "D" – Form of Redemption Notice for Series 2008-1 Debentures	
Schedule "E" – Form of Maturity Notice for Initial Debentures	
Schedule "F" – Form of Maturity Notice for Series 2008-1 Debentures	
Schedule "G" – Form of Change of Control Notice for Initial Debentures	
Schedule "H" – Form of Change of Control for Series 2008-1 Debentures	
Schedule "I" – Form of Put Notice for Initial Debentures	
Schedule "J" – Form of Put Notice for Series 2008-1 Debentures	
Schedule "K" – Form of Notice to Redeem All Remaining Outstanding Debentures for Initial Debentures	

Schedule "L" – Form of Notice to Redeem All Remaining Outstanding Debentures for
Series 2008-1 Debentures

SECOND SUPPLEMENTAL INDENTURE

THIS SECOND INDENTURE is made as of July 1, 2012.

BETWEEN:

EXTENDICARE INC., a corporation amalgamated under the laws of Canada
("Extendicare")

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company
existing under the laws of Canada
(the "Trustee")

WHEREAS:

- A. Extendicare Real Estate Investment Trust (the "**REIT**") and the Trustee entered into a trust indenture dated as of June 21, 2007 (the "**Trust Indenture**") providing for the issuance of debentures, notes or other evidences of indebtedness of the REIT and specifically the issuance of up to \$115,000,000 aggregate principal amount of Debentures designated as "5.70% Convertible Unsecured Subordinated Debentures" (the "**Initial Debentures**");
- B. The REIT and the Trustee entered into a first supplemental indenture made as of the 19th day of June, 2008 (the "**First Supplemental Indenture**") providing for the issuance of up to \$92,000,000 aggregate principal amount of Debentures designated as "Series 2008-1 7.25% Convertible Unsecured Subordinated Debentures" (the "**Series 2008-1 Debentures**");
- C. The REIT, Extendicare Trust, Extendicare Holding General Partner Inc. ("**Holding GP**"), Extendicare Limited Partnership, 8120404 Canada Inc. ("**ULC**"), Extendicare Inc. and 8067929 Canada Inc. ("**New Extendicare**") entered into an Arrangement Agreement made as of the 14th day of March, 2012 (the "**Arrangement Agreement**") providing for an arrangement (the "**Arrangement**") under the provisions of Section 192 of the *Canada Business Corporations Act* (the "**CBCA**"), on the terms and conditions set forth in the Plan of Arrangement (as defined in the Arrangement Agreement);
- D. As of the date hereof (the "**Effective Date**"), Articles of Arrangement in respect of the Arrangement were filed with, and issued by, the director appointed under Section 260 of the CBCA giving effect to the Arrangement as at 12:01 a.m. (Toronto time) on the Effective Date (the "**Effective Time**").
- E. Pursuant to Section 3.1(g) of the Plan of Arrangement, the REIT was dissolved, all of the assets of the REIT were assigned, transferred and conveyed to New Extendicare and New

Extendicare assumed all of the liabilities and obligations of the REIT (including all of the covenants and obligations of the REIT under the Trust Indenture, as supplemented by the First Supplemental Indenture (as so supplemented, the "**Indenture**") in respect of the Initial Debentures and the Series 2008-1 Debentures, including, for the avoidance of doubt, the obligation to pay the amounts payable to the holders thereof;

- F. Pursuant to Section 3.1(k) of the Plan of Arrangement, New Extendicare, Holding GP, ULC and EI amalgamated and continued as Extendicare and Extendicare continues to be liable for the obligations of each of the amalgamating corporations (including, for the avoidance of doubt, all of the covenants and obligations of the REIT under the Indenture in respect of the Initial Debentures and the Series 2008-1 Debentures that were assumed by New Extendicare pursuant to Section 3.1(g) of the Plan of Arrangement);
- G. Pursuant to Section 12.1 of the Trust Indenture, the REIT agreed that it would not enter into any transaction or series of transactions whereby all or substantially all of its undertaking, property or assets would become the property of any other person (the "**Successor**") whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, unless, among other things, the Successor shall have assumed all the covenants and obligations of the REIT under the Indenture in respect of the Debentures;
- H. Extendicare is the Successor to the REIT;
- I. To satisfy the requirements of Section 12.1 of the Indenture, Extendicare and the Debenture Trustee have entered into this second supplemental indenture (the "**Second Supplemental Indenture**") pursuant to Section 17.1(d) of the Trust Indenture;
- J. No condition or event exists as to the REIT (immediately prior to the Effective Time) or Extendicare (as at the Effective Time and after giving full effect to the Plan of Arrangement), which constitutes or would constitute an Event of Default under the Indenture;
- K. As of the Effective Date, \$113,930,000 principal amount of Initial Debentures and \$91,794,000 principal amount of Series 2008-1 Debentures are issued and outstanding; and
- L. The foregoing recitals are made as representations and statements of fact by Extendicare and not by the Trustee;

NOW THEREFORE THIS SECOND SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows.

ARTICLE 1 INTERPRETATION

1.1 Supplemental Indenture

This Second Supplemental Indenture is a "supplemental indenture" within the meaning of the Trust Indenture.

1.2 Second Supplemental Indenture

The terms "**this Second Supplemental Indenture**", "**herein**", "**hereof**", "**hereby**", "**hereunder**", and similar expressions, unless the context otherwise specifies or requires, refer to this Second Supplemental Indenture and not to any particular Article, section or other portion, and include every instrument supplemental or ancillary to this Second Supplemental Indenture.

1.3 Definitions

All terms used but not defined in this Second Supplemental Indenture have the meanings ascribed to them in the Indenture and, in addition, in this Second Supplemental Indenture and in the Initial Debentures and the Series 2008-1 Debentures, unless there is something in the subject matter or context inconsistent therewith, "Common Shares" mean the common shares of Extendicare.

ARTICLE 2 THE ARRANGEMENT

2.1 Continuing Obligations

Extendicare hereby acknowledges, confirms and agrees with the Trustee that:

- (a) Extendicare is liable for all of the covenants, liabilities and obligations of the REIT under the Indenture and under the Initial Debentures and the Series 2008-1 Debentures (including, for the avoidance of doubt, the obligation to pay the amounts payable to the holders thereof);
- (b) the Initial Debentures and the Series 2008-1 Debentures are valid and binding obligations of Extendicare entitling the holders thereof, as against Extendicare, to all the rights of Debentureholders under the Indenture, including rights of conversion set out in Articles 2 and 6; and
- (c) Extendicare hereby attorns to the jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom in respect of all matters arising under or in relation to the Indenture.

2.2 Amendments to Indenture

As of and from the Effective Time, the Indenture is amended by:

- (a) replacing all references to the "REIT" with "Extendicare", its successor;
- (b) replacing all references to "Trust Unit" and "Trust Units" with "Common Share" and "Common Shares", respectively;
- (c) replacing all references to "Unit" with "Share"; and
- (d) replacing all references to "trustees" and "trustee" with "directors" and "director", respectively;

along with all other amendments necessary to give full and intended effect to this Second Supplemental Indenture and the succession of Extendicare to the REIT and to ensure consistency in the Indenture.

2.3 Confirmation of Rights

The Trustee hereby acknowledges, confirms and agrees with Extendicare that Extendicare succeeds to, and is substituted for, and may exercise every right and power of, the REIT under the Indenture and the Debentures as though Extendicare had been named as the REIT therein.

ARTICLE 3 THE DEBENTURES

3.1 Form of Debentures

Any Initial Debentures or Series 2008-1 Debentures issued on or after the Effective Date in replacement of outstanding Initial Debentures or Series 2008-1 Debentures shall be issued in one or more Global Debentures and, in each case, such Global Debentures and the certificate of the Trustee endorsed thereon shall be issued in substantially the form set out in Schedule "A" and Schedule "B", respectively, with such insertions, omissions, substitutions or other variations as shall be required or permitted by the Trust Indenture or the First Supplemental Indenture and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of the Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by a directors of Extendicare executing such Debentures in accordance with Section 2.7 of the Indenture, as conclusively evidenced by their execution of such replacement Debentures. The replacement Initial Debentures or Series 2008-1 Debentures, as the case may be, shall additionally bear such distinguishing letters and numbers as the Trustee shall approve. Notwithstanding the foregoing, the Initial Debentures or Series 2008-1 Debentures, as the case may be, may be in such other form or forms as may, from time to time, be approved by a resolution of the directors of Extendicare or as specified in an Officer's Certificate. The Initial Debentures or Series 2008-1 Debentures, as the case may be, may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another. Nothing herein shall affect the validity of any Initial Debentures or Series 2008-1 Debentures issued prior to the Effective Date.

