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## **PENN TREATY EXTENDS EXCLUSIVITY PERIOD FOR NON-BINDING LOI UNTIL FEBRUARY 28**

**Allentown, PA – February 10, 2009 – Penn Treaty American Corporation (OTC: PTYA.PK)** today announced that it has agreed to extend until February 28 the exclusivity period for its non-binding letter of intent to sell a majority interest in an insurance subsidiary and substantially all of its existing and new business operations. On December 17, 2008, the Company announced that it had received a non-binding letter of intent, which provided for the completion of due diligence and the preparation of definitive documentation on or before February 13, 2009. The transaction is subject to the approval of the Pennsylvania Insurance Department and the Commonwealth Court of Pennsylvania.

The Company will not disclose the identity of the purchaser or the terms of the offer until definitive documentation is completed.

Certain statements made by the Company in this press release may be considered forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Although the Company believes that its expectations are based upon reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that the Company will enter into a definitive agreement, that the transaction will be consummated, that the transaction will be approved by the Pennsylvania Insurance Commissioner as rehabilitator or the Commonwealth Court, the ability of the Company to fulfill or realize any or all of the terms contemplated within the non-binding letter of intent, and the ability of PTNA to emerge from rehabilitation in the future. For additional information and risks related to the Company, please refer to its reports filed with the Securities and Exchange Commission.

Source: Penn Treaty American Corporation

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