Dear Fellow Shareholder:

It is a pleasure to report that Penn Virginia Corporation enjoyed another very successful year. Revenues in 2004 were up 26 percent over 2003 to a record $228 million and operating income increased 30 percent over 2003 to $81 million, also a record. Net cash provided by operating activities was up 34 percent to $146 million and operating cash flow, a non-GAAP measure, was up 38 percent to $156 million with both measures at record levels. During 2004, Penn Virginia's stock price, adjusted for the effect of the June 3 two-for-one split, increased 46 percent.

Robert Garrett
Chairman

A. James Dearlove
President and
Chief Executive Officer

The oil and gas segment of the Company recorded a modest increase in production, which, when coupled with the high commodity prices experienced by the entire industry, resulted in record levels of revenue, operating income and cash flow. Penn Virginia Resource Partners, LP (NYSE:PVR), the coal royalty based master limited partnership (MLP) controlled by Penn Virginia, experienced record levels of coal production from its properties and benefited significantly from the very strong market, particularly for eastern coal. PVR's unit price increased 52 percent during 2004.

Unique in Energy

For the past several years Penn Virginia has used the tag line "Unique in Energy." This phrase arose from the Company's combination of a growing presence in the upstream natural gas business and its 122-year involvement in the coal reserve and land management business. Being exposed to both natural gas and coal provides diversity as well as a unique perspective when evaluating upstream energy assets.

Going forward, Penn Virginia will continue to expand both segments of its business. An important focus of the oil and gas group will be on utilizing the Company's specialized know-how in developing unconventional formations especially using horizontal drilling techniques. The Company will also continue to exploit its low risk development opportunities in Appalachia, Mississippi and Texas.

The 2005 capital budget for oil and gas is $146 million, which includes $85 million to be spent on development drilling, an increase of $8 million over 2004.

A strong emphasis will also be placed on replenishing the Company's inventory of low risk development prospects. Penn Virginia has budgeted $26 million in 2005 for lease acquisition and seismic processing to identify, evaluate and pursue opportunities in its core areas and other domestic geologic basins. Although the focus is on growth through the drillbit, acquisition candidates are continuously being evaluated.

Penn Virginia will also continue to expand its MLP. During 2004, PVR made two important diversification moves. In July, the Partnership entered into a joint venture with Massey Energy (NYSE:MEE) to provide coal handling services to various industrial end-users. In the past PVR had built or bought, then operated coal handling facilities, on its own property. The coal handling joint venture extends the concept to the customers to whom coal is delivered from any source. A second significant diversification step was PVR's anticipated entry into the midstream natural gas business. On November 23, 2004, the Partnership announced it had signed a definitive purchase and sale agreement to acquire a natural gas gathering and processing business with assets in Oklahoma and Texas from Cantera Resource Holdings LLC (Cantera). Closing on the $191 million cash transaction occurred in March 2005. The new business segment is named PVR Midstream.

Changes in Governance

During May of 2004, Mr. Joe T. Rye resigned from Penn Virginia's Board of Directors. Having served since 1997, Joe was one of the directors who helped to launch the Company's "Unique in Energy" strategy. He was the very able head of the Audit Committee for several years and his sage advice will be missed.

On January 30, 2005, Mr. H. Jarrell Gibbs resigned from the Board of Directors of the Company for personal reasons. Jarrell joined the Board in 2003, and his wisdom and gracious good counsel will be missed.