CHART INDUSTRIES INC
Form S-1/A
June 14, 2006

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As filed with the Securities and Exchange Commission on June 14, 2006

Registration No. 333-133254

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Amendment No. 2
to
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CHART INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**3443**	**34-1712937**
(State of Incorporation)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

One Infinity Corporate Centre Drive
Suite 300
Garfield Heights, Ohio 44125-5370
Tel.: (440) 753-1490
Fax: (440) 753-1491
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)
Matthew J. Klaben, Esq.
Vice President, General Counsel and Secretary
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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o ______________

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o ______________

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o ______________

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Common stock, par value $0.01 per share	$250,000,000	$26,750

(1) Estimated solely for the purpose of calculating the registration fee under Rule 457(o) of the Securities Act of 1933, as amended (the Securities Act).

(2) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)

Issued , 2006

Shares

Chart Industries, Inc.

Common Stock

Chart Industries, Inc. is offering shares of its common stock. All of the shares of common stock are being sold by us. We intend to use approximately $ million of the net proceeds from the sale of the shares being sold in this offering to repay certain of our indebtedness and approximately $ million of the net proceeds to pay a dividend to our stockholders existing immediately prior to this offering, consisting of affiliates of First Reserve and certain members of our management.

This is our initial public offering and no public market currently exists for our common stock. We anticipate that the initial public offering price will be between $ and $ per share. We intend to apply to list the common stock on the New York Stock Exchange under the symbol GTL.

The underwriters have the option to purchase up to an additional shares of our common stock from us at the initial public offering price, less the underwriting discount to cover over-allotments. We intend to use the proceeds we receive from any shares sold pursuant to the underwriters over-allotment option to pay an additional dividend to our existing stockholders.

Investing in the common stock involves risks. See Risk Factors beginning on page 12.

	Initial Public Offering Price	Underwriting Discount	Proceeds, before expenses, to us
Per Share	$	$	$
Total	$	$	$

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on or about , 2006.

Morgan Stanley **Lehman Brothers** **UBS Investment Bank**

Natexis Bleichroeder Inc.

Simmons & Company International

Howard Weil Incorporated

, 2006

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**Darwin LNG liquefaction facility in Northern Territory, Australia,
including Chart vacuum-insulated pipe and
vacuum-insulated pipe riser modules for large storage tanks**

**Chart brazed aluminum heat exchanger core
for use in an air separation cold box**

**Atlantic LNG Plant located in Trinidad, including Chart liquefaction
cold boxes and vacuum-insulated pipe for jetty cool-down lines**

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell shares of common stock and seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the shares of common stock.

Through and including , 2006 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade shares, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus, but it may not contain all of the information that is important to you. We urge you to read this entire prospectus including the section entitled Risk Factors and the financial statements and related notes, before investing in our common stock.

Unless the context otherwise requires, as used in this prospectus, (i) the terms we, our, us, the Company, Cha Industries and similar terms refer to Chart Industries, Inc. and its consolidated subsidiaries and (ii) the term issuer refers to Chart Industries, Inc. and not any of its subsidiaries.

Chart Industries, Inc.

Our Company

We are a leading independent global manufacturer of highly engineered equipment used in the production, storage and end-use of hydrocarbon and industrial gases, based on our sales and the estimated sales of our competitors. We supply engineered equipment used throughout the liquid gas supply chain globally. The largest portion of end-use applications for our products is energy-related, accounting for 51% of sales and 58% of orders in 2005, and 77% of backlog at December 31, 2005. We are a leading manufacturer of standard and engineered equipment primarily used for low-temperature and cryogenic, or very low temperature, applications. We have developed an expertise in cryogenic systems and equipment, which operate at low temperatures sometimes approaching absolute zero (0° Kelvin; -273° Centigrade; -459° Fahrenheit). The majority of our products, including vacuum-insulated containment vessels, heat exchangers, cold boxes and other cryogenic components, are used throughout the liquid gas supply chain for the purification, liquefaction, distribution, storage and use of hydrocarbon and industrial gases.

We have attained this position by capitalizing on our low-cost global manufacturing footprint, technical expertise and know-how, broad product offering, reputation for quality, and by focusing on attractive, growing markets. We have an established sales and customer support presence across the globe and low-cost manufacturing operations in the United States, Central Europe and China. We believe we are the number one or two equipment supplier in all of our primary end-use markets. For the three months ended March 31, 2006 and 2005, we generated sales of $120.8 million and $85.2 million, respectively. For the combined year ended December 31, 2005, we generated sales of $403.1 million compared to sales of $305.6 million for the year ended December 31, 2004.

We believe that we are well-positioned to benefit from a variety of long-term trends driving demand in our industry, including:

- increasing demand for natural gas and the geographic dislocation of supply and consumption, which is resulting in the need for a global network for liquefied natural gas, or LNG;
- increasing demand for natural gas processing, particularly in the Middle East, as crude oil producers look to utilize the gas portions of their reserves; and
- increased demand for natural and industrial gases resulting from rapid economic growth in developing areas, particularly Central and Eastern Europe and China.

We operate in three segments: (i) Energy and Chemicals, or E&C, (ii) Distribution and Storage, or D&S, and (iii) BioMedical. While each segment manufactures and markets different cryogenic equipment and systems to distinct end-users, they share a reliance on our heat transfer and low temperature storage know-how and expertise. The E&C and D&S segments manufacture products used in energy-related and other applications, such as the separation, liquefaction, distribution and storage of hydrocarbon and industrial gases. Through our BioMedical segment, we supply cryogenic equipment used in the storage and distribution of biological materials and oxygen used primarily in the medical, biological research and animal breeding industries.

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Competitive Strengths

We believe that the following competitive strengths position us to enhance our growth and profitability:

Focus on Attractive Growing End Markets. We anticipate growing demand in the end markets we serve, with particularly strong growth in LNG, natural gas processing, specific international markets across all segments, and biomedical equipment. Rapid economic development in developing areas, particularly Central and Eastern Europe and China, has caused a significant increase in the demand for natural and industrial gases.

Substantial Revenue Visibility. We have a large and growing backlog, which provides us with a high degree of visibility in our forecasted revenue. Our backlog as of March 31, 2006 was $237.0 million, compared to $233.6 million, $129.3 million and $49.6 million as of December 31, 2005, 2004 and 2003, respectively. Projects for energy-related applications totaled approximately $180.0 million in backlog as of December 31, 2005.

Leading Market Positions. We believe we are the #1 or #2 equipment supplier in each of our primary end markets both domestically and internationally. We believe that our strong industry positioning makes us typically one of only two or three suppliers qualified to provide certain products to key customers.

Diverse, Long-Standing Customer Base. We currently serve over 2,000 customers worldwide. Our primary customers are large, multinational producers and distributors of hydrocarbon and industrial gases that provide us with revenue stability. Customers and end-users also include high growth LNG processors, petrochemical processors and biomedical companies. We have developed strong, long-standing relationships with these customers.

Highly Flexible and Low-Cost Manufacturing Base. Given our long-term investment in global manufacturing facilities and specialized equipment, we have developed a substantial comparative scale and geographic advantage within the markets for the cryogenic products that we manufacture with more than 1.6 million square feet of manufacturing space across 14 primary facilities and three continents. This scale and the related substantial operational flexibility enable us to be a low-cost producer for our products.

Product Expertise, Quality, Reliability and Know-How. Within our end markets, we have established a reputation for quality, reliability and technical innovation. We believe that the main drivers of our target customers purchasing decisions are a supplier s product expertise, quality, reliability and know-how rather than pricing and terms, giving us an advantage based on our reputation and consequent brand recognition. We believe it would be difficult for a new entrant to duplicate our capabilities.

Experienced Management Team. We have assembled a strong senior management team with over 250 combined years of related experience and complementary skills. This team is responsible for our strong performance since 2003.

Business Strategy

We believe that we are well-positioned to maintain our leadership in providing highly engineered equipment for use in low-temperature and cryogenic applications and meet the world s growing demand for hydrocarbon and industrial gases with more economical, reliable and environmentally friendly systems. The principal elements of our strategy are as follows:

Continue to develop innovative, high-growth, energy-specific products. We plan to continue to focus on extending our cryogenic technological leadership, both to capitalize on increasing demand for energy and to create new applications.

Leverage our global platform to capitalize on growing international demand. We expect growth in hydrocarbon and industrial gas demand and investment over the next five years in the Middle East,

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Central and Eastern Europe, Russia and China. We believe that our investment in manufacturing, sales and marketing capabilities positions us to increase our market share in growing international markets.

Capitalize on our position as a market leader. We plan to continue to grow our long-standing relationships with the leading users of cryogenic equipment and expand our customer base.

Maintain our position as a low-cost producer while continuing to improve operating performance. We believe we are the lowest cost manufacturer for most of our products and we intend to continue to leverage our scale, scope, technical expertise and know-how to deliver to our customers higher quality and more reliable products and services at lower cost. Our disciplined approach to capital expenditures is intended to enhance capacity where we expect to realize significant and timely returns.

Recent Developments

On May 26, 2006, we purchased the common stock of Cooler Service Company, Inc., or Cooler Service, a Tulsa, Oklahoma-based company that designs and manufactures custom air cooled heat exchangers utilizing advanced technology in thermal and mechanical design. Cooler Service provides air cooled heat exchangers into multiple markets, including hydrocarbon, petrochemical and industrial gas processing. The aggregate purchase price for the acquisition was approximately $16.5 million, which we paid in cash.

Risk Factors

Investing in our common stock involves substantial risk. You should carefully consider all the information in this prospectus prior to investing in our common stock. Our ability to execute our strategy is subject to the risks that are generally associated with the production, storage and end-use of hydrocarbon and industrial gases. We are also subject to a number of risks related to our competitive position and business strategies. For example, our acquisitive business strategy exposes us to the risks involved in consummating and integrating acquisitions, including the risk that in a future acquisition we could incur additional debt and contingent liabilities which could adversely affect our operating results. For additional risks relating to our business and the offering, see Risk Factors beginning on page 12 of this prospectus.

The Acquisition

On August 2, 2005, Chart Industries entered into an agreement and plan of merger with certain of its stockholders, First Reserve Fund X, L.P., which we refer to as First Reserve, a Delaware limited partnership, and CI Acquisition, Inc., which we refer to as CI Acquisition, a Delaware corporation and a wholly-owned subsidiary of First Reserve, which provided for:

- the sale of shares of common stock of Chart Industries, Inc. by certain of its stockholders to CI Acquisition; and

- the merger of CI Acquisition with and into Chart Industries, with Chart Industries surviving the merger as an indirect, wholly-owned subsidiary of First Reserve.

We refer to the stock purchase, the merger and the related financing thereof collectively as the Acquisition. The Acquisition closed on October 17, 2005. In connection with the Acquisition, entities affiliated with First Reserve contributed $111.3 million in cash to fund a portion of the purchase price of the equity interests in Chart Industries, and management contributed $6.4 million in the form of rollover options. The remainder of the cash needed to finance the Acquisition, including related fees and expenses, was provided by funds raised by the offering of our $170.0 million senior subordinated notes due 2015, which we refer to as our notes, and borrowings under our $240.0 million senior secured credit facility. The senior secured credit facility originally consisted of a $180.0 million term loan facility and a $60.0 million revolving credit facility and will be amended effective upon the closing of this offering to increase the size of the revolving credit facility to $115.0 million. See The Transactions and Description of Indebtedness.

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Company Information

Chart Industries, Inc. is a Delaware corporation incorporated in 1992. Our principal executive offices are located at One Infinity Corporate Centre Drive, Suite 300, Garfield Heights, Ohio, 44125 and our telephone number is (440) 753-1490. On July 8, 2003, we and all of our then majority-owned U.S. subsidiaries filed voluntary petitions for reorganization relief under Chapter 11 of the U.S. Bankruptcy Code. On September 15, 2003, we and those subsidiaries emerged from Chapter 11 proceedings. Before the closing of our Acquisition by First Reserve on October 17, 2005, we filed periodic and other reports with the Securities and Exchange Commission. We ceased filing those reports upon the closing of the Acquisition when our pre-Acquisition securities were cancelled and ceased to be outstanding. The financial statements and other financial data presented in this prospectus are of Chart Industries, Inc. and its direct and indirect subsidiaries.

The Offering

Shares of common stock offered by Chart Industries, Inc.	shares.
Shares of common stock to be outstanding after this offering	shares (including shares, adjusted for the elimination of any fractional shares, that will be dividended to our stockholders existing immediately prior to this offering, consisting of affiliates of First Reserve and certain members of our management, assuming the underwriters do not exercise their option to purchase additional shares and giving effect to the -for-one stock split we expect to effect prior to the consummation of this offering).
Over-allotment option	shares.
Use of proceeds	We estimate that the net proceeds to us from this offering, after deducting underwriting discounts, will be approximately $ million. We intend to use approximately $ million of the net proceeds to repay certain indebtedness. We intend to use the remaining net proceeds of approximately $ million to pay a dividend to our stockholders existing immediately prior to the offering, consisting of affiliates of First Reserve and certain members of our management. See Use of Proceeds. We also intend to use the proceeds we receive from any shares sold pursuant to the underwriters over-allotment option to pay an additional dividend to our existing stockholders.
Proposed New York Stock Exchange symbol	GTL

Unless we specifically state otherwise, all information in this prospectus:

- assumes no exercise by the underwriters of their option to purchase additional shares;
- gives effect to the -for-one stock split effected prior to the consummation of the offering;
- assumes that we issue an additional shares, adjusted for the elimination of any fractional shares, of our common stock to our existing stockholders pursuant to a stock dividend that we will declare prior to the consummation of this offering, the terms of which will require that shortly after the expiration of the underwriters over-allotment option (assuming the option is not exercised in full), we issue to our existing stockholders the number of shares equal to (x) the number of additional shares the underwriters have an option to purchase minus (y) the actual number of shares the underwriters purchase from us pursuant to that option. See Dividend Policy for a description of the purpose of the stock dividend;
- gives effect to the issuance of 573,027 shares which have been issued to FR X Chart Holdings LLC, an affiliate of First Reserve, upon exercise of its warrant (see Certain Related Party Transactions);
- gives effect to the issuance of 131,823 shares which have been issued to certain members of management upon exercise of their rollover options (see Management Management Equity); and
- excludes shares of common stock reserved for issuance under stock options (shares if the over-allotment option is exercised in full) that we expect to continue to be outstanding under our plans after this offering, after adjusting for the -for-one stock split, the dividend of the $ million of the net proceeds (assuming the mid-point of the range set forth on the cover page hereof) described above, and the stock dividend assumed in the third bullet point above, which shares would be exercisable at a weighted average

exercise price of $.

The size of the -for-one stock split referenced herein is intended to achieve an estimated share price between $ and $ per share and has been calculated based on the mid-point of the estimated price range shown on the cover page of this prospectus.

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Summary Historical and Pro Forma Financial Information

The financial statements referred to as the Predecessor Company financial statements include the consolidated audited financial statements of Chart Industries, Inc. and its subsidiaries prior to our Chapter 11 bankruptcy proceedings. Our emergence from Chapter 11 bankruptcy proceedings in September 2003 resulted in a new reporting entity and the adoption of fresh start accounting in accordance with the American Institute of Certified Public Accountants Statement of Position 90-7, Financial Reporting by Entities in Reorganization Under the Bankruptcy Code. The financial statements referred to as the Reorganized Company financial statements include the consolidated audited financial statements of Chart Industries, Inc. and its subsidiaries after our emergence from Chapter 11 bankruptcy proceedings and prior to the Acquisition and related financing thereof. The financial statements referred to as the Successor Company financial statements include the consolidated audited financial statements of Chart Industries, Inc. and its subsidiaries after the Acquisition and the related financing thereof.

The following table sets forth our summary historical consolidated financial and other data as of the dates and for the periods indicated. The Predecessor Company summary historical financial statements and other data for the nine months ended September 30, 2003 are derived from our audited financial statements for such period included elsewhere in this prospectus, which have been audited by Ernst & Young LLP, an independent registered public accounting firm. The Reorganized Company summary historical financial statements and other data for the three months ended December 31, 2003, the year ended December 31, 2004 and the period from January 1, 2005 to October 16, 2005, which we refer to as the 2005 Reorganized Period, are derived from our audited financial statements for such periods included elsewhere in this prospectus, which have been audited by Ernst & Young LLP. The Successor Company summary historical financial statements and other data as of and for the period from October 17, 2005 to December 31, 2005, which we refer to as the 2005 Successor Period, are derived from our audited financial statements for such periods included elsewhere in this prospectus, which have been audited by Ernst & Young LLP. The Reorganized Company and Successor Company unaudited summary historical financial statements and other data for the three months ended March 31, 2005 and as of and for the three months ended March 31, 2006, respectively, have been derived from the unaudited condensed financial statements and related notes which are included elsewhere in this prospectus, and reflect all adjustments, consisting of normal, recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the Reorganized Company and Successor Company financial position, results of operations and cash flows for the three months ended March 31, 2005 and as of and for the three months ended March 31, 2006 and are not necessarily indicative of our results of operations for the full year. The data should be read in conjunction with the consolidated financial statements, related notes and other financial information included herein.

The following summary unaudited pro forma balance sheet information as of March 31, 2006 has been prepared to give pro forma effect to this offering and the application of the proceeds therefrom as if they had occurred on March 31, 2006. The following summary unaudited pro forma statements of operations information for the year ended December 31, 2005 and the three months ended March 31, 2006 have been prepared to give pro forma effect to this offering, the application of the proceeds therefrom and the Acquisition as if they had occurred on January 1, 2005. The pro forma adjustments used in preparing the pro forma financial information reflect estimates, which we believe are reasonable but may change upon finalization of our analysis. The assumptions used in the preparation of unaudited financial information may not prove to be correct. The pro forma financial information is for informational purposes only and should not be considered indicative of actual results that would have been achieved had the Acquisition and this offering actually been consummated on the dates indicated and do not purport to indicate balance sheet information or results of operations as of any future date or any future period.

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The historical consolidated financial data presented below is not necessarily indicative of our future performance. This information is only a summary and should be read in conjunction with Selected Historical Consolidated Financial Data, Unaudited Pro Forma Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Predecessor Company	Reorganized Company				Successor Company		Pro Forma	Pro Forma As Adjusted
	Nine Months Ended September 30, 2003	Three Months Ended December 31, 2003	Year Ended December 31, 2004	January 1, 2005 to October 16, 2005	Three Months Ended March 31, 2005	October 17, 2005 to December 31, 2005	Three Months Ended March 31, 2006	As Adjusted Year Ended December 31, 2005	Three Months Ended March 31, 2006
						(unaudited)			
	(Dollars in thousands, except per share data)								
Statement of Operations Data:									
Sales	$ 197,017	$ 68,570	$ 305,576	$ 305,497	$ 85,170	$ 97,652	$ 120,840		
Cost of sales(1)	141,240	52,509	211,770	217,284	60,532	75,733	83,853		
Gross Profit	55,777	16,061	93,806	88,213	24,638	21,919	36,987		
Selling, general and administrative expenses	44,211	14,147	53,374	59,826	14,401	16,632	21,039		
Restructuring and other operating expenses, net(2)(3)(4)	13,503	994	3,353	7,528	604	217	162		
	57,714	15,141	56,727	67,354	15,005	16,849	21,201		
Operating income (loss)	(1,937)	920	37,079	20,859	9,633	5,070	15,786		
Interest expense, net(5)	10,300	1,344	4,712	4,164	985	5,556	6,545		
Other expense (income)	(3,737)	(350)	(465)	659	21	409	222		
	6,563	994	4,247	4,823	1,006	5,965	6,767		

(Loss) income from continuing operations before income taxes and minority interest	(8,500)	(74)	32,832	16,036	8,627	(895)	9,019
Income tax (benefit) expense	1,755	(125)	10,134	7,159	3,071	(441)	2,980
(Loss) income from continuing operations before minority interest	(10,255)	51	22,698	8,877	5,556	(454)	6,039
Minority interest, net of taxes and other	(63)	(20)	(98)	(19)	(21)	(52)	6
(Loss) income from continuing operations	(10,318)	31	22,600	8,858	5,535	(506)	6,045
Income from discontinued operation, including gain on sale of $3,692, net of tax of $1,292(6)	3,233						
Net (loss) income	$ (7,085)	$ 31	$ 22,600	$ 8,858	$ 5,535	$ (506)	$ 6,045
Earnings (loss) per share data(7):							
Basic (loss) earnings per share:	$ (0.27)	$ 0.01	$ 4.22	$ 1.65	$ 1.03	$ (0.29)	$ 3.52
Diluted (loss) earnings per share(8)	$ (0.27)	$ 0.01	$ 4.10	$ 1.57	$ 0.99	$ (0.29)	$ 3.38
Weighted average shares basic	26,336	5,325	5,351	5,366	5,358	1,719	1,719
Weighted average shares diluted(8)	26,336	5,325	5,516	5,649	5,609	1,719	1,791
Cash flow data:							
Cash provided by (used in) operating activities	$ 19,466	$ 4,988	$ 35,059	$ 15,641	$ (4,063)	$ 18,742	$ 12,327
Cash provided by (used in) investing activities	15,101	154	(3,317)	(20,799)	(1,629)	(362,250)	(2,566)
Cash (used in) provided by	(15,907)	(13,976)	(35,744)	1,708	(624)	348,489	(5,839)

financing activities							
Other financial data:							
Depreciation and amortization(9)	$ 9,260	$ 2,225	$ 8,490	$ 6,808	$ 1,944	$ 4,396	$ 5,194
EBITDA(10)	15,522	3,475	45,936	26,989	11,535	9,005	20,764
Capital expenditures	1,907	518	9,379	11,038	1,734	5,601	2,566
Backlog	51,781	49,635	129,278	206,215	160,113	233,639	237,033

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	As of March 31, 2006	
	Actual	As Adjusted
	(unaudited) (In thousands)	
Balance Sheet Data:		
Cash and cash equivalents	$ 19,462	$
Working capital (deficit)(11)	55,685	
Total assets	656,483(12)	
Debt:		
Short-term debt	1,513	
Long-term debt	340,000	
Total debt	341,513	
Shareholders equity	$ 124,146	$

(1) The three months ended December 31, 2003 and the 2005 Successor Period include non-cash inventory valuation charges of $5.4 million and $8.9 million, respectively, related to Fresh-Start and purchase accounting.

(2) In March 2003, we completed the closure of our Wolverhampton, United Kingdom manufacturing facility, operated by Chart Heat Exchangers Limited, or CHEL. On March 28, 2003, CHEL filed for voluntary administration under the U.K. Insolvency Act of 1986. CHEL s application for voluntary administration was approved on April 1, 2003 and an administrator was appointed. In accordance with SFAS No. 94, Consolidation of All Majority-Owned Subsidiaries, we are not consolidating the accounts or financial results of CHEL subsequent to March 28, 2003 due to the assumption of control of CHEL by the insolvency administrator. Effective March 28, 2003, we recorded a non-cash impairment charge of $13.7 million to write off our net investment in CHEL.

(3) In September 2003, in accordance with Fresh-Start accounting related to our emergence from Chapter 11 bankruptcy, all assets and liabilities were adjusted to their fair values. The adjustment to record the assets and liabilities at fair value resulted in net other income of $5.7 million. Further information about the adjustment is included in the notes to our audited consolidated financial statements included elsewhere in this prospectus.

(4) Includes gain or loss on sale of assets.

(5) Includes derivative contract valuation income or expense for interest rate collars to manage interest exposure relative to term debt.

(6) This relates to the sale of our former Greenville Tube, LLC business in July 2003. See Management s Discussion and Analysis of Financial Condition and Results of Operations for additional information.

(7) Unaudited pro forma basic and diluted earnings (loss) per share have been calculated in accordance with the Securities and Exchange Commission, or SEC, rules for initial public offerings. These rules require that the weighted average share calculation give retroactive effect to any changes in our capital structure as well as the number of shares whose sale proceeds would be necessary to repay any debt or to pay any dividend as reflected in the pro forma adjustments. Therefore, pro forma weighted average shares for purposes of the unaudited pro

forma basic and diluted earnings per share calculation, has been adjusted to reflect (i) the -for-one stock split we expect to effect immediately prior to consummation of this offering and (ii) the stock dividend of shares, adjusted for the elimination of any fractional shares, to our existing stockholders that will be made shortly after the expiration of the underwriters over-allotment option assuming no exercise of that option and shares of our common stock being offered hereby.

(8) The basic and diluted loss per share for the nine months ended September 30, 2003 and the 2005 Successor Period are the same because incremental shares issuable upon conversion are anti-dilutive.

(9) The nine months ended September 30, 2003, the 2005 Successor Period and the three months ended March 31, 2006 include financing costs amortization of $1.7 million, $0.3 million and $0.4 million, respectively.

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(10) EBITDA is calculated as net income (loss) before income tax expense and interest expense plus depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted as indicated below. EBITDA and Adjusted EBITDA are not intended to represent cash flow from operations as defined by GAAP and should not be used as an alternative to net income as an indicator of operating performance or to cash flow as a measure of liquidity. EBITDA and Adjusted EBITDA are included in this prospectus because they are a basis upon which our management assesses financial performance. The senior secured credit facility also includes the definition of pro forma EBITDA which is used in the calculation of certain covenants. Pro forma EBITDA is calculated based on EBITDA and is adjusted in a manner similar to that described herein. While EBITDA and Adjusted EBITDA are frequently used as a measure of operations and the ability to meet debt service requirements, they are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation. The following table reconciles EBITDA to net income (loss):

	Predecessor Company	Reorganized Company				Successor Company		Pro Forma	Pro Forma As Adjusted
	Nine Months Ended September 30, 2003	Three Months Ended December 31, 2003	Year Ended December 31, 2004	January 1, 2005 to October 16, 2005	Three Months Ended March 31, 2005	October 17, 2005 to December 31, 2005	Three Months Ended March 31, 2006	Year As Adjusted Ended December 31, 2005	Three Months Ended March 31, 2006
								(unaudited)	
	(Dollars in thousands)								
Net income (loss)	$ (7,085)	$ 31	$ 22,600	$ 8,858	$ 5,535	$ (506)	$ 6,045		
Income tax expense (benefit)	3,047	(125)	10,134	7,159	3,071	(441)	2,980		
Interest expense net(a)	10,300	1,344	4,712	4,164	985	5,556	6,545		
Depreciation and amortization(b)	9,260	2,225	8,490	6,808	1,944	4,396	5,194		
EBITDA	$ 15,522	$ 3,475	$ 45,936	$ 26,989	$ 11,535	$ 9,005	$ 20,764		

(a) Includes derivative contract valuation income or expense for interest rate collars to manage interest exposure relative to term debt.

(b) The nine months ended September 30, 2003, the 2005 Successor Period and the three months ended March 31, 2006 include financing costs amortization of $1.7 million, $0.3 million and $0.4 million, respectively.

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The following table reconciles EBITDA to Adjusted EBITDA as such terms are defined in our senior secured credit facility and the indenture governing the notes. Certain covenants under the senior secured credit facility are also tied to ratios based on Adjusted EBITDA and our ability to engage in activities such as incurring additional debt, making investments and paying dividends under both our indenture and senior secured credit facility is also tied to ratios based on Adjusted EBITDA:

	Predecessor Company		Reorganized Company			Successor Company		Pro Forma As Adjusted	Pro Forma As Adjusted
	Nine Months Ended September 30, 2003	Three Months Ended December 31, 2003	Year Ended December 31, 2004	January 1, 2005 to October 16, 2005	Three Months Ended March 31, 2005	October 17, 2005 to December 31, 2005	Three Months Ended March 31, 2006	Year Ended December 31, 2005	Three Months Ended March 31, 2006
								(unaudited)	
	(Dollars in thousands)								
EBITDA	$ 15,522	$ 3,475	$ 45,936	$ 26,989	$ 11,535	$ 9,005	$ 20,764		
Stock-based compensation expense(a)			2,433	9,508	592	437	321		
Inventory valuation charge(b)		5,368				8,903			
Acquisition expenses(c)				6,602					
In-process research and development charge(d)				2,768					
Hurricane losses(e)				1,057		406	182		
Employee separation and plant closure costs(f)	1,338	1,010	3,346	1,700	703	255	162		
Reorganization expenses(g)	369	357	706	1,470	73	88	45		
Appraisal rights settlement(h)						500			
Management fees(i)			380	306	95				
(Gain) loss on sale of assets(j)	8,929	(57)	133	(131)		78			

Income from discontinued operations(k)	(833)						
Adjusted EBITDA	$ 25,325	$ 10,153	$ 52,934	$ 50,269	$ 12,998	$ 19,672	$ 21,474

(a) Represents stock-based compensation charges for stock and stock options issued to key employees and directors, and an additional charge for the cash-out of stock options in the 2005 Reorganized Period as a result of the Acquisition. Although it may be of limited relevance to holders of our debt instruments, it may be of more relevance to our equity holders, since such equity holders ultimately bear such expenses.

(b) Represents a non-cash inventory valuation charge recorded in cost of sales for the adjustment of inventory to fair value as a result of Fresh-Start accounting as of September 30, 2003 and purchase accounting as of October 17, 2005, the closing date of the Acquisition. Under Fresh-Start and purchase accounting, inventory was adjusted to the fair value as of the dates indicated above, and a corresponding charge was taken in the subsequent three months ended December 31, 2003 and the 2005 Successor Period cost of sales as the inventory was sold.

(c) Represents acquisition expenses, primarily professional fees, incurred by us as a result of the Acquisition.

(d) Represents a non-cash charge for purchased in-process research and development in conjunction with the acquisition of Changzhou CEM Cryo Equipment Co., Ltd, or CEM, in 2005.

(e) Represents losses and costs incurred related to the damaged caused by Hurricane Rita at our New Iberia, Louisiana facilities.

(f) Includes inventory valuation charges recorded in cost of sales, and severance expenses, facility exit costs and non-operating expenses related to the execution of our operational restructuring plan, which primarily included moving the Burnsville, Minnesota manufacturing operations to Canton, Georgia, closing the Plaistow, New Hampshire and Wolverhampton, United Kingdom manufacturing facilities and closing the Westborough, Massachusetts engineering office. See Management s Discussion and Analysis of Financial Condition and Results of Operations for additional information.

(g) Includes pre-bankruptcy debt restructuring-related fees, Fresh-Start accounting adjustments and expenses, and a claim settlement related to our 2003 bankruptcy reorganization. See Management s Discussion and Analysis of Financial Condition and Results of Operations for additional information.

(h) Represents a charge for the settlement of former Reorganized Company shareholders appraisal rights claims as a result of the Acquisition.

(i) Represents non-recurring management fees charged by our Reorganized Company majority shareholders, which are not charged by First Reserve.

(j) Includes non-recurring gains and losses and charges on the sale, disposal or impairment of assets. See Management s Discussion and Analysis of Financial Condition and Results of Operations for additional information.

(k) Represents income from our former Greenville Tube, LLC stainless steel tubing business, which was sold in July 2003. See Management s Discussion and Analysis of Financial Condition and Results of Operations for additional information.

(11) Working capital is defined as current assets excluding cash minus current liabilities excluding short-term debt.

(12) Includes $236.8 million of goodwill and $150.5 million of finite-lived and indefinite-lived intangible assets as of March 31, 2006.

