

Reference Materials(FY2017 1Q)

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Results

<Consolidated>Financial Results (FY2017 vs. FY2016)

100 million yen

	FY17 1Q	FY16 1Q	Change		Reference
Net sales	4,041	3,757	284	7.6%	Electric power +179, City gas +149, Overseas +44, Others +8, Real estate +4, Energy-related -32(Gas appliances -30, LNG sales -16)
Operating profit	346	471	-125	-26.4%	City gas -143, Energy-related -35, Electric power +27, Overseas +10
Ordinary Profit	358	472	-114	-24.0%	Dividend income +8(21←13), Foreign exchange income +2(4←2), Balance on commissioned construction +4(-2←-6), Equity income of subsidiaries -2(4←6)
Profit attributable to owners of parent	278	391	-113	-28.9%	Gain on sales of noncurrent assets +32(32←0), Gain on sales of investment securities -29(0←-29)

Total assets(*1)	22,159	22,302	-143	-0.6%	Notes and accounts receivable -279, Property, plant and equipment -178, Investment securities +218, Raw material and Supplies +104
Equity(*1)	11,027	11,014	13	0.1%	Net profit +278, Dividends -126, Accumulated other comprehensive profit -71, Acquisition of treasury stock -69
Equity ratio(*1) (%)	49.8%	49.4%	0.4%	—	Went up because equity increased(0.1%) while total assets decreased(-0.6%)
Total assets turnover(*2) (times)	0.18	0.17	0.01	—	
Interest-bearing debt(*1)	7,247	7,135	112	1.6%	Tokyo Gas +108, TG Pluto +5
Profit attributable to owners of parent	278	391	-113	-28.9%	
Depreciation(*3·4)	395	392	3	0.8%	
Operating cash flow(*5)	674	784	-110	-14.0%	
Capital Expenditure(*3)	289	389	-100	-25.7%	Consolidated Subsidiaries -89 (Tokyo LNG Tanker, Tokyo Gas Engineering Solution America etc.)
EPS (¥/share)	12.18	16.71	-4.53	-27.1%	Went down due to a decrease in profit attributable to owners of parent (-113)
BPS(*1) (¥/share)	482.92	479.74	3.18	0.7%	

(*1) Figures in B/S items for FY16 1Q are the figures as of the end of FY16 (end of March 2017)

(*2) The calculation of total assets turnover is based upon average total assets in each period.

(*3) Amounts for capital Expenditure and depreciation are after offsetting of internal transactions.

(*4) Depreciation includes amortization of long-term prepaid expenses.

(*5) Operating cash flow is calculated using the simplified accounting treatment of "Net profit attributable to the parent + Depreciation and amortization." (simplified accounting treatment; differs from amount in Consolidated Statement of Cash Flows)

<Consolidated>

Breakdown of Energy-related Segment/Other Segment (FY2017 vs. FY2016)

Breakdown of Energy-related Segment

100 million yen

Results	Net sales				Operating Profit			
	FY17 1Q	FY16 1Q	Change		FY17 1Q	FY16 1Q	Change	
Engineering solution	240	238	2	1.1%	0	3	-3	-100.8%
LPG	70	65	5	8.9%	1	2	-1	-60.2%
Industrial gas	45	44	1	0.3%	2	2	0	15.7%
LNG sales	215	231	-16	-6.9%	-1	40	-41	-104.8%
Gas appliances	248	278	-30	-10.9%	14	1	13	707.1%
Installation work	78	86	-8	-8.7%	-1	-1	0	—
Construction	137	140	-3	-1.6%	-1	-2	1	—

(Major change factors)

Engineering solution : Decrease in profit due to increase in repair expenses for TGES on-site energy service facilities
 LPG : Decrease in sales due to decrease in sales volume, Decreased in profit due to sliding time lag
 Gas appliances : Decrease in number of sales of commercial appliances,
 Increase in profit due to decrease in maintenance expenses

Breakdown of Other Segment

100 million yen

Results	Net sales				Operating profit			
	FY17 1Q	FY16 1Q	Change		FY17 1Q	FY16 1Q	Change	
Information services	68	60	8	13.1%	-1	-2	1	—
Shipping	43	43	0	1.5%	1	1	0	-11.4%
Credit and leasing	33	33	0	1.4%	2	2	0	10.4%

(Major change factors)

Information services : Increased in sales due to increase in large projects etc.

