

PENN TREATY EXCLUSIVITY PERIOD FOR NON-BINDING LOI EXPIRES

Allentown, PA – March 3, 2009 – Penn Treaty American Corporation (OTC: PTYA.PK) today announced that the exclusivity period has expired for the non-binding letter of intent to sell a majority interest in an insurance subsidiary and substantially all of its existing and new business operations. Despite efforts by the Company, the proposed acquirer and the Pennsylvania Insurance Department since the non-binding letter of intent was signed on December 15, 2008, definitive terms were not completed by the agreed upon date. Accordingly, the Pennsylvania Insurance Department expects to determine the appropriate staffing levels associated with rehabilitation by the end of March.

The Pennsylvania Insurance Department and the Company's insurance subsidiaries, Penn Treaty Network America Insurance Company ("PTNA") and American Network Insurance Company ("ANIC") will continue to prepare a recommendation for the rehabilitation of PTNA and ANIC ("the Plan"), along with a proposed timeline for the development of the Plan to the Pennsylvania Commonwealth Court by April 6, 2009. The Plan may include, among other actions, the consideration of future offers for the sale of all or a portion of the assets and operations of PTNA or ANIC.

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 or its subsidiaries will receive offers or enter into a definitive agreement under the Plan, that any transaction will be consummated, or that any proposed transaction will be approved by the Pennsylvania Insurance Commissioner as rehabilitator or the Commonwealth Court. In addition, there can be no assurance that PTNA and ANIC will emerge from rehabilitation at any time 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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