3.2 Redemption of the Debentures

On and after the Effective Date, the Redemption Notice for the Initial Debentures and Series 2008-1 Debentures shall be in the form of Schedule "C" and Schedule "D", respectively.

3.3 Maturity of the Debentures

On and after the Effective Date, the Maturity Notice for the Initial Debentures and Series 2008-1 Debentures shall be in the form of Schedule "E" and Schedule "F", respectively.

3.4 Change of Control

On or after the Effective Date, the Change of Control Notice for the Initial Debentures and Series 2008-1 Debentures shall be in the form of a Schedule "G" and Schedule "H", respectively.

3.5 Exercise of Put Right

On and after the Effective Date, to exercise the Put Right, the Debentureholder must deliver to the Debenture Trustee, not less than five Business Days prior to the Put Date, written notice of the holder's exercise of such right in the form attached as Schedule "I" or Schedule "J", as applicable.

3.6 Redemption of All Remaining Outstanding Debentures

On and after the Effective Date, the notice to redeem all remaining outstanding Debentures for the Initial Debentures and Series 2008-1 Debentures shall be in the form of Schedule "K" and Schedule "L", respectively.

ARTICLE 4 MISCELLANEOUS

4.1 Debenture Trustee Accepts Trusts

The Trustee hereby accepts the trusts in this Second Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various persons who shall from time to time be Debentureholders, subject to all the terms and conditions herein set forth.

4.2 Anti-Money Laundering

The Trustee retains the right not to act and will not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment and acting reasonably, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Trustee, in its sole judgment and acting reasonably, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it will have the right to resign

on 10 days' written notice to Extendicare or any shorter period of time as agreed to by Extendicare, provided that:

- (a) the Trustee's written notice will describe the circumstances of such non-compliance; and
- (b) if such circumstances are rectified to the Trustee's satisfaction within such 10 day period, then such resignation will not be effective.

4.3 SEC Clause

Extendicare confirms that as at the date of execution of this agreement it does not have a class of securities registered pursuant to Section 12 of the US Securities Exchange Act or have a reporting obligation pursuant to Section 15(d) of the US Securities Exchange Act. Extendicare covenants that in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the US Securities Exchange Act or Extendicare shall incur a reporting obligation pursuant to Section 15(d) of the US Securities Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by Extendicare in accordance with the US Securities Exchange Act, Extendicare shall promptly deliver to the Trustee an Officers' Certificate (in a form provided by the Trustee) notifying the Trustee of such registration or termination and such other information as the Trustee may require at the time. Extendicare acknowledges that Computershare is relying upon the foregoing representation and covenants in order to meet certain SEC obligations with respect to those clients who are filing with the SEC.

4.4 Force Majeure

Neither party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental or regulatory action, earthquakes, or any other similar extreme causes in each case affecting the general population (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures which in each case affect the general population). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is properly excusable under this Section, but such extension is not cumulative and shall not apply in circumstances where performance was not due at the relevant time.

4.5 Counterparts

This Second Supplemental Indenture may be executed in several counterparts, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same instrument.

4.6 Language

Each of the parties hereto hereby acknowledges that it has consented to and requested that this Second Supplemental Indenture and all documents relating thereto, including, without limiting the generality of the foregoing, the form of Initial Debentures or Series 2008-1 Debenture

attached hereto as Schedule "A" or Schedule "B", respectively, be drawn up in the English language only. Chacune des parties aux présentes reconnaît par les présentes qu'elle a demandé et consent à ce que le premier acte de fiducie supplémentaire et tous les documents s'y rattachant, notamment le modèle de débentures joint aux présentes à l'annexe A, ne soient rédigés qu'en anglais.

IN WITNESS WHEREOF the parties have executed this Second Supplemental Indenture under the hands of their proper officers.

EXTENDICARE INC.

Per: "Jillian Fountain"
Name: Jillian Fountain
Title: Corporate Secretary

**COMPUTERSHARE TRUST
COMPANY OF CANADA**

Per: "Lisa M. Kudo"
Name: Lisa M. Kudo
Title: Corporate Trust Officer

Per: "Ann Samuel"
Name: Ann Samuel
Title: Associate Trust Officer

SCHEDULE A
TO THE SECOND SUPPLEMENTAL INDENTURE BETWEEN
EXTENDICARE INC.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA
FORM OF INITIAL GLOBAL DEBENTURE

**SCHEDULE A
FORM OF INITIAL GLOBAL DEBENTURE**

**EXTENDICARE INC.
(A corporation governed by the laws of Canada)**

**5.70% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
DUE JUNE 30, 2014**

No. 2

CUSIP / ISIN: 30224TAB9 / CA30224TAB94

EXTENDICARE INC. ("**Extendicare**") for value received hereby acknowledges itself indebted and, subject to the provisions of the Trust Indenture dated as of June 21, 2007 between Extendicare Real Estate Investment Trust (the "**REIT**", a predecessor to Extendicare) and Computershare Trust Company of Canada (the "**Trustee**"), the first supplemental indenture dated June 19, 2008 between the REIT and the Trustee and the second supplemental indenture dated July 1, 2012 between Extendicare and the Trustee (collectively, the "**Indenture**"), promises to pay to the registered holder hereof on June 30, 2014 (the "**Maturity Date**") or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of One Hundred Thirteen Million Nine Hundred Thirty Thousand (\$113,930,000) in lawful money of Canada on presentation and surrender of this Initial Debenture at the main branch of the Trustee in Toronto, Ontario, in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from and including the date hereof, or from and including the last Interest Payment Date on which interest shall have been paid or made available for payment hereon, whichever is later, at the rate of 5.70% per annum, in like money in arrears in equal semi-annual instalments (less any taxes required to be withheld) on June 30 and December 31 in each year, except the first payment which shall be made on December 31, 2007 will include accrued and unpaid interest for the period from and including June 21, 2007 to but excluding December 31, 2007 and, the last such payment to fall due on June 30, 2014, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually.

Interest hereon shall be payable by electronic funds transfer to the registered holder hereof and, subject to the provisions of the Indenture, the making of such transfer of funds shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Initial Debenture.

This Initial Debenture is one of the Debentures of Extendicare issued or issuable in one or more series under the provisions of the Indenture. The authorized principal amount of the Initial Debentures are limited to an aggregate principal amount of ONE HUNDRED AND FIFTEEN MILLION DOLLARS (\$115,000,000) in lawful money of Canada and the authorized principal amount of Additional Debentures which may be issued under the Indenture is

unlimited. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Initial Debentures are or are to be issued and held and the rights and remedies of the holders of the Initial Debentures and of Extendicare and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Initial Debenture by acceptance hereof assents.

The Initial Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Initial Debentures of any denomination may be exchanged for an equal aggregate principal amount of Initial Debentures in any other authorized denomination or denominations.

The whole, or if this Initial Debenture is in a denomination in excess of \$1,000, any part of which is \$1,000 or an integral multiple thereof, of the principal of this Initial Debenture is convertible, at the option of the holder hereof, upon surrender of this Initial Debenture at the Designated Office, at any time prior to 4:00 p.m. (Toronto time) on the earlier of the Maturity Date and the last Business Day immediately preceding the date specified by Extendicare for redemption of this Initial Debenture, into Freely Tradeable Common Shares of Extendicare (without adjustment to the Conversion Price for distributions on Common Shares issuable on conversion or for accrued and unpaid interest on the Initial Debentures surrendered for conversion, however holders converting their Initial Debentures shall be entitled to receive, in addition to the applicable number of Freely Tradeable Common Shares, accrued and unpaid interest, if any, in respect thereof as provided in the Indenture) at a conversion price of \$19.90 (the “**Conversion Price**”) per Common Share, being a rate of approximately 50.251 Common Shares for each \$1,000 principal amount of Initial Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion but in lieu thereof, Extendicare will satisfy such fractional interest by a cash payment equal to the Conversion Price of such fractional interest determined in accordance with the Indenture.

