

# PENN VIRGINIA CORP

## **FORM 8-K** (Current report filing)

Filed 06/14/16 for the Period Ending 06/14/16

Address	100 MATSONFORD ROAD SUITE 200 FOUR RADNOR CORPORATE CENTER RADNOR, PA 19087
Telephone	6106878900
CIK	0000077159
Symbol	PVAHQ
SIC Code	1311 - Crude Petroleum and Natural Gas
Industry	Oil & Gas Operations
Sector	Energy
Fiscal Year	12/31

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of the**  
**Securities Exchange Act of 1934**

**Date of Report: June 14, 2016 (June 14, 2016)**  
**(Date of Earliest Event Reported)**

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**PENN VIRGINIA CORPORATION**  
**(Exact Name of Registrant as Specified in Charter)**

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**Virginia**  
**(State or other jurisdiction**  
**of incorporation)**

**1-13283**  
**(Commission**  
**File Number)**

**23-1184320**  
**(IRS Employer**  
**Identification No.)**

**Four Radnor Corporate Center; Suite 200**  
**100 Matsonford Road, Radnor, Pennsylvania**  
**(Address of Principle Executive Offices)**

**19087**  
**(Zip Code)**

**Registrant's telephone number, including area code: (610) 687-8900**

**Not Applicable**  
**(Former Name or Former Address, If Changed Since Last Report)**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 7.01 Regulation FD Disclosure.**

As previously disclosed, Penn Virginia Corporation (the “Company”) and certain of its subsidiaries (collectively with the Company, the “Debtors”) filed a voluntary petition for relief (the “Bankruptcy Filing”) under chapter 11 of title 11 of the United States Bankruptcy Code (“Chapter 11”) in the United States Bankruptcy Court for the Eastern District of Virginia (the “Bankruptcy Court”) and entered into a Restructuring Support Agreement (together with all exhibits and schedules thereto, the “Restructuring Support Agreement”), by and among (i) the Debtors; (ii) lenders holding approximately 100% of the principal amount of the approximately \$112.6 million in loans outstanding under the Debtors’ senior secured reserve-based revolving credit facility; and (iii) holders of approximately 86% of the principal amount of the Debtors’ \$1,075 million in outstanding senior unsecured notes (the “Notes”).

In connection with the Bankruptcy Filing and the Restructuring Support Agreement and pursuant to certain confidentiality agreements, the Company provided certain non-public information to certain holders of the Notes (the “Disclosure Information”). The Disclosure Information is included in Exhibit 99.1 hereto. The Company is making the disclosures herein in accordance with the terms of the confidentiality agreements and Regulation FD.

The financial projections or forecasts included in the Disclosure Information (the “projections”) were not prepared with a view toward public disclosure or compliance with the published guidelines of the Securities and Exchange Commission (the “Commission”) or the guidelines established by the American Institute of Certified Public Accountants regarding projections or forecasts. The projections do not purport to present the Company’s financial condition in accordance with accounting principles generally accepted in the United States. The Company’s independent accountants have not examined, compiled or otherwise applied procedures to the projections and, accordingly, do not express an opinion or any other form of assurance with respect to the projections. The inclusion of the projections should not be regarded as an indication that the Company or its affiliates or representatives consider the projections to be a reliable prediction of future events, and the projections should not be relied upon as such. Neither the Company nor any of its affiliates or representatives has made or makes any representation to any person regarding the ultimate outcome of the Company’s Chapter 11 process or its future performance compared to the projections, and none of them undertakes any obligation to publicly update the projections to reflect circumstances existing after the date when the projections were made or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the projections are shown to be in error.

In accordance with General Instruction B.2 of Form 8-K, Exhibit 99.1 is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any of the Company’s filings under the Securities Act of 1933, as amended (the “Securities Act”) or the Exchange Act, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent expressly set forth by specific reference in such a filing.

**Cautionary Note Regarding Forward-Looking Statements**

Certain statements contained herein, and in the Exhibits hereto, that are not descriptions of historical facts are “forward-looking” statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Because such statements include risks, uncertainties and contingencies, actual results may differ materially from those expressed or implied by such forward-looking statements. These risks, uncertainties and contingencies include, but are not limited to, the following:

- the ability of the Company to continue as a going concern, to meet financial obligations during the Chapter 11 process and to maintain contracts that are critical to the Company’s operations;
- the ability of the Company and certain of its creditors to develop and consummate one or more plans of reorganization with respect to the Chapter 11 process, including with respect to claims of senior noteholders, trade creditors and equity holders, among others, thereunder;
- the Bankruptcy Court’s rulings in the Chapter 11 case and the outcome of the Chapter 11 process in general;
- the length of time that certain of the Company’s creditors will operate under the Chapter 11 case;
- risks associated with third-party motions in the Chapter 11 case, which may interfere with the the Company’s creditors’ ability to develop and consummate one or more plans of reorganization once such plans are developed;

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- the effect of the Chapter 11 filings on the Company's relationships with third parties, regulatory authorities and employees;
  - the potential adverse effects of the Chapter 11 process on the Company's liquidity, results of operations, or business prospects, the Company's ability to execute its business and a potential restructuring plan;
  - increased administrative and legal costs related to the Chapter 11 process and other litigation and the inherent risks involved in a bankruptcy process;
  - the sufficiency of the liquidity purported to be made available by the Company's third party loans and receivables financing approved in connection with the Chapter 11 process; and
  - other factors set forth in our periodic filings with the Commission, including the risks set forth in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Commission on March 15, 2016.

