

Extendicare Reaches Agreement with Oxford Park Group and Announces Changes to its Board of Directors

MARKHAM, ONTARIO – January 22, 2016 – Extendicare Inc. (“Extendicare” or the “Company”) (TSX: EXE) today announces that it has reached an agreement with Oxford Park Group (“Oxford Park”) that is in the best interests of all of Extendicare's shareholders and other stakeholders, which enables the Company to avoid what could have been an expensive and distracting proxy contest. Pursuant to the terms of the agreement, among other items:

- Alan Hibben, Gail Paech and Frederic Waks will be appointed to Extendicare’s Board of Directors;
- Mr. Waks will be appointed as Vice-Chairman of the Board;
- Ben Hutzel will continue in his role as Chairman of the Board until the 2017 Annual General Meeting, at which point the Board will select a new Chair;
- Governor Howard Dean and John Angus will retire from the Board of Directors in order to maintain the Board at its long-standing size of nine directors;
- Oxford Park has withdrawn its requisition for a special meeting of Extendicare shareholders and will vote in support of management’s nominees at the Annual General Meetings to be held in 2016 and 2017; and
- Extendicare agrees to receive input from Oxford Park with respect to Extendicare’s ongoing review of strategies to enhance shareholder value.

“As we reach a positive outcome with Oxford Park and conclude our board renewal process, I want to recognize Howard and John for their significant contributions to Extendicare’s success,” said Ben Hutzel, Chairman of Extendicare’s Board of Directors. “On behalf of my fellow directors, I welcome Alan, Gail and Fred to Extendicare and look forward to their contributions toward Extendicare’s continuing success. Extendicare has made significant progress in its plan to become a “pure-play” and leading Canadian provider of health care and services across the full continuum of care. I look forward to working with all of our board members and Extendicare’s management team to collectively realize Extendicare’s great potential on behalf of all of our shareholders.”

Phil Evershed, Oxford Park’s Principal added: “Extendicare is a great company with significant potential for further value creation. I’m pleased that we have been able to reach an agreement with the Board and management and look forward to providing input going forward.”

The new directors’ biographies follow:

Alan Hibben, ICD.D

Mr. Hibben is currently a director of Hudbay Minerals Inc. and the Mount Sinai Hospital Foundation. Mr. Hibben recently retired as a Managing Director in the Mergers and Acquisitions Group of RBC Capital Markets. Up until 2007, he held the position of Head, Strategy & Development at RBC Financial Group. In this role, he was responsible for corporate strategy as well as merger, acquisition and development activities for the bank. Since December 2014, Mr. Hibben has been a volunteer advisor to the Province of Ontario as part of the Premier's Advisory Council on Government Assets, including working with Ed Clark on the privatization of Hydro One. Mr. Hibben is a Chartered Accountant, a Chartered Financial Analyst, and an Institute-Certified Director (ICD.D).

Gail Paech

Ms. Paech has extensive experience in the Ontario health care sector and currently serves as Chief Executive Officer of Associated Medical Services Inc., a Canadian charitable organization that supports health professional education, compassionate care and bioethics. Ms. Paech served as Interim Chief Executive Officer of the Ontario Long-Term Care Association from August 2011 to June 2012. Previously, Ms. Paech served as Associate Deputy Minister of Economic Development and Trade in Ontario from 2009 until 2011, and Assistant Deputy Minister of Health and Long-Term Care in Ontario from 1998 until 2009. Between 1991 and 1998 she was the President and Chief Executive Officer of Toronto East General Hospital.

Frederic Waks

Mr. Waks is currently President and Chief Executive Officer of Trinity Development Group Inc., an Ottawa-based real estate development firm. Mr. Waks most recently held the position of President and Chief Operating Officer at RioCan Real Estate Investment Trust, a REIT with \$15 billion in assets. Mr. Waks is also the Chair of the Campus Redevelopment Committee for Baycrest Health Centre, the Vice-Chair of Sunnybrook Hospital Foundation and is the incoming Chair for the Foundation, a Director of the Royal Ontario Museum and a Trustee of the Jewish Foundation of Greater Toronto.

ABOUT EXTENDICARE

Extendicare is a leading provider of care and services for seniors throughout Canada. Through our network of 116 operated senior care centres (62 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 22,800 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 its business operations, business strategy, and financial condition. Forward-looking statements can be identified because they generally contain the words "expect", "intend", "anticipate", "believe", "estimate", "project", "plan" or "objective" or other similar expressions or the negative thereof. Forward-looking statements reflect management's beliefs and assumptions and are based on information currently available, and Extendicare assumes no obligation to update or revise any forward-looking statement, except as required by applicable securities laws. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of Extendicare to differ materially from those expressed or implied in the statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on Extendicare's forward-looking statements. Further information can be found in the disclosure documents filed by Extendicare with the securities regulatory authorities, available at www.sedar.com and on Extendicare's website at www.extendicare.com.

For further information, contact:**Extendicare Investors**

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