<Consolidated>Main Consolidated Subsidiaries (FY2017 vs. FY2016)

100 million yen

		Net sales			Operating prpfit			Reference
		FY17 1Q	FY16 1Q	Change	FY17 1Q	FY16 1Q	Change	
Consolidated		4,041	3,757	284	346	471	-125	
City Gas etc.(*) Tokyo Gas Co.,Ltd.		3,611	3,319	292	279	392	-113	
Electric Power seg.	Nijio Co.,Ltd	259	227	32	4	19	-15	Increase in sales due to increased in sales volume, Decrease in profit due to carry-over
Overseas seg.	TG Australia Group (*2)	102	66	36	18	10	8	<TG Gorgon> Increase in sales and profit due to commencement of Gorgon LNG sales
Energy-related seg.	Tokyo Gas Engineering Solutions Co.,Ltd.	240	238	2	0	3	-3	Increase in sales due to the acceptance of CGS orders, Decrease in profit due to increase in repair expence for on-site ES facilities
Real Estate seg.	Tokyo Gas Urban Development	59	57	2	18	15	3	Increase in profit due to decrease in depreciation
Others	Tokyo LNG Tanker Co., Ltd.	43	43	0	1	1	0	
Other		660	633	27	32	10	22	<TG Real Estate HD> Increase in sales and profit due to establishment(April, 2017) (FY2016:Tokyo Gas apopriated) <TG Barnett> Increase in sales and profit due to higher unit sales prices
Consolidated subsidiaries total		1,366	1,266	100	74	61	13	

(*1)In addition to "City Gas," Tokyo Gas is engaged in "Electric Power", "Energy-related", "Real-Estate", and "Others" segments.

(*2) Consolidated figures are simple sums before elimination of intra-company transactions.

<Non-consolidated>Financial Results (FY2017 vs. FY2016)

100 million yen

	FY17 1Q	FY16 1Q	Change	
Net Sales	3,611	3,319	292	8.8%
Operating profit	279	392	-113	-28.8%
Ordinary Profit	307	432	-125	-29.0%
Net profit	248	649	-401	-61.7%

Impact of Sliding Time Lag

100 million yen

	FY17 1Q	FY16 1Q	Change
Revenue from sliding system	-318	-383	65
Increase in gas cost	-207	-515	308
Change	-111	132	-243

Economic Frame

	FY17 1Q	FY16 1Q	Change
JCC \$/bbl	53.36	41.12	12.24
Ex. rate ¥/\$	111.09	108.16	2.93

*Change from standard average resource cost

100 million yen

	FY17 1Q		FY16 1Q	Change		
Gas Business Sales(*1)	2,645	Gas sales	2,496	149	6.0%	Volume/composition +84, Unit prices +65
Raw materials and supplies	1,379	Raw materials and supplies	1,030	349	34.0%	Volume/composition +48, Unit prices +301 (Foreign exchange +25, Oil price +283, etc.)
(Gross profit)	(1,266)	(Gross profit)	(1,466)	(-200)	(-13.7%)	Volume/composition +36, Unit prices -236
Personnel expenses	182	Personnel expenses	270	-88	-32.4%	Reserve for retirement allowance -79(Actuarial differences -78), etc.
General expenses	589	General expenses	564	25	4.5%	
Repair expenses	78	Repair expenses	75	3	4.3%	
Others	510	Others	489	21	4.5%	Intercompany adjustment cost +7, Consignment costs +6, Removal cost +4, etc.
Depreciation	286	Depreciation	293	-7	-2.3%	Decrease due to decreased capital expenditure
LNG regasification	-9	LNG regasification	-10	1	—	
Operating costs	2,429	Operating cost	2,147	282	13.1%	
Installation work	-1	Installation work	-1	0	—	
Others	43	Gas appliances, etc.	24	19	76.4%	Provision for maintenance expenses +4, ENE-FARM/TES +7, etc.
Miscellaneous operating income	41	Miscellaneous operating income	22	19	85.1%	
Expenses for incidental businesses	22	Expenses for incidental businesses	21	1	0.9%	Electric power sales +42, LNG sales -41, etc.
Operating profit	279	Operating profit	392	-113	-28.8%	
Non operating income	27	Non operating income	40	-13	-31.1%	Dividends received from affiliates -16 etc.
Ordinary profit	307	Ordinary profit	432	-125	-29.0%	
Extraordinary income	32	Extraordinary income	317	-285	-89.9%	FY16: Gain on sales of noncurrent assets 148, Gain on extinguishment of tie-in stocks 154
Extraordinary loss	0	Extraordinary loss	0	0	—	
Taxes	91	Taxes	101	-10	-10.3%	
Net profit	248	Net profit	649	-401	-61.7%	