Additional information concerning these and other factors can be found in our press releases and public periodic filings with the Securities and Exchange Commission. Many of the factors that will determine our future results are beyond the ability of management to control or predict. Readers should not place undue reliance on forward-looking statements, which reflect management's views only as of the date hereof. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. We undertake no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law.

The Company cautions that the trading in its securities during the pendency of Chapter 11 proceedings is highly speculative and poses substantial risks. If a plan of reorganization is approved through the Chapter 11 process, it is likely that Company's existing common stock will be extinguished, and existing equity holders will likely not receive consideration in respect of their existing equity interests. Accordingly, the Company's future performance and financial results may differ materially and/or adversely from those expressed or implied in any forward-looking statements made by the Company in this Current Report

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Disclosure Information provided in connection with discussions with certain of the Company's creditors.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Penn Virginia Corporation  
(Registrant)

By: /s/ Nancy M. Snyder

Name: Nancy M. Snyder

Title: Executive Vice President,  
Chief Administrative Officer,  
General Counsel and Corporate  
Secretary

Date: June 14, 2016

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Exhibit Index

**Exhibit No.**

**Description**

99.1

Disclosure Information provided in connection with discussions with certain of the Company's creditors.

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## Republic Midstream Term Sheet Analysis

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June 2016 / Confidential / Subject to NDA

