

Penn Virginia Corporation

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FOR IMMEDIATE RELEASE

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PENN VIRGINIA CORPORATION ANNOUNCES SECOND QUARTER 2002 RESULTS AND 2002 GUIDANCE UPDATE

RADNOR, Pa., July 31, 2002 – Penn Virginia Corporation (NYSE: PVA) today reported second quarter 2002 net income of \$3.2 million or \$0.35 per share (diluted), compared to \$43.0 million or \$4.79 per share (diluted) reported in the second quarter of 2001. Excluding a gain of \$35.5 million (\$54.7 million pre-tax) on the sale of the Company's 3.3 million shares of Norfolk Southern Corporation common stock in April 2001, second quarter 2001 net income was \$7.5 million or \$0.83 per share (diluted). Second quarter 2002 revenues of \$25.6 million were four percent higher than second quarter 2001 revenues of \$24.7 million. Cash flow from operations for the quarter (before changes in working capital and the gain net of taxes on the sale of securities in 2001) was \$14.5 million or \$1.62 per share (diluted), up seven percent from \$13.5 million or \$1.50 per share (diluted) in the second quarter of 2001. The decrease in net income in the second quarter 2002 when compared to the same period of last year was primarily due to lower natural gas prices, higher general and administrative expenses, and the ownership change in our coal operations resulting from the creation of Penn Virginia Resource Partners, L.P. in the fourth quarter 2001. These effects were partially offset by the contribution from higher natural gas and crude oil production primarily related to the Gulf Coast properties acquired in the third quarter of 2001. Net income for the second quarter of 2002 included an after tax gain from discontinued operations of \$0.2 million or \$0.02 per share (diluted) relating to the sale of several marginal oil and gas properties during the quarter.

In the first six months of 2002, the Company reported net income of \$6.5 million or \$0.73 per share (diluted). Excluding the gain on the sale of Norfolk Southern common stock, the Company earned \$18.2 million or \$2.06 per share (diluted) in the first six months of 2001. Revenues of \$50.0 million for the first six months of 2002 were four percent lower than year earlier revenues of \$51.9 million. Cash flow from operations (before changes in working capital and the gain net of taxes on the sale of securities) was \$28.9 million or \$3.22 per share (diluted) for the first six months of 2002, down eight percent from \$31.3 million or \$3.55 per share (diluted) for the same period of 2001.

Oil & Gas Operations Review

Oil and gas production during the second quarter of 2002 increased 70 percent to 5.1 billion cubic feet equivalent (Bcfe) compared to 3.0 Bcfe for the second quarter of 2001. The increase was primarily due to production related to the Gulf Coast properties acquired in the third quarter of 2001 and increased production from the Gwinville, Mississippi field. Production for the second quarter of 2002 also increased six percent from 4.8 Bcfe in the first quarter of 2002, due to increased production from the Gulf Coast properties.

The Company's average natural gas price realized during the second quarter of 2002 decreased 32 percent to \$3.38 per thousand cubic feet (Mcf) from \$4.95 per Mcf in the second quarter of 2001. The average oil and condensate price realized, including the impact of hedging activities, in the second quarter of 2002 increased 28 percent to \$24.67 per barrel compared to \$19.25 per barrel in the same quarter of 2001. Due primarily to significantly lower natural gas prices, operating income for the Company's oil & gas segment decreased to \$4.1 million in the second quarter of 2002, down from \$7.7 million for the same quarter of 2001.

Through the first half of 2002, Penn Virginia participated in the drilling of 63 gross (48.6 net) wells, all of which were development wells, including 60 gross successful and producing wells and three gross wells that were unsuccessful. A total of 27 gross wells were drilled in the Company's Gwinville, Mississippi field, 30 in Appalachia and six in South Texas and South Louisiana.