(*1) Gas business sales (FY17) consist of Gas sales (FY16), Transmission service income (included in Miscellaneous operating income in FY16), Intercompany adjustment revenue (new), and Consigned income for LNG regasification and calorie adjustment (new).

<Non-consolidated>

Breakdown of Gas Business Sales & Gross Profit Analysis (FY2017 vs. FY2016)

Breakdown of Gas Business Sales

100 million yen

	FY17 1Q Results	FY16 1Q Results	Change		100 million yen		Mil. M3
Residential	1,148	1,144	4	0.3%	Volume	48	39
					Temp. effect	37	33
					Sliding	-44	—
					Other differences	0	—
Others (Commercial·Industrial· Wholesale)	1,497	1,352	145	10.7%	Volume	36	67
					Temp. effect	8	9
					Sliding	109	—
					Other differences	0	—
Total	2,645	2,496	149	6.0%	Volume	84	106
					Temp. effect	45	42
					Sliding	65	—
					Other differences	0	—

Gross Profit Analysis

100 million yen

	Volume		Unit price		Total
	Temp. effect		Sliding	Other	
Gas sales	45		65		149
		84	0		
			65		
Raw materials and supplies	19		308		349
		48	-7		
			301		
Gross profit	25		-243		-200
		36	7		
			-236		

<Non-consolidated> Power Generation Stock Volume and Sales of ENE-FARM

① Power Generation Stock Volume

Unit thousands kW

	FY17 1Q	FY16 4Q	Change (c)=(a)-(b)
	June 2017 Results(a)	March 2017 Results(b)	
Commercial-use cogeneration system	588	588	0
Industrial-use cogeneration system	1,454	1,432	22
Power gen.	4,036	3,934	102
Total	6,078	5,953	125

<Reference> Commercial-use cogeneration system (small gas engine in operation for 3,000 hours); about 1,000m³/kW
 Industrial-use cogeneration system (large gas engine in operation for 6,000 hours); about 1,300m³/kW

② Sales of ENE-FARM (Completion Basis)

(Year on Year)

Unit sales

	FY17 1Q Results	FY16 1Q Results	Change	Change ratio
ENE-FARM	3,756	3,648	108	3.0%

(Achievement of plan for FY17)

Unit sales

	FY17 1Q Results	Annual Plan	Achievement
ENE-FARM	3,756	19,075	19.7%

<Consolidated/Non-consolidated>

Breakdown of Operating Cash Flows/Capital Expenditure/Investments and Financing

Breakdown of Operating Cash Flows

Actual Results of 1Q (FY2017 vs. FY2016)

100 million yen

Consolidated	FY17 1Q	FY16 1Q	Change	
Profit attributable to owners of parent (A)	278	391	-113	-28.9%
Depreciation* (B)	395	392	3	0.8%
Operating cash flows (A)+(B)	674	784	-110	-14.0%

Actual Results of 1Q (FY2017 vs. FY2016)

100 million yen

Non-Consolidated	FY17 1Q	FY16 1Q	Change	
Net profit (A)	248	649	-401	-61.7%
Depreciation* (B)	302	307	-5	-1.4%
Operating cash flows (A)+(B)	550	956	-406	-42.4%

* Depreciation includes amortization of long-term prepaid expenses.

