

RGC Resources, Inc. and Subsidiaries
Condensed Consolidated Statements of Earnings and Comprehensive Income
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2008	2007	2008	2007
Revenues	\$ 28,459,195	\$ 25,740,908	\$ 97,355,113	\$ 89,224,565
Cost of sales	<u>20,363,158</u>	<u>18,372,079</u>	<u>70,714,293</u>	<u>63,877,394</u>
Gross margin	8,096,037	7,368,829	26,640,820	25,347,171
Other operating expenses	4,420,032	4,280,360	17,180,636	17,288,886
Interest expense	<u>531,320</u>	<u>564,482</u>	<u>1,999,920</u>	<u>1,970,456</u>
Income from continuing operations				
before income taxes	3,144,685	2,523,987	7,460,264	6,087,829
Income tax expense from continuing operations	<u>1,195,526</u>	<u>957,979</u>	<u>2,819,289</u>	<u>2,267,805</u>
Net income from continuing operations	1,949,159	1,566,008	4,640,975	3,820,024
Net loss from discontinued operations, net of income taxes	-	(36,690)	-	(170,012)
Net income	<u><u>1,949,159</u></u>	<u><u>1,529,318</u></u>	<u><u>4,640,975</u></u>	<u><u>3,650,012</u></u>
Basic earnings per share of common stock:				
Income from continuing operations	\$ 0.88	\$ 0.72	\$ 2.10	\$ 1.76
Discontinued operations	-	(0.02)	-	(0.08)
Net income	<u><u>\$ 0.88</u></u>	<u><u>\$ 0.70</u></u>	<u><u>\$ 2.10</u></u>	<u><u>\$ 1.68</u></u>
Diluted earnings per share of common stock:				
Income from continuing operations	\$ 0.88	\$ 0.71	\$ 2.09	\$ 1.75
Discontinued operations	-	(0.02)	-	(0.08)
Net income	<u><u>\$ 0.88</u></u>	<u><u>\$ 0.69</u></u>	<u><u>\$ 2.09</u></u>	<u><u>\$ 1.67</u></u>
Cash dividends per common share	<u><u>\$ 0.3200</u></u>	<u><u>\$ 0.3125</u></u>	<u><u>\$ 1.2575</u></u>	<u><u>\$ 1.2275</u></u>
Weighted average number of common shares outstanding:				
Basic	2,212,470	2,191,512	2,206,532	2,173,757
Diluted	2,220,228	2,202,251	2,215,762	2,184,676

Condensed Consolidated Balance Sheets
(Unaudited)

	December 31,	
	2008	2007
Assets		
Current assets	\$ 49,012,892	\$ 40,674,460
Total property, plant and equipment, net	76,144,053	73,431,005
Other assets	<u>4,153,681</u>	<u>3,545,634</u>
Total Assets	<u><u>\$ 129,310,626</u></u>	<u><u>\$ 117,651,099</u></u>
Liabilities and Stockholders' Equity		
Current liabilities	\$ 37,822,122	\$ 33,871,163
Long-term debt	28,000,000	23,000,000
Deferred credits and other liabilities	<u>20,047,130</u>	<u>17,712,830</u>
Total Liabilities	85,869,252	74,583,993
Stockholders' Equity	<u>43,441,374</u>	<u>43,067,106</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 129,310,626</u></u>	<u><u>\$ 117,651,099</u></u>