The Initial Debenture may be redeemed at the option of Extendicare on the terms and conditions set out in the Indenture at the redemption price therein set out. This Initial Debenture is not redeemable prior to July 1, 2010, except in the event of the satisfaction of certain conditions after a Change of Control has occurred. On and after July 1, 2010 but prior to July 1, 2012 this Initial Debenture is redeemable in whole at any time or in part from time to time, at the option of Extendicare provided that Extendicare files with the Trustee on the day that the Redemption Notice in respect of this Initial Debenture is first given, an Officer’s Certificate of Extendicare certifying that the volume-weighted average trading price per Common Share on the Toronto Stock Exchange (or elsewhere in accordance with the Indenture) for 20 consecutive trading days ending on the fifth trading day preceding the date on which such notice is given, is not less than 125% of the Conversion Price then in effect. On and after July 1, 2012 and prior to the Maturity Date, this Initial Debenture may be redeemed by Extendicare in whole at any time or in part from time to time at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest in respect thereof for the period up to, but excluding, the Redemption Date from and including the last Interest Payment Date.

This Initial Debenture is a Global Debenture within the meaning of the Indenture and is registered in the name of a Depository or a nominee thereof. This Initial Debenture may not be transferred to or exchanged for Debentures registered in the name of any Person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

Upon the occurrence of a Change of Control, each holder of Initial Debentures may require (the "**Put Right**") Extencicare to purchase on the date (the "**Put Date**") that is 30 days following the giving of notice by the Trustee of the Change of Control the whole or any part of such holder's Initial Debentures at a price equal to 101% of the principal amount of such Initial Debentures plus accrued and unpaid interest up to, but excluding, the Put Date. Extencicare, at its option, may elect to satisfy such purchase price either by payment in cash or by the issuance of Freely Tradeable Common Shares of Extencicare. If 90% in aggregate principal amount of Initial Debentures outstanding on the date Extencicare provides written notice of a Change of Control to the Trustee have been tendered for purchase pursuant to the Put Right, Extencicare has the right (but not the obligation) to purchase all the remaining outstanding Initial Debentures effective as of the Put Date at the same price.

As more specifically provided in the Indenture, if a take-over bid for Debentures, within the meaning of the *Securities Act* (Ontario) is made and at least 90% of the principal amount of all the outstanding Debentures (other than Debentures held at the date of the take-over bid by or on behalf of the Offeror, Associates or Affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Debentures of those holders who did not accept the offer for the same consideration per Debenture payable or paid, as the case may be, under the take-over bid.

Extencicare may, on notice as provided in the Indenture, at its option and (subject to any applicable regulatory approval), elect to satisfy the obligation to repay the principal amount of this Initial Debenture on the Maturity Date, on redemption or in satisfaction of the Put Right, by the issue of that number of Freely Tradeable Common Shares obtained by dividing the principal amount of this Initial Debenture by 95% of the Current Market Price on the Maturity Date, the date fixed for redemption or the Put Date, as the case may be.

The indebtedness evidenced by this Initial Debenture, and by all other Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of Extencicare, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment of all Senior Indebtedness, as defined in the Indenture, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed. This Initial Debenture is subordinate to claims or creditors of Extencicare's Subsidiaries, except to the extent Extencicare is a creditor of such Subsidiaries ranking at least *pari passu* with such other creditors.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding hereunder (or in certain circumstances, specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Initial Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Common Shares or annuitant or beneficiary of a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, or deferred profit sharing plan, or the directors, officers or agents of Extendicare in respect of any obligation or claim arising out of the Indenture or this Initial Debenture and limiting recourse for such obligation or claim only to the assets from time to time of Extendicare.

This Initial Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in Toronto, Ontario and in such other place or places as Extendicare with the approval of the Trustee may designate. No transfer of this Initial Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee, and upon compliance with such reasonable requirements as the Trustee may prescribe and upon surrender of this Initial Debenture for cancellation. Thereupon a new Initial Debenture or Initial Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Initial Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

The Indenture is and this Initial Debenture shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Capitalized words or expressions used in this Initial Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture. **In the event that the terms and conditions stated in this Initial Debenture conflict, or are inconsistent with, the terms and conditions of the Indenture, the Indenture shall prevail and take priority.**

IN WITNESS WHEREOF EXTENDICARE INC. has caused this Debenture to be signed by its authorized signatory as of the 1st day of July, 2012.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS AN INTEREST HEREIN.

EXTENDICARE INC.

Name: Timothy L. Lukenda
Title: President and Chief Executive Officer

Name: Douglas J. Harris
Title: Senior Vice-President and Chief Financial Officer

TRUSTEE'S CERTIFICATE

This Initial Debenture is one of the 5.70% Convertible Unsecured Debentures due June 30, 2014 referred to in the Indenture within mentioned.

Date:

Computershare Trust Company of Canada

By:

(Authorized Officer)

REGISTRATION PANEL

(No writing hereon except by Trustee)

Date of Registration	In Whose Name Registered	Signature of Trustee

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ whose address and social insurance number, if applicable, are set forth below, this Initial Debenture (or \$ _____ principal amount hereof) of Extencicare Inc. ("Extencicare") standing in the name(s) of the undersigned in the register maintained by Extencicare with respect to such Initial Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Initial Debenture in such register, with full power of substitution in the premises.

Date:	
Address of Transferee:	
(Street Address, City, Province and Postal Code)	
Social Insurance Number of Transferee, if applicable:	

If less than the full principal amount of this Initial Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof, unless you hold an Initial Debenture in a non-integral multiple of \$1,000, in which case such Initial Debenture is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Initial Debenture in every particular without alteration or any change whatsoever. The signature must be guaranteed by an authorized officer of a Schedule 1 Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Medallion Signature Guarantee Program.
2. The registered holder of this Initial Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Initial Debenture.

Signature of Guarantor	
Authorized Officer	Signature of transferring registered holder
Name of Institution	

CONVERSION NOTICE

TO:	EXTENCICARE INC.
Note:	All capitalized terms used herein have the meaning ascribed thereto in the Indenture, unless otherwise indicated.

The undersigned registered holder of 5.70% Convertible Unsecured Subordinated Debentures bearing Certificate No. _____ irrevocably elects to convert such Debentures (or principal \$ _____ amount thereof) in accordance with the terms of the Indenture and tenders herewith the Debentures, and, if applicable, directs that the Common Shares of Extencicare Inc. issuable upon a conversion be issued and delivered to the person indicated below.

Dated:	(Signature of Registered Holder)

If less than the full principal amount of this Initial Debenture is being converted, indicate in the space provided the principal amount (which must be \$1,000 or integral multiples thereof) to be converted.

NOTE: If Common Shares are to be issued in the name of a person other than the holder, the signature must be guaranteed by an authorized officer of a Schedule 1 Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Medallion Signature Guarantee Program.

The registered holder of this Initial Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the conversion of this Initial Debenture.

(Print name in which Common Shares are to be issued, delivered and registered)

Name:	
(Address)	(City, Province and Postal Code)
Name of guarantor:	
Authorized signature:	

EXHIBIT "1"

Form of Principal Amount Grid

EXTENDICARE INC.

5.70% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES DUE JUNE 30, 2014

CERTIFICATE NO.: 2

CUSIP / ISIN: 30224TAB9 / CA30224TAB94

PRINCIPAL AMOUNT GRID

The following grid reflects the principal amount outstanding on the 5.70% Unsecured Subordinated Debentures due June 30, 2014 of Extendicare Inc. (the "**Debentures**") and shall be adjusted at such time as the Debentures are converted, redeemed or repurchased in accordance with the terms of the Indenture. In no such event shall the outstanding principal amount under the Debentures exceed \$115,000,000.