Coal Royalty Operations Review (Penn Virginia Resource Partners, L.P. – NYSE: PVR)

The Company owns approximately 50 percent of the limited partner interests and the two percent general partner interest in Penn Virginia Resource Partners, L.P., a master limited partnership engaged principally in coal land management. Operating income for PVR was \$4.9 million in the second quarter of 2002, a decrease of 22 percent from \$6.3 million in the same quarter of 2001. Coal royalty revenues were \$6.7 million in the second quarter of 2002 compared to \$7.9 million in the second quarter of 2001. The decrease in revenue was primarily due to lower volumes of coal production by lessees on PVR properties. Coal production was down from 3.7 million tons in the second quarter of 2001 to 3.1 million tons in the same quarter of 2002 as a result of generally declining coal demand. General and administrative expenses also increased in the second quarter of 2002 compared to the second quarter of 2001 as a result of PVR becoming a publicly traded partnership in October of 2001.

Capital Resources

As of June 30, 2002, the Company had borrowed \$14.0 million against its credit facility led by JPMorgan Chase, and it continued to have a borrowing base of \$140.0 million. At the end of the second quarter, PVR continued to have an unsecured and undrawn \$50.0 million credit facility, which is led by PNC Bank, and a \$43.4 million term loan, which is currently outstanding and secured by United States treasury securities owned by PVR.

Management Comments

A. James Dearlove, Penn Virginia President and Chief Executive Officer, said, "During the second quarter of 2002, we completed the majority of our development drilling program in Appalachia and Mississippi. The Company's Gulf Coast operation has grown significantly in 2002. Production from that region has increased over 150 percent since the end of 2001 as a result of our successful development efforts, especially in the Tom Lyne field in South Texas, where the completion of five of the six wells drilled in the field has resulted in a production increase from approximately one million cubic feet per day at the time of the acquisition to more than 15 million cubic feet per day currently. Based on this success and our plans to drill several other important exploratory and development wells during the remainder of 2002, we continue to expect a full year 2002 production increase of more than 50 percent over 2001, including increased production from the Gulf Coast region from a current rate of approximately 23 million cubic feet of natural gas equivalents (mmcfe) per day to a range of 30 to 35 mmcfe per day by the end of the year. We also expect to acquire 80 square miles of 3D seismic data over one of our Gulf Coast fields, which are expected to provide PVA with a number of exploration and development opportunities in 2003 and 2004.

"PVR's coal royalty and land management business is experiencing a difficult year due to a combination of factors, including weaker than normal coal demand, the bankruptcy of PVR's Fork Creek property lessee, and a recent Federal District Court ruling which currently makes it difficult, if not impossible, to obtain permits for new mines in much of Central Appalachia. We are encouraged that a potentially strengthening economy and a hotter than average summer will result in an improved coal market for the remainder of 2002. We are also hopeful that the Fork Creek lessee's bankruptcy will be resolved through the purchase of the operation by a financially stable operator. If that were to occur by the end of 2002, we believe the property could be back into production by the middle of 2003. In any event, we expect cash distributions from PVR to continue at current levels to all unit holders, and PVR will continue to actively pursue accretive acquisition opportunities using its strong balance sheet.

"We will continue to execute our long-range plan of increasing shareholder value by building a balanced portfolio of upstream oil, gas and coal assets."

Guidance Update for 2002

Penn Virginia is providing the following guidance regarding the financial and operational expectations for the third quarter and full year 2002.