RISK FACTORS

Investing in our common stock involves substantial risk. You should carefully consider the risks described below, together with the other information in this prospectus, prior to investing in our common stock.

Risks Related to our Business

The markets we serve are subject to cyclical demand, which could harm our business and make it difficult to project long-term performance.

Demand for our products depends in large part upon the level of capital and maintenance expenditures by many of our customers and end users, in particular those customers in the global hydrocarbon and industrial gas markets. These customers expenditures historically have been cyclical in nature and vulnerable to economic downturns. Decreased capital and maintenance spending by these customers could have a material adverse effect on the demand for our products and our business, financial condition and results of operations. In addition, this historically cyclical demand limits our ability to make accurate long-term predictions about the performance of our company.

For example, certain of our core businesses underperformed in the years prior to 2004 due to a general downturn in capital spending in the global and domestic industrial gas markets. While we have experienced demand growth since late 2003 in the global hydrocarbon and industrial gas markets, this growth may not continue and our businesses performance may not be markedly better or may be worse in the future. In addition, changing world economic and political conditions may reduce the willingness of our customers and prospective customers to commit funds to purchase our products and services. Further, in 2005, the U.S. government announced the reduction of the amount of dollars it offered as reimbursement to our customers for purchasing our medical oxygen therapy products, which has adversely affected demand for these products.

The loss of, or significant reduction in, purchases by our largest customers could reduce our revenues and profitability.

Although no single customer accounted for more than 9% of our total sales for the year ended December 31, 2005, a small number of customers has accounted for a substantial portion of our historical net sales, and we expect that a limited number of customers will continue to represent a substantial portion of our sales for the foreseeable future. Approximately 33%, 39%, 36% and 26% of our sales for the years ended December 31, 2005, 2004, 2003 and 2002, respectively, were made to Praxair, Air Liquide, Air Products, Bechtel, Airgas, BOC, JGC and Linde, which management believes are the largest producers and distributors of hydrocarbon and industrial gases, and their suppliers. The loss of any of our major customers or a decrease in orders or anticipated spending by such customers could materially reduce our revenues and profitability. Our largest customers, such as Linde and BOC, could also engage in business combinations which could increase their size and increase or decrease the portion of our total sales concentration to any single customer. Additionally, we currently sell all of our magnetic resonance imaging, or MRI, components to GE, a leading worldwide manufacturer of MRI equipment, which accounted for $7.5 million in sales for the year ended December 31, 2005. The loss of, or significant reduction in, purchases of our MRI components by GE could reduce revenues and profitability in our BioMedical business.

We may be unable to compete successfully in the highly competitive markets in which we operate.

Although many of our products serve niche markets, a number of our direct and indirect competitors in these markets are major corporations, some of which have substantially greater technical, financial and marketing resources than we, and other competitors may enter these markets. Any increase in competition may cause us to lose market share or compel us to reduce prices to remain competitive, which could result in reduced sales and earnings. Companies that operate in our industry are Air Products, Kobe, Linde, Nordon, Puritan-Bennett, a division of Tyco International, Ltd., Sumitomo and Taylor-Wharton, a Harsco Company. Additionally, we compete with several suppliers owned by global industrial gas producers and many smaller fabrication-only facilities around the world. Increased competition with these companies could prevent the institution of price increases or could require price reductions or increased spending on research and

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development and marketing and sales, any of which could materially reduce our revenues, profitability or both. In the event of an industry downturn, customers who typically outsource their need for cryogenic systems to us may use their excess capacity to produce such systems themselves. We also compete in the sale of a limited number of products with certain of our major customers.

We will soon be required to evaluate our internal controls under Section 404 of the Sarbanes-Oxley Act of 2002 and any adverse results from such evaluation could result in a loss of investor confidence in our financial reports and have an adverse effect on our stock price.

As a result of this offering, we become subject to reporting and other obligations under the Securities Exchange Act of 1934, as amended, or the Exchange Act . Beginning with the year ending December 31, 2007, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we will be required to furnish a report by our management on our internal control over financial reporting, and our auditors will be required to deliver an attestation report on management s assessment of and operating effectiveness of internal controls. The report by our management must contain, among other matters, an assessment of the effectiveness of our internal control over financial reporting and audited consolidated financial statements as of the end of our fiscal year. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by management.

Unlike many companies whose shares are publicly traded, we are not presently in compliance with Section 404 s internal control requirements. We have substantial effort ahead of us to complete documentation of our internal control system and financial processes, information systems, assessment of their design, remediation of control deficiencies identified in these efforts and management testing of the designs and operation of internal controls. We may not be able to complete the required management assessment by our reporting deadline or may not meet applicable standards in following years. An inability to complete and document this assessment or to comply in following years could result in us receiving less than an unqualified report from our auditors with respect to our internal controls. This could cause investors to lose confidence in the accuracy and completeness of our financial reports, which could decrease the price of our stock.

As a global business, we are exposed to economic, political and other risks in different countries which could materially reduce our revenues, profitability or cash flows, or materially increase our liabilities.

Since we manufacture and sell our products worldwide, our business is subject to risks associated with doing business internationally. In 2005, 51% of our sales were made in international markets. Our future results could be harmed by a variety of factors, including:

- changes in foreign currency exchange rates;
- exchange controls and currency restrictions;
- changes in a specific country s or region s political, social or economic conditions, particularly in emerging markets;
- civil unrest, turmoil or outbreak of disease in any of the countries in which we operate;
- tariffs, other trade protection measures and import or export licensing requirements;
- potentially negative consequences from changes in U.S. and international tax laws;
- difficulty in staffing and managing geographically widespread operations;
- differing labor regulations;
- requirements relating to withholding taxes on remittances and other payments by subsidiaries;

different regulatory regimes controlling the protection of our intellectual property;

restrictions on our ability to own or operate subsidiaries, make investments or acquire new businesses in these jurisdictions;

restrictions on our ability to repatriate dividends from our foreign subsidiaries;

difficulty in collecting international accounts receivable;

difficulty in enforcement of contractual obligations under non-U.S. law;

transportation delays or interruptions;

changes in regulatory requirements; and

the burden of complying with multiple and potentially conflicting laws.

Our international operations also expose us to different local political and business risks and challenges. For example, we are faced with potential difficulties in staffing and managing local operations and we have to design local solutions to manage credit and legal risks of local customers and distributors. In addition, because some of our international sales are to suppliers that perform work for foreign governments, we are subject to the political risks associated with foreign government projects. For example, certain foreign governments may require suppliers for a project to obtain products solely from local manufacturers or may prohibit the use of products manufactured in certain countries.

International growth and expansion into emerging markets, such as China, Central and Eastern Europe, and the Middle East, may cause us difficulty due to greater regulatory barriers than in the United States, the necessity of adapting to new regulatory systems, problems related to entering new markets with different economic, social and political systems, and significant competition from the primary participants in these markets, some of which may have substantially greater resources than us.

Our overall success as a global business depends, in part, upon our ability to succeed in differing economic, social and political conditions. We may not succeed in developing and implementing policies and strategies to counter the foregoing factors effectively in each location where we do business and the foregoing factors may cause a reduction in our revenues, profitability or cash flows, or cause an increase in our liabilities.

If we are unable to successfully manage our growth, it may place a significant strain on our management and administrative resources and lead to increased costs and reduced profitability.

We expect to continue to expand our operations in the United States and abroad, particularly in China and the Czech Republic. Our ability to operate our business successfully and implement our strategies depends, in part, on our ability to allocate our resources optimally in each of our facilities in order to maintain efficient operations as we expand. Ineffective management of our growth could cause manufacturing inefficiencies, increase our operating costs, place significant strain on our management and administrative resources and prevent us from implementing our business plan.

For example, we plan to invest over $20 million in new capital expenditures in the United States in 2006 and 2007 related to the expected growth of our Energy & Chemicals business. If we fail to implement this capital project in a timely and effective manner, we may lose the opportunity to obtain some customer orders. Even if we effectively implement this project, the orders needed to support the capital expenditure may not be obtained or may be less than expected, which may result in sales or profitability at lower levels than anticipated. In addition, potential cost overruns, delays or unanticipated problems in any capital expansion could make the expansion more costly than originally predicted.

In addition, we are in the process of establishing our internal audit function, and adverse developments in the implementation of this function may impair our ability to manage our growth.

If we lose our senior management or other key employees, our business may be adversely affected.

Our ability to successfully operate and grow our business and implement our strategies is largely dependent on the efforts, abilities and services of our senior management and other key employees. Our future success will also depend on, among other factors, our ability to attract and retain qualified personnel, such as engineers and other skilled labor, either through direct hiring or the acquisition of other businesses employing such professionals. Our products, many of which are highly engineered, represent specialized applications of cryogenic or low temperature technologies and know how, and many of the markets we serve represent niche markets for these specialized applications. Accordingly, we rely heavily on engineers, salespersons, business unit leaders, senior management and other key employees who have experience in these specialized applications and are knowledgeable about these niche markets, our products, and our company. The loss of the services of these senior managers or other key employees or the failure to attract or retain other qualified personnel could reduce the competitiveness of our business or otherwise impair our business prospects.

Fluctuations in the prices and availability of raw materials and our exposure to fixed-price contracts could negatively impact our financial results.

The pricing and availability of raw materials for use in our businesses can be volatile due to numerous factors beyond our control, including general, domestic and international economic conditions, labor costs, production levels, competition, consumer demand, import duties and tariffs and currency exchange rates. This volatility can significantly affect the availability and cost of raw materials for us, and may, therefore, increase the short-term or long-term costs of raw materials.

The commodity metals we use, including aluminum and stainless steel, have experienced significant upward fluctuations in price. On average, approximately half of our cost of sales is represented by the cost of commodities metals. We have generally been able to recover the cost increases through price increases to our customers; however, during periods of rising prices of raw materials, such as in 2004 and 2005, we may be unable to pass a portion of such increases on to our customers. Conversely, when raw material prices decline, customer demands for lower prices could result in lower sale prices and, to the extent we have existing inventory, lower margins. As a result, fluctuations in raw material prices could result in lower revenues and profitability.

In addition, a substantial portion of our revenues is derived from fixed-price contracts for large system projects. To the extent that original cost estimates prove to be inaccurate or the contracts do not permit us to pass increased costs on to our customers, profitability from a particular contract may decrease, which, in turn, could decrease our revenues and overall profitability.

We may fail to successfully acquire or integrate companies that provide complementary products or technologies.

A component of our growth strategy is the acquisition of businesses that complement our existing products and services. Our acquisition strategy involves the potential risks inherent in assessing the value, strengths, weaknesses, contingent or other liabilities and potential profitability of acquisition candidates and in integrating the operations of acquired companies. In addition, any acquisition of a foreign business may increase our exposure to certain risks inherent in doing business outside the United States.

From time to time, we may have acquisition discussions with potential target companies. If a large acquisition opportunity arises and we proceed, a substantial portion of our surplus borrowing capacity could be used for the acquisition or we may seek material debt or equity financing.

We are not presently engaged in any negotiations concerning any acquisition which may be material in size and scope to our business. We anticipate, however, that one or more potential acquisition opportunities could become available in the future. If and when appropriate acquisition opportunities become available, we may pursue them actively. Any acquisition may or may not occur and, if an acquisition does occur, it may not be successful in enhancing our business for one or more of the following reasons:

Any business acquired may not be integrated successfully and may not prove profitable;

The price we pay for any business acquired may overstate the value of that business or otherwise be too high;

We may fail to achieve acquisition synergies; or

The focus on the integration of operations of acquired entities may divert management s attention from the day-to-day operation of our businesses.

Inherent in any future acquisition is the risk of transitioning company cultures and facilities. The failure to efficiently and effectively achieve such transitions could increase our costs and decrease our profitability.

If we are unable to continue our technological innovation in our business and successful introduction of new commercial products, our profitability could be adversely affected.

The industries we serve, including the energy and biomedical industries, experience periodic technological change and product improvement. Manufacturers periodically introduce new generations of products or require new technological capacity to develop customized products or respond to industry developments or needs. Our future growth will depend on our ability to gauge the direction of the commercial and technological progress in our markets, as well as our ability to acquire new product technology or fund and successfully develop, manufacture and market products in this constantly changing environment. We must continue to identify, develop, manufacture and market innovative products on a timely basis to replace existing products in order to maintain our profit margins and competitive position. We may not be successful in acquiring and developing new products or technology and any of our new products may not be accepted by our customers. If we fail to keep pace with evolving technological innovations in the markets we serve, our profitability may decrease.

We carry significant goodwill and indefinite-lived intangible assets on our balance sheet, which are subject to impairment testing and could subject us to significant charges to earnings in the future if impairment occurs.

As of December 31, 2005, we had goodwill and indefinite-lived intangible assets of approximately $272 million, which represented 42% of our total assets. Goodwill and indefinite-lived intangible assets are not amortized but are tested for impairment annually or more often if events or changes in circumstances indicate a potential impairment may exist. Factors that could indicate that our goodwill or indefinite-lived intangible assets are impaired include a decline in stock price and market capitalization, lower than projected operating results and cash flows, and slower growth rates in our industry. To test for impairment, we developed a model to estimate the fair market value of our reporting segments. This fair market value model incorporates our estimates of future operating results and cash flows, estimates of allocations of certain assets and cash flows among reporting segments, estimates of future growth rates and our judgment regarding the applicable discount rates to use to discount those estimated operating results and cash flows. If an impairment is determined to exist, we are required to record a charge to earnings in our financial statements, which may be significant, as in 2002 when we recorded a non-cash impairment charge of $92.4 million to write off non-deductible goodwill of the D&S segment. While we do not presently anticipate that any of our goodwill or indefinite-lived intangible assets will be impaired in the foreseeable future, if an impairment is determined to exist and we are required to record a charge to earnings, it may result in significantly decreased profitability and shareholders equity.

We may be required to make material expenditures in order to comply with environmental, health and safety laws, or incur additional liabilities under these laws.

We are subject to numerous environmental, health and safety laws and regulations that impose various environmental controls on us or otherwise relate to environmental protection and various health and safety matters, including the discharge of pollutants in the air and water, the handling, use, treatment, storage and clean-up of solid and hazardous materials and wastes, and the investigation and remediation of soil and groundwater affected by hazardous substances. These laws and regulations often impose strict, retroactive and joint and several liability for the costs of, and damages resulting from, cleaning up our, or our predecessors , past or present facilities and third party disposal sites. Compliance with these laws generally increases the costs of transportation and storage of raw materials and finished products, as well as the costs of storing and

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disposing waste, and could decrease our liquidity and profitability and increase our liabilities. If we are found to have violated any of these laws, we may become subject to corrective action orders and fines or penalties, and incur substantial costs, including substantial remediation costs. Further, we also could be subject to future liability resulting from conditions that are currently unknown to us that could be discovered in the future.

We are currently remediating or developing work plans for remediation of environmental conditions involving certain current or former facilities. For example, the discovery of contamination arising from historical industrial operations at our Clarksville, Arkansas property has exposed us, and in the future may continue to expose us, to remediation obligations. To date, our environmental remediation expenditures and costs for otherwise complying with environmental laws and regulations have not been material, but the uncertainties associated with the investigation and remediation of contamination and the fact that such laws or regulations change frequently makes predicting the cost or impact of such laws and regulations on our future operations uncertain. Stricter environmental, safety and health laws, regulations or enforcement policies could result in substantial costs and liabilities to us and could subject us to more rigorous scrutiny. Consequently, compliance with these laws could result in significant expenditures as well as other costs and liabilities that could decrease our liquidity and profitability and increase our liabilities.

The insolvency of our formerly consolidated subsidiary, Chart Heat Exchangers Limited, could have a material adverse impact on our liquidity and financial position.

On March 28, 2003, our U.K. subsidiary, Chart Heat Exchangers Limited, or CHEL, which previously operated the closed Wolverhampton, United Kingdom manufacturing facility, filed for a voluntary administration under the U.K. Insolvency Act of 1986. CHEL s application for voluntary administration was approved on April 1, 2003 and an administrator was appointed. Additionally, we received information that indicated that CHEL s net pension plan obligations had increased significantly, primarily due to a decline in plan asset values and interest rates, as well as increased plan liabilities, resulting in an estimated plan deficit of approximately $12 million as of March 2003. Based on our financial condition in March 2003, we determined not to advance funds to CHEL in amounts necessary to fund CHEL s obligations. Since CHEL was unable to fund its net pension deficit, the trustees of the CHEL pension plan requested a decision to wind-up the plan from a U.K. pension regulatory board. That board approved the wind-up as of March 28, 2003. While no claims related to the CHEL insolvency presently are pending against us, persons impacted by the insolvency or others could bring pension and/or benefit related claims against us. Claims may be asserted against us for pension or other obligations of CHEL related to these matters. To the extent we are found to have significant liability with respect to CHEL s obligations, such liability could have a material adverse impact on our liquidity, profitability and financial condition as a result of CHEL s insolvency.

Due to the nature of our business and products, we may be liable for damages based on product liability and warranty claims.

Due to the high pressures and low temperatures at which many of our products are used and the fact that some of our products are manufactured for relatively broad consumer use, we face an inherent risk of exposure to claims in the event that the failure, use or misuse of our products results, or is alleged to result, in bodily injury and/or property damage. We believe that we meet or exceed existing professional specification standards recognized or required in the industries in which we operate. We have been subject to claims in the past, none of which have had a material adverse effect on our financial condition or results of operations, and we may be subject to claims in the future. Although we currently maintain product liability coverage, which we believe is adequate for the continued operation of our business, such insurance may become difficult to obtain or unobtainable in the future on terms acceptable to us. A successful product liability claim or series of claims against us, including one or more consumer claims purporting to constitute class actions, in excess of our insurance coverage could materially decrease our liquidity and impair our financial condition.

Increases in labor costs, potential labor disputes and work stoppages at our facilities could materially decrease our revenues and profitability.

Our financial performance is affected by the availability of qualified personnel and the cost of labor. As of May 31, 2006, we had 2,556 employees, including 823 salaried, 305 union hourly and 1,428 non-union hourly employees. Employees represented by a union presently are subject to one collective bargaining agreement in the United States that expires in February 2007. If we are unable to enter into new, satisfactory labor agreements with our unionized employees upon expiration of their collective bargaining agreement or other labor controversies or union organizing efforts arise, we could experience a significant disruption to our operations, lose business or experience an increase in our operating expenses, which could reduce our profit margins.

We may have to make significant cash payments to our defined benefit pension plans, reducing the cash available for our business.

We have four defined benefit pension plans covering certain U.S. hourly and salaried employees. All of these plans have been frozen. Our current funding policy is to contribute at least the minimum funding amounts required by law. Based on current actuarial estimates, we expect to contribute approximately $1.3 million to our U.S. defined benefit pension plans during 2006. If the performance of our assets in our pension plans does not meet our expectations or if other actuarial assumptions are modified, our contributions for these years could be higher than we expect, thus reducing the available cash for our business.

Fluctuations in exchange and interest rates may affect our operating results.

Fluctuations in the value of the U.S. dollar may decrease our sales or earnings. Because our consolidated financial results are reported in U.S. dollars, if we generate sales or earnings in other currencies, the translation of those results into U.S. dollars can result in a significant increase or decrease in the amount of those sales or earnings. We also bid for certain foreign projects in U.S. dollars. If the U.S. dollar strengthens relative to the value of the local currency, we may be less competitive on those projects. In addition, our debt service requirements are primarily in U.S. dollars and a portion of our cash flow is generated in euros or other foreign currencies. Significant changes in the value of the foreign currencies relative to the U.S. dollar could limit our ability to meet interest and principal payments on our debt and impair our financial condition.

In addition, fluctuations in currencies relative to the U.S. dollar may make it more difficult to perform period-to-period comparisons of our reported results of operations. For purposes of accounting, the assets and liabilities of our foreign operations, where the local currency is the functional currency, are translated using period-end exchange rates, and the revenues and expenses of our foreign operations are translated using average exchange rates during each period.

In addition to currency translation risks, we incur currency transaction risk whenever we or one of our subsidiaries enters into either a purchase or a sales transaction using a currency other than the local currency of the transacting entity. Given the volatility of exchange rates, we may not be able to effectively manage our currency and/or translation risks. Volatility in currency exchange rates may decrease our revenues and profitability and impair our financial condition. We have purchased and may continue to purchase foreign currency forward purchase and sales contracts to manage the risk of adverse currency fluctuations.

Our operations could be impacted by the effects of hurricanes, which could be more severe than the damage and impact that our New Iberia, Louisiana operations encountered from hurricanes in 2005.

Some of our operations, including our operations in New Iberia, Louisiana and Houston, Texas, are located in geographic regions and physical locations that are susceptible to physical damage and longer-term economic disruption from hurricanes. We also expect to make significant capital expenditures in hurricane-susceptible locations in the near future. These weather events can disrupt our operations, result in damage to our properties and negatively affect the local economy in which these facilities operate. In 2005, for example, our New Iberia, Louisiana operations encountered some damage from the storm surge and flooding caused by Hurricane Rita. Future hurricanes may cause production or delivery delays as a result of the physical damage to the facilities, the unavailability of employees and temporary workers, the shortage of or delay in receiving certain raw materials or manufacturing supplies and the diminished availability or delay of transportation for customer shipments, any of which may have an adverse affect on our revenues and profitability. Although we maintain insurance subject to certain deductibles, which may cover some of our losses, that insurance may become unavailable or prove to be inadequate.

Failure to protect our intellectual property and know how could reduce or eliminate any competitive advantage and reduce our sales and profitability.

We rely on a combination of internal procedures, nondisclosure agreements, intellectual property rights assignment agreements, licenses, patents, trademarks and copyright law to protect our intellectual property and know-how. Our intellectual property rights may not be successfully asserted in the future or may be invalidated, circumvented or challenged. For example, we frequently explore and evaluate potential relationships and projects with other parties, which often requires that we provide the potential partner with confidential technical information. While confidentiality agreements are typically put in place, there is a risk the potential partner could violate the confidentiality agreement and use our technical information for its own benefit or the benefit of others or compromise the confidentiality. In addition, the laws of certain foreign countries in which our products may be sold or manufactured do not protect our intellectual property rights to the same extent as the laws of the United States. For example, we are increasing our manufacturing capabilities and sales in China, where laws may not protect our intellectual property rights to the same extent as in the United States. Failure or inability to protect our proprietary information could result in a decrease in our sales or profitability.

We have obtained and applied for some U.S. and foreign trademark and patent registrations and will continue to evaluate the registration of additional trademarks and patents, as appropriate. We cannot guarantee that any of our pending applications will be approved. Moreover, even if the applications are approved, third parties may seek to oppose or otherwise challenge them. A failure to obtain registrations in the United States or elsewhere could limit our ability to protect our trademarks and technologies and could impede our business. The patents in our patent portfolio are scheduled to expire between 2006 and 2023.

In addition, we may be unable to prevent third parties from using our intellectual property rights and know-how without our authorization or from independently developing intellectual property that is the same as or similar to ours, particularly in those countries where the laws do not protect our intellectual property rights as fully as in the United States. We compete in a number of industries (for example, heat exchangers and cryogenic storage) that are small or specialized, which makes it easier for a competitor to monitor our activities and increases the risk that ideas will be stolen. The unauthorized use of our know-how by third parties could reduce or eliminate any competitive advantage we have developed, cause us to lose sales or otherwise harm our business or increase our expenses as we attempt to enforce our rights.

We may be subject to claims that our products or processes infringe the intellectual property rights of others, which may cause us to pay unexpected litigation costs or damages, modify our products or processes or prevent us from selling our products.

Although it is our intention to avoid infringing or otherwise violating the intellectual property rights of others, third parties may nevertheless claim that our processes and products infringe their intellectual property rights. For example, our BioMedical business manufactures products for relatively broad consumer use, is actively marketing these products in multiple jurisdictions internationally and risks infringing technologies that may be protected in one or more of these international jurisdictions as the scope of our international marketing efforts expands. Our strategies of capitalizing on growing international demand as well as developing new innovative products across multiple business lines present similar infringement claim risks both internationally and in the United States as we expand the scope of our product offerings and markets. We compete with other companies for contracts in some small or specialized industries, which increases the risk that the other companies will develop overlapping technologies leading to an increased possibility that infringement claims will arise. Whether or not these claims have merit, we may be subject to costly and time-consuming legal proceedings, and this could divert our management s attention from operating our businesses. In order to resolve such proceedings, we may need to obtain licenses from these third parties or substantially reengineer or

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rename our products in order to avoid infringement. In addition, we might not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to reengineer or rename our products successfully.

We are subject to regulations governing the export of our products.

Due to our significant foreign sales, our export activities are subject to regulation, including the U.S. Treasury Department s Office of Foreign Assets Control s regulations. While we believe we are in compliance with these regulations, we may currently or may in the future be in violation of these regulations. Any violations may subject us to government scrutiny, investigation and civil and criminal penalties and may limit our ability to export our products.

As a provider of products to the U.S. government, we are subject to federal rules, regulations, audits and investigations, the violation or failure of which could adversely affect our business.

We sell certain of our products to the U.S. government and, therefore, we must comply with and are affected by laws and regulations governing purchases by the U.S. government. Government contract laws and regulations affect how we do business with our government customers and, in some instances, impose added costs on our business. For example, a violation of specific laws and regulations could result in the imposition of fines and penalties or the termination of our contracts or debarment from bidding on contracts. In some instances, these laws and regulations impose terms or rights that are more favorable to the government than those typically available to commercial parties in negotiated transactions.

We are controlled by First Reserve, whose interest may not be aligned with yours or ours.

Upon completion of this offering, First Reserve may continue to control a majority of our capital stock. As a result, First Reserve has the ability to control our policies and operations, including the election of directors, the appointment of management, the entering into of mergers, sales of substantially all of our assets and other extraordinary transactions, future issuances of our common stock or other securities, the implementation of stock repurchase programs, the payments of dividends, if any, on our common stock, the incurrence of debt by us and amendments to our certificate of incorporation and bylaws. Additionally, First Reserve is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. First Reserve may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. So long as First Reserve continues to own a significant amount of our equity, even if such amount is less than 50%, it will continue to be able to strongly influence or effectively control our decisions.

As a controlled company within the meaning of the New York Stock Exchange rules, we may qualify for, and intend to rely on, exemptions from certain corporate governance requirements.

Upon completion of this offering, First Reserve may continue to control a majority of our outstanding common stock. As a result, we would be a controlled company within the meaning of the New York Stock Exchange corporate governance standards. Under the New York Stock Exchange rules, a company of which more than 50% of the voting power is held by another company is a controlled company and may elect not to comply with certain New York Stock Exchange corporate governance requirements, including (1) the requirement that a majority of the board of directors consist of independent directors, (2) the requirement that we have a nominating/corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities and (3) the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities. If available, we intend to utilize these exemptions. As a result, we would not have a majority of independent directors nor would our nominating and corporate governance and compensation committees consist entirely of independent directors. Accordingly, you would not have the same protections afforded to stockholders of companies that are subject to all of the New York Stock Exchange corporate governance requirements.

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Risks Related To Our Leverage

Because most of the proceeds from this offering will be used to pay a dividend to our current stockholders, only a portion of the proceeds will be used to repay our existing debt and none of such proceeds will be used to further invest in our business.

We estimate that the net proceeds from the sale by us of the shares of common stock being offered hereby (assuming the mid-point of the estimated price range set forth on the cover page of this prospectus), after deducting underwriting discounts, will be approximately $ million. We intend to use approximately $ million of the net proceeds to repay certain indebtedness. We intend to use the remaining net proceeds of approximately $ million to pay a dividend to our stockholders existing immediately prior to this offering. This leaves no proceeds to further invest in and grow our business. See Use of Proceeds.

Our substantial leverage and significant debt service obligations could limit our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from fulfilling our debt service obligations.

We are highly leveraged and have significant debt service obligations. Our financial performance could be affected by our substantial leverage. As of March 31, 2006, our total indebtedness was $341.5 million. In addition, at that date, we had $24.9 million of letters of credit and bank guarantees outstanding and borrowing capacity of approximately $35.1 million under the revolving portion of our senior secured credit facility, after giving effect to the letters of credit and bank guarantees outstanding. We may also incur additional indebtedness in the future. This high level of indebtedness could have important negative consequences to us and you, including:

- we may have difficulty generating sufficient cash flows to pay interest and satisfy our debt obligations;
- we may have difficulty obtaining financing in the future for working capital, capital expenditures, acquisitions or other purposes;
- we need to use a substantial portion of our available cash flow to pay interest and principal on our debt, which will reduce the amount of money available to finance our operations and other business activities;
- some of our debt, including our borrowings under our senior secured credit facility, has variable rates of interest, which exposes us to the risk of increased interest rates;
- our debt level increases our vulnerability to general economic downturns and adverse industry conditions;
- our debt level could limit our flexibility in planning for, or reacting to, changes in our business and in our industry in general;
- our substantial amount of debt and the amount we must pay to service our debt obligations could place us at a competitive disadvantage compared to our competitors that have less debt;
- our customers may react adversely to our significant debt level and seek or develop alternative suppliers; and
- our failure to comply with the financial and other restrictive covenants in our debt instruments which, among other things, require us to maintain specified financial ratios and limit our ability to incur debt and sell assets, could result in an event of default that, if not cured or waived, could have a material adverse effect on our business or prospects.

Our net cash flow generated from operating activities was $12.3 million, $34.4 million (on a combined basis), $35.1 million and $24.5 million (on a combined basis) for the three months ended March 31, 2006 and the years 2005, 2004 and 2003, respectively. Our high level of indebtedness requires that we use a substantial portion of our cash flow from operations to pay principal of, and interest on, our indebtedness, which will reduce the availability of cash to fund working capital requirements, capital expenditures, research and development or other general corporate or business activities, including future acquisitions.

In addition, a substantial portion of our indebtedness bears interest at variable rates. If market interest rates increase, debt service on our variable-rate debt will rise, which would adversely affect our cash flow. Although our senior secured credit facility requires us to employ hedging strategies such that not less than 50% of our total debt carries a fixed rate of interest for a period of three years following consummation of the Acquisition, any hedging arrangement put in place may not offer complete protection from this risk. Additionally, the remaining portion of the senior secured credit facility may not be hedged and, accordingly, the portion that is not hedged will be subject to changes in interest rates.

Our business may not generate sufficient cash flow from operations and future borrowings may not be available to us under our senior secured credit facility or otherwise in an amount sufficient to permit us to pay the principal and interest on our indebtedness or fund our other liquidity needs. We may be unable to refinance any of our debt, including our senior secured credit facility or the notes, on commercially reasonable terms. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to sell assets, seek additional capital or seek to restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our senior secured credit facility and the indenture under which the notes were issued restrict our ability to use the proceeds from asset sales. We may be unable to consummate those asset sales to raise capital or sell assets at prices that we believe are fair and proceeds that we do receive may be inadequate to meet any debt service obligations then due. See Description of Indebtedness.

Despite our current leverage, we may still be able to incur substantially more debt. This could further exacerbate the risks that we face.

We may be able to incur substantial additional indebtedness in the future. The terms of our debt instruments do not fully prohibit us from doing so. The revolving credit portion of our senior secured credit facility provides commitments of up to $60.0 million, approximately $35.1 million of which would have been available for future borrowings (after giving effect to letters of credit and bank guarantees outstanding) as of March 31, 2006 on a pro forma basis after giving effect to this offering and the application of the proceeds therefrom. Effective upon closing of this offering, our revolving credit facility will be amended to increase total commitments by $55.0 million to $115.0 million. If new debt is added to our current debt levels, the related risks that we now face could intensify.