Jefferies LLC  
Member SIPC

**Jefferies**

## Republic Midstream Proposal

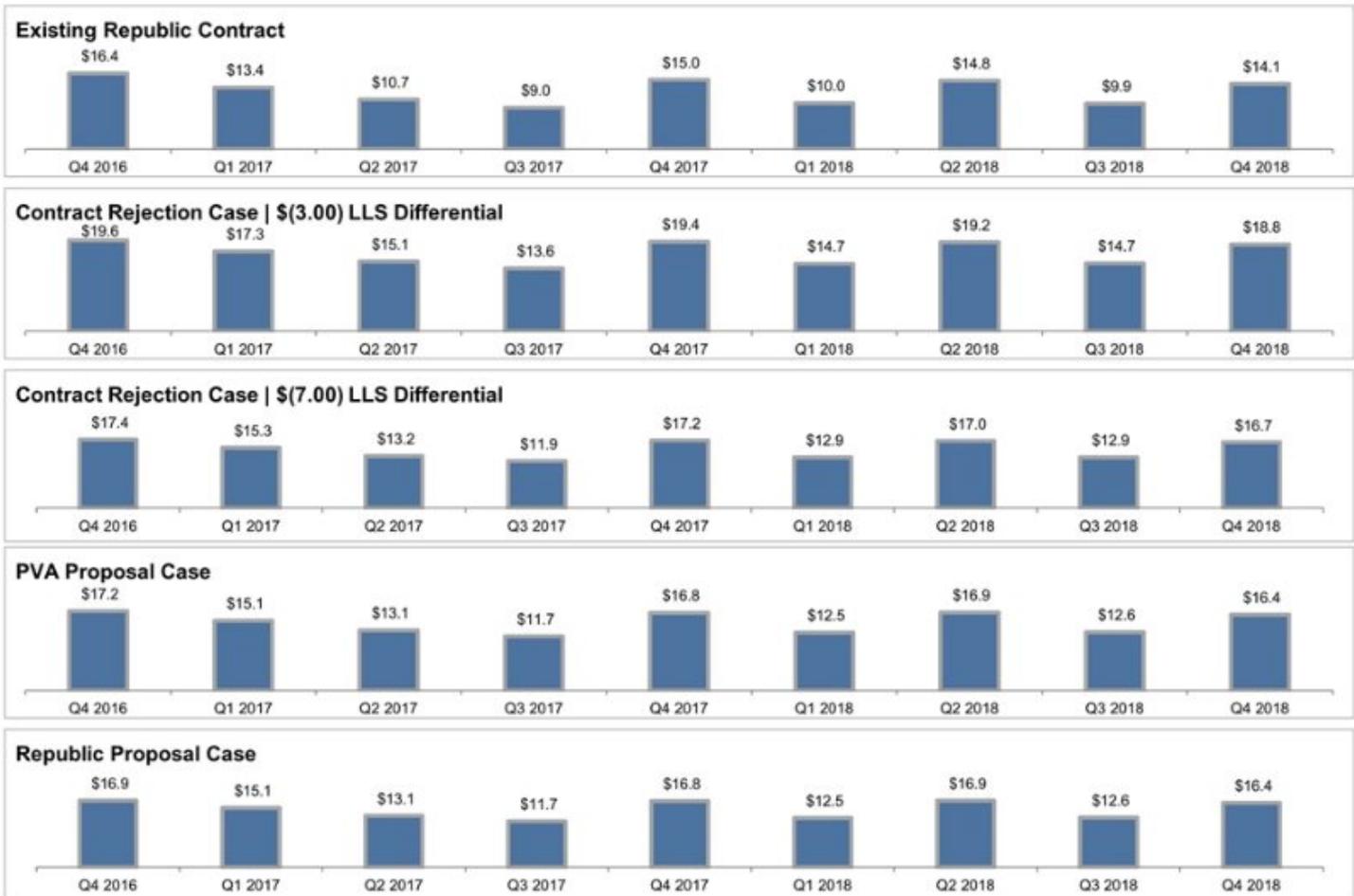
- Pursuant to that certain confidentiality agreement, dated as of June 14, 2016, Penn Virginia Corporation (together with its subsidiaries, collectively, "PVA") and certain holders of PVA's senior unsecured notes (collectively, the "Holders") had discussions regarding, among other things, a restructuring of that certain Amended and Restated Construction and Field Gathering Agreement, dated as of September 24, 2015 and various related agreements entered into in connection therewith (collectively, the "Republic Agreement")
- As of the date hereof, an agreement has not been reached among the parties, and negotiations are continuing
- The following are the material terms of the most recent proposal made in connection with the Republic Agreement and other items related to PVA's proposed chapter 11 plan of reorganization
- **Republic Proposal**
- With respect to the amendment of the Construction and Field Gathering Agreement, Transportation Agreement, and Crude Oil Marketing Agreement, Republic shall be entitled to an allowed unsecured claim in the amount of \$[200,000,000] on account of rejection damages (collectively, the "Allowed Republic Claim")
  - The Allowed Republic Claim shall receive the same treatment as Allowed Note Claims for purposes of the Restructuring Support Agreement and the Plan and shall receive Subscription Rights in accordance therewith
- Republic Midstream will have the right to nominate directors to the board of the reorganized PVA proportionate with its consolidated equity ownership in reorganized PVA
- **Rights Offering and Backstop Commitment Agreement**
  - Republic Midstream will become a party to the Backstop Commitment Agreement as a Backstop Party and become subject to the same rights and obligations as the current Backstop Parties
    - Republic Midstream's Backstop Commitment Percentage shall be equal to:
      - (a) the value of the Rights Offering Shares represented by its and Republic Marketing's Subscription Rights (including the Subscription Rights it obtained on account of the Allowed Republic Claim) divided by
      - (b) the Rights Offering Amount
- Republic Midstream will receive the same approval/consent rights over PVA's Definitive Documents as those granted to the Majority Consenting Noteholders with respect to the Restructuring Support Agreement and the Requisite Commitment Parties with respect to the Backstop Commitment Agreement
- ***The PVA proposal did not include any of the terms set forth above***

# Republic Midstream Proposal

## Key Terms

- The Construction and Field Gathering Agreement, Transportation Agreement, and Crude Oil Marketing Agreement (collectively the "Republic Agreements") would be amended including with respect to the following key terms:
  - Each of the Republic Agreements would be guaranteed by Penn Virginia Corporation and secured by a silent second lien on the assets of Penn Virginia Oil & Gas LP and its equity held by Penn Virginia Corporation;
    - ***PVA's proposal does not include a silent second lien***
  - Each of the Republic Agreements would contain a reduced minimum volume commitment;
    - Volumes in excess of the minimum volume commitment in one quarter would reduce any monthly deficits within the same calendar quarter;
      - ***PVA proposed that any monthly deficiency incurred can be covered with excess volumes over the next [3] years***
  - Each of the Republic Agreements would reflect a revised fee structure;
    - PVA would be responsible for Republic's actual trucking costs
      - ***PVA proposed a Trucking Fee Cap***
  - The Dedication Area under the Construction and Field Gathering Agreement would be increased
    - Republic's obligation to transport oil via the Gathering System would be limited to the future wells located within the Core Units
    - Republic Midstream would also be required to continue trucking volumes produced from all existing wells located within the Dedication Area that are not currently connected to the Gathering System
    - Outside of the Core Units, Republic would have the option to pipe or truck any volumes within the Dedication Area
  - The Transportation Agreement and Crude Marketing Agreement would provide that the first 15,000 barrels per day that were gathered by Republic would be delivered for transportation and marketing under the respective agreement; and
  - The Crude Oil Marketing Agreement's term would be extended
    - ***PVA proposed the Crude Oil Marketing Agreement's term remain unchanged***

## EBITDA Projection Comparison (\$ MM)



Note: Assumes NYMEX Strip Pricing as of 5/13/2016.  
Jefferies LLC / June 2016