DATE	AMOUNT REDUCED	REMAINING PRINCIPAL AMOUNT	AUTHORIZED SIGNATORY OF TRUSTEE

SCHEDULE B
TO THE SECOND SUPPLEMENTAL INDENTURE BETWEEN
EXTENDICARE INC.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA
FORM OF SERIES 2008-1 GLOBAL DEBENTURE

SCHEDULE B
FORM OF SERIES 2008-1 GLOBAL DEBENTURE

EXTENDICARE INC.
(A corporation governed by the laws of Canada)

SERIES 2008-1 7.25% CONVERTIBLE UNSECURED SUBORDINATED
DEBENTURES
DUE JUNE 30, 2013

No. 2

CUSIP/ISIN: 30224TAA1 / CA30224TAA12

EXTENDICARE INC. ("**Extendicare**") for value received hereby acknowledges itself indebted and, subject to the provisions of the Trust Indenture dated as of June 21, 2007 between Extendicare Real Estate Investment Trust (the "**REIT**", a predecessor to Extendicare) and Computershare Trust Company of Canada (the "**Trustee**"), the first supplemental indenture dated as of June 19, 2008 between the REIT and the Trustee and the second supplemental indenture dated July 1, 2012 between Extendicare and the Trustee (collectively, the "**Indenture**"), promises to pay to the registered holder hereof on June 30, 2013 (the "**Maturity Date**") or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of Ninety One Million Seven Hundred Ninety Four Thousand (\$91,794,000) in lawful money of Canada on presentation and surrender of this Series 2008-1 Debenture at the main branch of the Trustee in Toronto, Ontario, in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from and including the date hereof, or from and including the last Interest Payment Date on which interest shall have been paid or made available for payment hereon, whichever is later, at the rate of 7.25% per annum, in like money in arrears in equal semi-annual instalments (less any taxes required to be withheld) on June 30 and December 31 in each year, except the first payment which shall be made on December 31, 2008 will include accrued and unpaid interest for the period from and including June 19, 2008 to but excluding December 31, 2008 and, the last such payment to fall due on June 30, 2013, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually.

Interest hereon shall be payable by electronic funds transfer to the registered holder hereof and, subject to the provisions of the Indenture, the making of such transfer of funds shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Series 2008-1 Debenture.

This Series 2008-1 Debenture is one of the Debentures of Extendicare issued or issuable in one or more series under the provisions of the Indenture. The authorized principal amount of the Series 2008-1 Debentures are limited to an aggregate principal amount of NINETY-TWO MILLION DOLLARS (\$92,000,000) in lawful money of Canada and the authorized principal

amount of Additional Debentures which may be issued under the Indenture is unlimited. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Series 2008-1 Debentures are or are to be issued and held and the rights and remedies of the holders of the Series 2008-1 Debentures and of Extendicare and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Series 2008-1 Debenture by acceptance hereof assents.

The Series 2008-1 Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Series 2008-1 Debentures of any denomination may be exchanged for an equal aggregate principal amount of Series 2008-1 Debentures in any other authorized denomination or denominations.

The whole, or if this Series 2008-1 Debenture is in a denomination in excess of \$1,000, any part of which is \$1,000 or an integral multiple thereof, of the principal of this Series 2008-1 Debenture is convertible, at the option of the holder hereof, upon surrender of this Series 2008-1 Debenture at the Designated Office, at any time prior to 4:00 p.m. (Toronto time) on the earlier of the Maturity Date and the last Business Day immediately preceding the date specified by Extendicare for redemption of this Series 2008-1 Debenture, into Freely Tradeable Shares of Extendicare (without adjustment to the Conversion Price for distributions on Common Shares issuable on conversion or for accrued and unpaid interest on the Series 2008-1 Debentures surrendered for conversion, however holders converting their Series 2008-1 Debentures shall be entitled to receive, in addition to the applicable number of Freely Tradeable Common Shares, accrued and unpaid interest, if any, in respect thereof as provided in the Indenture) at a conversion price of \$11.35 (the "**Conversion Price**") per Share, being a rate of approximately 88.1057 Common Shares for each \$1,000 principal amount of Series 2008-1 Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion but in lieu thereof, Extendicare will satisfy such fractional interest by a cash payment equal to the Conversion Price of such fractional interest determined in accordance with the Indenture.

This Series 2008-1 Debenture may be redeemed at the option of Extendicare on the terms and conditions set out in the Indenture at the redemption price therein set out. This Series 2008-1 Debenture is not redeemable prior to July 1, 2011. On and after July 1, 2011 and prior to July 1, 2012 this Series 2008-1 Debenture is redeemable in whole at any time or in part from time to time, at the option of Extendicare provided that Extendicare files with the Trustee on the day that the Redemption Notice in respect of this Series 2008-1 Debenture is first given, an Officer's Certificate of Extendicare certifying that the volume-weighted average trading price per Share on the Toronto Stock Exchange (or elsewhere in accordance with the Indenture) for 20 consecutive trading days ending on the fifth trading day preceding the date on which such notice is given, is not less than 125% of the Conversion Price then in effect. On and after July 1, 2012 and prior to the Maturity Date, this Series 2008-1 Debenture may be redeemed by Extendicare in whole at any time or in part from time to time at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest in respect thereof for the period up to but excluding the Redemption Date from and including the last Interest Payment Date. This Series 2008-1 Debenture may also be redeemed at the option of Extendicare in the event of the satisfaction of certain conditions after a Change of Control has occurred.

This Series 2008-1 Debenture is a Global Debenture within the meaning of the Indenture and is registered in the name of a Depository or a nominee thereof. This Series 2008-1 Debenture may not be transferred to or exchanged for Debentures registered in the name of any Person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

Upon the occurrence of a Change of Control, each holder of Series 2008-1 Debentures has the right (the "**Put Right**") to require Extendicare to purchase on the date (the "**Put Date**") which is 30 days following the giving of notice by the Trustee of the Change of Control the whole or any part of such holder's Series 2008-1 Debentures at a price equal to 101% of the principal amount of such Series 2008-1 Debentures plus accrued and unpaid interest up to, but excluding, the Put Date. Extendicare, at its option, may elect to satisfy such purchase price either by payment in cash or by the issuance of Freely Tradeable Common Shares of Extendicare. If 90% in aggregate principal amount of Series 2008-1 Debentures outstanding on the date Extendicare provides written notice of a Change of Control to the Trustee have been tendered for purchase pursuant to the Put Right, Extendicare has the right (but not the obligation) to purchase all the remaining outstanding Series 2008-1 Debentures effective as of the Put Date at the same price.

As more specifically provided in the Indenture, if an offer is made to acquire all outstanding Debentures issued under the Indenture (including the Series 2008-1 Debentures) where, as of the date of the offer to acquire, the Debentures that are subject to the offer to acquire, together with the Offeror's Debentures, constitute in the aggregate 20% or more of the outstanding principal amount of the Debentures, and not less than 90% of the outstanding principal amount of such Debentures (other than Debentures held at the date of the take-over bid by or on behalf of the Offeror or Associates or Affiliates of the Offeror or any Person acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, then the Offeror will be entitled to acquire the outstanding Debentures (including the Series 2008-1 Debentures) held by holders thereof who did not accept the offer on the terms offered by the Offeror.

Extendicare may, on notice as provided in the Indenture, at its option and (subject to any applicable regulatory approval), elect to satisfy the obligation to repay the principal amount of this Series 2008-1 Debenture on the Maturity Date, on redemption or in satisfaction of the Put Right, by the issue of that number of Freely Tradeable Common Shares obtained by dividing the principal amount of this Series 2008-1 Debenture by 95% of the Current Market Price on the Maturity Date, the date fixed for redemption or the Put Date, as the case may be.

