Penn Treaty American Corporation

FOR IMMEDIATE RELEASE
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Penn Treaty American Corporation Adopts NOL Rights Agreement

FRISCO, TEXAS (April 28, 2016) – Penn Treaty American Corporation (the "Company") today announced that its Board of Directors adopted a shareholder rights agreement designed to protect the Company's ability to utilize its net operating loss carryforwards. The Company estimated net operating loss carryforwards totaling approximately $1.2 billion as of April 22, 2016. United States Federal income tax rules, and Section 382 of the Internal Revenue Code in particular, substantially limit the use of those tax assets if the Company experiences an "ownership change." In general, an ownership change occurs if there is a cumulative change in the ownership of the Company by "5% shareholders" that exceeds 50 percentage points over a rolling three-year period.

Eugene Woznicki, President and Chairman of the Board said, "This shareholder rights agreement is designed to protect the substantial value that we expect our net operating loss carryforwards will provide. We believe that the rights agreement is in the best interests of our shareholders as it is designed to reduce the risk of an ownership change occurring amongst our largest shareholders."

The rights agreement seeks to reduce the likelihood of such an ownership change by encouraging shareholders desiring to exceed a 4.99% ownership threshold to discuss their plans with the Company's Board of Directors. The rights agreement permits existing 4.99% shareholders to increase their share ownership so long as they do not acquire beneficial ownership of additional common shares amounting to more than 1% of the Company's total outstanding common shares. The acquisition of more than 1% of the Company's total outstanding common shares by existing 4.99% shareholders would require the prior approval of the Company's Board of Directors and, unless exempted by the Company's Board of Directors, would trigger the rights agreement.

The Company's Board of Directors declared a dividend of one preferred stock purchase right for each outstanding common share as of the close of business on April 25, 2016. Common shares issued after that date will also receive the rights. Subject to certain limited exceptions, if any person or group becomes a 4.99% shareholder of the Company without first obtaining the approval of the Company's Board of Directors, holders of the rights would become entitled to purchase securities of the Company that would significantly dilute the voting power and economic ownership of the acquiring shareholder. Rights owned by the acquiring shareholder would become void.

The rights agreement will expire on the earliest of: (i) April 25, 2026, (ii) the date that the Board of Directors either redeems the rights or exchanges the Company's common shares for the rights as described in the rights agreement, (iii) the repeal of Section 382 of the Internal Revenue Code and a determination by the Board of Directors that the rights agreement is no longer necessary for the preservation of its net operating loss carryforwards, or (iv) the beginning of a taxable year in which the Board of Directors determines that no net operating loss carryforwards may be carried forward.

A detailed summary of the rights agreement will be mailed to the Company's shareholders of record on or about April 28, 2016.

Two subsidiaries of the Company, Penn Treaty Network America Insurance Company and American Network Insurance Company (together, the “Subsidiaries”), have been in rehabilitation since early 2009. Since then, the Pennsylvania Insurance Department (the “PID”) has been responsible for pursuing rehabilitations of the Subsidiaries. In late 2009, the PID sought orders by which the rehabilitations would be terminated and the Subsidiaries would be liquidated. The Subsidiaries’ Boards of Directors authorized Mr. Woznicki, who serves as Chairman to each of the Subsidiaries, to intervene to defend against the petitions to liquidate. Mr. Woznicki and the Company (collectively, the “Intervenors”) were permitted to intervene to defend against the petitions to liquidate, and they vigorously contested the PID’s efforts. In 2012, the Commonwealth Court of Pennsylvania disallowed the PID’s efforts to liquidate the Subsidiaries, a decision that was upheld by the Supreme Court of Pennsylvania in July 2015. Since the 2012 order, the Intervenors have had several discussions with the PID and other interested parties regarding an appropriate rehabilitation approach. In October 2014, the PID presented the latest version of its rehabilitation plan to the Commonwealth Court for approval, and the hearing on whether the plan should be approved began in July 2015. The hearing has not concluded, and the rehabilitation proceeding is ongoing.

Many of the statements in this press release are forward looking within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the amount of net operating loss carryforwards available to the Company, the Company’s ability to use its net operating loss carryforwards, and the rehabilitation proceedings and approval of the plan of rehabilitation, and are based on the reasonable assumptions of the Company’s management and Board of Directors at the time of this press release. These statements involve known and unknown risks, uncertainties and other factors that may cause the actual results to be materially different from those expressed or implied by any forward looking statements. Although the Company believes that the expectations reflected in these forward looking statements are reasonable, the Company can give no assurance that such expectations will prove to be correct. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.