The senior secured credit facility and the indenture governing the notes contain a number of restrictive covenants which limit our ability to finance future operations or capital needs and engage in other business activities that may be in our interest.

The senior secured credit facility and the indenture governing the notes impose, and the terms of any future indebtedness may impose, operating and other restrictions on us and our subsidiaries. Such restrictions affect or will affect, and in many respects limit or prohibit, among other things, our ability and the ability of our restricted subsidiaries to:

incur additional indebtedness;

create liens;

pay dividends and make other distributions in respect of our capital stock;

redeem our capital stock;

make certain investments or certain other restricted payments;

sell certain kinds of assets;

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- enter into certain types of transactions with affiliates; and
- effect mergers or consolidations.

The senior secured credit facility also requires us to achieve certain financial and operating results and maintain compliance with specified financial ratios. Our ability to comply with these ratios may be affected by events beyond our control.

The restrictions contained in our senior secured credit facility and the indenture governing the notes could:

- limit our ability to plan for or react to market or economic conditions or meet capital needs or otherwise restrict our activities or business plans; and
- adversely affect our ability to finance our operations, acquisitions, investments or strategic alliances or other capital needs or to engage in other business activities that would be in our interest.

A breach of any of these covenants or our inability to comply with the required financial ratios could result in a default under our senior secured credit facility and/or the indenture governing the notes. If an event of default occurs under our senior secured credit facility, which includes an event of default under the indenture governing the notes, the lenders could elect to:

- declare all borrowings outstanding, together with accrued and unpaid interest, to be immediately due and payable;
- require us to apply all of our available cash to repay the borrowings; or
- prevent us from making debt service payments on the notes;

any of which would result in an event of default under the notes. The lenders will also have the right in these circumstances to terminate any commitments they have to provide further financing.

If we were unable to repay or otherwise refinance these borrowings when due, our lenders could sell the collateral securing our senior secured credit facility, which constitutes substantially all of our and our domestic wholly-owned subsidiaries assets.

We are a holding company and we depend upon cash from our subsidiaries. If we do not receive cash distributions, dividends or other payments from our subsidiaries, we may be unable to meet our obligations.

We are a holding company and all of our operations are conducted through our subsidiaries. Accordingly, we are dependent upon the earnings and cash flows of, and cash distributions, dividends and other payments from, our subsidiaries to provide the funds necessary to meet our obligations. If we do not receive such cash distributions, dividends or other payments from our subsidiaries, we may be unable to meet our obligations, including the payment of principal or interest on our debt. In addition, certain of our subsidiaries are holding companies that rely on subsidiaries of their own as a source of funds to meet any obligations that might arise.

Generally, the ability of a subsidiary to make cash available to its parent is affected by its own operating results and is subject to applicable laws and contractual restrictions contained in its debt instruments and other agreements. Moreover, there may be restrictions on payments by our subsidiaries to us under applicable laws, including laws that require companies to maintain minimum amounts of capital and to make payments to shareholders only from profits. As a result, although our subsidiaries may have cash, we may be unable to obtain that cash to satisfy our obligations and make payments to our stockholders, if any.

Risks Related to this Offering

There is no existing market for our common stock, and we do not know if one will develop to provide you with adequate liquidity.

Prior to this offering, there has not been a public market for our common stock. We intend to apply to list our common stock on the New York Stock Exchange. However, we cannot predict the extent to which investor interest in our company will lead to the development of a trading market on the New York Stock Exchange or otherwise or how liquid that market might become. If an active trading market does not develop, you may have difficulty selling any of our common stock that you buy. The initial public offering price for the shares was determined by negotiations between us and the representatives of the underwriters based on numerous factors that we discuss in the Underwriting section of this prospectus and may not be indicative of prices that will prevail in the open market following this offering.

Consequently, you may not be able to sell our common stock at prices equal to or greater than the price you paid in this offering.

Future sales of our shares could depress the market price of our common stock.

The market price of our common stock could decline as a result of sales of a large number of shares of common stock in the market after the offering or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

We, our executive officers and directors and affiliates of First Reserve have agreed with the underwriters not to sell, dispose of or hedge any shares of our common stock or securities convertible into or exchangeable for shares of our common stock, subject to specified exceptions, during the period from the date of this prospectus continuing through the date that is 180 days after the date of this prospectus, except with the prior written consent of Morgan Stanley & Co. Incorporated, Lehman Brothers Inc. and UBS Securities LLC on behalf of the underwriters. See Underwriting.

After this offering, we will have shares of common stock outstanding. Of those shares, the shares we are offering will be freely tradable. The shares that were outstanding immediately prior to this offering, plus up to an additional shares, adjusted for the elimination of any fractional shares, that will be dividended to our existing stockholders in the event the over-allotment option is not exercised in full, will be eligible for resale from time to time after the expiration of the 180-day lock-up, subject to contractual and Securities Act restrictions, including those relating to volume, manner of sale and other conditions of Rule 144. None of those shares may currently be resold under Rule 144(k) without regard to volume limitations and no shares may currently be sold subject to volume, manner of sale and other conditions of Rule 144. After the expiration of the 180-day lock-up period, First Reserve and its affiliates, which collectively beneficially own approximately million shares (approximately million shares in the event the over-allotment option is not exercised), will have the ability to cause us to register the resale of their shares and certain other holders of our unregistered common stock will be able to participate in such registration.

The market price of our common stock may be volatile, which could cause the value of your investment to decline.

The initial public offering price for the common stock sold in this offering has been determined by negotiation between the representatives of the underwriters and us. This price may not reflect the market price of our common stock following this offering and the market price may not equal or exceed the initial public offering price of your shares. The trading price of our common stock may be subject to wide fluctuations. Factors affecting the trading price of our common stock may include:

- actual or anticipated variations in our operating results;
- changes in financial estimates by research analysts, or any failure by us to meet or exceed any such estimates, or changes in the recommendations of any research analysts that elect to follow our common stock or the common stock of our competitors;
- actual or anticipated changes in economic, political or market conditions, such as recessions or international currency fluctuations;
- actual or anticipated changes in the regulatory environment affecting our industry;

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changes in the market valuations of our industry peers; and

announcements by us or our competitors of significant acquisitions, strategic partnerships, divestitures, joint ventures or other strategic initiatives.

The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. You may be unable to resell your shares of our common stock at or above the initial public offering price.

The book value of shares of common stock purchased in the offering will be immediately diluted and may be subject to additional dilution in the future.

The initial public offering price per share of our common stock is substantially higher than our pro forma net tangible book value per common share immediately after the offering. As a result, you may pay a price per share that substantially exceeds the book value of our assets after subtracting our liabilities. Investors who purchase common stock in the offering will be diluted by $ per share after giving effect to the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the mid-point of the estimated price range on the cover of this prospectus, assuming the dividend of shares, adjusted for the elimination of any fractional shares, to the existing stockholders in the event the over-allotment option is not exercised. If we grant options in the future to our employees, and those options are exercised or other issuances of common stock are made, there will be further dilution.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws and Delaware law may discourage a takeover attempt.

Provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws and Delaware law could make it more difficult for a third party to acquire us. Provisions of our amended and restated certificate of incorporation and amended and restated bylaws and Delaware law impose various procedural and other requirements, which could make it more difficult for stockholders to effect certain corporate actions. For example, our amended and restated certificate of incorporation authorizes our board of directors to determine the rights, preferences, privileges and restrictions of unissued series of preferred stock, without any vote or action by our stockholders. Therefore, our board of directors can authorize and issue shares of preferred stock with voting or conversion rights that could adversely affect the voting or other rights of holders of our common stock. These rights may have the effect of delaying or deterring a change of control of our company. These provisions could limit the price that certain investors might be willing to pay in the future for shares of our common stock. See Description of Capital Stock.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. These forward-looking statements include statements relating to our business. In some cases, forward-looking statements may be identified by terminology such as may, should, expects, anticipates, believes, projects, forecasts, continue or the negative of such terms or compar terminology. Forward-looking statements contained herein (including future cash contractual obligations) or in other statements made by us are made based on management s expectations and beliefs concerning future events impacting us and are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed or implied by forward-looking statements. We believe that the following factors, among others (including those described in Risk Factors), could affect our future performance and the liquidity and value of our securities and cause our actual results to differ materially from those expressed or implied by forward-looking statements made by us or on our behalf:

- the cyclicality of the markets which we serve;
- the loss of, or a significant reduction in purchases by, our largest customers;
- competition in our markets;
- our compliance obligations with the Sarbanes-Oxley Act of 2002;
- general economic, political, business and market risks associated with our non-U.S. operations;
- our ability to successfully manage our growth;
- the loss of key employees;
- the pricing and availability of raw materials and our ability to manage our fixed-price contract exposure;
- our ability to successfully acquire or integrate companies that provide complementary products or technologies;
- our ability to continue our technical innovation in our product lines;
- the impairment of our goodwill and other indefinite-lived intangible assets;
- the costs of compliance with environmental, health and safety laws and responding to potential liabilities under these laws;
- the insolvency of our formerly consolidated subsidiary, Chart Heat Exchangers Limited, or CHEL, and CHEL s administration proceedings in the United Kingdom, including claims that may be asserted against us with respect to CHEL s obligations;
- litigation and disputes involving us, including the extent of product liability, warranty, pension and severance claims asserted against us;
- labor costs and disputes;
- our relations with our employees;

our funding requirements in connection with our defined benefit pension plans;

fluctuations in foreign currency exchange and interest rates;

disruptions in our operations due to hurricanes;

our ability to protect our intellectual property and know-how;

regulations governing the export of our products;

the possibility that our existing stockholders interests will conflict with ours or yours;

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our status as a controlled company under NYSE corporate governance rules;

risks associated with our substantial indebtedness, leverage, debt service and liquidity;

risks related to this offering; and

other factors described in this prospectus.

There may be other factors that may cause our actual results to differ materially from the forward-looking statements.

All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this prospectus and are expressly qualified in their entirety by the cautionary statements included in this prospectus. We undertake no obligation to update or revise forward-looking statements which may be made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.

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MARKET AND INDUSTRY DATA

This prospectus includes industry data and forecasts that we have prepared based, in part, upon industry data and forecasts obtained from industry publications and surveys. These sources include publications by Energy Ventures Analysis, the Energy Information Administration, the International Energy Agency and Spiritus Consulting. Third-party industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Forecasts are particularly likely to be inaccurate, especially over long periods of time. As an example of the unpredictable nature of these forecasts, in 1983, the U.S. Department of Energy forecast that oil would cost $74 per barrel in 1995; however, the price of oil was actually $17 per barrel. In addition, we do not know what assumptions regarding general economic growth were used in preparing the forecasts we cite. Statements made herein as to our leading positions in our industry and segments are based on our sales volumes measured against management s estimates of our competitors sales volumes, coupled with management s knowledge and experience in the markets that we serve.

THE TRANSACTIONS

The following contains summaries of the terms of the material agreements that were entered into in connection with the Acquisition. Such agreements have been filed as exhibits to the registration statement of which this prospectus forms a part.

The Acquisition

General

On August 2, 2005, Chart Industries entered into an agreement and plan of merger, which we refer to as the merger agreement, with certain of its then-existing stockholders, which we refer to as the Principal Stockholders, First Reserve and CI Acquisition, Inc., a Delaware corporation, which we refer to as CI Acquisition, and a wholly-owned subsidiary of First Reserve. The merger agreement provided for:

- the sale of shares of common stock of Chart Industries, par value $0.01 per share, owned by the Principal Stockholders, which we refer to as the Principal Stockholder Shares, to CI Acquisition, which we refer to as the stock purchase; and

- the merger of CI Acquisition with and into Chart Industries, with Chart Industries surviving the merger as an indirect, wholly-owned subsidiary of First Reserve, which we refer to as the merger.

We refer to the stock purchase and the merger, collectively as the Acquisition. The purpose of the Acquisition was to sell Chart Industries to First Reserve. In December 2004, Chart Industries engaged UBS Securities LLC to explore various strategic alternatives. Chart Industries board of directors conducted a confidential, controlled auction and ultimately chose First Reserve s bid. Chart Industries and First Reserve agreed to the terms of the Acquisition in August 2005. The Acquisition closed on October 17, 2005.

Upon satisfaction of the conditions to the stock purchase, CI Acquisition purchased the Principal Stockholder Shares from the Principal Stockholders for a purchase price, or the Per Share Purchase Price, equal to $64.75 per share in cash.

Chart Industries, First Reserve and CI Acquisition caused the merger to occur immediately after the closing of the stock purchase. At the effective time of the merger, each share of common stock of Chart Industries outstanding (other than treasury stock, shares held by First Reserve or CI Acquisition, and shares with respect to which appraisal rights were exercised under Delaware law) were converted into the right to receive the Per Share Purchase Price in cash, without interest, which we refer to as the merger consideration. At the effective time of the merger, all those shares of common stock of Chart Industries were cancelled and ceased to be outstanding and each holder of a certificate representing that common stock ceased to have any rights with respect to the common stock of Chart Industries, except the right to receive the merger consideration.

In addition, in general the holders of outstanding Chart Industries warrants and stock options received, without the need to exercise those warrants and stock options, the same per share cash purchase price less the exercise price of the Chart Industries warrants and stock options. Notwithstanding this general treatment, the compensation committee of Chart Industries board of directors, in accordance with the terms of the merger agreement and Chart Industries stock option plans, adjusted some Chart Industries stock options (or portions of Chart Industries stock options) held by certain employees, to represent options to acquire shares of common stock of Chart Industries after the merger, which we refer to as rollover options.

After the merger, FR X Chart Holdings LLC became the direct owner of all of the outstanding capital stock of Chart Industries.

Agreement and Plan of Merger

The merger agreement contains customary representations and warranties of the Principal Stockholders, Chart Industries, First Reserve and CI Acquisition and customary covenants and other agreements among the parties. None of the representations and warranties in the merger agreement survived the completion of the merger and the merger agreement did not provide for any post-closing indemnification obligations. The representations and warranties of each party set forth in the merger agreement were made solely for the benefit of specified parties to the merger agreement (on the terms set forth in the merger agreement) and such representations and warranties may not be relied on by any other person.

The Financing

In connection with the Acquisition, First Reserve contributed $111.3 million to FR X Chart Holdings LLC, the direct parent of CI Acquisition in exchange for all of FR X Chart Holdings LLC s equity. FR X Chart Holdings LLC then contributed $111.3 million to CI Acquisition in exchange for all of CI Acquisition s capital stock. After the merger, FR X Chart Holdings LLC became the direct owner of all of the outstanding capital stock of Chart Industries. The remainder of the cash needed to finance the acquisition, including related fees and expenses, was provided by the offering of the notes and the borrowings under the senior secured credit facility provided by affiliates of the underwriters, as joint bookrunners, lead arrangers or lenders, and a syndicate of banks and other financial institutions.

The following table illustrates the approximate sources and uses for the Acquisition.

Sources		**Uses**	
	(In millions)		
Senior secured credit facility:			
Revolving credit facility(1)	$	Purchase of equity(2)	$ 378.8
Term loan B facility	180.0	Repayment of then-existing debt(3)	66.8
Senior subordinated notes	170.0	Funded cash(2)	3.4
Equity contribution(4)	117.7	Fees and expenses	18.7
Total Sources of Funds	$ 467.7	Total Uses of Funds	$ 467.7

(1) As of October 17, 2005, we had approximately $40.9 million available for borrowing under the revolving credit portion of the senior secured credit facility, subject to certain conditions, after giving effect to approximately $19.1 million outstanding letters of credit and bank guarantees.

(2) Represents a purchase price of $378.8 million in respect of the equity, resulting in a gross cash purchase price of $449.0 million for the Acquisition. We had approximately $3.4 million of cash on hand upon consummation of the Acquisition, resulting in the net purchase price reflected above.

(3) We used an estimated $14.3 million of cash on our balance sheet to repay existing debt immediately prior to the closing of the Acquisition.

(4) Prior to the consummation of the Acquisition, management held options valued at $6.4 million, together with other options that were cashed out in the Acquisition. In connection with the Acquisition, our compensation committee elected to adjust these options to represent options to acquire shares of our common stock after consummation of the Acquisition. This amount includes $6.4 million representing the value of these options.

Equity Sponsor

First Reserve Corporation is the leading private equity firm specializing in the energy industry with $4.7 billion under management in four active funds. Founded in 1980, First Reserve Corporation was the first private equity firm to actively pursue building a broadly diversified investment portfolio within the energy and energy-related sectors. Since raising its initial pure buyout fund in 1992 First Reserve Corporation has made 50 principal transactions investing over $3.0 billion in equity. In addition, First Reserve Corporation portfolio companies have completed more than 200 add-on transactions. Past and present public First Reserve Corporation portfolio companies include Alpha

Natural Resources, Inc., Cal Dive International, Inc., Chicago Bridge and Iron N.V., Dresser Inc., Dresser-Rand Group Inc., Foundation Coal Corporation, Maverick Tube Corporation, National Oilwell, Inc., Natural Resource Partners, Pride International, Inc., Superior Energy Services Inc. and Weatherford International Ltd.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale by us of the shares of common stock being offered hereby (assuming the mid-point of the estimated price range set forth on the cover page of this prospectus), after deducting underwriting discounts and other fees and expenses payable by us, will be approximately $ million. We intend to use approximately $ million of the net proceeds to repay a portion of the term loan under our senior secured credit facility. We intend to use the remaining approximately $ million of the net proceeds to pay a dividend to our stockholders existing immediately prior to the offering, consisting of affiliates of First Reserve and certain members of our management. Of such amount, approximately $ million will be received by FR X Chart Holdings LLC, an affiliate of First Reserve. In addition, approximately $ million in the aggregate will be received by certain of our executive officers, consisting of Mr. Thomas ($) and Mr. Biehl ($), and approximately $ will be received by seven other employees in the aggregate. We will pay the estimated offering expenses of $ million out of cash on hand.

The term loan currently accrues interest at a floating rate equal to LIBOR plus 2.0% per annum and is due to mature October 17, 2012.

We also intend to use the net proceeds we receive from any shares sold pursuant to the underwriters over-allotment option, after deducting underwriting discounts, to pay an additional dividend to our existing stockholders. In the event the underwriters fully exercise their over-allotment option, the amount of this dividend will be approximately $ million. Of such amount, approximately $ million will be received by FR X Chart Holdings LLC, an affiliate of First Reserve. In addition, approximately $ million in the aggregate will be received by certain of our executive officers, consisting of Mr. Thomas ($) and Mr. Biehl ($), and approximately $ will be received by seven other employees in the aggregate.

Any increase or decrease in the amount of net proceeds raised in this offering from the amount stated above will increase or decrease the cash dividend to be paid to our existing stockholders, respectively, but will not materially affect the amount of debt we intend to repay as described above. An increase of 1,000,000 shares from the expected number of shares to be sold in this offering, assuming no change in the assumed initial public offering price per share, would increase our net proceeds from this offering by $ million and the amount of the dividend by $ million. A $0.25 increase (decrease) in the assumed public offering price per share of the common stock (the mid-point of the range on the cover page of this prospectus) would increase (decrease) the net proceeds that we receive in this offering (and, accordingly, that we dividend to our stockholders) by approximately $ million, after deducting underwriting discounts and other fees and expenses payable by us, assuming the number of shares being offered, as set forth on the cover page of this prospectus does not change.

DIVIDEND POLICY

Immediately prior to the consummation of this offering, we intend to declare three dividends, which will be payable to our stockholders existing prior to the offering.

- The first dividend will be a cash dividend of $ million, assuming an initial public offering price per share of $, which we will pay to our existing stockholders out of a portion of the net proceeds from this offering.

- The second dividend will be a cash dividend of up to $ million, assuming an initial public offering price per share of $, which we will pay to our existing stockholders with all of the proceeds we receive from the shares sold pursuant to the underwriters over-allotment option, if exercised.

- The third dividend will be a stock dividend of up to shares of our common stock, which we will pay to our existing stockholders, the terms of which will require that shortly after the expiration of the underwriters over-allotment option (assuming the option is not exercised in full), we issue to our existing stockholders the number of shares equal to (x) the number of additional shares the underwriters have an option to purchase minus (y) the actual number of shares the underwriters purchase from us pursuant to that option.

The purpose of the cash dividend described in the first bullet above is to distribute a portion of the proceeds from this offering to our existing stockholders. As the intended use of proceeds from the exercise of the over-allotment option by the underwriters is a dividend to our existing stockholders, we have assumed that investors will factor into their analysis the dilutive effect of those shares being issued and the proceeds being dividended out of our company by reducing their valuation of our company. Accordingly, in the event the option is not exercised, we have contemplated that the shares subject to the option will be dividended to our existing stockholders as described in the third bullet above. Such stock dividend would have the same dilutive effect as selling those shares upon the exercise of the over-allotment option and dividending the proceeds to our existing owners.

An increase of 1,000,000 shares from the expected number of shares to be sold in this offering, assuming no change in the assumed initial public offering price per share, would increase our net proceeds from this offering by $ million and the amount of the dividend by $ million. A $0.25 increase (decrease) in the assumed public offering price per share of the common stock (the mid-point of the range on the cover page of this prospectus) would increase (decrease) the net proceeds that we receive in this offering (and, accordingly, that we dividend to our stockholders) by approximately $ million, after deducting underwriting discounts and other fees and expenses payable by us, assuming the number of shares being offered, as set forth on the cover page of this prospectus does not change.

Other than the dividends described above, we do not currently intend to pay any cash dividends on our common stock, and instead intend to retain earnings, if any, for future operations and debt reduction. The amounts available to us to pay cash dividends will be restricted by our senior secured credit facility. The indenture governing the notes also limits our ability to pay dividends. In connection with this offering, we amended our senior secured credit facility to remove certain restrictions on our ability to consummate the offering and use the proceeds as described in Use of Proceeds. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant.

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CAPITALIZATION

The following table sets forth our cash, cash equivalents and capitalization as of March 31, 2006 (1) on an actual basis and (2) on an as adjusted basis to reflect:

- the sale by us of approximately shares of our common stock in this offering, after deducting underwriting discounts and estimated offering expenses;
- the application of the estimated net proceeds as described in Use of Proceeds as well as the $25.0 million voluntary principal prepayment under the term loan portion of our senior secured credit facility in the second quarter of 2006 and the payment of $16.5 million of cash to acquire Cooler Service;
- the -for-one stock split we expect to effect immediately prior to the consummation of this offering;
- the issuance of 573,027 shares which have been issued to FR X Chart Holdings LLC upon its exercise of its warrant for $37.1 million in cash (see Certain Related Party Transactions);
- the issuance of 131,823 shares which have been issued to certain members of management upon their exercise of their rollover options for $2.1 million in cash (see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Cash Requirements); and
- the stock dividend of shares, adjusted for the elimination of any fractional shares, to our existing stockholders shortly after the expiration of the underwriters over-allotment option, assuming no exercise of that option.

The information in this table should be read in conjunction with The Transactions, Use of Proceeds, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of March 31, 2006	
	Actual	**As Adjusted**
	(Unaudited, in millions, except share and per share data)	
Cash and cash equivalents	$ 19.5	$
Debt:		
Senior secured credit facility:		
Revolving credit facility(1)		
Term loan facility	170.0	
$9^1/8$ % senior subordinated notes due 2015	170.0	
Other debt(2)	1.5	
Total debt	$ 341.5	$
Stockholder s equity:		
Common stock, par value $0.01 per share, 9,500,000 shares authorized and 1,718,896 shares issued and outstanding(3)(4)		
Additional paid-in capital	117.7	

Retained earnings		5.5		
Accumulated other comprehensive income		0.9		
Total stockholder s equity	$	124.1	$	
Total capitalization	$	465.6	$	

(1) As of March 31, 2006, we had approximately $35.1 million available for borrowing under the revolving portion of the senior secured credit facility, subject to certain conditions, after giving effect to approximately $24.9 million of letters of credit and bank guarantees outstanding thereunder. The credit facility has since been amended to increase the availability thereunder. See The Transactions and Description of Indebtedness.

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(2) This relates to the indebtedness of CEM, our subsidiary located in China.

(3) 2,423,746 shares issued and outstanding as of May 22, 2006.

(4) To the extent we change the number of shares of common stock we sell in this offering from the shares we expect to sell or we change the initial public offering price from the $ per share assumed initial offering price, or any combination of these events occurs, our net proceeds from this offering and as adjusted additional paid-in capital may increase of decrease. A $0.25 increase (decrease) in the assumed initial public offering price per share of the common stock, assuming no change in the number of shares of common stock to be sold, would increase (decrease) the net proceeds that we receive in this offering (and accordingly that we dividend to our stockholders) and our as adjusted additional paid-in capital by $ million and an increase (decrease) of 1,000,000 shares from the expected number of shares to be sold in the offering, assuming no change in the assumed initial public offering price per share, would increase (decrease) our net proceeds from this offering and our as adjusted additional paid-in capital by approximately $ million.

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share and the net tangible book value per share after this offering. The net tangible book value per share presented below is equal to the amount of our total tangible assets (total assets less intangible assets) less total liabilities as of March 31, 2006, divided by the number of shares of our common stock that would have been held by our existing stockholders had the stock dividend of additional shares, adjusted for the elimination of any fractional shares, to our existing stockholders shortly after the expiration of the underwriters over-allotment option, assuming no exercise of that option, been made as of , 2005. As of March 31, 2006, we had a net tangible book deficit of $ million, or $ per share. On a pro forma basis, after giving effect to:

- the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the mid-point of the price range on the cover of this prospectus;
- the payment of the $ million dividend that we intend to declare prior to the consummation of the offering to the existing stockholders;
- the application of the estimated net proceeds as described under Use of Proceeds; and
- the effect of any other pro forma adjustments

our pro forma net tangible book value as of March 31, 2006 would have been $ million, or $ per share of common stock. This represents an immediate increase in net tangible book value (or a decrease in net tangible book deficit) of $ per share to existing stockholders and an immediate dilution in net tangible book value of $ per share to new investors.

The following table illustrates this dilution on a per share basis:

Initial public offering price per share		$
Net tangible book deficit per share at March 31, 2006	$	
Increase in net tangible book value per share attributable to new investors	$	
Pro forma net tangible book deficit per share after the offering		$
Dilution per share to new investors		$

A $0.25 increase (decrease) in the initial public offering price from the assumed initial public offering price of $ per share would decrease (increase) our net tangible book deficit after giving effect to this offering by approximately $ million, our pro forma net tangible book deficit per share after giving effect to the offering by $ per share and the dilution in net tangible book deficit per share to new investors in this offering by $ per share, after deducting the estimated underwriting discounts and commissions and estimated aggregate offering expenses payable by us and assuming no other change to the number of shares offered by us as set forth on the cover page of this prospectus. An increase (decrease) of 1,000,000 shares from the expected number of shares to be sold in the offering, assuming no change in the initial public offering price from the price assumed above, would decrease (increase) our net tangible book deficit after giving effect to this offering by approximately $ million, decrease (increase) our pro forma net tangible book deficit per share after giving effect to this offering by $ per share, and increase (decrease) the dilution in net tangible book deficit per share to new investors in this offering by $ per share, after deducting the estimated underwriting discounts and commissions and estimated aggregate offering expenses payable by us. We will reduce the number of shares that we will issue to our existing stockholders in the stock dividend described in the first paragraph above by the number of shares sold to the underwriters pursuant to their over-allotment option. We will also pay to our existing stockholders a cash dividend equal to all proceeds we receive from any such sale to the underwriters. As a result, our pro forma net tangible book value will not be affected by the underwriters exercise of their over-allotment option.

The following table summarizes, on the same pro forma basis as of March 31, 2006, the total number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid by the existing stockholders and by new investors purchasing shares in this offering:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
			(In millions)		
Existing stockholders					
New investors					
Total					

Total consideration and average price per share paid by the existing stockholders in the table above give effect to the $ million dividend and the stock dividend of shares, adjusted for the elimination of any fractional shares, we intend to pay to the existing stockholders in connection with this offering. As the table indicates, the total consideration for the existing stockholders shares is $ million, with an average share price of $, which means that the existing stockholders in the aggregate will have received $ million more than they originally invested.

The number of shares held by existing stockholders will be reduced to the extent the underwriters exercise their over-allotment option. If the underwriters fully exercise their option, the existing stockholders will own a total of shares or approximately % of our total outstanding shares which will decrease the average price paid by the existing stockholders per share to $.

To the extent that we grant options to our employees in the future, and those options are exercised or other issuances of common stock are made, there will be further dilution to new investors.

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UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information has been derived by the application of pro forma adjustments to the historical combined financial statements for the period from January 1, 2005 to October 16, 2005 and for the period from October 17, 2005 to December 31, 2005, and our consolidated financial statements for the three months ended March 31, 2006. The unaudited pro forma statements of operations for the year ended December 31, 2005 and the three months ended March 31, 2006 give effect to (i) the Acquisition, (ii) the notes offering of October 17, 2005 and the borrowings under our senior secured credit facility and (iii) this offering of common stock and the estimated use of proceeds from this offering, as if they had been consummated on January 1, 2005. The unaudited as adjusted balance sheet as of March 31, 2006 gives effect to this offering and the estimated use of proceeds from this offering, as if they had occurred on March 31, 2006. The adjustments necessary to fairly present this pro forma financial information have been made based on available information and in the opinion of management are reasonable and are described in the accompanying notes. The unaudited pro forma financial information should not be considered indicative of actual results that would have been achieved had these transactions been consummated on the respective dates indicated and do not purport to indicate results of operations as of any future date or for any future period. The assumptions used in the preparation of the unaudited pro forma financial information may not prove to be correct. You should read the unaudited pro forma financial information together with Risk Factors, Use of Proceeds, Capitalization and Management s Discussion and Analysis of Financial Condition an Results of Operations and our historical consolidated financial statements and the notes thereto included elsewhere in this prospectus.

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CHART INDUSTRIES, INC.
UNAUDITED AS ADJUSTED BALANCE SHEET
As of March 31, 2006

	Historical	Offering Adjustments	As Adjusted
		(In thousands)	
Assets			
Current Assets			
Cash and cash equivalents	$ 19,462	(a)	
Accounts receivable, net	64,237		
Inventories, net	53,596		
Unbilled contract revenue	32,440		
Prepaid expenses	3,096		
Other current assets	14,176		
Assets held for sale	3,084		
Total current assets	190,091		
Property, plant and equipment, net	66,205		
Goodwill	236,810		
Identifiable intangible assets, net	150,495		
Other assets, net	12,882	(b)	
Total assets	$ 656,483		
Liabilities and Stockholder s Equity			
Current liabilities			
Accounts payable	$ 38,130		
Customer advances and billings in excess of contract revenue	40,166		
Accrued salaries, wages and benefits	14,503		
Warranty reserve	3,760		
Other current liabilities	18,385		
Short-term debt	1,513	(b)	
Total current liabilities	116,457		
Long-term debt	340,000	(b)	
Long-term deferred tax liabilities	56,038		
Other long-term liabilities	19,842		
Shareholder s equity	124,146	(a)(b)(c)(d)	
Total liabilities and shareholder s equity	$ 656,483		

(a) Reflects payment, using cash on-hand, of $ of expenses in connection with this offering and $39,237 of cash received upon the exercise by FR X Chart Holdings LLC of its warrant and the exercise by certain members of management of their rollover options.