The indebtedness evidenced by this Series 2008-1 Debenture, and by all other Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of Extendicare, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment of all Senior Indebtedness, as defined in the Indenture, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed. This Series 2008-1 Debenture is subordinate to claims or creditors of the Extendicare's Subsidiaries, except to the extent Extendicare is a creditor of such Subsidiaries ranking at least *pari passu* with such other creditors.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding hereunder (or in certain circumstances, specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Series 2008-1 Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Common Shares or annuitant or beneficiary of a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, or deferred profit sharing plan, or the directors, officers or agents of Extendicare in respect of any obligation or claim arising out of the Indenture or this Series 2008-1 Debenture and limiting recourse for such obligation or claim only to the assets from time to time of Extendicare.

This Series 2008-1 Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in Toronto, Ontario and in such other place or places as Extendicare with the approval of the Trustee may designate. No transfer of this Series 2008-1 Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee, and upon compliance with such reasonable requirements as the Trustee may prescribe and upon surrender of this Series 2008-1 Debenture for cancellation. Thereupon a new Series 2008-1 Debenture or Series 2008-1 Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Series 2008-1 Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

The Indenture is and this Series 2008-1 Debenture shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Capitalized words or expressions used in this Series 2008-1 Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture. **In the event that the terms and conditions stated in this Series 2008-1 Debenture conflict, or are inconsistent with, the terms and conditions of the Indenture, the Indenture shall prevail and take priority.**

IN WITNESS WHEREOF EXTENDICARE INC. has caused this Debenture to be signed by its authorized signatory as of the 1st day of July, 2012.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS AN INTEREST HEREIN.

EXTENDICARE INC.

Per: _____
Name: Timothy L. Lukenda
Title: President and Chief Executive Officer

Per: _____
Name: Douglas J. Harris
Title: Senior Vice-President and Chief Financial Officer

TRUSTEE'S CERTIFICATE

This Series 2008-1 Debenture is one of the 7.25% Convertible Unsecured Debentures due June 30, 2013 referred to in the Indenture within mentioned.

Date:

Computershare Trust Company of Canada

By:

(Authorized Officer)

REGISTRATION PANEL

(No writing hereon except by Trustee)

Date of Registration	In Whose Name Registered	Signature of Trustee

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address and social insurance number, if applicable, are set forth below, this Series 2008-1 Debenture (or \$_____ principal amount hereof) of Extencicare Inc. ("Extencicare") standing in the name(s) of the undersigned in the register maintained by Extencicare with respect to such Series 2008-1 Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Series 2008-1 Debenture in such register, with full power of substitution in the premises.

Date:	
Address of Transferee:	
(Street Address, City, Province and Postal Code)	
Social Insurance Number of Transferee, if applicable:	

If less than the full principal amount of this Series 2008-1 Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof, unless you hold a Series 2008-1 Debenture in a non-integral multiple of \$1,000, in which case such Series 2008-1 Debenture is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Series 2008-1 Debenture in every particular without alteration or any change whatsoever. The signature must be guaranteed by an authorized officer of a Schedule 1 Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Medallion Signature Guarantee Program.
2. The registered holder of this Series 2008-1 Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Series 2008-1 Debenture.

Signature of Guarantor	
Authorized Officer	Signature of transferring registered holder
Name of Institution	

CONVERSION NOTICE

TO:	EXTENCICARE INC.
Note:	All capitalized terms used herein have the meaning ascribed thereto in the Indenture, unless otherwise indicated.

The undersigned registered holder of 7.25% Convertible Unsecured Subordinated Debentures bearing Certificate No. _____ irrevocably elects to convert such Debentures (or principal \$_____ amount thereof) in accordance with the terms of the Indenture and tenders herewith the Debentures, and, if applicable, directs that the Common Shares of Extencicare Inc. issuable upon a conversion be issued and delivered to the person indicated below.

Dated:	(Signature of Registered Holder)
--------	----------------------------------

If less than the full principal amount of this Series 2008-1 Debenture is being converted, indicate in the space provided the principal amount (which must be \$1,000 or integral multiples thereof) to be converted.

NOTE: If Common Shares are to be issued in the name of a person other than the holder, the signature must be guaranteed by an authorized officer of a Schedule 1 Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Medallion Signature Guarantee Program.

The registered holder of this Series 2008-1 Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the conversion of this Series 2008-1 Debenture.

(Print name in which Common Shares are to be issued, delivered and registered)

Name:	
(Address)	(City, Province and Postal Code)
Name of guarantor:	
Authorized signature:	

EXHIBIT "1"

Form of Principal Amount Grid

EXTENDICARE INC.

**SERIES 2008-1 7.25% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES DUE
JUNE 30, 2013**

CERTIFICATE NO.: [2]

CUSIP/ISIN: 30224TAA1 / CA30224TAA12

PRINCIPAL AMOUNT GRID

The following grid reflects the principal amount outstanding on the Series 2008-1 7.25% Unsecured Subordinated Debentures due June 30, 2013 of Extendicare Inc. (the "**Debentures**") and shall be adjusted at such time as the Debentures are converted, redeemed or repurchased in accordance with the terms of the Indenture. In no such event shall the outstanding principal amount under the Debentures exceed \$92,000,000.

DATE	AMOUNT REDUCED	REMAINING PRINCIPAL AMOUNT	AUTHORIZED SIGNATORY OF TRUSTEE

SCHEDULE C
TO THE SECOND SUPPLEMENTAL INDENTURE BETWEEN
EXTENDICARE INC.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA
FORM OF REDEMPTION NOTICE FOR INITIAL DEBENTURES

SCHEDULE C
FORM OF REDEMPTION NOTICE

EXTENDICARE INC.
5.70% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
REDEMPTION NOTICE

To: Holders of 5.70% Convertible Unsecured Subordinated Debentures (the "**Debentures**") of Extendicare Inc. ("**Extendicare**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the Trust Indenture (the "**Trust Indenture**") dated as of June 21, 2007 between Extendicare Real Estate Investment Trust (the "**REIT**", a predecessor to Extendicare) and Computershare Trust Company of Canada (the "**Trustee**"), as supplemented by the First Supplemental Indenture dated June 19, 2008 between the REIT and the Trustee and as further supplemented by the Second Supplemental Indenture dated July 1, 2012 between Extendicare and the Trustee (collectively, the "**Indenture**"), that \$[●] aggregate principal amount of Debentures outstanding will be redeemed as of [●] (the "**Redemption Date**"), upon payment of a redemption amount of \$[●] for each \$1,000 principal amount of Debentures, being equal to the aggregate of (i) \$[●], and (ii) all accrued and unpaid interest thereon to, but excluding, the Redemption Date (collectively, the "**Redemption Price**").

The Redemption Price (less any taxes required to be withheld) will be payable upon presentation and surrender of the Debentures called for redemption at the following corporate trust office:

Computershare Trust Company of Canada
100 University Avenue
9th Floor, North Tower
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust Services

The interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date, unless payment of the Redemption Price (less any taxes required to be withheld), shall not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Redemption Price, plus accrued and unpaid interest, pursuant to the Indenture.

[Pursuant to Section 4.6 of the Trust Indenture, Extendicare hereby irrevocably elects to satisfy its obligation to pay to holders of Debentures the Redemption Price, [in whole/in part,] by issuing and delivering or causing to be delivered to the holders that number of Freely Tradeable Common Shares obtained by dividing the aggregate principal amount of Debentures being redeemed by 95% of the Current Market Price of the Common Shares on the Redemption Date. \$[●] aggregate principal amount of Debentures will be redeemed

by Extendicare pursuant to its Share Redemption Right. In the event that Extendicare elects to issue and deliver Common Shares as aforesaid, Extendicare shall send to the Trustee the Freely Tradeable Common Shares (in book-based or certificated form) to which the holder is entitled.]

[No fractional Common Shares shall be delivered upon the exercise by Extendicare of the Share Redemption Right but, in lieu thereof, Extendicare shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Common Shares on the Redemption Date (less any taxes required to be withheld).]

[In this connection, upon presentation and surrender of the Debentures for payment on the Redemption Date, Extendicare shall, on the Redemption Date, make delivery to the Trustee, at the above-mentioned corporate trust office, for delivery to and on account of the holders, the number of Freely Tradeable Common Shares (in book-based or certificated form) to which holders are entitled and cash equal to all accrued and unpaid interest to but excluding the Redemption Date together with the cash equivalent in lieu of all fractional Common Shares.] [Delete as appropriate.]

