



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶  
IRC Sections 165(g), 354, 368, 1001, and 1012

18 Can any resulting loss be recognized? ▶ See Attached Statement

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is 2017.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶ *Steven A. Hartman* Date ▶ 5/26/17

Print your name ▶ Steven A. Hartman Title ▶ Senior Vice President & CFO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	MARK B. YOUNG	/s/ Mark Young	5/15/17		P00997236
	Firm's name ▶ ALVAREZ & MARSAL TAXAND, LLC	Firm's EIN ▶ 20-1157630		Phone no. (713) 571-2400	
	Firm's address ▶ 700 LOUISIANA, SUITE 900 HOUSTON, TX 77002				

**Penn Virginia Corporation**  
**EIN: 23-1184320**  
**Attachment to Form 8937**  
**Report of Organizational Action Affecting Basis of Securities**

**Disclaimer:** The information contained in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account any shareholder's or note holder's specific circumstances. Shareholders are urged to consult their own tax advisors regarding U.S. tax consequences of the transactions described herein and the impact to tax basis resulting from the transaction.

**Penn Virginia Corporation**  
**EIN: 23-1184320**  
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**Report of Organizational Action Affecting Basis of Securities**

**Form 8937, Line 10**

The CUSIP numbers for the Penn Virginia Corporation (“Penn Virginia” or the “Company”) stock that was cancelled on September 12, 2016 (“Old Penn Virginia Stock”) were 707882106, 707882205, and 707882502, and the CUSIP numbers for the common stock of Penn Virginia subsequent to its emergence from bankruptcy (“Reorganized Penn Virginia”) that was issued on September 12, 2016 (the “New Penn Virginia Common Stock”) are 70788V102 and 70788V300. The CUSIP numbers for the Penn Virginia debt obligations exchanged in the organizational action are as follows:

<b>CUSIP Number</b>	<b>Security Description</b>
707882AC0	Senior Notes Due 2019
707882AE6	Senior Notes Due 2020

**Form 8937, Line 14**

On May 12, 2016, Penn Virginia and certain of its U.S. subsidiaries (together, the “Plan Debtors”) filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division, (the “Bankruptcy Court”). On June 24, 2016, Penn Virginia filed its Joint Plan of Reorganization and Disclosure Statement (the “Bankruptcy Plan”). On September 12, 2016, the Plan Debtors satisfied the conditions of the Bankruptcy Plan and the Bankruptcy Plan became effective. Unless otherwise described herein, capitalized terms are defined as used in the Bankruptcy Plan.

On September 12, 2016, the Plan Debtors exchanged 6,069,074 shares of New Penn Virginia Common Stock for the cancellation and forgiveness of notes (the “Allowed Note Claim”) and certain general unsecured claims (the “Allowed General Unsecured Claim”). Concurrently, all of the Old Penn Virginia Stock was cancelled and extinguished and the holders of the Old Penn Virginia Stock received no consideration in respect to their equity interested in Penn Virginia. The events that occurred on September 12, 2016 pursuant to the Bankruptcy Plan are cumulatively referred to herein as the “Transaction”. On April 19 and April 26, 2017, additional shares were distributed to noteholders and general unsecured creditors (the “April Distributions”).

**Treatment of Holders of Notes and Certain General Unsecured Claims**

On September 12, 2016, pursuant to the Bankruptcy Plan, the noteholders and certain general unsecured claimholders received in full and final satisfaction, settlement, release and discharge of, and in exchange for their claims, an aggregate of 6,069,074 shares of New Penn Virginia Common Stock in full satisfaction of their notes and such claims. On April 19, 2017 and April 26, 2017, Penn Virginia distributed additional shares to the noteholders and certain general unsecured claimholders in satisfaction, settlement, release and discharge of, and in exchange for their claims. It should be noted that the actual trading value of New Penn Virginia Common Stock distributed to the noteholders and certain general unsecured claimholders in the Transaction may differ from the value assigned to the stock pursuant to the Bankruptcy Plan. Holders of Allowed General Unsecured

Claims that received New Penn Virginia Common Stock in the Transaction should consult their tax advisors to determine the appropriate value of New Penn Virginia Common Stock and the tax consequences of the receipt of such stock to the holder.