Breakdown of Capital Expenditure

Actual Results (FY2017 vs. FY2016)

100 million yen

	FY16 1Q	FY15 1Q	Change	
Production facilities	8	22	-14	-59.7%
Distribution facilities	179	175	4	2.0%
Service and maintenance facilities etc.	44	57	-13	-23.6%
Tokyo Gas Total	233	256	-23	-9.2%
Capital expenditure at consolidated Subsidiaries	56	145	-89	-61.5%
Adjustment	0	-12	12	—
Total	289	389	-100	-25.7%

Production facilities : Hitachi LNG Terminal-related etc. -14

Distribution facilities : Security-related etc. +4

Service and maintenance facilities etc.

: Real estate facilities etc. -13

Consolidated Subsidiaries : TLT, TGES America etc. -89

Investments and Financing

100 million yen

	FY17 1Q	FY16 1Q	Change	
Investment & financing	188	0	188	—
Collections	7	4	3	55.3%
After offset	181	-4	185	—

Forecasts

<Assumptions> Oil Price and Currency Forecasts, and Their Impacts on Gross Profit

Economic Frame

<Consolidated/Non-consolidated>

	FY2017 New Forecast		
	1Q	2-4Q	Full-year
JCC \$/bbl	53.36	55.00	54.59
Ex. rate ¥/\$	111.09	115.00	114.02
	FY2017 Initial Forecast as of Apr. 28		
	1Q	2-4Q	Full-year
JCC \$/bbl	55.00	55.00	55.00
Ex. rate ¥/\$	115.00	115.00	115.00
	Change		
	1Q	2-4Q	Full-year
JCC \$/bbl	-1.64	0.00	-0.41
Ex. rate ¥/\$	-3.91	0.00	-0.98

Gross Profit Sensitivity to Changes in Oil Price<Consolidated>

Gross Profit Sensitivity to Changes in Oil Price 100 million yen

	2Q	3Q	4Q	Full-year
Net sales	22	8	0	30
Gas resource cost	20	24	4	49
Gross profit	2	-16	-4	-19

*Impact on JCC increase by \$1

Gross Profit Sensitivity to Changes in EX Rate 100 million yen

	2Q	3Q	4Q	Full-year
Net sales	13	13	3	29
Gas resource cost	11	12	14	37
Gross profit	2	1	-11	-8

* Impact on a one-yen depreciation

<Consolidated> Financial Forecast(New Forecast(Jul) vs. Initial Forecast(Apr))

Forecast of Full Year Results for FY2017

100 million yen

	New	Initial	Change		Reference
Net sales	18,080	18,130	-50	-0.3%	City Gas -25, Electric Power-11 etc.
Operating profit	840	820	20	2.4%	
Ordinary Profit	800	750	50	6.7%	
Profit attributable to owners of parent	610	550	60	10.9%	
Total assets	23,400	23,410	-10	0.0%	
Equity	11,280	11,190	90	0.8%	
Equity ratio (%)	48.2%	47.8%	0.4%	—	
Total assets turnover(*1) (times)	0.79	0.79	0.00	—	
ROA(*1) (%)	2.7%	2.4%	0.3%	—	
ROE(*1) (%)	5.5%	5.0%	0.5%	—	
Interest-bearing debt	8,010	8,090	-80	-1.0%	
D/E ratio	0.71	0.72	-0.01	—	
Profit attributable to owners of parent	610	550	60	10.9%	
Depreciation(*2·3)	1,680	1,680	0	0.0%	
Operating cash flow(*4)	2,290	2,230	60	2.7%	
Capital Expenditure(*2)	2,650	2,650	0	0.0%	
TEP	62	83	-21	—	
(WACC)	2.9%	2.9%	0.0%	—	
EPS (Vshare)	26.70	24.07	2.63	10.9%	
BPS (Vshare)	493.97	490.57	3.41	0.7%	
Total payout ratio(*5)	(*6) —	—	—	—	

(*1) The calculation of total assets turnover, ROA, and ROE are based upon average Total assets and Shareholders' equity in each period.