(b) Reflects the use of a portion of the proceeds from the offering, net of fees and expenses, to repay $ of term loans under our senior secured credit facility and the write-off of deferred financing costs of $. See Use of Proceeds.

(c) Reflects the assumed gross proceeds of $ from the offering, net of fees and expenses of $. On a pro forma basis as of March 31, 2006, $ of the net proceeds from the offering is assumed to be used to pay a dividend to our existing stockholders. See Use of Proceeds.

(d) In addition, reflects the issuance of 704,850 shares pursuant to the exercise of FR X Chart Holdings LLC s warrant and the exercise by certain members of management of their rollover options.

CHART INDUSTRIES, INC.
UNAUDITED PRO FORMA STATEMENT OF OPERATIONS
Year Ended December 31, 2005

	Reorganized	Successor				
	January 1, 2005 to October 16, 2005(1)	October 17, 2005 to December 31, 2005(2)	Pro Forma Adjustments(3)	Pro Forma Year Ended December 31, 2005	Offering Adjustments(4)	Pro Forma As Adjusted Year Ended December 31, 2005
	(In thousands except per share data)					
Sales	$ 305,497	$ 97,652	$	$ 403,149	$	$ 403,149
Cost of sales	217,284	75,733		293,017		293,017
Gross profit	88,213	21,919		110,132		110,132
Selling, general and administrative expenses	59,826	16,632	8,306(a)(b)	84,764		84,764
Acquisition expenses	6,602			6,602		6,602
Employee separation and plant closure costs	1,057	139		1,196		1,196
(Gain) Loss on sale of assets	(131)	78		(53)		(53)
	67,354	16,849	8,306	92,509		92,509
Operating income (loss)	20,859	5,070	(8,306)	17,623		17,623
Other expense (income)						
Interest expense, net	4,192	5,565	17,681(c)	27,438		27,438
Financing costs amortization		308	1,171(d)	1,479		1,479
Derivative contracts valuation expense (income)	(28)	(9)		(37)		(37)
Foreign currency loss (gain)	659	101		760		760
	4,823	5,965	18,852	29,640		29,640

(Loss) income from operations before income taxes and minority interest	16,036	(895)	(27,158)	(12,017)		(12,017)
Income tax (benefit) expense	7,159	(441)	(10,320)(e)	(3,602)		(3,602)
(Loss) income from operations before minority interest	8,877	(454)	(16,838)	(8,415)		(8,415)
Minority interest, net of taxes	(19)	(52)		(71)		(71)
Net (loss)	$ 8,858	$ (506)	$ (16,838)	$ (8,486)	$	$ (8,486)
Basic and Diluted Earnings Per Share Data(5)(6)						
Basic (loss) earnings per share(7)	$ 1.65	$ (0.29)				
Diluted (loss) earnings per share(7)	$ 1.57	(0.29)				
Weighted-average shares basic	5,366	1,719				
Weighted-average shares diluted	5,649	1,719				

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CHART INDUSTRIES, INC.
UNAUDITED PRO FORMA STATEMENT OF OPERATIONS
Three Months Ended March 31, 2006

	Successor Three Months Ended March 31, 2006	Pro Forma Adjustments(3)	Pro Forma Three Months Ended March 31, 2006	Offering Adjustments(4)	Pro Forma As Adjusted Three Months Ended March 31, 2006
	(In thousands except per share data)				
Sales	$ 120,840	$	$ 120,840	$	$ 120,840
Cost of sales	83,853		83,853		83,853
Gross profit	36,987		36,987		36,987
Selling, general and administrative expenses	21,039		21,039		21,039
Employee separation and plant closure costs	162		162		162
	21,201		21,201		21,201
Operating income (loss)	15,786		15,786		15,786
Other expense (income)					
Interest expense, net	6,545		6,545		6,545
Financing costs amortization	370		370		370
Foreign currency loss (gain)	(148)		(148)		(148)
	6,767		6,767		6,767
Income from operations before income taxes and minority interest	9,019		9,019		9,019
Income tax (benefit) expense	2,980		2,980		2,980
Income from operations before minority interest	6,039		6,039		6,039
Minority interest, net of taxes	6		6		6
Net income	$ 6,045	$	$ 6,045	$	$ 6,045
Basic and Diluted Earnings Per Share Data(5)(6)					
Basic earnings per share(7)	$ 3.52				
Diluted earnings per share(7)	3.38				

Weighted-average shares basic	1,719
Weighted-average shares diluted	1,791

Our capital structure changed as a result of the Acquisition. Due to required purchase accounting adjustments relating to such transaction, the consolidated financial and other information for the period subsequent to the Acquisition, which we refer to as the 2005 Successor Period, is not comparable to such information for the periods prior to the Acquisition, which we refer to as the 2005 Reorganized Period. The pro forma information, including the allocation of the purchase price, is based on management s estimates and valuations of the tangible and intangible that were acquired.

(1) The amounts in this column represent the reported results of Chart Industries, Inc. prior to the Acquisition, from January 1, 2005 through October 16, 2005.

(2) The amounts in this column represent the reported results of Chart Industries, Inc. subsequent to the Acquisition, for the period from October 17, 2005 to December 31, 2005.

(3) The amounts in this column represent the adjustments to reflect the pro forma impact of the Acquisition as follows:

(a) Reflects the adjustment to historical expense for management fees of $306 charged by our Reorganized Company majority shareholders, which are not charged by First Reserve.

(b) Reflects the adjustment to historical expense for the change in amortization expense due to the revaluation of our identifiable finite-lived intangible assets in purchase accounting. Annual amortization expense under the new basis of accounting is estimated to be $14,271, of which $2,973 was recognized during the 2005 Successor Period, and $2,686 of amortization expense relating to finite-lived intangibles assets was recorded during the 2005 Reorganized Period, resulting in a pro forma adjustment of $8,612.

(c) Reflects the adjustment to historical interest expense for interest on the senior secured credit facility entered into in conjunction with the Acquisition of $11,925 assuming an outstanding balance of $180,000 and an interest rate of 6.625% per annum. This interest rate is variable and was calculated as LIBOR plus 2.00%, which is equal to the 180-day LIBOR interest rate contract that we entered into on November 21, 2005 under the credit facility. A 0.125% change in the variable interest rate would affect pro forma income before taxes by $225. Also, reflects the adjustment to historical interest expense for interest on the notes issued in conjunction with the Acquisition of $15,513, assuming an outstanding balance of $170,000 and a fixed interest rate of 9.125% per annum. During the 2005 Successor Period, $5,565 of interest expense was recorded for the senior secured credit facility and the notes and $4,192 of interest expense was recorded in the 2005 Reorganized Period for our then existing senior credit facility. This results in a pro forma adjustment of $17,681.

(d) Reflects the adjustment to historical expense for the change in amortization expense for deferred financing costs that were paid in conjunction with the Acquisition. The annual amortization expense is estimated to be $1,479, of which $308 was recorded in the 2005 Successor Period, and no amortization expense was recorded in the 2005 Reorganized Period, resulting in a pro forma adjustment of $1,171.

(e) Reflects the income tax of our pro forma adjustments to the income statement at an estimated statutory tax rate of 38%.

(4) The amounts in this column represent the adjustments to reflect the pro forma impact of this offering and the estimated use of proceeds therefrom.

(5) Unaudited pro forma basic and diluted earnings per share have been calculated in accordance with the SEC rules for initial public offerings. These rules require that the weighted average share calculation give retroactive effect to any changes in our capital structure as well as the number of shares whose sale proceeds would be necessary to repay any debt or to pay any dividend as reflected in the pro forma adjustments. Therefore, pro forma weighted average shares for purposes of the unaudited pro forma basic and diluted earnings per share calculation, has been adjusted to reflect (i) the -for-one stock split we expect to effect immediately prior to the consummation of this offering and (ii) the stock dividend of shares, adjusted for the elimination of any fractional shares, to our existing stockholders that will be made shortly after the expiration of the underwriters over-allotment option assuming no exercise of that option, and includes shares of our common stock

being offered hereby and the stock dividend of shares.

(6) The basic and diluted loss per share for the 2005 Successor Period are the same because incremental shares issuable upon conversion are anti-dilutive. For the three months ended March 31, 2006, the

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incremental shares issuable upon conversion of stock options and exercise of stock warrants are 66 and 6, respectively. For the purposes of computing diluted earnings per share, weighted average common share equivalents do not include 239,286 and 164,000 warrants and stock options for the 2005 Successor Period and 77,211 stock options for the three months ended March 31, 2006 as the effect would be anti-dilutive.

(7) Pro forma basic earnings (loss) per common share is computed by dividing earnings (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Pro forma diluted earnings per common share is computed by dividing earnings (loss) available to common stockholders by the sum of weighted average common shares outstanding plus dilutive incremental common shares for the period. Pro forma basic and diluted common shares also include the number of shares from this offering whose proceeds were used for the repayment of debt.

The following table sets forth the computation of pro forma basic and diluted net income (loss) per share (in millions, except per share amounts):

	Pro Forma Year Ended December 31, 2005	Pro Forma Three Months Ended March 31, 2006
Basic and diluted pro forma net income per common share:		
Numerator:		
Net income	$	
Denominator:		
Weighted average common shares outstanding		
Less: Weighted average unvested common shares subject to repurchase or cancellation		
Add:		
Shares from this offering whose proceeds would be used for the repayment of debt(l)		
Shares from this offering whose proceeds would be used for the payment of a dividend(2)		
Denominator for basic calculation		
Effect for dilutive securities:		
Add: Weighted average stock options and unvested common shares subject to repurchase or cancellation		
Denominator for diluted calculation		
Pro forma net income per common share basic	$	
Pro forma net income per common share diluted	$	

(1)

Calculated as $ million of proceeds to be used in the redemption of debt, including redemption premiums and accrued interest thereon through the anticipated date of redemption, divided by the offering proceeds of $ per share, net of issuance costs and expenses.

(2) Calculated as $ million of proceeds to be used in the payment of a dividend, divided by the offering proceeds of $ per share, net of issuance costs and expenses.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The financial statements referred to as the Predecessor Company financial statements include the consolidated audited financial statements of Chart Industries, Inc. and its subsidiaries prior to our Chapter 11 bankruptcy proceedings. Our emergence from Chapter 11 bankruptcy proceedings resulted in a new reporting entity and the adoption of Fresh-Start accounting in accordance with the American Institute of Certified Public Accountants Statement of Position 90-7, Financial Reporting by entities in Reorganization Under the Bankruptcy Code. The financial statements referred to as the Reorganized Company financial statements include the consolidated audited financial statements of Chart Industries, Inc. and its subsidiaries after our emergence from Chapter 11 bankruptcy proceedings and prior to the Acquisition and related financing thereof. The financial statements referred to as the Successor Company financial statements include the consolidated audited financial statements of Chart Industries, Inc. and its subsidiaries after the Acquisition and the related financing thereof.

The following table sets forth the selected historical consolidated financial information as of the dates and for each of the periods indicated. The Predecessor Company selected historical consolidated financial data as of and for the years ended December 31, 2001 and 2002 is derived from our audited financial statements for such periods which have been audited by Ernst & Young LLP, an independent registered public accounting firm, and which are not included in this prospectus. The Predecessor Company selected historical consolidated financial data for the nine months ended September 30, 2003 is derived from our audited financial statements for such period included elsewhere in this prospectus, which have been audited by Ernst & Young LLP. The Predecessor Company selected historical consolidated financial data as of September 30, 2003 and the Reorganized Company selected historical consolidated financial data as of December 31, 2003 and October 16, 2005 are derived from our audited financial statements for such periods which have been audited by Ernst & Young LLP, and which are not included in this prospectus. The Reorganized Company selected historical consolidated financial data for the three months ended December 31, 2003, as of and for the year ended December 31, 2004 and for the period from January 1, 2005 to October 16, 2005 is derived from our audited financial statements for such periods included elsewhere in this prospectus, which have been audited by Ernst & Young LLP. The Successor Company selected historical consolidated financial statements and other data as of December 31, 2005 and for the period from October 17, 2005 to December 31, 2005 is derived from our audited financial statements for such period included elsewhere in this prospectus, which have been audited by Ernst & Young LLP. The selected historical consolidated financial information for the Reorganized Company for the three months ended March 31, 2005 has been derived from the unaudited condensed consolidated financial statements included elsewhere in this prospectus, which have been prepared on a basis consistent with the audited financial statements included elsewhere in this prospectus. The selected historical consolidated financial information for the Successor Company as of and for the three months ended March 31, 2006 has been derived from the unaudited condensed consolidated financial statements included elsewhere in this prospectus, which have been prepared on a basis consistent with the audited financial statements included elsewhere in this prospectus. In the opinion of management, such unaudited financial information reflects all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for those periods.

You should read the following table together with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes, included elsewhere in this prospectus.

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	Predecessor Company				Reorganized Company			Successor Company	
	Years Ended December 31,		Nine Months Ended September 30,	Three Months Ended December 31,	Year Ended December 31,	January 1, 2005 to October 16,	Three Months Ended March 31,	October 17, 2005 to December 31,	Three Months Ended March 31,
	2001	2002	2003	2003	2004	2005	2005	2005	2006
	(In thousands, except per share data)								
Statement of Operations Data:									
Sales	$ 305,288	$ 276,353	$ 197,017	$ 68,570	$ 305,576	$ 305,497	$ 85,170	$ 97,652	$ 120,840
Cost of sales(1)	226,266	205,595	141,240	52,509	211,770	217,284	60,532	75,733	83,853
Gross profit	79,022	70,758	55,777	16,061	93,806	88,213	24,638	21,919	36,987
Selling, general and administrative expenses	55,128	65,679	44,211	14,147	53,374	59,826	14,401	16,632	21,039
Restructuring and other operating expenses, net(2)(3)	6,329	104,477	13,503	994	3,353	7,528	604	217	162
	61,457	170,156	57,714	15,141	56,727	67,354	15,005	16,849	21,201
Operating income (loss)	17,565	(99,398)	(1,937)	920	37,079	20,859	9,633	5,070	15,786
Interest expense, net(4)	24,465	19,176	10,300	1,344	4,712	4,164	985	5,556	6,545
Other expense (income)	1,567	4,240	(3,737)	(350)	(465)	659	21	409	222
	26,032	23,416	6,563	994	4,247	4,823	1,006	5,965	6,767
(Loss) income from continuing operations before income taxes and minority interest	(8,467)	(122,814)	(8,500)	(74)	32,832	16,036	8,627	(895)	9,019
Income tax (benefit)	398	11,136	1,755	(125)	10,134	7,159	3,071	(441)	2,980

expense									
(Loss) income from continuing operations before minority interest	(8,865)	(133,950)	(10,255)	51	22,698	8,877	5,556	(454)	6,039
Minority interest, net of taxes and other	(199)	(52)	(63)	(20)	(98)	(19)	(21)	(52)	6
(Loss) income from continuing operations	(9,064)	(134,002)	(10,318)	31	22,600	8,858	5,535	(506)	6,045
Income from discontinued operation, including gain on sale, net of tax(5)	3,906	3,217	3,233						
Net (loss) income	$ (5,158)	$ (130,785)	$ (7,085)	$ 31	$ 22,600	$ 8,858	$ 5,535	$ (506)	$ 6,045
(Loss) Earnings per share data(6):									
Basic (loss) earnings per share	$ (0.21)	$ (5.22)	$ (0.27)	$ 0.01	$ 4.22	$ 1.65	$ 1.03	$ (0.29)	$ 3.52
Diluted (loss) earnings per share	$ (0.21)	$ (5.22)	$ (0.27)	$ 0.01	$ 4.10	$ 1.57	$ 0.99	$ (0.29)	$ 3.38
Weighted average shares basic	24,573	25,073	26,336	5,325	5,351	5,366	5,358	1,719	1,719
Weighted average shares diluted	24,573	25,073	26,336	5,325	5,516	5,649	5,609	1,719	1,791
Cash Flow Data:									
Cash provided by (used in) operating activities	$ 7,458	$ 5,249	$ 19,466	$ 4,988	$ 35,059	$ 15,641	$ (4,063)	$ 18,742	$ 12,327
Cash (used in) provided by investing activities	(6,261)	1,288	15,101	154	(3,317)	(20,799)	(1,629)	(362,250)	(2,566)
Cash (used in) provided by financing	504	(17,614)	(15,907)	(13,976)	(35,744)	1,708	(624)	348,489	(5,839)

activities									
Other Financial Data:									
Depreciation and amortization(7)	$ 17,783	$ 14,531	$ 9,260	$ 2,225	$ 8,490	$ 6,808	$ 1,944	$ 4,396	$ 5,194

	2Predecessor Company			Reorganized Company			Successor Company	
	As of December 31, 2001	As of December 31, 2002	As of September 30, 2003	As of December 31, 2003	As of December 31, 2004	As of October 16, 2005	As of December 31, 2005	As of March 31, 2006
	(In thousands)							
Balance Sheet Data:								
Cash and cash equivalents	$ 11,801	$ 7,225	$ 27,815	$ 18,600	$ 14,814	$ 11,470	$ 15,433	$ 19,462
Working capital(8)	57,438	48,563	35,826	47,161	51,292	43,486	55,454	55,685
Total assets	408,980	279,294	299,745	299,637	307,080	343,107	641,806(10)	656,483(10)
Long-term debt(9)	259,120	1,161	122,537	109,081	76,406	74,480	345,000	340,000
Total debt(9)	272,083	263,900	126,012	112,561	79,411	80,943	347,304	341,513
Shareholders equity (deficit)	49,340	(81,617)	89,865	90,807	115,640	121,321	116,330	124,146

(1) In March 2003, we completed the closure of our Wolverhampton, United Kingdom manufacturing facility, operated by CHEL. On March 28, 2003, CHEL filed for voluntary administration under the U.K. Insolvency Act of 1986. CHEL s application for voluntary administration was approved on April 1, 2003 and an administrator was appointed. In accordance with SFAS No. 94, Consolidation of All Majority-Owned Subsidiaries, we are not consolidating the accounts or financial results of CHEL subsequent to March 28, 2003 due to the assumption of control of CHEL by the insolvency administrator. Effective March 28, 2003, we recorded a non-cash impairment charge of $13.7 million to write off our net investment in CHEL.

(2) In 2002, we recorded a non-cash impairment charge of $92.4 million to write off non-deductible goodwill of the D&S segment. Further information about this charge is found in Note A to our audited consolidated financial statements included elsewhere in this prospectus.

(3) In September 2003, in accordance with Fresh-Start accounting, all assets and liabilities were adjusted to their fair values. See Management s Discussion and Analysis of Financial Condition and Results of Operations for further discussion. The adjustment to record the assets and liabilities at fair value resulted in net other income of $5.7 million. Further information about the adjustment is located in Note A to our audited consolidated financial statements included elsewhere in this prospectus.

(4) Includes derivative contracts valuation income or expense for interest rate collars to manage interest exposure relative to term debt.

(5) This relates to the sale of our former Greenville Tube, LLC business in July 2003. See Management s Discussion and Analysis of Financial Condition and Results of Operations for additional information.

(6) The basic and diluted loss per share for the years ended December 31, 2001 and 2002, the nine months ended September 30, 2003 and the 2005 Successor Period are the same because incremental shares issuable upon conversion are anti-dilutive.

(7) Includes financing costs amortization for the years ended December 31, 2001 and 2002, the nine months ended September 30, 2003 and the 2005 Successor Period of $1.5 million, $3.2 million, $1.7 million and $0.3 million, respectively.

(8) Working capital is defined as current assets excluding cash minus current liabilities excluding short-term debt.

(9) As of December 31, 2002, we were in default on our senior debt due to violation of financial covenants. In April 2003, the lenders under our then-existing credit facility waived all defaults existing at December 31, 2002 and through April 30, 2003. Since the waiver of defaults did not extend until January 1, 2004, this debt was classified as a current liability on our consolidated balance sheet as of December 31, 2002.

(10) Includes $236.7 million of goodwill and $154.1 million of finite-lived and indefinite-lived intangible assets as of December 31, 2005. Includes $236.8 million of goodwill and $150.5 million of finite-lived and indefinite- lived intangible assets as of March 31, 2006.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our results of operations includes periods prior to the consummation of the Acquisition and periods after the consummation of the Acquisition. Accordingly, the discussion and analysis of historical periods does not reflect fully the significant impact that the Acquisition will have on us, including significantly increased leverage and liquidity requirements. You should read the following discussion of our results of operations and financial condition in conjunction with the Selected Historical Consolidated Financial Data and Unaudited Pro Forma Financial Information sections and our consolidated financial statements and related notes appearing elsewhere in this prospectus. Actual results may differ materially from those discussed below. This discussion contains forward-looking statements. See Special Note Regarding Forward-Looking Statements and Risk Factors for a discussion of certain of the uncertainties, risks and assumptions associated with these statements.

Overview

We are a leading independent global manufacturer of highly engineered equipment used in the production, storage and end-use of hydrocarbon and industrial gases. We supply engineered equipment used throughout the liquid gas supply chain globally. The largest portion of end-use applications for our products is energy-related. We are a leading manufacturer of standard and engineered equipment primarily used for low-temperature and cryogenic applications. We have developed an expertise in cryogenic systems and equipment, which operate at low temperatures sometimes approaching absolute zero (0° Kelvin; -273° Centigrade; -459° Fahrenheit). The majority of our products, including vacuum-insulated containment vessels, heat exchangers, cold boxes and other cryogenic components, are used throughout the liquid gas supply chain for the purification, liquefaction, distribution, storage and use of hydrocarbon and industrial gases.

For the three months ended March 31, 2006, we experienced a significant increase in our operating results compared to the three months ended March 31, 2005, primarily due to growth in the global hydrocarbon processing and industrial gas markets served by our E&C and D&S segments and growth and penetration of the international medical respiratory therapy market served by our Biomedical segment. Sales for the three months ended March 31, 2006 were $120.8 million compared to sales of $85.2 million for the three months ended March 31, 2005, reflecting an increase of $35.6 million, or 41.8%. Our gross profit for the first three months of 2006 was $37.0 million, or 30.6% of sales, as compared to $24.6 million, or 28.9% of sales, for the same period in 2005. Increased sales volume in all three of our operating segments, product price increases in the D&S segment, favorable product sales mix in our E&C segment and the improved manufacturing productivity in our medical respiratory product line, as a result of completing the transition of production from Burnsville, Minnesota to Canton, Georgia in late 2005, were contributing factors to the growth in our gross profit and related margin in 2006.

In 2005, we experienced increased orders, backlog, sales and gross profit compared to 2004, which was primarily driven by continued growth in the global industrial and hydrocarbon processing markets served by our D&S and E&C segments. Combined orders for 2005 were $511.2 million, which represented an increase of $118.4 million, or 30.1%, compared to 2004 orders of $392.8 million, while backlog was $233.6 million at December 31, 2005 compared to $129.3 million at December 31, 2004, and represented growth of 80.7%. In 2005, combined sales were $403.1 million compared to sales in 2004 of $305.6 million, reflecting an increase of $97.5 million, or 31.9%. Our combined gross profit in 2005 was $110.1 million, or 27.3% of sales, and gross profit in 2004 was $93.8 million, or 30.7% of sales. While we benefited from higher volumes in 2005, our combined gross profit was negatively impacted by an $8.9 million, or 2.2% of sales, non-cash charge for adjusting inventory to fair value as a result of the Acquisition and higher manufacturing costs due to the move of our medical respiratory product line production from Burnsville, Minnesota to Canton, Georgia.

As a result of the continued growth in many of the markets we serve, our present and anticipated customer order trends, our backlog level of $237.0 million as of March 31, 2006, and our focus on energy-related industries, we presently expect to experience continued sales and earnings growth for the remaining nine months of 2006. We also believe that our cash flow from operations, available cash and available borrowings under the senior secured credit facility should be adequate to meet our working capital, capital expenditure, debt service and other funding requirements for the remaining nine months of 2006.

On August 2, 2005, Chart Industries, Inc. entered into an agreement and plan of merger with certain of its then-existing stockholders, or the Principal Stockholders, First Reserve and CI Acquisition to purchase shares of common stock owned by the Principal Stockholders. The Acquisition closed on October 17, 2005. First Reserve contributed $111.3 million, which was used to fund a portion of the Acquisition. The remainder of the cash needed to finance the Acquisition, including related fees and expenses, was provided by proceeds of $170.0 million from the issuance of senior subordinated notes due 2015 and borrowings under the senior secured credit facility. See The Transactions. We refer to our company after the Acquisition as the Successor Company.

On May 26, 2006, we acquired Cooler Service, which will become a part of our E&C segment. Our results of operations for the last seven months of 2006 will include the results from the Cooler Service business. See Prospectus Summary Recent Developments.

Chapter 11 Filing and Emergence

On July 8, 2003, we and all of our then majority-owned U.S. subsidiaries, which we refer to as the Predecessor Company, filed voluntary petitions for reorganization relief under Chapter 11 of the U.S. Bankruptcy Code to implement an agreed upon senior debt restructuring plan through a pre-packaged plan of reorganization. On September 15, 2003, we, as reorganized, the Reorganized Company, and all of our then majority-owned U.S. subsidiaries emerged from Chapter 11 proceedings pursuant to the Amended Joint Prepackaged Reorganization Plan of Chart Industries, Inc. and Certain Subsidiaries, dated September 3, 2003.

Our emergence from Chapter 11 bankruptcy proceedings resulted in a new reporting entity and the adoption of fresh-start accounting in accordance with the American Institute of Certified Public Accountants, or AICPA, Statement of Position 90-7, Financial Reporting by Entities in Reorganization Under the Bankruptcy Code , or SOP 90-7, or Fresh-Start accounting. We used September 30, 2003 as the date for adopting Fresh-Start accounting in order to coincide with our normal financial closing for the month of September 2003. Upon adoption of Fresh-Start accounting, a new reporting entity was deemed to be created and the recorded amounts of assets and liabilities were adjusted to reflect their estimated fair values. Accordingly, the reported historical financial statements of the Predecessor Company prior to the adoption of Fresh-Start accounting for periods ended prior to September 30, 2003 are not necessarily comparable to those of the Reorganized Company. In this prospectus, references to our nine-month period ended September 30, 2003 and all periods ended prior to September 30, 2003 refer to the Predecessor Company.

SOP 90-7 requires that financial statements for the period following the Chapter 11 filing through the bankruptcy confirmation date distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Accordingly, revenues, expenses, realized gains and losses and provisions for losses directly associated with the reorganization and restructuring of the business, including adjustments to fair value assets and liabilities and the gain on the discharge of pre-petition debt, were reported separately as reorganization items, net, in the other income (expense) section of the Predecessor Company s consolidated statement of operations for the nine months ended September 30, 2003. In accordance with Fresh-Start accounting, all assets and liabilities were recorded at their respective fair values as of September 30, 2003. Such fair values represented our best estimates based on independent appraisals and valuations. In applying Fresh-Start accounting, adjustments to reflect the fair value of assets and liabilities, on a net basis, and the restructuring of our capital structure and resulting discharge of the senior lenders pre-petition debt, resulted in net other income of $5.7 million in the nine months ended September 30, 2003. The reorganization value exceeded the fair value of the Reorganized Company s assets and liabilities, and this excess is reported as reorganization value in excess of amounts allocable to identifiable assets in the Reorganized Company s consolidated balance sheet.

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Operating Results

The following table sets forth the percentage relationship that each line item in our consolidated statements of operations represents to sales for the nine months ended September 30, 2003, the three months ended December 31, 2003, the year ended December 31, 2004, the period from January 1, 2005 to October 16, 2005, which we refer to as the 2005 Reorganized Period, the three months ended March 31, 2005, the period from October 17, 2005 to December 31, 2005, which we refer to as the 2005 Successor Period, and the three months ended March 31, 2006. The Predecessor, Reorganized and Successor Company are further described in our audited financial statements and related notes thereto included elsewhere in this prospectus.

	Predecessor Company	Reorganized Company				Successor Company	
	Nine Months Ended September 30, 2003	Three Months Ended December 31, 2003	Year Ended December 31, 2004	January 1, 2005 to October 16, 2005	Three Months Ended March 31, 2005	October 17, 2005 to December 31, 2005	Three Months Ended March 31, 2006
Sales	100.0%	100.0%	100.0%	100%	100.0%	100.0%	100%
Cost of sales(1)	71.7	76.6	69.3	71.1	71.1	77.6	69.4
Gross profit	28.3	23.4	30.7	28.9	28.9	22.4	30.6
Selling, general and administrative expenses(2)(3)(4)(5)(6)	22.5	20.6	17.5	19.6	16.9	17.0	17.4
Acquisition expense(7)	0.0	0.0	0.0	2.2	0.0	0.0	0.0
Employee separation and plant closure costs	0.4	1.5	1.0	0.3	0.7	0.1	0.1
(Loss) gain on sale of assets	0.5	0.1	0.0	0.0	0.0	(0.1)	0.0
Loss on insolvent subsidiary	6.9	0.0	0.0	0.0	0.0	0.0	0.0
Equity expense in joint venture	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Operating income (loss)	(1.0)	1.3	12.2	6.8	11.3	5.2	13.1
Interest expense, net	(5.0)	(2.1)	(1.6)	(1.4)	(1.2)	(5.7)	(5.4)
Financing costs amortization	(0.9)	0.0	0.0	0.0	0.0	(0.3)	(0.3)
Derivative contracts valuation income (expense)	(0.2)	0.1	0.0	0.0	0.0	0.0	0.0
Foreign currency income (loss)	(0.1)	0.5	0.1	(0.2)	0.0	(0.1)	0.1
Reorganization items, net	2.8	0.0	0.0	0.0	0.0	0.0	0.0
Income tax (benefit) expense	0.8	(0.2)	3.3	2.3	3.6	(0.5)	2.5
	(5.2)	0.0	7.4	2.9	6.5	(0.4)	5.0

(Loss) income from continuing operations							
Income from discontinued operation, including gain on sale, net of tax	1.6	0.0	0.0	0.0	0.0	0.0	0.0
Net (loss) income	(3.6)	0.0	7.4	2.9	6.5	(0.4)	5.0

(1) Includes non-cash inventory valuation charges of $9.0 million, $0.6 million, $0.2 million, $5.4 million, and $0.5 million, representing 9.2%, 0.2%, 0.1%, 7.9%, and 0.2%, of sales, for the 2005 Successor Period, the 2005 Reorganized Period, the year ended December 31, 2004, the three months ended December 31, 2003, and the nine months ended September 30, 2003, respectively.

(2) Includes $1.5 million, $0.7 million, and $6.4 million, representing 0.5%, 0.2%, and 3.2% of sales, for claim settlements, professional fees incurred by us related to our debt restructuring and bankruptcy reorganization activities for the 2005 Reorganized Period, the year ended December 31, 2004, and the nine months ended September 30, 2003, respectively.

(3) Includes stock-based compensation expense of $0.3 million, $0.4 million, $0.6 million $9.5 million, and $2.4 million, representing 0.3%, 0.4%, 0.7% 3.1%, and 0.8% of sales, for the three months ended

March 31, 2006, the 2005 Successor Period, the three months ended March 31, 2005, the 2005 Reorganized Period, and the year ended December 31, 2004, respectively.