Penn Virginia Corporation Guidance Estimates (Dollars in millions)		
	Third Quarter <u>2002</u>	Full Year <u>2002</u>
Oil & Gas Segment:		
Natural gas production (Bcf) - See Note a	4.5 – 5.0	18.4 – 19.5
Oil production (MBbls) - See Note b	90 – 110	400 – 475
Expenses :		
Operating	\$ 2.1 - 2.4	\$ 8.5 - 9.0
Taxes other than income	\$ 1.6 - 1.8	\$ 6.6 - 7.0
Exploration	\$ 5.5 - 6.0	\$10.0 - 11.0
General and administrative	\$ 2.0 - 2.2	\$ 8.0 - 8.2
Depreciation, depletion and amortization	\$ 7.0 - 7.5	\$27.0 - 28.0
Coal Land Management Segment (PVR):		
Coal royalty tons (millions)	3.1 - 3.4	14.0 - 14.5
Coal royalties - See Note c	\$ 7.0 - 7.5	\$ 31.0 - 32.0
Coal services revenue	\$ 0.5	\$ 1.5 - 1.8
Timber and other revenue	\$ 0.3 - 0.5	\$ 3.4 - 3.8
Interest income, net	\$ 0.1	\$ 0.5 - 0.6
Expenses :		
Operating	\$ 0.6 - 0.7	\$ 2.4 - 2.9
Taxes other than income	\$ 0.2 - 0.3	\$ 0.8 - 1.0
General and administrative	\$ 1.5 - 1.6	\$ 6.0 - 6.2
Depreciation and depletion	\$ 0.8	\$ 3.2 - 3.3
Corporate and other:		
General and administrative expense – See Note d	\$ 1.5 - 1.8	\$ 5.8 - 6.0
Minority interest in PVR - See Note e	\$ 2.4 - 2.7	\$11.5 - 12.0
Income tax rate	36%	36%
Capital expenditures		
Development drilling	\$13.0 - 13.5	\$37.0 - 39.0
Exploratory drilling	\$ 3.3 - 3.6	\$ 5.0 - 6.5
Seismic	\$ 0.4 - 0.6	\$ 5.7 - 6.2
Lease acquisitions and field projects	\$ 4.1 - 4.3	\$ 8.8 - 9.3
Coal land management projects	\$ 0.1	\$ 0.8 - 1.0

Note a - As of June 30, 2002, the Company has in place open natural gas hedge positions for the third quarter of 2002 covering approximately 24,600 Mmbtu per day. These positions provide average floor and ceiling prices of \$2.96 and \$3.35 per Mmbtu, respectively, and cover approximately 54% of anticipated base natural gas production for the quarter before production from new wells planned for 2002. For the fourth quarter of 2002, positions are in place covering approximately 15,000 Mmbtu per day, or approximately 33% of base production, providing average floor and ceiling prices of \$3.08 and \$4.51 per Mmbtu, respectively. The Company also has in place open natural gas hedge positions for the first quarter of 2003 covering 10,000 Mmbtu per day at average floor and ceiling prices of \$2.75 and \$4.75 per Mmbtu, respectively, and for the period April through October of 2003 covering 5,000 Mmbtu per day at an average floor and ceiling price of \$2.75 and \$4.25 per Mmbtu, respectively.

Note b - As of June 30, 2002, the Company has hedge positions in place for the second half of 2002 covering approximately 750 barrels per day, or approximately 95% of crude oil production before production from new wells planned for 2002, with average floor and ceiling prices of \$21.30 and \$25.70 per barrel, respectively.

Note c - Guidance for 2002 has been reduced from a range of \$32.5 to \$34.5 million indicated in a May 13, 2002 news release to a range of \$31.0 to \$32.0 million, due to expected continued weakness in market demand for coal from PVR properties and the impact of the bankruptcy of the lessee on the Fork Creek property. Cash flow from the properties will be supplemented in part by minimum rental payments to be received, the majority of which will be recorded on the balance sheet of PVR as deferred income.

Note d – Guidance for general & administrative expense for 2002 has increased from previous guidance of \$3.6 to \$3.8 million due to expected increased costs related to consulting and legal fees for the consideration of various shareholder proposals.

Note e - Reduction for 48% minority interest in Penn Virginia Resource Partners, L.P. (PVR).

These estimates, including capital expenditure plans, are meant to provide guidance only and are subject to change as commodity prices and the operating environment of the Company changes.

Conference Call

A conference call and webcast, at which management will discuss results and the outlook for 2002, is scheduled for Thursday, August 1, 2002 at 3:00 p.m. EDT. Prepared remarks by A. James Dearlove, President and Chief Executive Officer, will be followed by a question and answer period. You can participate in the conference call by phone by dialing 800-937-4594 or via the Internet by going to the Company's website www.pennvirginia.com. An on-demand replay of the conference call will be available at the Company's website for 14 days beginning after the call.