**Form 8937, Line 15**

**Effect on Basis to Noteholders and Certain General Unsecured Claimholders**

As a result of the Transaction, each holder of a note or certain general unsecured claim exchanged its note or general unsecured claim for New Penn Virginia Common Stock. The effect on each creditor will depend upon whether its claim is represented by a "security" for purposes of the reorganization provisions of the Tax Code. Creditors should consult their own tax advisors as to whether their claims are represented by securities.

If a U.S. holder's Allowed Note Claim or Allowed General Unsecured Claim is not a security for U.S. federal income tax purposes, such U.S. holder will be treated as exchanging such Claim for New Common Stock (including stock received in the April Distributions), in a taxable exchange under section 1001 of the Tax Code. Accordingly, each U.S. holder of such Claim should recognize gain or loss equal to the difference between (1) the fair market value of New Common Stock received in exchange for the Claim; and (2) such U.S. holder's adjusted basis, if any, in such Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. holder, the nature of the Claim in such U.S. holder's hands, whether the Claim was purchased at a discount, and whether and to what extent the U.S. holder previously has claimed a bad debt deduction with respect to its Claim. A U.S. holder's tax basis in any New Common Stock received should equal the fair market value of such New Common Stock as of the date such New Common Stock is distributed to the holder. A U.S. holder's holding period for the New Common Stock received should begin on the day following the Effective Date.

If a U.S. holder's Allowed Note Claim or Allowed General Unsecured Claim is treated as a security for U.S. federal income tax purposes, the exchange of such Claim for New Common Stock would be treated as an exchange of securities pursuant to a tax-free reorganization to which Reorganized Penn Virginia is a party under the reorganization provisions of the Tax Code (a "Reorganization") and a U.S. holder should not recognize loss with respect to the exchange and should not recognize gain (subject to "Accrued Interest," as discussed in Article XIII.C.2 of the Disclosure Statement). Such U.S. holder's total combined tax basis in its New Common Stock received (including stock received in the April Distributions) should equal the U.S. holder's tax basis in the Allowed Note Claim or Allowed General Unsecured Claim surrendered therefor increased by gain or other income, if any, recognized by such U.S. holder in the transaction (subject to Article XIII.C.2 of the Disclosure Statement). A U.S. holder's holding period for its interest in the New Common Stock should include the holding period for the Allowed Note Claim or Allowed General Unsecured Claim surrendered therefor.

To the extent any portion of a U.S. Holder's recovery is allocable to interest on the note or general unsecured claim that has not previously been reported as income by the holder, such portion would be treated as interest income to such U.S. Holder. The tax basis of any New Penn Virginia Common Stock received under the Bankruptcy Plan by a U.S. Holder in exchange for interest would equal the fair market value of the New Penn Virginia Common Stock received by the U.S. Holder. The holding

period for any such New Penn Virginia Common Stock received under the Bankruptcy Plan by such a U.S. Holder generally would begin on the day following the day of receipt.

Holders of notes or certain general unsecured claims should consult their tax advisors to determine the tax consequences of the Transaction (including the April Distributions) to them.

**Form 8937, Line 16**

**Holders of Notes and Certain General Unsecured Claims**

Based on the Plan Distributable Value of \$241.1 million as set forth in the Bankruptcy Plan, the expected value of the New Penn Virginia Common Stock on September 12, 2016 was \$9.41 per share = \$141.1 million/14,992,018 shares. It should be noted that the actual trading value of New Penn Virginia Common Stock distributed to holders of Allowed General Unsecured Claim and noteholders in the Transaction may differ from the value assigned to the stock pursuant to the Bankruptcy Plan. Holders of Allowed General Unsecured Claim and noteholders that received New Penn Virginia Common Stock in the Transaction (including the April Distributions) should consult their tax advisors to determine the tax consequences of the receipt of such stock to the holder.

**Form 8937, Line 18**

**Holders of Notes and Certain General Unsecured Claims**

As described above, the Transaction may have resulted in a recognizable loss to some U.S. Holders of notes or certain general unsecured claims to the extent the tax basis in their notes or general unsecured claims exceeded the fair market value of the New Penn Virginia Common Stock received in exchange therefor. Holders of notes or certain general unsecured claims should consult their tax advisors to determine the tax consequences of the Transaction to them.