DATED: [●]

EXTENDICARE INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE D
TO THE SECOND SUPPLEMENTAL INDENTURE BETWEEN
EXTENDICARE INC.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA
FORM OF REDEMPTION NOTICE FOR SERIES 2008-1 DEBENTURES

**SCHEDULE D
FORM OF REDEMPTION NOTICE**

**EXTENDICARE INC.
SERIES 2008-1 7.25% CONVERTIBLE UNSECURED SUBORDINATED
DEBENTURES
REDEMPTION NOTICE**

To: Holders of Series 2008-1 7.25% Convertible Unsecured Subordinated Debentures (the "**Debentures**") of Extendicare Inc. (the "**Extendicare**")

Note: All capitalized terms used herein have the meanings ascribed thereto in the Trust Indenture dated as of June 21, 2007 (the "**Trust Indenture**") between Extendicare Real Estate Investment Trust (the "**REIT**", a predecessor to Extendicare) and Computershare Trust Company of Canada, as trustee (the "**Trustee**"), as supplemented by the First Supplemental Indenture dated as of June 19, 2008 (the "**First Supplemental Indenture**") between Extendicare and the Trustee and as further supplemented by the Second Supplemental Indenture dated July 1, 2012 between Extendicare and the Trustee (collectively, the "**Indenture**").

Notice is hereby given pursuant to Section 2.2(c) of the First Supplemental Indenture and Section 4.3 of the Trust Indenture, that \$[●] aggregate principal amount of Debentures outstanding will be redeemed as of [●] (the "**Redemption Date**"), upon payment of a redemption amount of \$[●] for each \$1,000 principal amount of Debentures, being equal to the aggregate of (i) \$[●], and (ii) all accrued and unpaid interest thereon to, but excluding, the Redemption Date (collectively, the "**Redemption Price**").

The Redemption Price (less any taxes required to be withheld) will be payable upon presentation and surrender of the Debentures called for redemption at the following corporate trust office:

Computershare Trust Company of Canada
100 University Avenue
9th Floor, North Tower
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust Services

The interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date, unless payment of the Redemption Price (less any taxes required to be withheld), shall not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Redemption Price, plus accrued and unpaid interest, pursuant to the Indenture.

[Pursuant to Section 2.2(g) of the First Supplemental Indenture and Section 4.6 of the Trust Indenture, Extendicare hereby irrevocably elects to satisfy its obligation to pay to holders of Debentures the Redemption Price, [in whole/in part,] by issuing and delivering

or causing to be delivered to the holders that number of Freely Tradeable Common Shares obtained by dividing the aggregate principal amount of Debentures being redeemed by 95% of the Current Market Price of the Common Shares on the Redemption Date. \$[●] aggregate principal amount of Debentures will be redeemed by Extendicare pursuant to its Share Redemption Right. In the event that Extendicare elects to issue and deliver Common Shares as aforesaid, Extendicare shall send to the Trustee the Freely Tradeable Common Shares (in book-based or certificated form) to which the holder is entitled.]

[No fractional Common Shares shall be delivered upon the exercise by Extendicare of the Share Redemption Right but, in lieu thereof, Extendicare shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Common Shares on the Redemption Date (less any taxes required to be withheld).]

[In this connection, upon presentation and surrender of the Debentures for payment on the Redemption Date, Extendicare shall, on the Redemption Date, make delivery to the Trustee, at the above-mentioned corporate trust office, for delivery to and on account of the holders, the number of Freely Tradeable Common Shares (in book-based or certificated form) to which holders are entitled and cash equal to all accrued and unpaid interest to but excluding the Redemption Date together with the cash equivalent in lieu of all fractional Common Shares.] [Delete as appropriate.]

DATED: [●]

EXTENDICARE INC.

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

SCHEDULE E
TO THE SECOND SUPPLEMENTAL INDENTURE BETWEEN
EXTENDICARE INC.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA
FORM OF MATURITY NOTICE FOR INITIAL DEBENTURES

SCHEDULE E
FORM OF MATURITY NOTICE

EXTENDICARE INC.
5.70% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

MATURITY NOTICE

To: Holders of 5.70% Convertible Unsecured Subordinated Debentures (the "**Debentures**") of Extendicare Inc. ("**Extendicare**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.10(b) of the Trust Indenture (the "**Trust Indenture**") dated as of June 21, 2007 between Extendicare Real Estate Investment Trust (the "**REIT**", a predecessor to Extendicare) and Computershare Trust Company of Canada, as trustee (the "**Trustee**"), as supplemented by the First Supplemental Trust Indenture dated June 19, 2008 between the REIT and the Trustee and as further supplemented by the Second Supplemental Indenture dated July 1, 2012 between Extendicare and the Trustee, that the Debentures are due and payable as of June 30, 2014 (the "**Maturity Date**") and Extendicare hereby advises the holders of Debentures that pursuant to Section 4.10 of the Trust Indenture, Extendicare hereby irrevocably elects to satisfy its obligation to repay, **[in whole/in part,]** by issuing and delivering to the holders that number of Freely Tradeable Common Shares equal to the number obtained by dividing the aggregate principal amount of such Debentures by 95% of the Current Market Price of the Common Shares on the Maturity Date. \$[●] aggregate principal amount of Debentures will be repaid by Extendicare pursuant to its Share Repayment Right. Upon presentation and surrender of the Debentures, Extendicare shall pay or cause to be paid in cash to the holder all accrued and unpaid interest to the Maturity Date, together with the cash equivalent representing fractional Common Shares, (less any taxes required to be withheld) and shall, on the Maturity Date, send to the Trustee the Freely Tradeable Common Shares (in book-based or certificated form) to which the holder is entitled.

DATED: [●]

EXTENDICARE INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE F
TO THE SECOND SUPPLEMENTAL INDENTURE BETWEEN
EXTENDICARE INC.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA
FORM OF MATURITY NOTICE FOR SERIES 2008-1 DEBENTURES

**SCHEDULE F
FORM OF MATURITY NOTICE**

**EXTENDICARE INC.
SERIES 2008-1 7.25% CONVERTIBLE UNSECURED SUBORDINATED
DEBENTURES**

MATURITY NOTICE

To: Holders of Series 2008-1 7.25% Convertible Unsecured Subordinated Debentures (the "**Debentures**") of Extendicare Inc. ("**Extendicare**")

Note: All capitalized terms used herein have the meanings ascribed thereto in the Trust Indenture dated as of June 21, 2007 (the "**Trust Indenture**") between Extendicare Real Estate Investment Trust (the "**REIT**", a predecessor to Extendicare) and Computershare Trust Company of Canada, as trustee (the "**Trustee**"), as supplemented by the First Supplemental Indenture dated as of June 19, 2008 (the "**First Supplemental Indenture**") between the REIT and the Trustee and as further supplemented by the Second Supplemental Indenture dated July 1, 2012 between Extendicare and the Trustee.

Notice is hereby given pursuant to Section 2.2(g) of the First Supplemental Indenture and Section 4.10(b) of the Trust Indenture that the Debentures are due and payable as of June 30, 2013 (the "**Maturity Date**") and Extendicare hereby advises the holders of Debentures that pursuant to Section 2.2(g) of the First Supplemental Indenture and Section 4.10 of the Trust Indenture, Extendicare hereby irrevocably elects to satisfy its obligation to repay, [**in whole/in part,**] by issuing and delivering to the holders that number of Freely Tradeable Common Shares equal to the number obtained by dividing the aggregate principal amount of such Debentures by 95% of the Current Market Price of the Common Shares on the Maturity Date. \$[●] aggregate principal amount of Debentures will be repaid by Extendicare pursuant to its Share Repayment Right. Upon presentation and surrender of the Debentures, Extendicare shall pay or cause to be paid in cash to the holder all accrued and unpaid interest to the Maturity Date, together with the cash equivalent representing fractional Common Shares, (less any taxes required to be withheld) and shall, on the Maturity Date, send to the Trustee the Freely Tradeable Common Shares (in book-based or certificated form) to which the holder is entitled.