Forward-looking statements: Penn Virginia Corporation is including the following cautionary statement to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by, or on behalf of, the Company. With the exception of historical matters, any matters discussed are forward-looking (as defined in Section 21E of the Securities Exchange Act of 1934) and, therefore involve risks and uncertainties that could cause actual results to differ materially from projected results. These risks, uncertainties and contingencies include, but are not limited to, the following: development activities, capital expenditures, acquisitions and dispositions, drilling and exploration programs, expected commencement dates of oil and natural gas production, projected quantities of future oil and natural gas production by the Company, expected commencement dates and projected quantities of future coal production by lessees producing coal from reserves leased from PVR, costs and expenditures, as well as projected demand or supply, for coal and oil and natural gas, which will affect sales levels, prices and royalties realized by the Company and PVR. Additional information concerning these and other factors can be found in the Company's press releases and public periodic filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the year ended December 31, 2001 filed on March 22, 2002. Except as required by applicable securities laws, the Company does not intend to update its forward-looking statements.

PVA is an energy company engaged in the exploration, acquisition, development and production of crude oil and natural gas. Through its ownership in Penn Virginia Resource Partners, L.P. (NYSE:PVR), PVA is also in the business of managing coal and timber properties. PVA is headquartered in Radnor, PA.

OPERATIONS SUMMARY

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Production				
Natural gas (MMcf)	4,643	2,932	8,908	5,695
Oil and condensate (MBbls)	76	4	168	7
Total oil and natural gas Production (MMcfe)	5,099	2,956	9,916	5,737
Coal royalty tons (000)	3,096	3,716	6,898	7,551
Prices				
Natural gas (\$/Mcf)	\$ 3.38	\$ 4.95	\$ 3.03	\$ 5.54
Oil and condensate (\$/Bbl)	\$ 24.67	\$ 19.25	\$ 23.03	\$ 22.71
Coal royalties (\$/ton)	\$ 2.16	\$ 2.13	\$ 2.20	\$ 2.02

CONSOLIDATED STATEMENT OF EARNINGS - unaudited

(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Revenues				
Natural gas	\$ 15,683	\$ 14,506	\$ 27,020	\$ 31,547
Oil and condensate	1,875	77	3,869	159
Coal royalties	6,693	7,928	15,184	15,261
Timber	499	397	1,081	758
Other	898	1,833	2,877	4,137
	<u>25,648</u>	<u>24,741</u>	<u>50,031</u>	<u>51,862</u>
Expenses				
Lease operating expenses	2,568	1,792	5,382	3,571
Exploration expense	2,026	1,948	2,164	2,655
Taxes other than income	1,610	1,238	3,122	2,615
General and administrative	5,519	2,927	10,058	5,963
Depreciation, depletion and amortization	7,010	3,474	13,612	6,761
	<u>18,733</u>	<u>11,379</u>	<u>34,338</u>	<u>21,565</u>
Operating Income	6,915	13,362	15,693	30,297
Other Income (Expense)				
Interest expense	(489)	(289)	(959)	(1,096)
Gain on the sale of securities	-	54,688	-	54,688
Interest and other income	522	457	1,075	844
Income from continuing operations before minority interest, income taxes and discontinued operations	6,948	68,218	15,809	84,733
Minority interest in Penn Virginia Resource Partners, L.P.	2,377	-	5,942	-
Income tax expense	1,629	25,200	3,555	31,005
Income from continuing operations	2,942	43,018	6,312	53,728
Income from discontinued operations (including gain on sale and net of taxes)	221	-	221	-
Net income	<u>\$ 3,163</u>	<u>\$ 43,018</u>	<u>\$ 6,533</u>	<u>\$ 53,728</u>
Net income from continuing operations per share, basic	<u>\$ 0.33</u>	<u>\$ 4.88</u>	<u>\$ 0.71</u>	<u>\$ 6.19</u>
Net income per share, basic	<u>\$ 0.35</u>	<u>\$ 4.88</u>	<u>\$ 0.73</u>	<u>\$ 6.19</u>
Net income from continuing operations per share, diluted	<u>\$ 0.33</u>	<u>\$ 4.79</u>	<u>\$ 0.70</u>	<u>\$ 6.09</u>
Net income per share, diluted	<u>\$ 0.35</u>	<u>\$ 4.79</u>	<u>\$ 0.73</u>	<u>\$ 6.09</u>
Weighted average shares outstanding, basic	8,927	8,820	8,918	8,679
Weighted average shares outstanding, diluted	8,984	8,982	8,968	8,827