(4) Includes charges and losses related to damages caused by Hurricane Rita of $0.2 million, $0.4 million and $1.1 million, representing 0.4% and 0.4% of sales, for the three months ended March 31, 2006, the 2005 Successor Period and the 2005 Reorganized Period, respectively.

(5) Includes a charge for the settlement of former shareholders appraisal rights claims related to the Acquisition of $0.5 million, or 0.5% of sales, and a charge for the write-off of purchased in-process research and development of $2.8 million, or 0.1% of sales, for the 2005 Successor Period and the 2005 Reorganized Period, respectively.

(6) Includes amortization expense for intangible assets of $3.6 million, $3.0 million, $0.7 million, $2.7 million, $2.8 million, $0.7 million, and $1.2 million, representing 3.0%, 3.0%, 0.8%, 0.9%, 0.9%, 1.0%, and 0.6%, of sales, for the three months ended March 31, 2006, the 2005 Successor Period, the three months ended March 31, 2005, the 2005 Reorganized Period, the year ended December 31, 2004, the three months ended December 31, 2003, and the nine months ended September 30, 2003, respectively.

(7) Represents expenses incurred by us related to the Acquisition.

Segment Information

The following table sets forth sales, gross profit, gross profit margin and operating income or loss for our operating segments for the periods indicated during the last three years:

	Predecessor Company	Reorganized Company				Successor Company	
	Nine Months Ended September 30, 2003	Three Months Ended December 31, 2003	Year Ended December 31, 2004	January 1, 2005 to October 16, 2005	Three Months Ended March 31, 2005	October 17, 2005 to December 31, 2005	Three Months Ended March 31, 2006
	(Dollars in thousands)						
Sales							
Energy & Chemicals	$ 42,910	$ 15,699	$ 69,609	$ 86,920	$ 23,663	$ 34,135	$ 41,174
Distribution and Storage	102,469	37,863	162,508	161,329	44,665	47,832	60,318
BioMedical	51,638	15,008	73,459	57,248	16,842	15,685	19,348
Total	$ 197,017	$ 68,570	$ 305,576	$ 305,497	$ 85,170	$ 97,652	$ 120,840
Gross Profit							
Energy & Chemicals	$ 12,683	$ 5,405	$ 21,475	$ 23,391	$ 5,996	$ 10,494	$ 11,648
Distribution and Storage	25,515	8,682	46,588	47,120	13,571	8,861	18,822
BioMedical	17,579	1,974	25,743	17,702	5,071	2,564	6,517
Total	$ 55,777	$ 16,061	$ 93,806	$ 88,213	$ 24,638	$ 21,919	$ 36,987

Gross Profit Margin							
Energy & Chemicals	29.6%	34.4%	30.9%	26.9%	25.3%	30.7%	28.3%
Distribution and Storage	24.9%	22.9%	28.7%	29.2%	30.4%	18.5%	31.2%
BioMedical	34.0%	13.2%	35.0%	30.9%	30.1%	16.4%	33.7%
Total	28.3%	23.4%	30.7%	28.9%	28.9%	22.4%	30.6%
Operating (Loss) Income							
Energy & Chemicals	$ (8,694)	$ 3,298	$ 11,545	$ 13,717	$ 3,576	$ 5,092	$ 5,933
Distribution & Storage	9,112	1,613	27,951	27,005	8,364	3,947	11,053
BioMedical	12,381	(479)	14,208	8,343	2,115	714	3,714
Corporate	(14,736)	(3,512)	(16,625)	(28,206)	(4,422)	(4,683)	(4,914)
Total	$ (1,937)	$ 920	$ 37,079	$ 20,859	$ 9,633	$ 5,070	$ 15,786

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We moved the management and reporting of the LNG alternative fuel systems product line from the E&C segment to the D&S segment effective December 31, 2004. All segment information for all previous periods has been restated to conform to this presentation.

Results of Operations for the Three Months Ended March 31, 2006 and 2005

Sales

Sales for the three months ended March 31, 2006 were $120.8 million compared to $85.2 million for the three months ended March 31, 2005, reflecting an increase of $35.6 million, or 41.8%. E&C segment sales were $41.2 million for the three months ended March 31, 2006 compared to sales of $23.6 million for three months ended March 31, 2005, which reflected an increase of $17.6 million or 74.6%. This increase in sales resulted primarily from higher volumes in both heat exchangers, and cold boxes and LNG vacuum-insulated pipe, which we collectively refer to as process systems, which were driven by continued growth in the LNG and natural gas segments of the of the hydrocarbon processing market. D&S segment sales increased $15.6 million, or 35.0%, to $60.3 million for the three months ended March 31, 2006 compared to sales of $44.7 million for the three months ended March 31, 2005. Sales of bulk storage systems and packaged gas systems increased $12.9 million and $2.7 million, respectively, for the three months ended March 31, 2006 compared to the same period in 2005, primarily due to higher volume as a result of continued growth in the global industrial gas market, and to a lesser extent as a result of price increases. BioMedical segment sales for the three months ended March 31, 2006 were $19.3 million compared to $16.8 million for the three months ended March 31, 2005, which reflected an increase of $2.5 million or 14.9%. Medical respiratory product sales increased $1.9 million, primarily due to higher international volume resulting from growth in, and our continued penetration of the European and Asian markets. Medical respiratory product sales in the U.S. declined in the 2006 period compared to the 2005 period, principally due to U.S. government reimbursement reductions for liquid oxygen therapy systems announced in late 2005. MRI and other product sales increased $0.5 million on higher volume. Biological storage systems sales increased $0.1 million, primarily due to higher volume in the U.S. market.

Gross Profit and Margin

Gross profit for the three months ended March 31, 2006 was $37.0 million, or 30.6% of sales, versus $24.6 million, or 28.9% of sales, for the three months ended March 31, 2005 and reflected an increase of $12.4 million, or 1.7 percentage points. E&C segment gross profit increased $5.7 million in the three months ended March 31, 2006 compared to the three months ended March 31, 2005, primarily due to increased sales volume in both heat exchangers and process systems. The E&C segment gross profit margin increased 3.0 percentage points, primarily due to favorable project mix and higher production throughput. Gross profit for the D&S segment increased $5.3 million, or 0.8 percentage points, in the three months ended March 31, 2006 compared to the three months ended March 31, 2005, primarily due to higher sales volume and product price increases in both bulk storage and packaged gas systems. BioMedical gross profit increased $1.4 million, or 3.6 percentage points, in the three months ended March 31, 2006 compared to the three months ended March 31, 2005, primarily due to higher sales volume. In addition, the increase in the gross profit margin for the three months ended March 31, 2006 was primarily attributable to improved manufacturing productivity for the medical respiratory product line. In the three months ended March 31, 2005, we incurred higher manufacturing costs as result of transitioning this product line s manufacturing from Burnsville, Minnesota to Canton, Georgia.

Selling, General and Administrative Expenses, or SG&A

SG&A expenses for the three months ended March 31, 2006 were $21.0 million, or 17.4% of sales, compared to $14.4 million, or 16.9% of sales for the three months ended March 31, 2005. This increase in SG&A expenses included $2.9 million, or 2.4% of sales, of higher amortization expense associated with definite-lived intangible assets that were recorded at fair value under purchase accounting at October 17, 2005 as a result of the Acquisition, which is further discussed by operating segment below. SG&A expenses for the E&C segment were $5.7 million for the three months ended March 31, 2006 compared to $2.4 million for the three months ended March 31, 2005, an increase of $3.3 million. This increase for the E&C segment was primarily the result of higher employee-related expenses to support business growth, higher amortization expense of $1.3 million and $0.2 million of expenses incurred related to the damage caused by Hurricane Rita at our New Iberia, Louisiana facilities. D&S segment SG&A expenses for the three months ended March 31, 2006 were $7.7 million compared to $4.9 million for the three months ended March 31, 2005; an increase of $2.8 million. This increase was primarily attributable to higher amortization expense of $1.5 million and higher employee-related expenses to support business growth. SG&A expenses for the BioMedical segment were $2.8 million for the three months ended March 31, 2006 and increased $0.1 million compared to the three months ended March 31, 2005. Corporate SG&A expenses for the three months ended March 31, 2006 were $4.8 million compared to $4.4 million for the three months ended March 31, 2005. This increase of $0.4 million is primarily attributable to higher employee-related expenses to support the business growth.

Employee Separation and Plant Closure Costs

For the three months ended March 31, 2006 and 2005, employee separation and plant closure costs were $0.2 million and $0.6 million, respectively. The costs for the 2006 period were related to the closure of the D&S segment Plaistow, New Hampshire facility, while the costs for the 2005 period were for both the closure of the BioMedical segment Burnsville, Minnesota and D&S segment Plaistow, New Hampshire facilities. The closure of the Burnsville, Minnesota facility was completed in 2005.

Operating Income

As a result of the foregoing, operating income for the first three months of 2006 was $15.8 million, or 13.1% of sales, an increase of $6.2 million compared to operating income of $9.6 million, or 11.3% of sales, for the same period of 2005.

Net Interest Expense

Net interest expense for the three months ended March 31, 2006 and 2005 was $6.5 million and $1.0 million, respectively. This increase in interest expense of $5.5 million for the three months ended March 31, 2006 compared to the same period in 2005 was primarily attributable to increased long-term debt outstanding as a result of Company entering into the new senior secured credit facility and issuing the notes on October 17, 2005 in conjunction with the Acquisition.

Other Expense and Income

For the three months ended March 31, 2006, financing costs amortization expense was $0.4 million, an increase of $0.4 million compared to the same period in 2005. This increase in amortization expense was attributable to deferred loan costs incurred for obligations under the senior secured credit facility and the notes entered into on October 17, 2005 as a result of the Acquisition.

For the three months ended March 31, 2006 and 2005, derivative contracts valuation income was $0.0 million and $0.04 million, respectively, for the change in fair value of our interest rate collar contract. We entered into an interest derivative contact in the form of a collar in March 1999 to manage the interest rate risk exposure relative to our long-term debt. The collar had a notional value of $17.7 million at March 31, 2005. This interest rate collar contract expired in March 2006.

Foreign Currency Gain

We recorded a foreign currency gain for the three months ended March 31, 2006 of $0.1 million and a foreign currency loss for the three months ended March 31, 2005 of $0.02 million. These foreign currency gains and losses resulted from some of our subsidiaries entering into transactions in currencies other than their functional currencies.

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Income Tax Expense

Income tax expense of $3.0 million and $3.1 million for the three months ended March 31, 2006 and 2005, respectively, represents taxes on both domestic and foreign earnings at an estimated annual effective income tax rate of 33.0% and 35.6%, respectively. The decrease in the effective tax rate for the 2006 period as compared to the same period in 2005 was primarily attributable to lower statutory tax rates in certain foreign countries and a higher than expected mix of foreign earnings.

Net Income

As a result of the foregoing, we reported net income for the three months ended March 31, 2006 and 2005 of $6.0 million and $5.5 million, respectively.

2005 Successor Period

Sales

Sales for the 2005 Successor Period were $97.6 million. E&C segment sales were $34.1 million and benefited from volume increases in both heat exchangers and process systems, primarily due to continued demand growth in the hydrocarbon processing market. D&S segment sales were $47.8 million as bulk storage systems and packaged gas systems volume remained strong due to stable demand in the global industrial gas market and higher product pricing. BioMedical segment sales for the 2005 Successor Period were $15.7 million. Sales of medical respiratory products were unfavorably affected by lower volume in the United States, and in particular to one of our major customers, due to announced reductions in government reimbursement programs for liquid oxygen therapy systems. This unfavorable volume trend in U.S. medical respiratory product sales was partially offset by continued volume growth in medical respiratory product sales in Europe and Asia and biological storage systems sales in the U.S., Europe and Asia as we further penetrated these markets. On an annual basis, 2005 U.S. medical respiratory product sales were 45% of total medical respiratory product sales and in 2004 U.S. medical respiratory products sales represented 61% of total medical respiratory sales. In addition, annual 2005 biological storage systems sales increased 16% compared to 2004 annual sales.

Gross Profit and Margin

For the 2005 Successor Period, gross profit was $21.9 million, or 22.4% of sales. Overall, the gross profit was favorably affected by higher volumes in the D&S and E&C segments. The E&C gross profit of $10.5 million, or 30.7% of sales, benefited from the completion of a high margin ethylene heat exchanger and process system emergency order. The D&S segment gross profit of $8.9 million, or 18.5% of sales, was also favorably impacted by improved product pricing. The BioMedical gross profit of $2.6 million, or 16.4% of sales, benefited from productivity improvements at the Canton, Georgia facility related to the manufacturing of medical respiratory products. The BioMedical segment margins in the 2005 Reorganized Period were negatively impacted by higher costs related to inefficiencies from ramping-up production of the medical respiratory product line after completing the move from the Burnsville, Minnesota facility to the Canton, Georgia facility. In addition, overall company gross profit included a $8.9 million, or 9.1% of sales, charge for the fair value adjustment of finished goods and work-in-process inventory recorded under purchase accounting as a result of the Acquisition. This fair value inventory adjustment was charged to cost of sales as the inventory was sold. The D&S and BioMedical segments gross profit charges were $6.4 million, or 13.4% of sales, and $2.5 million, or 15.9% of sales, respectively, for this fair value inventory adjustment. The E&C segment was not required to record an inventory fair value adjustment due to the use of the percentage of completion method for revenue recognition in this segment.

SG&A

SG&A expenses for the 2005 Successor Period were $16.6 million, or 17.0% of sales. Overall, SG&A expenses included $3.0 million, or 3.1%, of amortization expense associated with finite-lived intangible assets that were recorded at fair value under purchase accounting as a result of the Acquisition, which is further discussed by operating segment below. SG&A expenses for the E&C segment were $5.3 million and was affected by higher marketing and employee-related costs to support the business growth, and included $1.0 million of amortization expense for finite-lived intangible assets and $0.4 million of losses and charges related to damage caused by Hurricane Rita at our New Iberia, Louisiana facilities. D&S segment SG&A expenses for the 2005 Successor Period were $4.9 million and was affected by higher marketing and employee-related costs to support the business growth, and included $1.7 million of amortization expense related to finite-lived intangible assets. SG&A expenses for the BioMedical segment were $1.8 million for the 2005 Successor Period, and included $0.3 million of amortization expense for finite-lived intangible assets. Corporate SG&A expenses for the 2005 Successor Period were $4.6 million and included a charge of $0.5 million for the settlement of former shareholders appraisal rights claims as a result of the Acquisition.

Employee Separation and Plant Closure Costs

For the 2005 Successor Period, we recorded $0.1 million of employee separation and plant closure costs, primarily related to the closure of the D&S segment Plaistow, New Hampshire and BioMedical segment Burnsville, Minnesota facilities.

Operating Income

As a result of the foregoing, operating income for the 2005 Successor Period was $5.1 million, or 5.2% of sales.

Other Expenses and Income

Net interest expense and financing costs amortization for the 2005 Successor Period, was $5.6 million and $0.3 million, respectively, and related to the senior secured credit facility that was entered into, and the senior subordinated notes that were issued, on October 17, 2005 in connection with the Acquisition.

Foreign Currency Loss

We recorded $0.1 million of foreign currency losses due to certain of our subsidiaries entering into transactions in currencies other than their functional currencies.

Income Tax Expense

Income tax benefit of $0.4 million for the 2005 Successor Period represents taxes on both domestic and foreign earnings at an annual effective income tax rate of 49.3%. Our taxes were affected by tax benefits from foreign sales and research and development and foreign tax credits.

Net Loss

As a result of the foregoing, we reported a net loss for the 2005 Successor Period of $0.5 million.

2005 Reorganized Period

Sales

Sales for the 2005 Reorganized Period were $305.5 million. E&C segment sales were $86.9 million and benefited from volume increases in both heat exchangers and process systems as a result of strong order levels over the past seven quarters, which has included three large orders each of approximately $20.0 million, driven by continued growth in the LNG and natural gas segments of the hydrocarbon processing market. D&S segment sales were $161.3 million as bulk storage systems and packaged gas systems volume remained strong due to continued demand growth in the global industrial gas market. Other factors contributing favorably to D&S segment sales for this period were higher product pricing, and favorable foreign currency translation of approximately $3.5 million as a result of the weaker U.S. dollar compared to the Euro and Czech Koruna. BioMedical segment sales were $57.2 million. Sales of medical respiratory products were unfavorably affected by lower volume in the United States, and in particular to one of our major customers, primarily resulting from announced U.S. government reimbursement reductions for liquid oxygen therapy systems. This unfavorable volume trend in U.S. medical respiratory product sales was partially offset by continued sales volume growth in medical respiratory product sales in Europe and Asia and biological storage systems in the United States, Europe and Asia as we further penetrated these markets. See the discussion under the caption 2005 Successor Period Sales above for information regarding the BioMedical segment volume trends.

Gross Profit and Margin

For the 2005 Reorganized Period gross profit was $88.2 million, or 28.9% of sales. Overall, gross profit was favorably affected by higher volumes in the D&S and E&C segments, while gross profit margin was unfavorably affected by higher manufacturing costs in the BioMedical segment and a shift in product mix in the E&C segment. The gross profit margins in the E&C segment of $23.4 million, or 26.9% of sales, during the period saw overall mix shifts in sales from higher margin heat exchanger projects to lower margin process systems projects and also a shift within heat exchangers to lower margin projects. In addition, the D&S segment gross profit of $47.1 million, or 29.2% of sales, benefited from price increases that were implemented during the year to offset higher raw material steel costs that had been incurred in previous years. Gross profit in the BioMedical segment of $17.7 million, or 30.9% of sales, deteriorated primarily due to lower U.S. medical respiratory product volume, higher manufacturing costs and inventory valuation adjustments of $0.6 million primarily in the first half of 2005, as a result of lower productivity associated with moving the medical respiratory product line manufacturing from Burnsville, Minnesota to Canton, Georgia. This transition and ramp-up of manufacturing to the productivity levels previously being achieved at the Burnsville, Minnesota facility took most of 2005 to complete and cost more than originally planned.

SG&A

SG&A expenses for the 2005 Reorganized Period were $59.8 million, or 19.6% of sales, and included $2.7 million of amortization expense related to finite-lived intangible assets that were recorded in September 2003 under Fresh-Start accounting and related to the CEM acquisition, which is further discussed by operating segment. E&C segment SG&A expenses were $9.5 million and were affected by higher marketing and employee-related costs to support business growth, and also included $1.1 million of losses and charges related to damage caused by Hurricane Rita at our New Iberia, Louisiana facilities and amortization expense of $0.1 million. SG&A expenses for the D&S segment were $19.5 million and were affected by higher marketing and employee-related costs to support business growth, and also included a $2.8 million charge for the write-off of in-process research and development related to the acquisition of CEM and $1.5 million of amortization expense. SG&A expenses for the BioMedical segment were $8.1 million for the 2005 Successor Period and included $1.1 million of amortization expense. Corporate SG&A expenses were $22.7 million and included a $1.1 million charge for the settlement of a finders fee claim asserted by a former shareholder in connection with our 2003 bankruptcy reorganization, and $9.5 million of stock-based compensation expense. A significant portion of this stock-based compensation was incurred as a result of the vesting of stock options in conjunction with the Acquisition.

Acquisition Expenses

During the 2005 Reorganized Period, we incurred $6.6 million of investment banking, legal and other professional fees related to the Acquisition.

Employee Separation and Plant Closure Costs

For the 2005 Reorganized Period, we recorded $1.1 million of employee separation and plant closure costs, primarily related to the closure of the D&S segment Plaistow, New Hampshire and BioMedical segment Burnsville, Minnesota facilities. The costs (benefits) recorded for this period by the E&C, D&S and BioMedical segments, and Corporate were $0.1 million, $0.5 million, $0.5 million and ($0.1 million), respectively.

Gain on Sale of Assets

We recorded a net gain on the sale of assets of $0.1 million, including a gain recorded at Corporate of $1.7 million on the settlement of a promissory note receivable related to the 2003 sale of our former Greenville Tube, LLC stainless tubing business, a loss of $0.5 million recorded at Corporate for the write down of the Plaistow facility held for sale to its estimated fair value and a $1.2 million loss for the write-off of several assets that were deemed to be impaired. This impairment loss was $0.1 million, $0.9 million and $0.2 million for the E&C segment, BioMedical segment and Corporate, respectively.

Operating Income

As a result of the foregoing, operating income for the 2005 Reorganized Period was $20.9 million, or 6.8% of sales.

Net Interest Expense

Net interest expense for the 2005 Reorganized Period was $4.2 million. We experienced higher interest expense during this period as a result of higher interest rates and the increase in the outstanding balance under the revolving credit line of our then existing credit facility.

Foreign Currency Loss

We recorded $0.7 million of foreign currency losses due to certain of our subsidiaries entering into transactions in currencies other than their functional currencies.

Income Tax Expense

Income tax expense of $7.2 million for the 2005 Reorganized Period represents taxes on both domestic and foreign earnings at an annual effective income tax rate of 44.6%. Our income tax expense was unfavorably impacted by approximately $1.4 million due to the non-deductible charge for purchased in-process research and development of $2.8 million and Acquisition costs of $1.2 million.

Net Income

As a result of the foregoing, we reported net income of $8.9 million for the 2005 Reorganized Period.

Year Ended December 31, 2004

Sales

Sales for 2004 of $305.6 million were positively affected by volume and price increases, a recovery of the global industrial gas market and favorable foreign currency translation as a result of the weakening of the U.S dollar compared to the Euro and Czech Koruna. Sales in the E&C segment for 2004 were $69.6 million and both the heat exchanger and LNG system product lines benefited from higher volume primarily in the Asian, African and Middle Eastern markets. D&S segment sales were $162.5 million in 2004 and benefited favorably from volume increases in cryogenic bulk storage systems, cryogenic packaged gas systems and beverage liquid CO_2 systems driven primarily by a recovery in the global industrial gas market. Price increases and surcharges driven by higher raw material costs and favorable foreign currency translation as a result of the weakening of the U.S. Dollar compared to the Euro and Czech Koruna also had a positive impact on D&S segment sales. Sales in the BioMedical segment were $73.4 million. Sales of our biological storage systems and medical products experienced volume increases in both the U.S. and European markets. Sales of MRI and other products deteriorated in 2004 as this product line s primary customer continued to transfer volume to lower cost manufacturing regions.

Gross Profit and Margin

Gross profit for 2004 was $93.8 million or 30.7% of sales. The gross profit was positively affected by volume increases across all operating segments, and product price increases and favorable foreign currency translation in the D&S segment. The E&C segment gross profit and related margin were $21.5 million and 30.9% of sales, respectively, in 2004. The E&C segment benefited from higher volumes and the delivery of a premium-priced, expedited order that was needed to put a natural gas producer s ethane recovery plant back in service. A shift to lower margin industrial heat exchangers and LNG vacuum-insulated pipe, or LNG VIP, had an unfavorable impact on the E&C segment gross profit margin. D&S segment gross profit and related margin were $46.6 million and 28.7% of sales, respectively. The D&S segment gross profit margin was positively affected by product price increases and surcharges to offset higher raw material costs that had been incurred, higher sales volume and the realization of savings from our restructuring efforts. The D&S segment gross profit margin was unfavorably affected by a shift to lower margin bulk products. Gross profit and related margin for the BioMedical segment were $25.7 million and 35.0% of sales, respectively. Gross profit margins for medical and biological storage systems products were positively impacted by higher volume and cost reductions, and MRI and other products margins were unfavorably affected by higher material costs and unabsorbed overhead costs due to lower sales volume.

SG&A

SG&A expenses for 2004 were $53.4 million, or 17.5% of sales, and benefited from cost savings realized as a result of our continued restructuring efforts. In addition, we incurred employee incentive compensation expense of $7.4 million for achieving our operating targets, which was significant compared to the incentive compensation that had been earned in recent previous years and $2.8 million of amortization expense related to finite-lived intangible assets that were recorded in September 2003 under Fresh-Start accounting, which is discussed further below by operating segment. E&C segment SG&A expenses were $9.2 million and included $1.8 million of employee incentive compensation expense, $0.4 million of selling expense related to the settlement of a specific customer product claim outside the normal warranty period and $0.3 million of amortization expense. SG&A expenses for the D&S segment were $17.7 million and included $3.3 million of employee incentive compensation expense, $1.1 million of amortization expense and $0.4 million of selling expense related to the settlement of a specific customer product claim outside the normal warranty period. SG&A expenses for the BioMedical segment were $10.5 for 2004 and included $1.4 million of amortization expense and $0.6 million of employee incentive compensation expense. Corporate SG&A expenses were $15.9 million and included $1.7 million of employee incentive compensation expense, $2.4 million of stock-based compensation expense resulting from the sale of 28,797 shares of common stock to our chief executive officer at a price below the closing market price at the date of sale and the issuance of stock options to certain key employees. In addition, Corporate recorded $0.9 million of income from life insurance proceeds related to our voluntary deferred compensation plan.

Employee Separation and Plant Closure Costs

In 2004, we continued our manufacturing facility restructuring plan, which commenced with the 2003 closure of our E&C segment sales and engineering office in Westborough, Massachusetts. We announced in December 2003 and January 2004 the closure of our D&S segment manufacturing facility in Plaistow, New Hampshire and the BioMedical segment manufacturing and office facility in Burnsville, Minnesota, respectively. In each of these facility closures, we did not exit the product lines manufactured at those sites, but moved manufacturing to other facilities with available capacity, most notably New Prague, Minnesota for engineered tank production and Canton, Georgia for medical respiratory product manufacturing. The Plaistow facility closure was completed in the third quarter of 2004. We incurred capital expenditures in 2004 of $2.5 million for improvements and additions to the Canton, Georgia facility, and completed the closure of the Burnsville, Minnesota facility in the first quarter of 2005.

During 2004, we recorded employee separation and plant closure costs of $3.2 million related to the manufacturing facility reduction efforts and overall headcount reduction programs described above. The costs recorded by the E&C, D&S and BioMedical segments and Corporate were $0.7 million, $1.3 million,

$0.8 million and $0.4 million, respectively. The total charges for 2004 included $0.4 million of expense for contract termination costs, $1.3 million severance and other benefits related to terminating certain employees at these and other sites, and $1.5 million for other associated costs. In addition, we recorded a non-cash inventory valuation charge of $0.2 million, included in cost of sales, for the write-off of inventory at these sites. At December 31, 2004, we had a reserve of $2.8 million remaining for the closure of these facilities, primarily for lease termination and severance costs.

Loss on Sale of Assets

In 2004, we recorded a net loss on the sale of assets of $0.1 million. In conjunction with the closure of the BioMedical segment Burnsville, Minnesota facility, we sold this facility in October 2004 for gross proceeds of $4.5 million and recorded a loss on the sale of $0.4 million. The proceeds of this sale were used to pay down $0.9 million of debt outstanding under an industrial revenue bond and the balance was used for working capital purposes. In April 2004, we sold for $0.6 million of cash proceeds a vacant building and a parcel of land at our D&S segment New Prague, Minnesota facility that was classified as an asset held for sale in our consolidated balance sheet as of December 31, 2003. In August 2004, we sold for $1.1 million in cash proceeds, equipment at our D&S segment Plaistow, New Hampshire facility, resulting in a $0.6 million gain on the sale of assets. In addition, we recorded a $0.4 million loss related to adjusting the Plaistow land and building to fair value less selling costs based upon an agreement executed in September 2004. The land and building related to the Plaistow facility were included as assets held for sale on our consolidated balance sheet as of December 31, 2004.

Operating Income

As a result of the foregoing, operating income for the year ended December 31, 2004 was $37.1 million, or 12.1% of sales.

Equity Loss

We recorded $0.1 million of equity loss related to our Coastal Fabrication joint venture in 2004. In February 2004, our Coastal Fabrication joint venture executed an agreement to redeem the joint venture partner s 50% equity interest. As a result of the elimination of the joint venture partner and the assumption of 100% of control by us, the assets, liabilities and operating results of Coastal Fabrication are included in the consolidated financial statements subsequent to February 2004.

Net Interest Expense

Net interest expense for 2004 was $4.8 million. This lower expense is attributable primarily to our debt restructuring in September 2003 in conjunction with the Reorganization Plan and the reduction in the debt balance as a result of $40.0 million of aggregate voluntary prepayments on our then existing term loan at the end of 2003 and during 2004.

Derivative Contracts Valuation Income and Expense

We entered into an interest rate derivative contract in the form of a collar in March 1999 to manage interest rate risk exposure relative to our debt. This collar had a notional value of $19.1 million at December 31, 2004 and expired in March 2006. The fair value of the contract related to the collar outstanding at December 31, 2004 is a liability of $0.3 million and is recorded in accrued interest. The change in fair value of the contracts related to the collars during 2004 of $0.1 million is recorded in derivative contracts valuation income.

Foreign Currency Gain

We recorded a $0.5 million of foreign currency remeasurement gain in 2004 as result of certain of our subsidiaries entering into transactions in currencies other than their functional currency.

Income Tax Expense

In 2004, we recorded income tax expense of $10.1 million, which primarily reflects the income tax expense associated with U.S. and foreign earnings and a reduction in tax accruals for prior tax periods at an annual effective tax rate of 30.9%.

Net Income

As a result of the foregoing, we recorded net income of $22.6 million in 2004.

Three Months Ended December 31, 2003

Sales

Sales for the three months ended December 31, 2003 were $68.6 million and continued to be negatively impacted by our prolonged debt restructuring initiatives and the resultant reorganization under Chapter 11 of the U.S. Bankruptcy Code, but not as significantly as during the first nine months of 2003. Sales in the E&C segment were $15.7 million. Heat exchanger and process system sales were favorably impacted by volume and price increases in the hydrocarbon processing market and began to recover from the prolonged impact of the debt restructuring and bankruptcy reorganization. D&S segment sales were $37.9 million during this period as continued weakness in the global industrial gas market had an unfavorable impact on bulk storage systems sales. In addition, LNG fueling systems were affected by lower volume primarily as a result of a decline in the economies of West Coast and South Central states of the United States and our financial difficulties. However, packaged gas and beverage liquid CO_2 systems benefited from higher sales volumes. Sales in the BioMedical segment for the three months ended December 31, 2003 were $15.0 million. Sales of biological storage systems and medical products benefited from higher volume, while the MRI components sales declined due to lower volume as this product line s primary customer transferred volume to lower cost manufacturing regions.

Gross Profit and Margin

For the three months ended December 31, 2003, gross profit was $16.1 million or 23.4% of sales. During this three month period, we included as a component of cost of sales a charge for the fair value write-up in inventory value as required under Fresh-Start accounting at September 30, 2003. The charge was included as a component of cost of sales as the inventory was sold during the three months ended December 31, 2003. The dollar value of this adjustment and its percentage reduction on gross profit margin by operating segment for the three months ended December 31, 2003 was as follows: $2.2 million and 5.8% of sales for the D&S segment, and $3.2 million and 21.3% of sales for the BioMedical segment. A similar valuation adjustment for inventory in the E&C segment was not required due to our use of the percentage of completion method for revenue recognition in this segment.