DATED: [●]

EXTENDICARE INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE G
TO THE SECOND SUPPLEMENTAL INDENTURE BETWEEN
EXTENDICARE INC.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA
FORM OF CHANGE OF CONTROL NOTICE FOR INITIAL DEBENTURES

SCHEDULE G
FORM OF CHANGE OF CONTROL NOTICE

EXTENDICARE INC.
5.70% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

CHANGE OF CONTROL NOTICE

To: Holders of 5.70% Convertible Unsecured Subordinated Debentures (the "**Debentures**") of Extendicare Inc. ("**Extendicare**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture defined below, unless otherwise indicated.

Notice is hereby given pursuant to Section 2.4(j) of the Trust Indenture dated as of June 21, 2007 between Extendicare Real Estate Investment Trust (the "**REIT**", a predecessor to Extendicare) and Computershare Trust Company of Canada, as trustee (the "**Trustee**") as supplemented by the First Supplemental Indenture dated June 19, 2008 between the REIT and the Trustee and as further supplemented by the Second Supplemental Indenture dated July 1, 2012 between Extendicare and the Trustee (collectively, the "**Indenture**"), that:

- (a) a Change of Control occurred on [●], 20[●] details of which are the following:
[Insert details of Change of Control];
- (b) each holder of Debentures shall have the right (the "**Put Right**") to require Extendicare to purchase, on [●], 20[●], **[being the date which is 30 days following the date upon which the Trustee has delivered this Change of Control Notice to the holders]** (the "**Put Date**"), all or any part of your Debentures in accordance with Applicable Securities Legislation at a price equal to 101% of the principal amount of your Debentures (the "**Put Price**") plus accrued and unpaid interest thereon up to, but excluding, the Put Date (collectively, the "**Total Put Price**");
- (c) Extendicare shall satisfy the Total Put Price **[in cash or in whole or in part, in Freely Tradeable Common Shares]** **[details to be inserted];**
- (d) you are entitled to withdraw your election to require Extendicare to purchase your Debentures by providing notice to the Trustee by facsimile transmission or letter advising the Trustee of such withdrawal no later than the close of business on the third Business Day immediately preceding the Put Date, such notice to the Trustee shall include your name, the principal amount of the Debentures delivered for purchase and a statement that you are withdrawing your election to have such Debentures purchased.

Be advised that if 90% or more in aggregate principal amount of Debentures outstanding on [■], 20[■] (being the date on which Extendicare delivered to the Trustee this Change of Control Notice) have been tendered for purchase pursuant to the Put Right, Extendicare has the right (but not the obligation) upon written notice to the Trustee prior to the Put Date, or as soon as

reasonably possible thereafter, to redeem all remaining outstanding Debentures effective as of the Put Date at the Total Put Price.

[In the event that Extendicare elects to issue and deliver Common Shares as aforesaid, upon presentation and surrender of the Debentures, Extendicare shall pay or cause to be paid in cash to the holder all accrued and unpaid interest to the Maturity Date, together with the cash equivalent representing fractional Common Shares (less any taxes required to be withheld), and shall, on the Maturity Date, send to the Trustee Freely Tradeable Common Shares (in book-based or certificated form) to which the holder is entitled.]
[Delete as appropriate.]

DATED: [●]

EXTENDICARE INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE H
TO THE SECOND SUPPLEMENTAL INDENTURE BETWEEN
EXTENDICARE INC.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA
FORM OF CHANGE OF CONTROL NOTICE FOR SERIES 2008-1 DEBENTURES

**SCHEDULE H
FORM OF CHANGE OF CONTROL NOTICE**

**EXTENDICARE INC.
SERIES 2008-1 7.25% CONVERTIBLE UNSECURED SUBORDINATED
DEBENTURES**

CHANGE OF CONTROL NOTICE

To: Holders of Series 2008-1 7.25% Convertible Unsecured Subordinated Debentures (the "**Debentures**") of Extendicare Inc. ("**Extendicare**")

Note: All capitalized terms used herein have the meanings ascribed thereto in the Trust Indenture dated as of June 21, 2007 between Extendicare Real Estate Investment Trust (the "**REIT**", a predecessor to Extendicare) and Computershare Trust Company of Canada, as trustee (the "**Trustee**"), as supplemented by the First Supplemental Indenture dated as of June 19, 2008 (the "**First Supplemental Indenture**") between the REIT and the Trustee and as further supplemented by the Second Supplemental Indenture dated July 1, 2012 between Extendicare and the Trustee.

Notice is hereby given pursuant to Section 2.2(j) of the First Supplemental Indenture that:

- (a) a Change of Control occurred on [●], 20[●] details of which are the following:
[Insert details of Change of Control];
- (b) each holder of Debentures shall have the right (the "**Put Right**") to require Extendicare to purchase, on [●], 20[●], **[being the date which is 30 days following the date upon which the Trustee has delivered this Change of Control Notice to the holders]** (the "**Put Date**"), all or any part of your Debentures in accordance with Applicable Securities Legislation at a price equal to 101% of the principal amount of your Debentures (the "**Put Price**") plus accrued and unpaid interest thereon up to, but excluding, the Put Date (collectively, the "**Total Put Price**");
- (c) Extendicare shall satisfy the Total Put Price **[in cash or in whole or in part, in Freely Tradeable Common Shares]** **[details to be inserted];**
- (d) you are entitled to withdraw your election to require Extendicare to purchase your Debentures by providing notice to the Trustee by facsimile transmission or letter advising the Trustee of such withdrawal no later than the close of business on the third Business Day immediately preceding the Put Date, such notice to the Trustee shall include your name, the principal amount of the Debentures delivered for purchase and a statement that you are withdrawing your election to have such Debentures purchased.

Be advised that if 90% or more in aggregate principal amount of Debentures outstanding on [●], 20[●] (being the date on which Extendicare delivered to the Trustee this Change of Control Notice) have been tendered for purchase pursuant to the Put Right, Extendicare has the right (but

not the obligation) upon written notice to the Trustee prior to the Put Date, or as soon as reasonably possible thereafter, to redeem all remaining outstanding Debentures effective as of the Put Date at the Total Put Price.

[In the event that Extendicare elects to issue and deliver Common Shares as aforesaid, upon presentation and surrender of the Debentures, Extendicare shall pay or cause to be paid in cash to the holder all accrued and unpaid interest to the Maturity Date, together with the cash equivalent representing fractional Common Shares (less any taxes required to be withheld), and shall, on the Maturity Date, send to the Trustee Freely Tradeable Common Shares (in book-based or certificated form) to which the holder is entitled.]
[Delete as appropriate.]

DATED: [●]

EXTENDICARE INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE I
TO THE SECOND SUPPLEMENTAL INDENTURE BETWEEN
EXTENDICARE INC.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA
FORM OF PUT EXERCISE NOTICE FOR INITIAL DEBENTURES

SCHEDULE I
FORM OF NOTICE OF PUT EXERCISE

PUT EXERCISE NOTICE

To: EXTENDICARE INC.

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 5.70% Convertible Unsecured Subordinated Debentures bearing Certificate No. [●] revocably elects to put such Debentures (or \$[●] principal amount thereof*) to Inc. ("**Extendicare**") to be purchased by Extendicare on [●] (the "**Put Date**") in accordance with the terms of the Trust Indenture dated as of June 21, 2007 between Extendicare Real Estate Investment Trust (the "**REIT**", a predecessor to Extendicare) and Computershare Trust Company of Canada, as trustee (the "**Trustee**"), as supplemented by the First Supplemental Indenture dated June 19, 2008 between the REIT and the Trustee and as further supplemented by the Second Supplemental Indenture dated July 1, 2012 between Extendicare and the Trustee (collectively, the "**Indenture**"), at a price of \$1,010 for each \$1,000 principal amount of Debentures plus all accrued and unpaid interest thereon to, but excluding, the Put Date (collectively, the "**Total Put Price**") and tenders herewith the Debentures.

Dated: _____
(Signature of Registered Holder)

* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount which must be \$1,000 or integral multiples thereof.