CONSOLIDATED BALANCE SHEET
(in thousands)

	June 30, 2002 <u>(unaudited)</u>	December 31, 2001 <u></u>
Assets		
Current assets	\$ 28,590	\$ 30,402
Net property, plant and equipment	389,454	381,188
Restricted U.S. Treasury Notes	43,387	43,387
Other assets, including long-term notes	5,260	5,194
Total assets	<u>\$ 466,691</u>	<u>\$ 460,171</u>
Liabilities and Shareholders' Equity		
Current liabilities	\$ 11,411	\$ 19,053
Long-term debt	14,000	3,500
Long-term debt secured by U.S. Treasury Notes	43,387	43,387
Other liabilities and deferred taxes	68,203	64,738
Minority interest in Penn Virginia Resource Partners, L.P.	143,149	144,039
Shareholders' equity	186,541	185,454
Total liabilities and shareholders' equity	<u>\$ 466,691</u>	<u>\$ 460,171</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS - unaudited
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Operating Activities				
Net income	\$ 3,163	\$ 43,018	\$ 6,533	\$ 53,728
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, depletion and amortization	7,035	3,474	13,637	6,761
Minority interest in Penn Virginia Resource Partners, L.P.	2,377		5,942	
Gain on sale of properties	(341)	(807)	(341)	(834)
Gain on sale of securities	-	(54,688)	-	(54,688)
Deferred income taxes	1,523	840	1,880	3,023
Dry hole and unproved leasehold expense	118	1,344	159	1,454
Tax benefit from stock option exercises	150	1,148	220	2,716
Other	508	36	836	84
	<u>14,533</u>	<u>(5,635)</u>	<u>28,866</u>	<u>12,244</u>
Changes in operating assets and liabilities	<u>(3,314)</u>	<u>15,914</u>	<u>(6,214)</u>	<u>13,956</u>
Net cash provided by operating activities	<u>11,219</u>	<u>10,279</u>	<u>22,652</u>	<u>26,200</u>
Investing activities:				
Proceeds from sale of properties	1,236	1,181	1,300	1,246
Proceeds from sale of securities	-	57,525	-	57,525
Proceeds from long-term notes receivable	109	246	335	491
Capital expenditures	(12,290)	(47,747)	(21,262)	(54,971)
Net cash provided by (used in) investing activities	<u>(10,945)</u>	<u>11,205</u>	<u>(19,627)</u>	<u>4,291</u>
Financing Activities:				
Dividends paid	(2,010)	(1,997)	(4,015)	(3,932)
Distributions paid to minority interest holders	(3,747)	-	(6,295)	-
Proceeds from (repayments of) borrowings	3,077	(22,297)	9,331	(35,722)
Purchase of units of Penn Virginia Resource Partners, L.P.	-	-	(1,067)	-
Purchase of treasury stock	(521)	-	(557)	-
Issuance of stock	1,241	3,388	1,756	9,025
Net cash used in financing activities	<u>(1,960)</u>	<u>(20,906)</u>	<u>(847)</u>	<u>(30,629)</u>
Net increase (decrease) in cash and cash equivalents	(1,686)	578	2,178	(138)
Cash and cash equivalents-beginning balance	13,485	19	9,621	735
Cash and cash equivalents-ending balance	<u>\$ 11,799</u>	<u>\$ 597</u>	<u>\$ 11,799</u>	<u>\$ 597</u>

SEGMENT INFORMATION - unaudited

(in thousands)

	<u>Oil and Gas</u>	<u>Coal Royalty and Land Management</u>	<u>All Other</u>	<u>Consolidated</u>
Quarter ended June 30, 2002				
Revenues				
Natural gas	\$ 15,683	\$ -	\$ -	\$ 15,683
Oil and condensate	1,875	-	-	1,875
Coal royalties	-	6,693	-	6,693
Timber	-	499	-	499
Other	58	599	241	898
	<u>17,616</u>	<u>7,791</u>	<u>241</u>	<u>25,648</u>
Expenses				
Lease operating expenses	1,974	437	157	2,568
Exploration expenses	2,005	9	12	2,026
Taxes other than income	1,315	261	34	1,610
General and administrative	1,930	1,537	2,052	5,519
Depreciation, depletion and amortization	6,288	668	54	7,010
	<u>13,512</u>	<u>2,912</u>	<u>2,309</u>	<u>18,733</u>
Operating Income	\$ 4,104	\$ 4,879	\$ (2,068)	\$ 6,915
Capitalized costs	\$ 12,023	\$ 267	\$ -	\$ 12,290
	<u>Oil and Gas</u>	<u>Coal Royalty and Land Management</u>	<u>All Other</u>	<u>Consolidated</u>
Quarter ended June 30, 2001				
Revenues				
Natural gas	\$ 14,506	\$ -	\$ -	\$ 14,506
Oil and condensate	77	-	-	77
Coal royalties	-	7,928	-	7,928
Timber	-	397	-	397
Other	877	572	384	1,833
	<u>15,460</u>	<u>8,897</u>	<u>384</u>	<u>24,741</u>
Expenses				
Lease operating expenses	1,052	664	76	1,792
Exploration expenses	1,804	-	144	1,948
Taxes other than income	1,015	159	64	1,238
General and administrative	1,071	1,168	688	2,927
Depreciation, depletion and amortization	2,804	649	21	3,474
	<u>7,746</u>	<u>2,640</u>	<u>993</u>	<u>11,379</u>
Operating Income	\$ 7,714	\$ 6,257	\$ (609)	\$ 13,362
Capitalized costs	\$ 14,284	\$ 33,449	\$ 14	\$ 47,747

SEGMENT INFORMATION - unaudited

(in thousands)

	<u>Oil and Gas</u>	<u>Coal Royalty and Land Management</u>	<u>All Other</u>	<u>Consolidated</u>
Year-to-date ended June 30, 2002				
Revenues				
Natural gas	\$ 27,020	\$ -	\$ -	\$ 27,020
Oil and condensate	3,869	-	-	3,869
Coal royalties	-	15,184	-	15,184
Timber	-	1,081	-	1,081
Other	105	2,281	491	2,877
	<u>30,994</u>	<u>18,546</u>	<u>491</u>	<u>50,031</u>
Expenses				
Lease operating expenses	3,763	1,313	306	5,382
Exploration expenses	2,049	18	97	2,164
Taxes other than income	2,567	422	133	3,122
General and administrative	3,884	3,084	3,090	10,058
Depreciation, depletion and amortization	11,943	1,563	106	13,612
	<u>24,206</u>	<u>6,400</u>	<u>3,732</u>	<u>34,338</u>
Operating Income	\$ 6,788	\$ 12,146	\$ (3,241)	\$ 15,693
Capitalized costs	\$ 20,213	\$ 781	\$ 268	\$ 21,262
	<u>Oil and Gas</u>	<u>Coal Royalty and Land Management</u>	<u>All Other</u>	<u>Consolidated</u>
Year-to-date ended June 30, 2001				
Revenues				
Natural gas	\$ 31,547	\$ -	\$ -	\$ 31,547
Oil and condensate	159	-	-	159
Coal royalties	-	15,261	-	15,261
Timber	-	758	-	758
Other	930	2,425	782	4,137
	<u>32,636</u>	<u>18,444</u>	<u>782</u>	<u>51,862</u>
Expenses				
Lease operating expenses	1,870	1,401	300	3,571
Exploration expenses	2,476	96	83	2,655
Taxes other than income	2,073	347	195	2,615
General and administrative	2,030	2,333	1,600	5,963
Depreciation, depletion and amortization	5,450	1,271	40	6,761
	<u>13,899</u>	<u>5,448</u>	<u>2,218</u>	<u>21,565</u>
Operating Income	\$ 18,737	\$ 12,996	\$ (1,436)	\$ 30,297
Capitalized costs	\$ 21,373	\$ 33,557	\$ 41	\$ 54,971