In addition, the gross profit margin in the E&C segment benefited from improved pricing in the hydrocarbon processing market, cost savings recognized due to the closures of our Wolverhampton, U.K. heat exchanger manufacturing facility and Westborough, Massachusetts engineering facility. The D&S segment gross profit margin was positively impacted by the overhead cost savings from the closure of our Costa Mesa, California and Columbus, Ohio manufacturing facilities. Gross profit margin in the BioMedical segment was negatively impacted further by lower margins for MRI cryostat components due to lower pricing and unabsorbed overhead costs due to reduced volume.

SG&A

SG&A expenses for the three months ended December 31, 2003 were $14.1 million, or 20.6% of sales, and during this period we benefited from cost savings as a result of the elimination of a significant number of salaried employees from our operating restructuring efforts. In addition, SG&A expenses included $0.7 million, or 1.0% of sales, of amortization expense associated with finite-lived intangible assets that were recorded at fair value in September 2003 under Fresh-Start accounting, which is discussed further below by operating

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segment. SG&A expenses for the E&C segment were $2.0 million. D&S segment SG&A expenses were $4.3 million and included $0.3 million of amortization expense related to finite-lived intangible assets. SG&A expenses for the BioMedical segment were $2.4 million and included $0.4 million of amortization expense for finite-lived intangible assets. Corporate SG&A expenses were $3.9 million and included $0.4 of fees and expenses associated with our bankruptcy reorganization.

Employee Separation and Plant Closure Costs

During the three months ended December 31, 2003, we recorded employee separation and plant closure costs of $1.0 million related to the manufacturing facility reduction efforts and overall employee reduction programs, including the E&C segment sales and engineering office in Westborough, Massachusetts, the D&S segment Plaistow, New Hampshire manufacturing facility and the BioMedical segment manufacturing and office facility in Burnsville, Minnesota. The charges for the E&C, D&S and BioMedical segments and Corporate were $0.1 million, $0.6 million, $0.2 million and $0.1 million, respectively. In addition, charges included $0.8 million for severance and other benefits related to terminating certain employees and $0.2 million of plant closure costs. At December 31, 2003, we had a reserve of $3.4 million remaining for the closure of these facilities, primarily for lease termination and severance costs.

Operating Income

As a result of the foregoing, operating income for the three months ended December 31, 2003 was $0.1 million, or 1.3% of sales.

Equity Loss

We recorded $0.04 million of equity loss from our Coastal Fabrication joint venture for the three months ended December 31, 2003.

Net Interest Expense

Net interest expense for the three months ended December 31, 2003 was $1.4 million and reflects interest expense recorded under the credit facility entered into on September 15, 2003 under the Reorganization Plan.

Derivative Contracts Valuation Expense

For the three months ended December 31, 2003, we recorded $0.05 million of derivative contracts valuation income for our interest rate collar that expired in March 2006 and had a notional value of $25.5 million at September 30, 2003.

Foreign Currency Gain

We recorded $0.4 million foreign currency remeasurement gain for the three months ended December 31, 2003 as result of certain of our subsidiaries entering into transactions in currencies other than their functional currency.

Income Tax Benefit

We recorded an income tax benefit of $0.1 million for the three months ended December 31, 2003 for losses incurred primarily as a result of the inventory valuation adjustment under Fresh-Start accounting explained above and a reduction in tax accruals for prior tax periods.

Net Income

As a result of the foregoing, we had net income of $0.03 million for the three months ended December 31, 2003.

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Nine Months Ended September 30, 2003

Sales

Sales for the nine months ended September 30, 2003 were negatively impacted by our prolonged debt restructuring initiatives and the resultant reorganization under Chapter 11 of the U.S. Bankruptcy Code, as certain customers reduced order quantities, delayed signing significant new orders, did not automatically renew supply contracts that expired in 2003, and contracted with other competitors, due to the uncertainty created by our leverage situation and bankruptcy filing. We believe our E&C segment experienced the most significant negative impact of the Chapter 11 filing, since products in this segment frequently have extended production times and significant dollar values.

For the nine months ended September 30, 2003, sales were $197.0 million. E&C segment sales were $42.9 million in the first nine months of 2003. The E&C segment was unfavorably impacted by lower sales volume in the process system market, and benefited from higher sales volume for heat exchangers in the hydrocarbon processing market. D&S segment sales were $102.5 million for the first nine months of 2003 and were negatively affected by the continued weak global market for industrial bulk storage systems. BioMedical segment sales were $51.6 million in the first nine months of 2003. Medical products and biological storage systems sales were positively affected by increased international volume, while MRI product sales were unfavorably impacted by lower volume.

Gross Profit and Margin

Gross profit and the related margin for the first nine months of 2003 were $55.8 million and 28.3% of sales. The gross profit and related margin were favorably affected in the E&C and D&S segments primarily by the realization of operational cost savings from our manufacturing facility rationalization plan that commenced in early 2002. Gross profit margin in the BioMedical segment was negatively impacted by a temporary shut-down of our Denver, Colorado manufacturing plant in the last half of March 2003 due to an unanticipated deferral until the second quarter of 2003 of MRI product orders at the request of the product line s only customer, and by a temporary shut-down of this same facility in June 2003 due to a weather-related extended power outage.

SG&A

SG&A expenses for the nine months ended September 30, 2003 were $44.2 million, or 22.4% of sales, and during this period we benefited from cost savings as a result of the elimination of a significant number of salaried employees from our operating restructuring efforts. E&C, D&S and BioMedical segment SG&A expenses were $6.3 million, $17.7 million and $6.4 million, respectively. Corporate SG&A expenses were $14.5 million and included $6.0 million of fees paid to professional advisors related to our efforts to restructure our senior debt.

Employee Separation and Plant Closure Costs

We recorded $0.9 million of employee separation and plant closure costs in the first nine months of 2003. This expense related substantially to the closure of the E&C segment s Wolverhampton, U.K. manufacturing facility and the engineering office in Westborough, Massachusetts and the closure of the D&S segment s manufacturing facilities in Denver, Colorado, Costa Mesa, California and Columbus, Ohio and consisted primarily of lease termination costs and severance, net of income related to the settlement of facility leases as we entered into Chapter 11 bankruptcy proceedings. The expense (benefit) for the E&C, D&S and BioMedical segments and Corporate were $1.5 million, ($1.2 million), $0.1 million and $0.5 million, respectively.

Gain on Sale of Assets

On July 3, 2003, we sold certain assets and liabilities of our former Greenville Tube, LLC stainless steel tubing business, which we previously reported as a component of our E&C segment. We received gross proceeds of $15.5 million, consisting of $13.5 million in cash and $2.0 million in a long-term subordinated note, and recorded a gain of $2.4 million, net of taxes of $1.3 million in the third quarter of 2003. In addition, we reported income from a discontinued operation, net of taxes of $0.8 million in the first nine months of 2003. In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, we classified the operating results and gain on sale of this business in the discontinued operation line of our consolidated statement of operations for the nine months ended September 30, 2003.

As part of closing our Columbus, Ohio manufacturing facility, we sold our cryopump and valves product lines in the second quarter of 2003 for net proceeds of $2.3 million and recorded a $0.9 million gain in other income, and sold various fixed assets of the Columbus, Ohio facility in the first quarter of 2003 for net proceeds of $0.2 million and recorded a $0.2 million gain in other income.

Loss on Insolvent Subsidiary

In March 2003, we completed the closure of our Wolverhampton, U.K. manufacturing facility, operated by CHEL. We have continued to manufacture heat exchangers at our La Crosse, Wisconsin facility. On March 28, 2003, CHEL filed for a voluntary administration under the U.K. Insolvency Act of 1986. CHEL s application for voluntary administration was approved on April 1, 2003 and an administrator was appointed. In accordance with Statements of Financial Accounting Standards, or SFAS, No. 94, Consolidation of All Majority-Owned Subsidiaries, we are not consolidating the accounts or financial results of CHEL subsequent to March 28, 2003 due to the assumption of control of CHEL by the insolvency administrator. Effective March 28, 2003, we recorded a non-cash impairment charge of $13.7 million to write off our net investment in CHEL.

Operating Loss

As a result of the foregoing, the operating loss for the nine months ended September 30, 2003 was $1.9 million, or 0.1% of sales.

Net Interest Expense

Net interest expense was $9.9 million for the nine months ended September 30, 2003. We recorded interest expense on amounts outstanding under the term loan portion and revolving credit loan portion of our credit facility negotiated by the Predecessor Company in March 1999 and under the Series 1 Incremental Revolving Credit Facility and the Series 2 Incremental Revolving Credit Facility entered into by the Predecessor Company in November 2000 and in April 2001, respectively until July 8, 2003, the date we filed our Chapter 11 bankruptcy petitions, but not thereafter. As a result, interest expense for the nine month period ended September 30, 2003 does not include approximately $3.8 million that would have been payable under the terms of these facilities had we not filed for Chapter 11 bankruptcy protection.

Financing Costs Amortization

Financing costs amortization expense was $1.7 million for the nine months ended September 30, 2003. We recorded financing costs amortization expense related to the credit facility negotiated by the Predecessor Company in March 1999 until July 8, 2003, the date we filed our Chapter 11 bankruptcy petitions, but not thereafter. We did not record any financing costs amortization expense subsequent to the third quarter of 2003 related to our post-bankruptcy credit facilities.

Derivative Contracts Valuation Expense

We recorded $0.4 million of derivative contracts valuation expense in the nine month period ended September 30, 2003 for our interest rate collar that expired in March 2006 and has a notional value of $26.7 million at September 30, 2003.

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Foreign Currency Loss

We recorded a $0.3 million of foreign currency remeasurement loss for the nine months ended September 30, 2003 as result of certain of our subsidiaries entering into transactions in currencies other than their functional currency.

Reorganization Items, Net

The Predecessor Company recorded a net gain of $5.7 million for the nine months ended September 30, 2003 as a result of adopting Fresh-Start accounting. This net gain was comprised of certain adjustments to the fair value of assets and liabilities resulting in a net charge of $38.6 million, restructuring of the Predecessor Company s capital structure, including a discharge of the senior lenders pre-petition debt, resulting in a net gain of $52.2 million, and charges of $7.9 million for advisory fees and severance directly related to the reorganization. In accordance with Fresh-Start accounting, all assets and liabilities were recorded at their estimated fair values as of September 30, 2003. Such fair values represented our best estimates based on independent appraisals and valuations.

Income Tax Expense

Income tax expense of $3.0 million in the first nine months of 2003 consisted of tax benefit from reversals of domestic income tax reserves associated with resolved tax contingencies, partially offset by taxes on earnings of foreign subsidiaries.

At September 30, 2003, we had a net deferred tax liability of $6.7 million, which represents foreign deferred tax liabilities. At September 30, 2003, we had a full valuation allowance against our domestic net deferred tax assets in accordance with SFAS No. 109, Accounting for Income Taxes, based upon management s assessment that it was more likely than not that the net deferred tax assets would not be realized. Pursuant to Section 108 of the Internal Revenue Code, we materially reduced certain tax attributes on January 1, 2004 due to the recognition of cancellation of indebtedness income in the three-month period ended September 30, 2003.

Net Income

As a result of the foregoing, we reported a net loss of $7.1 million for the first nine months of 2003.

Orders and Backlog

We consider orders to be those for which we have received a firm signed purchase order or other written contractual commitment from the customer. Backlog is comprised of the portion of firm signed purchase orders or other written contractual commitments received from customers that we have not recognized as revenue upon shipment or under the percentage of completion method. Backlog can be significantly affected by the timing of orders for large projects, particularly in the E&C segment, and is not necessarily indicative of future backlog levels or the rate at which backlog will be recognized as sales. Our backlog as of March 31, 2006 and as of December 31, 2005, 2004 and 2003 was $237.0 million, $233.6 million, $129.3 million and $49.6 million, respectively. This significant increase in backlog is primarily attributable to the growth in the global industrial gas and the LNG and natural gas segments of the hydrocarbon processing markets served by the E&C and D&S segments. Substantially all of our December 31, 2005 backlog is scheduled to be recognized as sales during 2006.

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The table below sets forth orders and backlog by segment for the periods indicated:

	Predecessor Company	Reorganized Company			Successor Company	
	Nine Months Ended September 30, 2003	Three Months Ended December 31, 2003	Year Ended December 31, 2004	January 1, 2005 to October 16, 2005	October 17, 2005 to December 31, 2005	Three Months Ended March 31, 2006
	(Dollars in thousands)					
Orders						
Energy & Chemicals	$ 28,621	$ 15,262	$ 121,793	$ 130,786	$ 67,232	$ 30,797
Distribution & Storage	105,233	37,696	193,156	191,188	45,859	76,020
BioMedical	52,751	14,492	77,893	62,396	13,768	18,221
Total	$ 186,605	$ 67,450	$ 392,842	$ 384,370	$ 126,859	$ 125,038
Backlog						
Energy & Chemicals	$ 20,673	$ 19,834	$ 70,766	$ 114,633	$ 147,732	$ 137,346
Distribution & Storage	28,591	27,993	53,900	83,194	79,524	94,621
BioMedical	2,517	1,808	4,613	8,388	6,383	5,066
Total	$ 51,781	$ 49,635	$ 129,279	$ 206,215	$ 233,639	$ 237,033

Orders for the three months ended March 31, 2006 were $125.0 million. E&C segment orders were $30.8 million for three months ended March 31, 2006. E&C orders for the first three months of 2006 were lower than in recent previous quarters primarily due to the timing of the receipt of large orders, particularly those received in the later part of 2005, which is representative of the periodic fluctuations in order amounts that occur in the E&C segment due to the project nature of this business. D&S segment orders for the three months ended March 31, 2006 were $76.0 million. Bulk storage systems and packaged gas systems orders were $31.0 million and $45.0 million, respectively, for the three months ended March 31, 2006. Orders in bulk storage systems and packaged gas systems were primarily driven by continued growth in the global industrial gas market. Among other things, for the three months ended March 31, 2006, bulk storage systems included an engineered tank order of approximately $7.0 million. BioMedical segment orders for the three months ended March 31, 2006 were $18.2 million. Orders for medical respiratory products have been positively impacted by growth in Europe and Asia and our continued penetration of these markets. Biological storage system orders were primarily driven by growth and further penetration in both U.S. and international markets.

For the 2005 Successor Period, orders were $126.9 million. E&C segment orders of $67.2 million remained strong during this period and included several large heat exchanger and LNG systems orders, including an air separation heat exchanger order of $16.0 million. D&C segment orders of $45.9 million were driven by continued strong packaged gas system orders. Bulk storage systems and packaged gas systems orders were $26.9 million and $18.9 million, respectively for this period. BioMedical segment orders were $13.8 during this period as orders in the European and Asian market medical respiratory and U.S. biological storage system products order levels remained strong, while

U.S. medical respiratory product orders continued to decline. This decline is explained further below.

Orders for the 2005 Reorganized Period were $384.4 million. E&C segment orders of $130.8 million remained strong during this period and included a $21.0 million LNG VIP order and a $10.7 million hydrocarbon processing heat exchanger order. D&C segment orders of $191.2 million were driven by continued strong bulk storage systems orders and strong packaged gas system orders, which were $118.5 million and $72.7 million, respectively. This strong order level in the D&S segment is driven by continued demand in the global industrial gas markets served by us. BioMedical segment orders were $62.4 million, as orders for European and Asian medical respiratory products and U.S. biological storage system products continued favorable growth trends due to both continued market penetration and market growth. U.S. medical respiratory product orders during this period were unfavorably impacted by lower orders from a significant customer and announced government reimbursement reductions for liquid oxygen therapy systems.

For the year ended December 31, 2004, orders of $392.9 million were positively affected by improvements in the markets served by all three segments. During 2004, the E&C segment showed a significant increase in orders to $121.8 million, due to increased orders for both the heat exchangers and LNG systems product lines, including orders of $20.4 million and $19.3 million. The demand increase was mainly due to the recovery of the global industrial gas markets and the continuing development of a worldwide natural gas market. The D&S segment orders significantly increased in 2004 to $193.2 million as bulk storage and packaged gas products experienced increased demand as a result of a recovery in the global industrial gas market. During 2004, the BioMedical segment continued its previous trend of increasing order performance with orders of $77.9 million, driven by strong demand for medical respiratory products and biological storage systems both in the U.S. and international markets. Orders for MRI components continued to decline during 2004 as the product line s single customer continued to move business to lower cost manufacturing countries.

For the three months ended December 31, 2003, orders were $67.5 million and for the nine months ended September 30, 2003 were $186.6 million. Although order levels began to improve during the last three months of 2003, orders during the first nine months of 2003 were negatively affected by customer concerns of uncertainty relating to the prolonged debt restructuring initiative and Chapter 11 bankruptcy reorganization, particularly within the E&C segment. BioMedical segment orders during both periods of 2003 were fueled by strong demand for medical respiratory products, but were unfavorably impacted by a reduction in orders for MRI components from its sole customer as they continue to source the product from suppliers in low cost manufacturing countries.

Liquidity and Capital Resources

Debt Instruments and Related Covenants

As of March 31, 2006, we had $170.0 million outstanding under the term loan portion of the senior secured credit facility, $170.0 million outstanding under the senior subordinated notes and $24.9 million of letters of credit and bank guarantees supported by the revolving credit portion of the senior secured credit facility. In connection with the Acquisition, we entered into a $240.0 million senior secured credit facility and completed the $170.0 million offering of $9^{1}/8\%$ senior subordinated notes due 2015. We repaid the term loan portion of our then existing credit facility (the term loan portion and revolving credit portion of the facility are referred to collectively as the 2003 Credit Facility) and certain other debt on or before October 17, 2005, the closing date of the Acquisition. The senior secured credit facility consists of a $180.0 million term loan credit facility and, effective upon the closing of this offering, a $115.0 million revolving credit facility, of which the entire $115.0 million may be used for the issuance of letters of credit, $55.0 million of which may be letters of credit extending more than one year from their date of issuance. The term loan was fully funded on the closing date. The term loan matures on October 17, 2012 and the revolving credit portion of the senior secured credit facility matures on October 17, 2010. As a result of an aggregate of $35.0 million voluntary principal prepayments since October 2005, the term loan requires no principal payments until the remaining balloon payment is due on the maturity date. The interest rate under the senior secured credit facility is, at our option, the Alternative Base Rate, or ABR, plus 1.0% or LIBOR plus 2.0% on the term loan, and ABR plus 1.5% or LIBOR plus 2.5% on the revolving credit portion of the senior secured credit facility. In addition, we are required to pay an annual administrative fee of $0.1 million, a commitment fee of 0.5% on the unused revolving credit balance, a letter of credit participation fee of 2.5% per annum on the letter of credit exposure and letter of credit issuance fee of 0.25%. The obligations under the senior secured credit facility are secured by substantially all of the assets of our domestic subsidiaries and 65% of the capital stock of our non-U.S. subsidiaries. See Description of Indebtedness Senior Secured Credit Facility.

The notes are due in 2015 with interest payable semi-annually on April 15th and October 15th. Any of the notes may be redeemed beginning on October 15, 2010. The initial redemption price is 104.563% of the principal amount, plus accrued interest. Also, any of the notes may be redeemed solely at our option at any time prior to October 15, 2010, plus accrued interest and a make-whole premium. In addition, before October 15, 2008, up to 35% of the notes may be redeemed solely at our option at a price of 109.125% of the principal amount, plus accrued interest, using the proceeds from sales of certain kinds of capital stock. The notes are our general unsecured obligations and are subordinated in right of payment to all of our existing and

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future senior debt, including the senior secured credit facility, *pari passu* in right of payment with all of our future senior subordinated indebtedness, senior in right of payment with any of our future indebtedness that expressly provides for its subordination to the notes, and unconditionally guaranteed jointly and severally by substantially all of our domestic subsidiaries.

The senior secured credit facility and provisions of the indenture governing the notes contain a number of customary covenants, including, but not limited to, restrictions on our ability to incur additional indebtedness, create liens or other encumbrances, sell assets, enter into sale and lease-back transactions, make certain payments, investments, loans, advances and guarantees, make acquisitions and engage in mergers and consolidations, pay dividends and distributions, and make capital expenditures. Our senior secured credit facility also includes covenants relating to leverage and interest coverage ratios. See Description of Indebtedness. At December 31, 2005, we had $175.0 million outstanding under the term loan and $170.0 million in aggregate principal amount of notes outstanding, and letters of credit and bank guarantees totaling $22.4 million supported by the revolving credit portion of the senior secured credit facility.

Chart Ferox, a.s., or, Ferox, our majority-owned subsidiary that operates in the Czech Republic, maintains secured revolving credit facilities with borrowing capacity, including overdraft protection, of up to $9.6 million, of which $4.4 million is available only for letters of credit and bank guarantees. Under the revolving credit facilities, Ferox may make borrowings in Czech Koruna, Euros and U.S. dollars. Borrowings in Koruna are at PRIBOR, borrowings in Euros are at EUROBOR and borrowings in U.S. dollars are at LIBOR, each with a fixed margin of 0.6%. Ferox is not required to pay a commitment fee to the lenders under the revolving credit facilities with respect to the unutilized commitments thereunder. Ferox must pay letter of credit and guarantee fees equal to 0.75% on the face amount of each guarantee. Ferox s land and buildings, and accounts receivable secure $4.6 million and $2.5 million, respectively, of the revolving credit facilities. At December 31, 2005, there was $0.8 million of borrowings outstanding under, and $1.5 million of bank guarantees supported by, the Ferox revolving credit facilities.

Our debt and related covenants are further described in the notes to our consolidated financial statements.

Sources and Uses of Cash

Three Months Ended March 31, 2006 and 2005

Cash provided by operating activities for the three months ended March 31, 2006 was $12.3 million compared with cash used in operating activities of $4.1 million for the three months ended March 31, 2005. The increase in cash provided by operating activities in the three months ended March 31, 2006 compared to the three months ended March 31, 2005 was primarily attributable to increased cash earnings and improved working capital management. In the three months ended March 31, 2005 our E&C segment s working capital was negatively impacted by the timing of billings and payment terms under certain contracts entered into in 2004.

Cash used in investing activities for the three months ended March 31, 2006 was $2.6 million compared with $1.6 million for the three months ended March 31, 2005 and consisted primarily of capital expenditures to support our business growth.

For the three months ended March 31, 2006 and 2005, cash used in financing activities was $5.8 million and $0.6 million, respectively. In the three months ended March 31, 2006, we made a $5.0 million voluntary principal prepayment under the term loan portion of our senior secured credit facility and $0.8 million of net payments under the Ferox revolving credit facilities. In the three months ended March 31, 2005, we made $0.6 million of scheduled principal payments under the term loan portion of the 2003 Credit Facility.

2005 Successor Period

Cash provided by operating activities for the 2005 Successor Period was $18.7 million, which included cash provided by changes in working capital components of $7.6 million.

During the 2005 Successor Period, we used $362.3 million of cash for investing activities. Cash of $356.6 million was used to pay proceeds to our former shareholders as a result of the Acquisition and $5.6 million was used for capital expenditures. The significant capital expenditures were for the construction of the new manufacturing facility in China, the expansion of the biological storage product line manufacturing facility in New Prague, Minnesota and reinvestment to upgrade existing facilities to support business growth.

Cash provided by financing activities for the 2005 Successor Period, was $348.5 million. In connection with the Acquisition, we received proceeds of $350.0 million from the senior secured credit facility and senior subordinated notes and proceeds of $111.3 million from the sale of stock to affiliates of First Reserve. These proceeds were used to pay our former shareholders, repay $76.5 million of long-term debt under the 2003 Credit Facility, pay former stock option holders $15.8 million and pay financing and transaction costs of $11.6 million and $1.8 million, respectively. In addition, we made a voluntary principal prepayment of $5.0 million on the term loan.

2005 Reorganized Period

Cash provided by operating activities for the 2005 Reorganized Period was $15.6 million and included cash used in working capital components of $10.6 million to support the growth in business, particularly in the E&C and D&S segments.

During the 2005 Reorganized Period, we used $20.8 million of cash for investing activities. Cash of $12.0 million, net of cash acquired, was used to acquire 100% of the equity interest in Changzhou CEM Cryo Equipment Co., Ltd, or CEM. The CEM acquisition is further described in the notes to our consolidated financial statements included elsewhere in this prospectus. Cash used for capital expenditures for the period was $11.0 million. The significant capital expenditures were for the construction of the new manufacturing facility in China, the expansion of the biological storage product line manufacturing facility in New Prague, Minnesota and reinvestments to upgrade existing facilities to support growth in our businesses. In addition, we received proceeds of $1.7 million from the settlement of a promissory note related to the 2003 sale of our former Greenville Tube, LLC stainless steel tubing business.

For the 2005 Reorganized Period, $1.7 million of cash was provided by financing activities. We borrowed $18.9 million under our revolving credit facilities, including $10.0 million in the second quarter of 2005 under the revolving credit portion of the 2003 Credit Facility to finance our acquisition of CEM. In addition, we made net payments under the revolving credit portion of our 2003 Credit Facility and other revolving credit facilities of $15.9 million and $1.9 million of scheduled principal payments under the term loan portion of the 2003 Credit Facility, and $1.1 million of payments on other long-term debt. Proceeds from the sale of stock during this period were $1.7 million.

Year Ended December 31, 2004

Cash provided by operating activities was $35.1 million for the year ended December 31, 2004, which was primarily a result of improved operating performance of all of our business segments, including increased sales, realized savings due to continued restructuring efforts and our successful reorganization under the Bankruptcy Code enabling us to return to normal payment terms with most of our vendors. This positive cash flow was partially offset by increased inventory levels, particularly at the BioMedical segment to ensure uninterrupted service to customers during the transfer of manufacturing operations from the Burnsville, Minnesota facility to the Canton, Georgia facility.

In 2004, net cash used for investing activities was $3.3 million. Capital expenditures were $9.4 million and included the expansion of the Canton, Georgia facility to accommodate the transfer of medical product line manufacturing to that facility from the Burnsville, Minnesota facility, the expansion of our operations in China and reinvestment into other facilities. In addition, we received cash proceeds on the sale of assets of $6.1 million in 2004, which included $4.3 million from the sale of the Burnsville, Minnesota facility, $0.6 million from the sale of a vacant building and parcel of land at the New Prague, Minnesota facility, and $1.1 million from the sale of equipment at the Plaistow, New Hampshire facility.

We used $35.7 million of cash for financing activities in 2004. We paid $33.1 million to reduce our long-term debt. This amount included voluntary prepayments made in April, September and December 31, 2004, of $10.0 million, $12.0 million and $8.0 million respectively, on the term loan portion of our 2003 Credit

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Facility. The prepayments were made due to the significant amount of cash provided by the operating activities in 2004. Each prepayment reduced all future scheduled quarterly amortization payments on a pro-rata basis. Also, we used $1.9 million of cash for our debt restructuring initiatives including costs associated with the reorganization. We were required to delay until January 2004, when our fee applications were approved by the U.S. Bankruptcy Court, payments of approximately $0.9 million in bankruptcy related fees to various professional service providers.

Three Months Ended December 31, 2003

Our cash provided by operating activities was $5.0 million for the three months ended December 31, 2003. This cash flow was primarily generated from working capital improvements as we continued to benefit from our successful Chapter 11 bankruptcy reorganization by improved timeliness of customer cash collections on trade receivables, reduced inventory levels and improved vendor payment terms.

Cash provided by investing activities was $0.2 million, while cash used in financing activities was $14.0 million for this three month period. We made term loan principal payments of $10.9 million, including a voluntary $10.0 million prepayment in December 2003 under the term loan portion of our 2003 Credit Facility that reduced all future scheduled quarterly principal payments on a pro-rata basis. In addition, we had net payments under the revolving credit portion of our 2003 Credit Facility and other revolving credit facilities of $2.6 million.

Nine Months Ended September 30, 2003

Cash provided by operating activities for the nine months ended September 30, 2003 was $19.5 million. The cash provided from operations and working capital improvements was $16.9 million and $2.6 million, respectively. The working capital improvements were primarily attributable to the successful Chapter 11 bankruptcy reorganization as we strengthened our credit and collection policies and improved our cash collections of trade receivables, reduced cash requirements for inventory purchases due to the closure of several manufacturing facilities and the return to normal payments terms with a significant number of our vendors.

During this nine-month period, $15.1 million of cash was provided by investing activities. $16.1 million was provided by the proceeds from the sale of assets, including $13.5 from the sale of certain assets and liabilities from our Greenville Tube, LLC stainless steel tubing business, and $2.5 million from the sale of certain fixed assets of the cyropump and valves product line from our closed Columbus, Ohio manufacturing facility. The proceeds from these sales were primarily used to fund certain senior debt interest payments, pay certain professional fees, and provide increased liquidity for working capital and other corporate needs.

Our cash used in financing activities was $15.9 million. We used $12.6 million to pay fees for our debt restructuring initiatives, $1.3 million for net payments under our then-existing credit facilities and $1.2 million for long-term debt payments. The remaining cash of $0.8 million was used for interest rate collar payments and purchases of treasury stock.

Cash Requirements

We do not anticipate any unusual cash requirements for working capital needs for the remaining nine months of 2006. We anticipate that we will use more cash during 2006 for capital expenditures than we have used in recent years, subject to restrictions under our senior secured credit facility. A significant portion of capital expenditures will be for facility expansions and related equipment to increase capacity in the E&C and D&S segments. Management believes that these expansions are necessary to support our current backlog levels and our expected growth in business due to increased demand in the industrial gas and LNG and gas to liquid, or GTL, segments of the hydrocarbon gas markets. In addition, we expect to pursue strategic business acquisitions in the remaining nine months of 2006 to complement our existing product offerings.

For the remaining nine months of 2006, cash requirements for debt service are forecasted to be approximately $25.0 million for scheduled interest payments under our senior secured credit facility and the senior subordinated notes. We are not required to make any scheduled principal payments during the remaining nine months of 2006 under the term loan portion of our senior secured credit facility due to the voluntary principal prepayments that have been made to date. For the remaining nine months of 2006, we expect to use approximately $16.0 million of cash for both U.S. and foreign income taxes and contribute approximately $1.1 million of cash to our four defined benefit pension plans to meet ERISA minimum funding requirements.

Since March 31, 2006, we have received $37.1 million from the exercise of the existing warrant held by FR X Chart Holdings LLC to purchase 573,027 shares of common stock. We also received $2.1 million from the exercise of 131,823 rollover options for the issuance of an equivalent number of shares of common stock. We used approximately $16.5 million of these proceeds to complete our acquisition of Cooler Service on May 26, 2006, as described under the caption Prospectus Summary Recent Developments , and used the remainder of these proceeds and other cash on hand to make a voluntary principal prepayment of $25.0 million under the term loan portion of our senior secured credit facility in the second quarter of 2006.

Contractual Obligations

Our known contractual obligations as of December 31, 2005 and cash requirements resulting from those obligations are as follows:

	Payments Due by Period				
	Total	**2006**	**2007-2008**	**2009-2010**	**2011 and Thereafter**
	(Dollars in thousands)				
Long-term debt(1)	$ 345,000	$	$ 720	$ 2,880	$ 341,400
Interest on long-term debt(1)	236,531	27,729	54,957	54,689	99,156
Operating leases	9,255	2,040	3,568	2,939	708
Pension obligations	16,596	1,176	2,589	3,010	9,821
Total contractual cash obligations	$ 607,382	$ 30,945	$ 61,834	$ 63,518	$ 451,085

(1) We intend to repay indebtedness using the net proceeds of this offering. This will reduce our long-term debt and interest obligations. See Use of Proceeds and Unaudited Pro Forma Financial Information.