The Total Put Price will be payable either in cash, by Freely Tradeable Common Shares or any combination thereof at the option of Extendicare in accordance with the Indenture upon presentation and surrender of the Debentures with this form on the Put Date at the following corporate trust office:

Computershare Trust Company of Canada
100 University Avenue
9th Floor, North Tower
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust Services

The interest upon the principal amount of Debentures put to Extendicare shall cease to be payable from and after the Put Date unless payment of the Total Put Price (less any taxes required to be withheld) shall not be made on presentation for surrender of such Debentures at the above mentioned corporate trust office on the Put Date or prior to the setting aside of the Total Put Price pursuant to the Indenture.

SCHEDULE J
TO THE SECOND SUPPLEMENTAL INDENTURE BETWEEN
EXTENDICARE INC.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA
FORM OF NOTICE OF PUT EXERCISE FOR SERIES 2008-1 DEBENTURES

SCHEDULE J
FORM OF NOTICE OF PUT EXERCISE

PUT EXERCISE NOTICE

To: Extendicare Inc. ("**Extendicare**")

Note: All capitalized terms used herein have the meanings ascribed thereto in the Trust Indenture dated as of June 21, 2007 between Extendicare Real Estate Investment Trust (the "**REIT**", a predecessor to Extendicare) and Computershare Trust Company of Canada, as trustee (the "**Trustee**"), as supplemented by the First Supplemental Indenture dated as of June 19, 2008 between the REIT and the Trustee and as further supplemented by the Second Supplemental Indenture dated July 1, 2012 between Extendicare and the Trustee (collectively, the "**Indenture**").

The undersigned registered holder of Series 2008-1 7.25% Convertible Unsecured Subordinated Debentures (the "**Debentures**") bearing Certificate No. [●] revocably elects to put such Debentures (or \$[●] principal amount thereof*) to Extendicare to be purchased by Extendicare on [●] (the "**Put Date**") in accordance with the terms of the Indenture, at a price of \$1,010 for each \$1,000 principal amount of Debentures plus all accrued and unpaid interest thereon to, but excluding, the Put Date (collectively, the "**Total Put Price**") and tenders herewith the Debentures.

Dated: _____

(Signature of Registered Holder)

* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount which must be \$1,000 or integral multiples thereof.

The Total Put Price will be payable either in cash, by Freely Tradeable Common Shares or any combination thereof at the option of Extendicare in accordance with the Indenture, upon presentation and surrender of the Debentures with this form on the Put Date at the following corporate trust office:

Computershare Trust Company of Canada
100 University Avenue
9th Floor, North Tower
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust Services

The interest upon the principal amount of Debentures put to Extendicare shall cease to be payable from and after the Put Date unless payment of the Total Put Price (less any taxes required to be withheld) shall not be made on presentation for surrender of such Debentures at the above mentioned corporate trust office on the Put Date or prior to the setting aside of the Total Put Price pursuant to the Indenture.

SCHEDULE K
TO THE SECOND SUPPLEMENTAL INDENTURE BETWEEN
EXTENDICARE INC.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA
FORM OF NOTICE TO REDEEM
ALL REMAINING OUTSTANDING DEBENTURES FOR INITIAL DEBENTURES

SCHEDULE K
FORM OF NOTICE TO REDEEM ALL REMAINING
OUTSTANDING DEBENTURES

EXTENDICARE INC.
5.70% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

REDEMPTION OF REMAINING
OUTSTANDING DEBENTURES NOTICE

To: Holders of 5.70% Convertible Unsecured Subordinated Debentures (the "**Debentures**") of Extendicare Inc. ("**Extendicare**")

And To: Computershare Trust Company of Canada (the "**Trustee**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 2.4(j)(iv) of the Trust Indenture (the "**Trust Indenture**") dated as of June 21, 2007 between Extendicare Real Estate Investment Trust (the "**REIT**", a predecessor to Extendicare) and the Trustee, as supplemented by the First Supplemental Indenture dated June 19, 2008 between the REIT and the Trustee and as further supplemented by the Second Supplemental Indenture dated July 1, 2012 between Extendicare and the Trustee, that 90% or more in aggregate principal amount of Debentures outstanding on the date Extendicare provided notice of a Change of Control pursuant to Section 2.4(j) of the Trust Indenture have been tendered for purchase by Extendicare pursuant to the Put Right in Section 2.4(j)(iii) of the Trust Indenture, and Extendicare hereby advises the holders of Debentures that it has exercised its right to redeem all of the remaining outstanding Debentures as of [●] (the "**Put Date**") [**insert the same date as in the Put Exercise Notice**] at a price equal to 101% of the principal amount of your Debentures plus accrued and unpaid interest thereon to but excluding the Put Date (collectively, the "**Total Put Price**").

The Total Put Price will be payable either in cash, by Freely Tradeable Common Shares or any combination thereof at the option of Extendicare in accordance with the Debentures upon presentation and surrender of the Debentures at the following corporate trust office:

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

Attention: Manager, Corporate Trust Services

The interest upon the principal amount of Debentures so called for redemption shall cease to be payable from and after the Put Date, unless payment of the Total Put Price (less any taxes required to be withheld) shall not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on the Put Date or prior to the setting aside of the Total Put Price pursuant to the Indenture.

DATED: [•]

EXTENDICARE INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE L
TO THE SECOND SUPPLEMENTAL INDENTURE BETWEEN
EXTENDICARE INC.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA
FORM OF NOTICE TO REDEEM
ALL REMAINING OUTSTANDING DEBENTURES FOR SERIES 2008-1
DEBENTURES

SCHEDULE L
FORM OF NOTICE TO REDEEM ALL REMAINING
OUTSTANDING DEBENTURES

EXTENDICARE INC.
SERIES 2008-1 7.25% CONVERTIBLE UNSECURED SUBORDINATED
DEBENTURES

REDEMPTION OF REMAINING
OUTSTANDING DEBENTURES NOTICE

- To: Holders of Series 2008-1 7.25% Convertible Unsecured Subordinated Debentures (the "**Debentures**") of Extendicare Inc. ("**Extendicare**")
- And To: Computershare Trust Company of Canada (the "**Trustee**")
- Note: All capitalized terms used herein have the meanings ascribed thereto in the Trust Indenture dated as of June 21, 2007 between Extendicare Real Estate Investment Trust (the "**REIT**", a predecessor to Extendicare) and Computershare Trust Company of Canada, as trustee (the "**Trustee**"), as supplemented by the First Supplemental Indenture (the "**First Supplemental Indenture**") dated as of June 19, 2008 between the REIT and the Trustee and as further supplemented by the Second Supplemental Indenture dated July 1, 2012 between Extendicare and the Trustee.

Notice is hereby given pursuant to Section 2.2(j)(iv) of the First Supplemental Indenture that 90% or more in aggregate principal amount of Debentures outstanding on the date Extendicare provided notice of a Change of Control pursuant to Section 2.2(j)(ii) of the First Supplemental Indenture have been tendered for purchase by Extendicare pursuant to the Put Right in Section 2.2(j)(iii) of the First Supplemental Indenture, and Extendicare hereby advises the holders of Debentures that it has exercised its right to redeem all of the remaining outstanding Debentures as of [●] (the "**Put Date**") [insert the same date as in the Put Exercise Notice] at a price equal to 101% of the principal amount of your Debentures plus accrued and unpaid interest thereon to but excluding the Put Date (collectively, the "**Total Put Price**").

The Total Put Price will be payable either in cash, by Freely Tradeable Common Shares or any combination thereof at the option of Extendicare in accordance with the Debentures upon presentation and surrender of the Debentures at the following corporate trust office:

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

Attention: Manager, Corporate Trust Services

The interest upon the principal amount of Debentures so called for redemption shall cease to be payable from and after the Put Date, unless payment of the Total Put Price (less any taxes required to be withheld) shall not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on the Put Date or prior to the setting aside of the Total Put Price pursuant to the Indenture.

DATED: [•]

EXTENDICARE INC.

Per: _____
 Name:
 Title:

Per: _____
 Name:
 Title: