

4. Seven basic classes of heating equipment were designated for detailed study:
 - o Warm air furnaces (oil, gas, electric, wood and coal)
 - o Boilers (oil, gas, wood and coal)
 - o Gas burners (conversion and power types)
 - o Air-to-air heat exchangers
 - o Water heaters (gas and electric)
 - o Prefabricated chimnies and chimney liners
 - o Zero clearance fireplaces

B. Project Scope. Given these parameters and the inherent characteristics of the United States residential heating equipment industry, there are several market considerations which have significantly affected this study and should be kept in mind when reviewing its results and in planning subsequent actions. These factors, which are discussed in detail throughout the report, are outlined below:

1. The market for U.S. residential heating equipment, is very mature and can be characterized as complex, diverse, price-sensitive and highly segmented.
2. Market demand in the residential heating business is derived, in part, from the national macroeconomic environment, which includes factors such as: general economic conditions, demographic trends, government policies and regulations, construction activity, interest rates and energy.
3. There are significant regional variations in terms of the type and mix of equipment due in large measure to key local differential factors, which include:
 - o Climate
 - o Type of dwelling (single family, multi-dwelling, mobile, etc.)
 - o New construction versus replacement
 - o Demographic and economic profile
 - o Fuel prices and availability
 - o Regional economic conditions
 - o Utility network strength