The interest payments in the above table were estimated based upon our existing debt structure at December 31, 2005, which included the senior secured credit facility and senior subordinated notes, less scheduled debt payments each year, and the interest rates in effect at December 31, 2005. The planned funding of the pension and other post-employment obligations were based upon actuarial and management estimates taking into consideration the current status of the plans.

Our commercial commitments as of December 31, 2005, which include standby letters of credit and bank guarantees, represent potential cash requirements resulting from contingent events that require performance by us or our subsidiaries pursuant to funding commitments, and are as follows:

	Total	**2006**	**2007-2008**
	(Dollars in thousands)		
Standby letters of credit	$ 12,325	$ 10,585	$ 1,740
Bank guarantees	11,623	9,279	2,344
Total commercial commitments	$ 23,948	$ 19,864	$ 4,084

Capital Structure

As a result of the Acquisition, we had 1,718,896 shares of common stock issued and outstanding at December 31, 2005. Also, in connection with the Acquisition, a warrant to purchase 573,027 shares of our common stock was issued in November 2005 to FR X Chart Holdings LLC and 218,408 stock options, which we refer to as the New Options, under the 2005 Stock Incentive Plan were granted to management to

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purchase shares of our common stock at an exercise price of $64.75 per share. In addition, certain members of management rolled over 131,823 stock options in the Acquisition from our 2004 Stock Option and Incentive Plan, the exercise price of which was adjusted to $16.19 per share.

The warrant may be exercised anytime, including on a cashless basis, and expires in March 2014. The New Options are exercisable for a period of ten years and have two different vesting schedules. 77,094 of the New Options are time-based, or Time-based Options, and vest 20% per year over a five-year period, and 141,314 of the New Options are performance-based, or Performance-based Options, and vest based upon specified returns on First Reserve s investment in the company. In addition, 122,470 of the rollover options were vested on the closing date of the Acquisition and the remaining 9,353 rollover options vested in the first six months of 2006. On October 17, 2005, we adopted SFAS 123(R) Share-Based Payments to account for our 2005 Stock Incentive Plan. See Recently Adopted Accounting Standards below for further information regarding the adoption of SFAS 123(R).

Since March 31, 2006, the warrant has been exercised and 573,027 shares were issued to FR X Chart Holdings LLC and the 131,823 rollover options have been exercised for an equivalent number of shares. Each of such exercises was done on a cash basis.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as defined in the Securities Act.

Contingencies

We are involved with environmental compliance, investigation, monitoring and remediation activities at certain of our operating facilities, and accrue for these activities when commitments or remediation plans have been developed and when costs are probable and can be reasonably estimated. Historical annual cash expenditures for these activities have been charged against the related environmental reserves. Future expenditures relating to these environmental remediation efforts are expected to be made over the next 8 to 14 years as ongoing costs of remediation programs. Management believes that any additional liability in excess of amounts accrued, which may result from the resolution of such matters should not have a material adverse effect on our financial position, liquidity, cash flows or results of operations.

In March 2003, CHEL filed for a voluntary administration under the U.K. Insolvency Act of 1986. It is uncertain whether we will be subject to any significant liability resulting from CHEL s insolvency administration. See Business Legal Proceedings.

In 2004, as part of the Plaistow, New Hampshire manufacturing facility closure, we withdrew from the multi-employer pension plan related to the Plaistow employees. We continue to carry a related estimated withdrawal liability of $0.2 million at December 31, 2005. Any additional liability in excess of the amount accrued is not expected to have a material adverse impact on our financial position, liquidity, cash flow or results of operations.

We are occasionally subject to various other legal actions related to performance under contracts, product liability and other matters, several of which actions claim substantial damages, in the ordinary course of our business. Based on our historical experience in litigating these actions, as well as our current assessment of the underlying merits of the actions and applicable insurance, we believe the resolution of these other legal actions will not have a material adverse effect on our financial position, liquidity, cash flows or results of operations.

Foreign Operations

During 2005, we had operations in Australia, China, the Czech Republic, Germany and the United Kingdom, which accounted for 23.3% of consolidated revenues and 13.5% of total assets at December 31, 2005. Functional currencies used by these operations include the Australian Dollar, the Chinese Renminbi Yuan, the Czech Koruna, the Euro and the British Pound. We are exposed to foreign currency exchange risk as a result of transactions by these subsidiaries in currencies other than their functional currencies, and from transactions by our domestic operations in currencies other than the U.S. Dollar. The majority of these functional currencies and the other currencies in which we record transactions are fairly stable. The use of these currencies, combined with the use of foreign currency forward purchase and sale contracts, has enabled us to be sheltered from significant gains or losses resulting from foreign currency transactions. This situation could change if these currencies experience significant fluctuations in their value as compared to the U.S. Dollar.

Application of Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and are based on the selection and application of significant accounting policies, which require management to make estimates and assumptions. Although Fresh-Start accounting required the selection of appropriate accounting policies for the Reorganized Company, the significant accounting policies previously used by the Predecessor Company have generally continued to be used by the Reorganized Company and Successor Company. Management believes the following are some of the more critical judgmental areas in the application of its accounting policies that affect its financial position and results of operations.

Allowance for Doubtful Accounts. We evaluate the collectibility of accounts receivable based on a combination of factors. In circumstances where we are aware of a specific customer s inability to meet its financial obligations (e.g., bankruptcy filings, substantial downgrading of credit scores), a specific reserve is recorded to reduce the receivable to the amount we believe will be collected. We also record allowances for doubtful accounts based on the length of time the receivables are past due and historical experience. If circumstances change (e.g., higher-than-expected defaults or an unexpected material adverse change in a customer s ability to meet its financial obligations), our estimates of the collectibility of amounts due could be changed by a material amount.

Inventory Valuation Reserves. We determine inventory valuation reserves based on a combination of factors. In circumstances where we are aware of a specific problem in the valuation of a certain item, a specific reserve is recorded to reduce the item to its net realizable value. We also recognize reserves based on the actual usage in recent history and projected usage in the near-term. If circumstances change (e.g., lower-than-expected or higher-than-expected usage), estimates of the net realizable value could be changed by a material amount.

Long-Lived Assets. We monitor our long-lived assets for impairment indicators on an ongoing basis in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. If impairment indicators exist, we perform the required analysis and record impairment charges in accordance with SFAS No. 144. In conducting our analysis, we compare the undiscounted cash flows expected to be generated from the long-lived assets to the related net book values. If the undiscounted cash flows exceed the net book value, the long-lived assets are considered not to be impaired. If the net book value exceeds the undiscounted cash flows, an impairment loss is measured and recognized. An impairment loss is measured as the difference between the net book value and the fair value of the long-lived assets. Fair value is estimated based upon either discounted cash flow analyses or estimated salvage values. Cash flows are estimated using internal forecasts as well as assumptions related to discount rates. Changes in economic or operating conditions impacting these estimates and assumptions could result in the impairment of long-lived assets. In 2006, we expect to record approximately $4.3 million of amortization expense related to backlog.

Goodwill and Other Indefinite Lived Intangible Assets. Under SFAS No. 142, Goodwill and Other Intangible Assets , we evaluate goodwill and indefinite lived intangible assets for impairment on an annual basis. To test for impairment, we are required to estimate the fair market value of each of our reporting units. We developed a model to estimate the fair market value of our reporting units. This fair market value model incorporates our estimates of future cash flows, estimates of allocations of certain assets and cash flows among reporting units, estimates of future growth rates and management s judgment regarding the applicable discount rates to use to discount those estimated cash flows. Changes to these judgments and estimates could result in a significantly different estimate of the fair market value of the reporting units, which could result in a different assessment of the recoverability of goodwill and other indefinite lived intangible assets.

Pensions. We account for our defined benefit pension plans in accordance with SFAS No. 87, Employers Accounting for Pensions, which requires that amounts recognized in financial statements be determined on an actuarial basis. Our funding policy is to contribute at least the minimum funding amounts

required by law. SFAS No. 87 and the policies used by us, notably the use of a calculated value of plan assets (which is further described below), generally reduce the volatility of pension expense from changes in pension liability discount rates and the performance of the pension plans assets.

A significant element in determining our pension expense in accordance with SFAS No. 87 is the expected return on plan assets. We have assumed that the expected long-term rate of return on plan assets as of December 31, 2005 will be 8.25%. These expected return assumptions were developed using a simple averaging formula based upon the plans investment guidelines and the historical returns of equities and bonds. While over the long term, the investment strategy employed with our pension plan assets has earned in excess of such rates, we believe our assumptions for expected future returns are reasonable. However, we cannot guarantee that we will achieve these returns in the future. The assumed long-term rate of return on assets is applied to the market value of plan assets. This produces the expected return on plan assets that reduces pension expense. The difference between this expected return and the actual return on plan assets is deferred. The net deferral of past asset gains or losses affects the calculated value of plan assets and, ultimately, future pension expense.

At the end of each year, we determine the rate to be used to discount plan liabilities. The discount rate reflects the current rate at which the pension liabilities could be effectively settled at the end of the year. In estimating this rate, we look to rates of return on high quality, fixed-income investments that receive one of the two highest ratings given by a recognized rating agency and the expected timing of benefit payments under the plan. At December 31, 2005, we determined this rate to be 5.50%. Changes in discount rates over the past three years have not materially affected pension expense, and the net effect of changes in the discount rate, as well as the net effect of other changes in actuarial assumptions and experience, has been deferred as allowed by SFAS No. 87.

At December 31, 2005, our consolidated net pension liability recognized was $6.9 million, a decrease of $2.3 million from December 31, 2004. The decrease is primarily due to an increase in the fair value of plan assets during 2005, and the recognition of the previously determined net unamortized gain at the closing date of the Acquisition in accordance with SFAS 141, Business Combinations. For the 2005 Successor Period and the 2005 Reorganized Period, we recognized approximately $0.01 million and $0.2 million, respectively, of pension income. The consolidated pension expense for the year ended December 31, 2004 was $0.8 million. The pension expense has decreased in the 2005 periods primarily due to the freezing of a third defined benefit pension plan at December 31, 2004 and the elimination of amortization of prior service costs at October 17, 2005 in accordance with SFAS 141. We currently expect that the pension income in 2006 will be approximately $0.5 million, an improvement from the 2005 and 2004 pension income and expense, respectively, due to the freezing of all four defined benefit pension plans.

Environmental Remediation Obligations. Our obligation for known environmental problems at our current and former manufacturing facilities have been recognized on an undiscounted basis based on estimates of the cost of investigation and remediation at each site. Management reviews our environmental remediation sites quarterly to determine if additional cost adjustments or disclosures are required. The characteristics of environmental remediation obligations, where information concerning the nature and extent of clean-up activities is not immediately available and changes in regulatory requirements frequently occur, result in a significant risk of increase to the obligations as they mature. Expected future expenditures are not discounted to present value and potential insurance recoveries are not recognized until realized.

Product Warranty Costs. We estimate product warranty costs and accrue for these costs as products are sold. Estimates are principally based upon historical product warranty claims experience over the warranty period for each product line. Due to the uncertainty and potential volatility of these warranty estimates, changes in assumptions could materially affect net income.

Revenue Recognition Long-Term Contracts. We recognize revenue and gross profit as work on long-term contracts progresses using the percentage of completion method of accounting, which relies on estimates of total expected contract revenues and costs. We follow this method since reasonably dependable estimates of the revenue and costs applicable to various stages of a contract can be made. Since the financial reporting of these contracts depends on estimates, which are assessed continually during the term of the contract,

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recognized revenues and profit are subject to revisions as the contract progresses toward completion. Revisions in profit estimates are reflected in the period in which the facts that give rise to the revision become known. Accordingly, favorable changes in estimates result in additional profit recognition, and unfavorable changes will result in the reversal of previously recognized revenue and profits. When estimates indicate a loss is expected to be incurred under a contract, cost of sales is charged with a provision for such loss. As work progresses under a loss contract, revenue and cost of sales continue to be recognized in equal amounts, and the excess of costs over revenues is charged to the contract loss reserve. Change orders resulting in additional revenue and profit are recognized upon approval by the customer based on the percentage that incurred costs to date bear to total estimated costs at completion. We use the percentage of completion method of accounting primarily in the E&C segment, with the balance made up by the D&S segment.

Recently Adopted Accounting Standards

In December 2004, the FASB issued SFAS No. 123 (revised 2004), Share-Based Payment. SFAS No. 123(R) is a revision of SFAS No. 123, Accounting for Stock-Based Compensation and supersedes Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and amends SFAS No. 95, Statement of Cash Flows. SFAS 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values and eliminates the pro forma disclosure option allowed under SFAS 123. SFAS 123(R) is effective for nonpublic entities for fiscal years beginning after December 15, 2005. We adopted SFAS 123(R) on October 17, 2005 in conjunction with the Acquisition.

In December 2004, the FASB issued FASB Staff Position, or FSP, FSP No. 109-1, Application for FASB Statement No 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004. FSP 109-1 is intended to clarify that the domestic manufacturing deduction should be accounted for as a special deduction (rather than a rate reduction) under SFAS No. 109, Accounting for Income Taxes. A special deduction is recognized under SFAS 109 as it is earned. The adoption of this statement did not have a material impact on our financial position or results of operations.

In December 2004, the FASB issued FSP No. 109-2, Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004. FSP 109-2 provides guidance under SFAS No. 109, Accounting for Income Taxes, with respect to recording the potential impact of the repatriation provisions of the American Jobs Creation Act of 2004, or the Jobs Act, on enterprises income tax expense and deferred tax liability. The Jobs Act was enacted on October 22, 2004. FSP 109-2 states that an enterprise is allowed time beyond the financial reporting period of enactment to evaluate the effect of the Jobs Act on its plan for reinvestment or repatriation of foreign earnings for purposes of applying SFAS No. 109. We completed evaluating the impact of the repatriation provisions, and the adjustment as provided for in FSP 109-2, did not have a material impact on our tax expense or deferred tax liability.

In March 2005, the FASB issued FASB Interpretation No. 47 Accounting for Conditional Asset Retirement Obligations. This interpretation requires companies to recognize a liability for the fair value of a legal obligation to perform asset retirement activities that are conditional on a future event if the amount can be reasonably estimated. This statement is effective for the year ending December 31, 2005. The adoption of this statement did not have a material affect on our financial position, results of operations, liquidity or cash flows.

Recently Issued Accounting Standards

The Financial Accounting Standards Board, or FASB, has recently issued the following Statements of Financial Accounting Standards that we have not adopted as of December 31, 2005:

In December 2004, the FASB issued SFAS No. 151, Inventory Costs. SFAS No 151 requires abnormal amounts of inventory costs related to idle facility, freight handling and wasted material expenses to be recognized as current period charges. Additionally, SFAS No. 151 requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities.

The standard is effective for fiscal years beginning after June 15, 2005. We are currently evaluating the effect the adoption of SFAS No. 151 will have on our financial position or results of operations.

In June 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections. SFAS 154 replaces APB Opinion No. 20, Accounting Changes and SFAS 3, Reporting Accounting Changes in Interim Financial Statements. SFAS 154 requires that a voluntary change in accounting principle be applied retrospectively with all prior period financial statements presented on the new accounting principle. SFAS 154 also requires that a change in method of depreciating and amortizing a long-lived asset be accounted for prospectively as a change in estimate, and the correction of errors in previously issued financial statements should be termed a restatement. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The implementation of SFAS 154 does not have an impact our present consolidated financial statements and will only affect financial statements to the extent there are future accounting changes or errors.

Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, our operations are exposed to continuing fluctuations in foreign currency values and interest rates that can affect the cost of operating and financing. Accordingly, we address a portion of these risks through a program of risk management.

Our primary interest rate risk exposure results from the current senior secured credit facility s various floating rate pricing mechanisms. We entered into an interest rate derivative contract, or collar, in March 1999 to manage interest rate risk exposure relative to our debt. This collar had a notional amount of $4.4 million at December 31, 2005 and expired in March 2006. The fair value of the contract related to the collar outstanding December 31, 2005 is a liability of less than $0.1 million and is recorded in accrued interest. If interest rates were to increase 100 basis points (1%) from December 31, 2005 rates, and assuming no changes in debt from the December 31, 2005 levels, our additional annual expense would be approximately $1.8 million on a pre-tax basis.

We have trade receivables and payables and cash flows in foreign currencies other than the functional currencies of our subsidiaries creating foreign exchange risk, the primary foreign currencies being the British Pound, the Czech Koruna and the Euro. Monthly measurement, evaluation and forward exchange contracts are employed as methods to reduce this risk. We enter into foreign exchange forward contracts at Chart Ferox a.s., our Czech Republic subsidiary, to hedge anticipated and firmly committed foreign currency transactions. We do not hedge foreign currency translation or foreign currency net assets or liabilities. The terms of these forward contracts are one year or less. Historically, changes in foreign currency exchange rates have not had a significant impact on our operating results or cash flows.

Covenant Compliance

We believe that our senior secured credit facility and the indenture governing our outstanding notes are material agreements, that the covenants are material terms of these agreements and that information about the covenants is material to an investor s understanding of our financial condition and liquidity. The breach of covenants in the senior secured credit facility that are tied to ratios based on Adjusted EBITDA, as defined below, could result in a default under the senior secured credit facility and the lenders could elect to declare all amounts borrowed due and payable. Any such acceleration would also result in a default under our indenture. Additionally, under the senior secured credit facilities and indenture, our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is also tied to ratios based on Adjusted EBITDA.

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Covenant levels and pro forma ratios for the four quarters ended March 31, 2006 are as follows:

	Covenant Level	Four Quarters Ended March 31, 2006 Ratio
Senior Secured Credit Facility(1)		
Minimum Adjusted EBITDA to cash interest ratio	1.75x	3.00x
Maximum total debt to Adjusted EBITDA ratio	6.75x	4.15x
Indenture(2)		
Minimum pro forma Adjusted EBITDA to pro forma fixed charge coverage ratio required to incur additional debt pursuant to ratio provisions(3)	2.0x	3.00x

(1) The senior secured credit facility requires us to maintain an Adjusted EBITDA to cash interest ratio starting at a minimum of 1.75x and a total net debt to Adjusted EBITDA ratio starting at a maximum of 6.75x. Failure to satisfy these ratio requirements would constitute a default under the senior secured credit facility. If lenders under the senior secured credit facility failed to waive any such default, repayment obligations under the senior secured credit facility could be accelerated, which would also constitute a default under the indenture.

(2) Our ability to incur additional debt and make certain restricted payments under our indenture, subject to specified exceptions, is tied to an Adjusted EBITDA to fixed charge ratio of at least 2.0 to 1.0.

(3) The ratio is calculated giving pro forma effect to the Acquisition and the incurrence of debt under the indenture and the senior secured credit facility.

Adjusted EBITDA as used herein is defined as net income before interest expense, provision for income taxes, depreciation and amortization and further adjusted to exclude non-recurring items, non-cash items and other adjustments permitted in calculating covenants contained in the related senior secured credit facility and indenture governing the notes, as shown in the table below. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA are appropriate to provide additional information to investors to demonstrate compliance with financing covenants and our ability to pay dividends.

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The presentation of Adjusted EBITDA, a non-GAAP financial measure, and ratios based thereon, do not comply with accounting principles generally accepted in the United States.

	Predecessor Company	Reorganized Company				Successor Company		
	Nine Months Ended September 30, 2003	Three Months Ended December 31, 2003	Year Ended December 31, 2004	January 1, 2005 to October 16, 2005	Three Months Ended March 31 2005	October 17, 2005 to December 31, 2005	Three Months Ended March 31 2006	Pro Forma Year Ended December 31, 2005
	(Dollars in thousands)							
Net income (loss)	$ (7,085)	$ 31	$ 22,600	$ 8,858	5,535	$ (506)	6,045	(8,486)
Income tax expense (benefit)	3,047	(125)	10,134	7,159	3,071	(441)	2,980	(3,602)
Interest expense net	10,300	1,344	4,712	4,164	985	5,556	6,545	27,401
Depreciation and amortization(a)	9,260	2,225	8,490	6,808	1,944	4,396	5,194	20,987
EBITDA	$ 15,522	$ 3,475	$ 45,936	$ 26,989	11,535	$ 9,005	20,764	36,300
EBITDA	$ 15,522	$ 3,475	$ 45,936	$ 26,989	$ 11,535	$ 9,005	$ 20,764	36,300
Stock-based compensation expense(b)			2,433	9,508	592	437	321	9,945
Inventory valuation charge(c)		5,368				8,903		8,903
Acquisition expenses(d)				6,602				6,602
In-process research and development charge(e)				2,768				2,768
Hurricane losses(f)				1,057		406	182	1,463
Employee separation and plant closure costs(g)	1,338	1,010	3,346	1,700	703	255	162	1,955
Reorganization expenses(h)	369	357	706	1,470	73	88	45	1,558
Appraisal rights settlement(i)						500		500

Management fees(j)			380	306	95			
(Gain) loss on sale of assets(k)	8,929	(57)	133	(131)		78		(53)
Income from discontinued operations(l)	(833)							
Adjusted EBITDA	$ 25,325	$ 10,153	$ 52,934	$ 50,269	$ 12,998	$ 19,672	$ 21,474	69,941

(a) The nine months ended September 30, 2003, the 2005 Successor Period and the three months ended March 31, 2006 include financing costs amortization of $1.7 million, $0.3 million and $0.4 million respectively.

(b) Represents stock-based compensation charges for stock and stock options issued to key employees and directors, and an additional charge for the cash-out of stock options in the 2005 Reorganized Period as a result of the Acquisition. Although it may be of limited relevance to holders of our debt instruments, it may be of more relevance to our equity holders, since such equity holders ultimately bear such expenses.

(c) Represents a non-cash inventory valuation charge recorded in cost of sales for the adjustment of inventory to fair value as a result of Fresh-Start accounting as of September 30, 2003 and purchase accounting as of October 17, 2005, the closing date of the Acquisition. Under Fresh-Start and purchase accounting, inventory was adjusted to the fair value as of the dates indicated above, and a corresponding charge was taken in the subsequent three months ended December 31, 2003 and the 2005 Successor Period cost of sales as the inventory was sold.

(d) Represents acquisition expenses, primarily professional fees, incurred by us as a result of the Acquisition.

(e) Represents a non-cash charge for purchased in-process research and development in conjunction with the acquisition of CEM in 2005.

(f) Represents losses and costs incurred related to the damaged caused by Hurricane Rita at our New Iberia, Louisiana facilities.

(g) Includes inventory valuation charges recorded in cost of sales, and severance expenses, facility exit costs and non-operating expenses related to the execution of our operational restructuring plan, which primarily included moving the Burnsville, Minnesota manufacturing operations to Canton, Georgia, closing the Plaistow, New Hampshire and Wolverhampton, United Kingdom manufacturing facilities and closing the Westborough, Massachusetts engineering office.

(h) Includes pre-bankruptcy debt restructuring-related fees, Fresh-Start accounting adjustments and expenses, and a claim settlement related to our 2003 bankruptcy reorganization.

(i) Represents a charge for the settlement of former Reorganized Company shareholders appraisal rights claims as a result of the Acquisition.

(j) Represents non-recurring management fees charged by our Reorganized Company majority shareholders, which are not charged by First Reserve.

(k) Includes non-recurring gains and losses and charges on the sale, disposal or impairment of assets.

(l) Represents income from our former Greenville Tube, LLC stainless steel tubing business, which was sold in July 2003.

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INDUSTRY OVERVIEW

Our products and services are important components to the liquid gas supply chain. They are employed in cryogenic liquid production, purification, transportation, distribution, storage and other processes in which cryogenic liquids are converted into the desired gases. These processes are important to the use of hydrocarbon and industrial gases. Important applications include LNG liquefaction and regasification, gas to liquids, natural gas and petrochemical processing, industrial gas production, transportation and storage, home healthcare applications and biomedical research. Accordingly, global demand for natural gas and industrial gases are fundamental drivers of our business.

Natural gas usage is increasing rapidly due to its advantageous environmental characteristics, superior heat efficiency, and growth in other applications such as petrochemical feedstock. According to the International Energy Agency or IEA, the consumption of natural gas will exceed that of coal by 2015. The Energy Information Administration or EIA, projects that global natural gas usage will grow 2.4% annually from 2002 to 2020 compared to 2.0% for oil and 2.3% for coal.

Growing Natural Gas Consumption

Source: LNG World Energy Outlook May 19-20, 2005 International Energy Agency presentation

Source: Industrial Energy Outlook 2005 July 2005 Energy Information Administration Publication

LNG is expected to be the fastest growing segment of the natural gas value chain. New supplies of natural gas are largely found in areas that are long distances from the consumers of natural gas. In circumstances where pipeline transport is not feasible, natural gas must be converted into a more compact, liquid form, in order to effectively transport it to the required location. Products that enable the liquefaction of natural gas and re-gasification of LNG for transportation and storage are critical to the LNG industry.

The LNG liquefaction process is currently the largest LNG market for our products. Our heat exchangers, cold boxes, vacuum-insulated pipe, or VIP, and other products are used by customers in the LNG market to liquefy, transport, distribute and store natural gas. According to the IEA, investments in global LNG facilities are expected to total approximately $250 billion from 2001 to 2030.

Energy Ventures Analysis projects LNG liquefaction capacity to increase 15.2% per annum from 2005 through 2011.

Source: Energy Ventures Analysis, 2005

Commensurate with the increased LNG liquefaction investment and capacity, transportation of LNG is expected to outpace pipeline transport of natural gas over the next couple decades. The IEA expects the transportation of LNG in 2030 to be more than six times the level in 2001. Once this LNG reaches its end market it will either be re-gasified for pipeline distribution or distributed or stored in LNG format using cryogenic tanks where there is no pipeline infrastructure.

Source: LNG World Energy Outlook May 19-20, 2005 International Energy Agency presentation

Hydrocarbon processing is another substantial market for our products. In natural gas processing, customers employ cryogenic equipment to separate and purify natural gas and then to further separate natural gas into its component elements such as ethane, propane, butane, other natural gas to liquids and by-products such as helium. In petrochemical processing, customers use cryogenic separation and purification processes to convert natural gas elements into ethylene (the basic building block of plastics), propylene and numerous other industrial chemicals. The hydrocarbon processing market uses many of the products from our cryogenic categories in the gas separation and purification processes and the subsequent storage and distribution of liquid gases. Major customers for our products in the hydrocarbon processing markets are large multinational firms in the oil and gas industry, and large engineering and construction firms.

Industrial gas demand is another fundamental driver of our business. Growth in the industrial gas market is driven by the underlying demand for products that require oxygen, nitrogen, argon and other air gases. Producers of industrial gases separate atmospheric air into its component gases using cryogenic processes. The resultant liquid gases are then stored and transported for ultimate use by a wide variety of customers in the petrochemical, electronics, glass, paper, metals, food, fertilizer, welding, enhanced oil recovery and medical industries. The industrial gas market uses our products throughout this process, for the separation, purification, storage and distribution of gases. Notably, the oil and chemicals sector is a substantial user of industrial gases, for stimulating well pressure, refining oil, producing petrochemicals and other applications.

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According to Spiritus Consulting, or Spiritus, revenue in the industrial gas market grew at 6.6% per annum from 1999 to 2004. Spiritus projects the global industrial gas market to grow at 7.0% per annum through 2009, fueled by growth of 9.0% per annum in Asia, the Middle East and Africa. The following graph was prepared by us using data from the Spiritus Consulting Report, 2004.

Industrial Gas Sales Growth by Region

Source: Spiritus Consulting Report, 2004

Our BioMedical segment is primarily driven by growth in home healthcare and biomedical research. Growth in the home healthcare market is being driven by the trend of decreased hospital inpatient stays in favor of lower cost outpatient treatments as well as by the aging U.S. population. According to U.S. Census data, the U.S. population aged 65 and over will grow from 35.0 million in 2000 to 46.8 million by 2015.

Growth in U.S. Elderly Population
Aged 65+

Source: U.S. Census Bureau, 2000

Growth in an aging population as well as increases in the number of respiratory disease cases is expected to increase demand for respiratory therapy and home-based oxygen devices. Respiratory therapy, which includes liquid oxygen systems, oxygen compression systems and oxygen concentrators, is a primary product service of our BioMedical segment.

Similarly, the global expansion of bio-tech and stem cell research, and cord blood storage is expected to increase demand for our biological storage products for storing biological material. Additionally, U.S. Homeland Security initiatives in response to acts of bio-terrorism should drive greater demand for our biological storage products. Global artificial insemination is expected to grow as countries are moving toward independence in their dairy and beef production.

We believe that equipment suppliers that are diversified in terms of product offerings that span the entire supply chain for users of hydrocarbon and industrial gases will continue to be industry leaders.

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BUSINESS

Overview

We are a leading independent global manufacturer of highly engineered equipment used in the production, storage and end-use of hydrocarbon and industrial gases, based on our sales and the estimated sales of our competitors. We supply engineered equipment used throughout the liquid gas supply chain globally. The largest portion of end-use applications for our products is energy-related, accounting for 51% of sales and 58% of orders in 2005, and 77% of backlog at December 31, 2005. We are a leading manufacturer of standard and engineered equipment primarily used for low-temperature and cryogenic applications. We have developed an expertise in cryogenic systems and equipment, which operate at low temperatures sometimes approaching absolute zero (0° Kelvin; -273° Centigrade; -459° Fahrenheit). The majority of our products, including vacuum-insulated containment vessels, heat exchangers, cold boxes and other cryogenic components, are used throughout the liquid gas supply chain for the purification, liquefaction, distribution, storage and use of hydrocarbon and industrial gases.

Our primary customers are large, multinational producers and distributors of hydrocarbon and industrial gases and their suppliers. We sell our products and services to more than 2,000 customers worldwide. We have developed long-standing relationships with leading companies in the gas production, gas distribution, gas processing, LNG, chemical and industrial gas industries, including Air Products, Praxair, Airgas, Air Liquide, JGC Corporation, or JGC, Bechtel Corporation, General Electric, or GE, ExxonMobil, British Petroleum, or BP, and ConocoPhillips, many of whom have been purchasing our products for over 20 years.

We have attained this position by capitalizing on our low-cost global manufacturing footprint, technical expertise and know-how, broad product offering, reputation for quality, and by focusing on attractive, growing markets. We have an established sales and customer support presence across the globe and low-cost manufacturing operations in the United States, Central Europe and China. We believe we are the number one or two equipment supplier in all of our primary end-use markets. For the three months ended March 31, 2006 and 2005, we generated sales of $120.8 million and $85.2 million, respectively. For the combined year ended December 31, 2005, we generated sales of $403.1 million compared to sales of $305.6 for the year ended December 31, 2004.

We believe that we are well-positioned to benefit from a variety of long-term trends driving demand in our industry, including:

- increasing demand for natural gas and the geographic dislocation of supply and consumption, which is resulting in the need for a global network for LNG;

- increasing demand for natural gas processing, particularly in the Middle East, as crude oil producers look to utilize the gas portions of their reserves; and

- increased demand for natural and industrial gases resulting from rapid economic growth in developing areas, particularly Central and Eastern Europe and China.

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The following charts show the proportion of our revenues generated by each operating segment as well as our estimate of the proportion of revenue generated by end-user for the combined year ended December 31, 2005.