(*2) Amounts for capital Expenditure and depreciation are after offsetting of internal transactions.

(*3) Depreciation includes amortization of long-term prepaid expenses.

(*4) Operating cash flow is calculated using the simplified accounting treatment of "Net profit attributable to the parent + Depreciation and amortization." (simplified accounting treatment; differs from amount in Consolidated Statement of Cash Flows)

(*5) FYn Gross payout ratio = ((FYn total annual dividend) + (FYn +1 stock repurchases)) / (FYn Net profit attributable to the parent)

(*6) To be maintained at approximately 60% each year to FY2020

<Non-consolidated> Financial Forecast(New Forecast(Jul) vs. Initial Forecast(Apr))

The Gas Business Accounting Rules have been revised, and titles of accounts are changed.

100 million yen

	New	Initial	Change	
Net Sales	16,010	16,060	-50	-0.3%
Operating profit	550	530	20	3.8%
Ordinary Profit	560	530	30	5.7%
Net profit	430	390	40	10.3%

Impact of Sliding Time Lag

100 million yen

	New	Initial	Change
Revenue from sliding system	-980	-865	-115
Increase in gas cost	-719	-604	-115
Change	-261	-261	0

Economic Frame

	New	Initial	Change
JCC \$/bbl	54.59	55.00	-0.41
Ex. rate ¥/\$	114.02	115.00	-0.98

*Change from standard average resource cost

100 million yen

	New	Initial	Change		
Gas Business Sales	11,200	11,230	-30	-0.3%	Volume/composition +85, Unit prices -115
Raw materials and supplies	6,270	6,310	-40	-0.6%	Volume/composition +75, Unit prices -115 (Foreign exchange effect -53, Oil price effect -62, etc.)
(Gross profit)	(4,930)	(4,920)	(10)	(0.2%)	Volume/composition +10
Personnel expenses	744	744	0	0.0%	
General expenses	2,620	2,620	0	0.0%	
Depreciation	1,234	1,234	0	0.0%	
LNG regasification	-35	-35	0	—	
Operating cost	10,833	10,873	-40	-0.4%	
Installation work	3	3	0	0.0%	
Others	109	109	0	0.0%	
Miscellaneous operating income	112	112	0	0.0%	
Expenses for incidental businesses	71	61	10	16.4%	Electric power sales +7 etc.
Operating profit	550	530	20	3.8%	
Non operating income	10	0	10	—	Dividends received from affiliates +10 etc.
Ordinary profit	560	530	30	5.7%	
Extraordinary income	32	0	32	—	Gain on sales of noncurrent assets +32
Extraordinary loss	0	0	0	—	
Taxes	162	140	22	15.7%	
Net profit	430	390	40	10.3%	

<Non-consolidated>

Breakdown of Gas Business Sales & Gross Profit Analysis(New Forecast(Jul) vs. Initial Forecast(Apr))

Forecast of Full Year Results for FY2017

Breakdown of Gas Business Sales

100 million yen

	New forecast(Jul)	Initial forecast(Apr)	Change	
Residential	4,809	4,856	-47	-1.0%
Others (Commercial・Industrial・Wholesale)	6,391	6,374	17	0.3%
Total	11,200	11,230	-30	-0.3%

Gross Profit Analysis

100 million yen

	Volume		Unit price		Total
Gas sales	Temp. effect	-28	Sliding	-115	-30
			Other	0	
		85		-115	
Raw materials and supplies	Temp. effect	-11	Sliding	-115	-40
			Other	0	
		75		-115	
Gross profit	Temp. effect	-17	Sliding	0	10
			Other	0	
		10		0	

<Consolidated/Non-consolidated>

Breakdown of Operating Cash Flows/Capital Expenditure/Investments and Financing

Forecast of Full Year Results for FY2017

Breakdown of Operating Cash Flows

New Forecast(Jul) vs. Initial Forecast(Apr)

100 million yen

Consolidated	New	Initial	Change	
Profit attributable to owners of parent (A)	610	550	60	10.9%
Depreciation* (B)	1,680	1,680	0	0.0%
Operating cash flows (A)+(B)	2,290	2,230	60	2.7%

New Forecast(Jul) vs. Initial Forecast(Apr)

100 million yen

Non-consolidated	New	Initial	Change	
Net profit (A)	430	390	40	10.3%
Depreciation* (B)	1,293	1,293	0	0.0%
Operating cash flows (A)+(B)	1,723	1,683	40	2.4%

*Depreciation includes amortization of long-term prepaid expenses.

Breakdown of Capital Expenditure

New Forecast(Jul) vs. Initial Forecast(Apr)

100 million yen

	New	Initial	Change	
Production facilities	210	210	0	0.0%
Distribution facilities	992	992	0	0.0%
Service and maintenance facilities etc.	757	757	0	0.0%
Tokyo Gas Total	1,960	1,960	0	0.0%
Capital expenditure at consolidated Subsidiaries	736	736	0	0.0%
Adjustment	-46	-46	0	—
Total	2,650	2,650	0	0.0%

Investments and Financing

100 million yen

	New	Initial	Change	
Investment & financing	435	435	0	0.0%
Collections	19	16	3	18.8%
After offset	416	419	-3	-0.7%

Reference

(Reference) Revision of Gas Business Accounting Rules

The gas business system has been changed to cope with the full liberalization of retail sales of gas in FY2017. The Gas Business Accounting Rules have also been revised to reflect the change.

<New>		<Former>
(Gas business Sales) <ul style="list-style-type: none"> • Gas sales • Transmission service income • Intercompany adjustment income • LNG regasification and calorie adjustment income 		(Product sales) <ul style="list-style-type: none"> • Gas sales
(Cost of sales) <ul style="list-style-type: none"> • Beginning inventories • Cost of products manufactured • Purchase of finished goods • Costs of gas for own use • Ending inventories 		(Cost of sales) <ul style="list-style-type: none"> • Beginning inventories • Cost of products manufactured • Purchase of finished goods • Costs of gas for own use • Ending inventories
<ul style="list-style-type: none"> • Gross profit • Supply and sales expenses • General and administrative expenses • Total selling, general and administrative expenses • Profit on core business 		<ul style="list-style-type: none"> • Gross profit • Supply and sales expenses • General and administrative expenses • Total selling, general and administrative expenses • Profit on core business
(Miscellaneous operating income) <ul style="list-style-type: none"> • Income from installation work • Other miscellaneous operating income 		(Miscellaneous operating income) <ul style="list-style-type: none"> • Income from installation work • Income from gas appliance sales • Transmission service income • Other miscellaneous operating income

(Omitted below)

[Note] The figures in < > in the table above show major effects of the revision of the Gas Business Accounting Rules (Figures for FY16 in 100 million yen)

* Gas sales were divided into Gas sales and Intercompany adjustment income (fees for using gas pipes).

* Part of Purchase of finished goods is divided into Purchase of finished goods and Intercompany adjustment cost (fees for using gas pipes) included in Supply and sales expenses.

(Reference) Intercompany adjustment cost
 It is equivalent to transmission service fees paid to other pipeline service operators in accordance with the adjustment contract between the relevant operators when gas is supplied through pipes held by more than one pipeline service operators. If gas is supplied to a user of pipeline service operators C through gas pipes of pipeline service operators A and B, C receives transmission service fees from its retailer and then pays to B, which pays to A.

* Under the new system, transmission service income is regarded as income from core business, reflecting the idea that transmission service business is collateral to gas business.

Tokyo Gas Co., Ltd.

< Cautionary Statement regarding Forward-looking Statements >

Statements made in this presentation with respect to Tokyo Gas's present plans, forecasts, strategies, and other information herein that are not expressions of historical fact are forward-looking statements about the future performance of the Company. The Company's actual performance may greatly differ from these projections due to critical factors which include general economic conditions in Japan, crude oil prices, the weather, changes in the foreign exchange rate of the yen, rapid technological innovations, and the Company's responses to the progress of deregulation.