Sales By Segment

Sales By End-User

Our Competitive Strengths

Although we are subject to a number of competitive factors that we describe at the end of this competitive strengths section, we believe that the following competitive strengths position us to enhance our growth and profitability:

Focus on Attractive Growing End Markets. We anticipate growing demand in the end markets we serve, with particularly strong growth in LNG, natural gas processing, specific international markets across all segments and biomedical equipment. Energy Ventures Analysis projects global LNG liquefaction capacity to increase 15.2% per annum from 2005 through 2011 and the International Energy Agency expects the natural gas industry to invest approximately $250 billion in LNG facilities from 2001 to 2030. In addition, international demand for our products is being driven by growing manufacturing capacity and industrial activity in developing areas, particularly Central and Eastern Europe and China. Rapid economic development in these areas has caused a significant increase in the demand for natural and industrial gases. According to Spiritus Consulting, the global market for industrial gas is projected to grow 7.0% per annum from 2009.

Substantial Revenue Visibility. We have a large and growing backlog, which provides us with a high degree of visibility in our forecasted revenue. Our backlog is comprised of the portion of signed purchase orders or other written contractual commitments received from customers that we have not recognized as revenue under the percentage of completion method or based upon shipment. Our backlog as of March 31, 2006 was $237.0 million, compared to $233.6 million, $129.3 million and $49.6 million as of December 31, 2005, 2004 and 2003, respectively. Projects for energy-related applications totaled approximately $180.0 million in backlog as of December 31, 2005. Substantially all of our backlog as of December 31, 2005 is scheduled to be recognized as sales during the next twelve months.

Leading Market Positions. We believe we are the #1 or #2 equipment supplier in each of our primary end markets both domestically and internationally. Based on our relationships with key customers, we believe that our strong industry positioning makes us typically one of only two or three suppliers qualified to provide certain products to key customers. As our customers continue to rationalize their vendors, we expect to gain additional market share and that the benefit of our leading position will become more pronounced.

Diverse, Long-Standing Customer Base. We currently serve over 2,000 customers worldwide. Our primary customers are large, multinational producers and distributors of hydrocarbon and industrial gases that provide us with revenue stability. Customers and end-users also include high growth LNG processors, petrochemical processors and biomedical companies. We have developed strong, long-standing relationships with these customers, many of whom have been purchasing products from us or one of our predecessors for over 20 years. Our primary customers and end-users include Air Products, Praxair, Airgas, Air Liquide, JGC, Bechtel Corporation, GE, ExxonMobil, BP and ConocoPhillips.

Highly Flexible and Low-Cost Manufacturing Base. Given our long-term investment in global manufacturing facilities and specialized equipment, we have developed a substantial comparative scale and geographic advantage within the markets for the cryogenic products that we manufacture. The scale enables cost efficiencies and the geographic reach provides access to customers that we believe would be difficult for a potential competitor to replicate. With more than 1.6 million square feet of manufacturing space across 14 primary facilities and three continents, we have substantial operational flexibility. We are a low-cost producer for our products across all segments. In addition, the high cost of capital and economies of scale required for this type of manufacturing create significant barriers for new entrants.

Product Expertise, Quality, Reliability and Know-How. Within our end markets, we have established a reputation for quality, reliability and technical innovation. We believe that the main drivers of our target customers purchasing decisions are a supplier s product expertise, quality, reliability and know-how rather than pricing and terms, giving us an advantage based on our reputation and consequent brand recognition. The value of this brand recognition is significantly enhanced by the extended life cycle of our products and the high cost to our target customers of product failure. As a focused provider of highly engineered cryogenic equipment, we believe it would be difficult for a new entrant to duplicate our capabilities.

Experienced Management Team. We have assembled a strong senior management team with over 250 combined years of related experience. We have a balance of entrepreneurs, internally developed leaders and experienced managers from analogous industries. The team has grown into a cohesive unit with complementary management and operational skills. The current management team is directly responsible for the strong sales growth and the significant margin improvements experienced since 2003.

We compete in a number of niche markets with a number of competitors that are major corporations, some of which have substantially greater technical, financial and marketing resources than we do. Our ability to capitalize on our strengths could be hampered by our competitors ability to use their resources to adapt to changing market demands earlier than we are able to do so. For an additional discussion regarding our ability to compete in the highly competitive markets in which we operate, see Risk Factors.

Business Strategy

We believe that we are well-positioned to maintain our leadership in providing highly engineered equipment for use in low-temperature and cryogenic applications and meet the world s growing demand for hydrocarbon and industrial gases with more economical, reliable and environmentally friendly systems. The principal elements of our strategy are as follows:

Continue to develop innovative, high-growth, energy-specific products. We plan to continue to focus on extending our cryogenic technological leadership, both to capitalize on increasing demand for energy and to create new applications. We believe that we are well positioned to benefit from increased demand for LNG, natural gas processing and gas to liquid, or GTL, solutions. Our engineering, technical and marketing employees actively assist customers in specifying their needs and in determining appropriate products to meet those needs. Current product development includes subsea VIP, synthetic gas, hydrogen recovery, small-scale bulk gas distribution solutions and LNG/ GTL production systems.

Leverage our global platform to capitalize on growing international demand. We expect growth in hydrocarbon and industrial gas demand and investment over the next five years in the Middle East, Central and Eastern Europe, Russia and China. We believe that our historic and planned investment in our manufacturing facilities in the Czech Republic and China and the investment in sales and marketing capabilities in these markets, supplemented by our continuing investment in our U.S. facilities, has positioned us to increase our market share in growing international markets. We believe we are well-positioned to make acquisitions of complementary businesses to expand our global infrastructure.

Capitalize on our position as a market leader. We plan to continue to grow our long-standing relationships with the leading users of cryogenic equipment. Our engineering and development teams partner with our customers to better understand and meet their cryogenic equipment needs, particularly in the growing LNG and international markets. We intend to grow our customer base as industrial gas producers increasingly outsource bulk tank storage and other non-core parts of their business.

Maintain our position as a low-cost producer while continuing to improve operating performance. We believe we are the lowest cost manufacturer for most of our products and we intend to continue to leverage our scale, scope, technical expertise and know-how to deliver to our customers higher quality and more reliable products and services at lower cost. Our largest manufacturing facility is in the Czech Republic, which allows us to achieve considerable cost savings versus our competitors. In addition, we believe China, where we are experiencing significant growth, will be a sustainable low-cost labor environment. We maintain a disciplined approach to capital expenditures. We intend to make capacity investments in energy-related markets where we expect to realize significant and timely returns, and to also leverage our existing operating capacity in other markets.

Segments and Products

We operate in three segments: (i) E&C, (ii) D&S and (iii) BioMedical. While each segment manufactures and markets different cryogenic equipment and systems to distinct end-users, they share a reliance on our heat transfer and low temperature storage know-how and expertise. The E&C and D&S segments manufacture products used in energy-related applications.

Energy and Chemicals Segment

Our principal products within the E&C segment, which accounted for 30% of sales for the year ended December 31, 2005, are focused on process equipment, primarily heat exchangers and LNG systems, which include cold boxes and LNG vacuum-insulated pipe, used by major natural gas, petrochemical processing and industrial gas companies in the production of their products. Our products in the E&C segment include the following:

Heat Exchangers

We are a leading designer and manufacturer of cryogenic and air cooled heat exchangers. Using technology pioneered by us, heat exchangers are incorporated into systems such as cold boxes to facilitate the progressive cooling and liquefaction of air or hydrocarbon mixtures for the subsequent recovery or purification of component gases. In hydrocarbon processing industries, heat exchangers allow producers to obtain purified hydrocarbon by-products, such as methane, ethane, propane and ethylene, which are commercially marketable for various industrial or residential uses. In the industrial gas market, heat exchangers are used to obtain high purity atmospheric gases, such as oxygen, nitrogen and argon, which have numerous diverse industrial applications. Heat exchangers are customized to the customer s requirements and range in price from approximately $10,000 for a relatively simple unit to as high as $10 million for a major project.

The heat exchangers market has seen significant demand improvement over the last two years, resulting primarily from increased activity in the LNG and natural gas segments of the hydrocarbon processing market as well as the Asian industrial gas market. In the future, management believes that continuing efforts by petroleum producing countries to better utilize stranded natural gas and previously flared gases, as well as efforts to broaden their industrial base, present a promising source of demand for our heat exchangers and cold box systems. Demand for heat exchangers in developed countries is expected to continue as firms upgrade their facilities for greater efficiency and regulatory compliance.

Our principal competitors for heat exchangers are Linde, Sumitomo, Kobe and Nordon. Management believes that we are the only producer of large brazed aluminum heat exchangers in the United States and that we are the leader in the global cryogenic heat exchanger market. Major customers for our heat exchangers in the industrial gas market include Air Liquide, Air Products and Praxair. In the hydrocarbon processing market, major customers and end-users include Air Liquide, Air Products and Praxair. In the hydrocarbon processing market, major customers and end-users include BP, ExxonMobil, Saudi Aramco, ConocoPhillips and contractors such as JGC, Bechtel and KBR.

Cold Boxes

We are a leading designer and fabricator of cold boxes. Cold boxes are highly engineered systems used to significantly reduce the temperature of gas mixtures to the point where component gases liquefy and can be separated and purified for further use in multiple industrial, scientific and commercial applications. In the hydrocarbon processing market, our cold box systems are used in natural gas processing and in the petrochemical industry. In the industrial gas market, cold boxes are used to separate air into its major atmospheric components, including nitrogen, oxygen and argon, where the gases are used in a diverse range of applications such as the quick-freezing of food, wastewater treatment and industrial welding. The construction of a cold box generally consists of one or more heat exchangers and other equipment packaged in a box consisting of metal framing and a complex system of piping and valves. Cold boxes, which are designed and fabricated to order, sell in the price range of $500,000 to $10 million, with the majority of cold boxes priced between $1 million and $2 million.

We have a number of competitors for fabrication of cold boxes, including Linde, Air Products and many smaller fabrication-only facilities around the world. Principal customers and end-users for our cold boxes include Air Liquide, ABB Lummus, BP, Bechtel, Saudi Aramco, Stone and Webster, and KBR.

LNG Vacuum Insulated Pipe

This product line consists of vacuum-insulated pipe used for LNG transportation, or LNG VIP, within both export and import terminals. This is a new and growing market as new LNG infrastructure is added around the world. LNG VIP is fabricated to order with projects varying in size from $500,000 to $25 million. Our competitors in the LNG VIP market include Technip and ITP. In general, our customers are the major contractors such as Technip and Bechtel. LNG VIP competes directly with mechanically insulated pipe which takes longer to install and requires higher maintenance over its life.

Distribution and Storage Segment

Through our D&S segment, which accounted for 52% of our sales for the year ended December 31, 2005, we are a leading supplier of cryogenic equipment to the global bulk and packaged industrial gas markets. Demand for the products supplied by this segment is driven primarily by the significant installed base of users of cryogenic liquids as well as new applications and distribution technologies for cryogenic liquids. Our products span the entire spectrum of the industrial gas market from small customers requiring cryogenic packaged gases to large users requiring custom engineered cryogenic storage systems. Our products in the D&S segment include the following:

Cryogenic Bulk Storage Systems

We are a leading supplier of cryogenic bulk storage systems of various sizes ranging from 500 gallons to 150,000 gallons. Using sophisticated vacuum insulation systems placed between inner and outer vessels, these bulk storage systems are able to store and transport liquefied industrial gases and hydrocarbon gases at temperatures from -100° Fahrenheit to temperatures nearing absolute zero. End use customers for our cryogenic storage tanks include industrial gas producers and distributors, chemical producers, manufacturers of electrical components, health care organizations, food processors and businesses in the oil and natural gas industries. Prices for our cryogenic bulk storage systems range from $10,000 to $1,000,000. Global industrial gas producers, including Praxair, Air Liquide, Air Products, Linde, Messer and The BOC Group, are significant customers for our cryogenic bulk storage systems. In addition, Airgas is a significant customer in the North American industrial gas market. On a worldwide basis, we compete primarily with Taylor-Wharton, a Harsco Company in this product area. In the European and Asian markets, we compete with several suppliers owned by the global industrial gas producers as well as independent regional suppliers.

Cryogenic Packaged Gas Systems

We are a leading supplier of cryogenic packaged gas systems of various sizes ranging from 160 liters to 2,000 liters. Cryogenic liquid cylinders are used extensively in the packaged gas industry to allow smaller quantities of liquid to be easily delivered to the customers of the industrial gas distributors on a full-for-empty or fill on site basis. Principal customers for our liquid cylinders are the same global industrial gas producers as the North American industrial gas distributors who purchase our cryogenic bulk storage systems. We compete on a worldwide basis primarily with Harsco in this product area. We have developed two technologies in the packaged gas product area: ORCA Micro-Bulk systems and Tri-fecta® Laser Gas assist systems. ORCA Micro-Bulk systems bring the ease of use and distribution economics of bulk gas supply to customers formerly supplied by high pressure or cryogenic liquid cylinders. The ORCA Micro-Bulk system is the substantial market leader in this growing product line. The Tri-fecta® Laser Gas assist system was developed to meet the assist gas performance requirements for new high powered lasers being used in the metal fabrication industry.

Cryogenic Systems and Components

Our line of cryogenic components, including VIP, engineered bulk gas installations and specialty liquid nitrogen end-use equipment are recognized in the market for their reliability, quality and performance. These products are sold to industrial gas producers, as well as to a diverse group of distributors, resellers and end users. We compete with a number of suppliers of cryogenic systems and components, including Acme Cryogenics, Vacuum Barrier Corporation and others.

LNG Vehicle Fuel Systems

This product line consists of LNG and liquid/compressed natural gas refueling systems for centrally fueled fleets of vehicles powered by natural gas, such as fleets operated by metropolitan transportation authorities, refuse haulers and heavy-duty truck fleets. Competition for LNG fueling and storage systems is based primarily on product design, customer support and service, dependability and price.

Beverage Liquid CO_2 Systems

This product line consists primarily of vacuum-insulated, bulk liquid CO_2 containers used for beverage carbonation in restaurants, convenience stores and cinemas, in sizes ranging from 100 pounds to 750 pounds of liquid CO_2 storage. We also manufacture and market non-insulated, bulk fountain syrup containers for side-by-side installation with our CO_2 systems. Our beverage systems are sold to national restaurant chains, soft drink companies and CO_2 distributors. Our primary competitors for our bulk liquid CO_2 beverage delivery systems are Taylor-Wharton and other producers of high-pressure gaseous CO_2 cylinders.

Cryogenic Services

We operate three locations in the United States providing installation, service and maintenance of cryogenic products including storage tanks, liquid cylinders, cryogenic trailers, cryogenic pumps and VIP.

BioMedical Segment

The BioMedical segment, which accounted for 18% of our sales for the year ended December 31, 2005, consists of various product lines built around our core competencies in cryogenics, but with a focus on the medical and biological users of the liquids and gases instead of the large producers and distributors of cryogenic liquids. Our products in the BioMedical segment include the following:

Medical Products

Our medical oxygen product line is comprised of a limited range of medical respiratory products, including liquid oxygen systems and ambulatory oxygen systems, both of which are used for the in-home supplemental oxygen treatment of patients with chronic obstructive pulmonary diseases, such as bronchitis, emphysema and asthma.

Individuals for whom supplemental oxygen is prescribed generally receive an oxygen system from a home healthcare provider, medical equipment dealer, or gas supplier. The provider or physician usually selects which type of oxygen system to recommend to its customers: liquid oxygen systems, oxygen concentrators or

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high-pressure oxygen cylinders. Of these modalities, physicians generally believe that liquid oxygen offers greater long-term therapeutic benefits by providing the option of increased patient ambulation.

Our primary competitor in the medical products line is Puritan-Bennett, a division of Tyco International, Ltd. We believe that competition for liquid oxygen systems is based primarily upon product quality, performance, reliability, ease-of-service and price and focus our marketing strategies on these considerations.

Biological Storage Systems

This product line consists of vacuum-insulated containment vessels for the storage of biological materials. The primary markets for this product line include medical laboratories, biotech/pharmaceutical, research facilities, blood and tissue banks, veterinary laboratories, large-scale repositories and artificial insemination, particularly in the beef and dairy industry.

The significant competitors for biological storage systems include a few large companies worldwide, such as Taylor-Wharton, Air Liquide and IBP. These products are sold through multiple channels of distribution specifically applicable to each market sector. The distribution channels range from highly specialized cryogenic storage systems providers to general supply and catalogue distribution operations to breeding service providers. Historically, competition in this field has been focused on design, reliability and price. Additionally, we believe our understanding of the end-user s applications and concerns enables us to sell a total value package. Alternatives to vacuum insulated containment vessels include mechanical, electrically powered refrigeration.

MRI Components

The basis of the MRI technique is that the magnetic properties of certain nuclei of the human body can be detected, measured and converted into images for analysis. MRI equipment uses high-strength magnetic fields, applied radio waves and high-speed computers to obtain cross-sectional images of the body. The major components of the MRI assembly are a series of concentric thermal shields and a supercooled electromagnet immersed in a liquid helium vessel, a cryostat, that maintains a constant, extremely low temperature (4°Kelvin; -452° Fahrenheit) to achieve superconductivity. We manufacture large cryostats, various cryogenic interfaces, electrical feed-throughs and various other MRI components that are used to transfer power and/or cryogenic fluids from the exterior of the MRI unit to the various layers of the cryostat and superconducting magnet. We currently sell all of our MRI components to GE, a leading worldwide manufacturer of MRI equipment.

Engineering and Product Development

Our engineering and product development activities are focused on developing new and improved solutions and equipment for the users of cryogenic liquids. Our engineering, technical and marketing employees actively assist customers in specifying their needs and in determining appropriate products to meet those needs. Portions of our engineering expenditures typically are charged to customers, either as separate items or as components of product cost.

Competition

We believe we can compete effectively around the world and that we are a leading competitor in our markets. Competition is based primarily on performance and the ability to provide the design, engineering and manufacturing capabilities required in a timely and cost-efficient manner. Contracts are usually awarded on a competitive bid basis. Quality, technical expertise and timeliness of delivery are the principal competitive factors within the industry. Price and terms of sale are also important competitive factors. Because independent third-party prepared market share data is not available, it is difficult to know for certain our exact position in our markets, although we believe we rank among the leaders in each of the markets we serve. We base our statements about industry and market positions on our reviews of annual reports and published investor presentations of our competitors and augment this data with information received by marketing consultants conducting competition interviews and our sales force and field contacts.

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Marketing

We market our products and services throughout the world primarily through direct sales personnel and through independent sales representatives and distributors. The technical and custom design nature of our products requires a professional, highly trained sales force. While each salesperson and sales representative is expected to develop a highly specialized knowledge of one product or group of products within one of our segments, each salesperson and certain sales representatives are able to sell many products from different segments to a single customer. We use independent sales representatives and distributors to market our products and services in certain foreign countries that we serve and in certain North American markets. These independent sales representatives supplement our direct sales force in dealing with language and cultural matters. Our domestic and foreign independent sales representatives earn commissions on sales, which vary by product type.

Backlog

The dollar amount of our backlog as of March 31, 2006, December 31, 2005 and December 31, 2004 was $237.0 million, $233.6 million and $129.3 million, respectively. Backlog is comprised of the portion of firm signed purchase orders or other written contractual commitments received from customers that we have not recognized as revenue under the percentage of completion method or based upon shipment. It is expected that substantially all of our March 31, 2006 backlog will be recognized as sales during the next twelve months. Backlog can be significantly affected by the timing of orders for large products, particularly in the E&C segment, and the amount of backlog at December 31, 2005 described above is not necessarily indicative of future backlog levels or the rate at which backlog will be recognized as sales. For further information about our backlog, including backlog by segment, see Management s Discussion and Analysis of Financial Condition and Results of Operations.

Customers

We sell our products to gas producers, distributors and end-users across the industrial gas, hydrocarbon and chemical processing industries in countries throughout the world. While no single customer exceeded 10% of consolidated sales in 2005, 2004 or 2003, sales to our top ten customers accounted for 39%, 45% and 43% of consolidated sales in 2005, 2004 and 2003, respectively. Our sales to particular customers fluctuate from period to period, but the global gas producer and distributor customers tend to be a consistently large source of revenue for us. Our supply contracts are generally contracts for requirements only. While our customers are obligated to purchase a certain percentage of their supplies from us, there are no minimum requirements. Also, many of our contracts may be cancelled on as little as one month s notice. To minimize credit risk from trade receivables, we review the financial condition of potential customers in relation to established credit requirements before sales credit is extended and monitors the financial condition of customers to help ensure timely collections and to minimize losses. In addition, for certain domestic and foreign customers, particularly in the E&C segment, we require advance payments, letters of credit and other such guarantees of payment. Certain customers also require us to issue letters of credit or performance bonds, particularly in instances where advance payments are involved, as a condition of placing the order. We believe our relationships with our customers generally have been good since our reorganization under Chapter 11 of the U.S. Bankruptcy Code in 2003.

Intellectual Property

Although we have a number of patents, trademarks and licenses related to our business, no one of them or related group of them is considered by us to be of such importance that its expiration or termination would have a material adverse effect on our business. In general, we depend upon technological capabilities, manufacturing quality control and application of know-how, rather than patents or other proprietary rights, in the conduct of our business.

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Raw Materials and Suppliers

We manufacture most of the products we sell. The raw materials used in manufacturing include aluminum products (including sheets, bars, plate and piping), stainless steel products (including sheets, plates, heads and piping), palladium oxide, carbon steel products (including sheets, plates and heads), 9% nickel steel products (including heads and plates), valves and gauges and fabricated metal components. Most raw materials are available from multiple sources of supply. We believe our relationships with our raw material suppliers and other vendors are generally good. The commodity metals we use have experienced significant upward fluctuations in price. We have generally been able to recover the costs of price increases through our contracts with customers. We foresee no acute shortages of any raw materials that would have a material adverse effect on our operations.

Employees

As of May 31 2006, we had 2,556 employees, including 1,655 domestic employees and 901 international employees. These employees consisted of 823 salaried, 305 bargaining unit hourly and 1,428 non-bargaining unit hourly.

We are a party to one collective bargaining agreement through one of our operating subsidiaries. The agreement with the International Association of Machinists and Aerospace Workers covering 305 employees at our La Crosse, Wisconsin heat exchanger facility expires in February 2007. In 2005, through another one of our operating subsidiaries, we were also a party to the agreement with the United Steel Workers of America, which covered 244 employees at our New Prague, Minnesota facility. On November 16, 2005, pursuant to an approved stipulation election agreement, the bargaining unit employees voted to decertify the United Steel Workers of America as its bargaining representative. The election results were certified on November 23, 2005. Over the past several years, we have not had any work stoppages or strikes and we believe our relationships with our employees are generally good.

Environmental Matters

Our operations have historically included and currently include the handling and use of hazardous and other regulated substances, such as various cleaning fluids used to remove grease from metal, that are subject to federal, state and local environmental laws and regulations. These regulations impose limitations on the discharge of pollutants into the soil, air and water, and establish standards for their handling, management, use, storage and disposal. We monitor and review our procedures and policies for compliance with environmental laws and regulations. Our management is familiar with these regulations, and supports an ongoing program to maintain our adherence to required standards.

We are involved with environmental compliance, investigation, monitoring and remediation activities at certain of our owned manufacturing facilities and at one owned facility that is leased to a third party. We believe that we are currently in substantial compliance with all known environmental regulations. We accrue for certain environmental remediation-related activities for which commitments or remediation plans have been developed and for which costs can be reasonably estimated. These estimates are determined based upon currently available facts regarding each facility. Actual costs incurred may vary from these estimates due to the inherent uncertainties involved. Future expenditures relating to these environmental remediation efforts are expected to be made over the next 8 to 14 years as ongoing costs of remediation programs. Although we believe we have adequately provided for the cost of all known environmental conditions, additional contamination or changes in regulatory posture concerning our on-going remedial efforts could result in more costly remediation measures than budgeted, or those we believe are adequate or required by existing law. We believe that any additional liability in excess of amounts accrued which may result from the resolution of such matters will not have a material adverse effect on our financial position, liquidity, cash flows or results of operations.

Properties

We occupy 26 principal facilities totaling approximately 2.0 million square feet, with the majority devoted to manufacturing, assembly and storage. Of these manufacturing facilities, approximately 1.6 million square

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feet are owned and 0.4 million square feet are occupied under operating leases. We consider our manufacturing facilities sufficient to meet our current and planned operational needs in the Biomedical segment. However, we have commenced the expansion of our E&C and D&S segment facilities over the next few years to meet significant current order backlog levels and expected growth in business as both we and our competitors reach capacity. We lease approximately 10,300 square feet for our corporate office in Garfield Heights, Ohio. Our major owned facilities in the United States are subject to mortgages securing our senior secured credit facility.

As a result of our operational restructuring activities, we closed our D&S manufacturing facility in Plaistow, New Hampshire in the third quarter of 2004 and we are currently pursuing the sale of this property. The Plaistow, New Hampshire facility is classified as an asset held for sale in our audited consolidated balance sheet as of December 31, 2005 and 2004. In the first quarter of 2005, we completed the move of the medical respiratory product line from the Burnsville, Minnesota facility to the Canton, Georgia manufacturing facility. The Burnsville, Minnesota facility was sold in the fourth quarter of 2004 and leased until the move of the medical respiratory product line was completed. Our operational restructuring activities are further described in Management s Discussion and Analysis of Financial Condition and Results of Operations and the related notes thereto included elsewhere in this prospectus.

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The following table sets forth certain information about facilities occupied by us as of May 31, 2006:

Location	Segment	Square Feet	Ownership	Use
LaCrosse, Wisconsin	Energy & Chemicals	149,000	Owned	Manufacturing/Office
New Iberia, Louisiana	Energy & Chemicals	62,400	Leased	Manufacturing
New Iberia, Louisiana	Energy & Chemicals	35,000	Leased	Manufacturing
The Woodlands, Texas	Energy & Chemicals	29,000	Leased	Office
Houston, Texas	Energy & Chemicals	103,000	Leased	Manufacturing
Tulsa, Oklahoma	Energy & Chemicals	58,500	Owned	Manufacturing/Office/ Warehouse
Tulsa, Oklahoma	Energy & Chemicals	31,500	Leased	Manufacturing
Wolverhampton, United Kingdom	Energy & Chemicals	1,600	Leased	Office
Changzhou, China(1)	Distribution & Storage	21,500	Leased	Manufacturing/Office
Changzhou, China	Distribution & Storage	130,000	Owned	Manufacturing/Office
Changzhou, China	Distribution & Storage	60,000	Leased	Manufacturing/Office
Changzhou, China	Distribution & Storage	40,000	Leased	Manufacturing
Decin, Czech Republic	Distribution & Storage	564,000	Owned	Manufacturing/Office
Houston, Texas	Distribution & Storage	22,000	Owned	Service
Plaistow, New Hampshire(2)	Distribution & Storage	164,400	Owned	Manufacturing/Office
Solingen, Germany	Distribution & Storage	3,000	Leased	Office
Zhangiajang, China	Distribution & Storage	30,000	Leased	Manufacturing/Office
Canton, Georgia	Distribution & Storage/ BioMedical	154,000	Owned	Manufacturing/Office
Jasper, Georgia	Distribution & Storage/ BioMedical	32,500	Leased	Warehouse/Service
New Prague, Minnesota	Distribution & Storage/ BioMedical	254,000	Owned	Manufacturing/Service/ Office
Denver, Colorado	BioMedical	109,000	Owned	Manufacturing
Marietta, Georgia	BioMedical	11,100	Leased	Office/Lab
Bracknell, United Kingdom	BioMedical	12,500	Leased	Office/Warehouse
Lidcombe, Australia	BioMedical	2,400	Leased	Office/Warehouse
New Prague, Minnesota	BioMedical	11,700	Leased	Warehouse
Burnsville, Minnesota(3)	Corporate	7,000	Leased	Office
Garfield Heights, Ohio	Corporate	10,300	Leased	Office
Clarksville, Arkansas(4)	Discontinued operation	110,000	Owned	Manufacturing/Office

(1) This facility has been vacated and we may sublease until the lease expires.

(2) This facility is being held for sale.

(3) This facility will be vacated no later than when the lease expires in January 2008.

(4) This facility is leased from us, with a purchase option, by the company that purchased certain assets of the former Greenville Tube LLC stainless steel tubing business.

Regulatory Environment

We are subject to federal, state and local regulations relating to the discharge of materials into the environment, production and handling of our hazardous and regulated materials and our products and the conduct and condition of our production facilities. We do not believe that these regulatory requirements have had a material effect upon our capital expenditures, earnings or competitive position. We are not anticipating any material capital expenditures in 2006 that are directly related to regulatory compliance matters. We are also not aware of any pending or potential regulatory changes that would have a material adverse impact on our business.

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Legal Proceedings

In March 2003, we completed the closure of our Wolverhampton, United Kingdom manufacturing facility, operated by CHEL, and all current heat exchanger manufacturing is being conducted at our LaCrosse, Wisconsin facility. On March 28, 2003, CHEL filed for a voluntary administration under the U.K. Insolvency Act of 1986. CHEL s application for voluntary administration was approved on April 1, 2003 and an administrator was appointed. Additionally, we received information that indicated that CHEL s net pension plan obligations had increased significantly primarily due to a decline in plan asset values and interest rates as well as an increase in plan liabilities, resulting in an estimated plan deficit of approximately $12.0 million. Based on our financial condition, in March 2003 we determined not to advance funds to CHEL in amounts necessary to fund CHEL s obligations. Since CHEL was unable to fund its net pension plan deficit, pay remaining severance due to former employees or pay other creditors, the trustees of the CHEL pension plan requested a decision to wind-up the plan from a U.K. pension regulatory board. That board approved the wind-up as of March 28, 2003.

We do not believe that we are legally obligated to fund the net pension deficit of the CHEL pension plan because CHEL, which is no longer one of our consolidated subsidiaries, was the sponsor of the pension plan and the entity with primary responsibility for the plan. In addition, we considered ourselves and our consolidated subsidiaries legally released from being the primary obligor of any CHEL liabilities. Further, at the time the insolvency administrator assumed control of CHEL, we no longer had control of the assets or liabilities of CHEL. As a result, in March 2003, we wrote-off our net investment in CHEL. In addition, any claims of CHEL against us were discharged in bankruptcy as part of our Reorganization Plan.

While no claims presently are pending against us related to CHEL s insolvency, persons impacted by the insolvency or others could bring a claim against us asserting that we are directly responsible for pension and benefit related liabilities of CHEL. Although we would contest any claim of this kind, we can provide no assurance that claims will not be asserted against us in the future. To the extent we have a significant liability related to CHEL s insolvency and pension wind-up, satisfaction of that liability could have a material adverse impact on our liquidity, results of operations and financial position.

On July 8, 2003, we and all of our then majority-owned U.S. subsidiaries filed voluntary petitions for reorganization relief under Chapter 11 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court for the District of Delaware to implement an agreed upon senior debt restructuring plan through a prepackaged plan of reorganization. None of our non-U.S. subsidiaries were included in the filing in the Bankruptcy Court. On September 15, 2003, we and all of our then majority-owned U.S. subsidiaries emerged from Chapter 11 bankruptcy proceedings pursuant to the Amended Joint Prepackaged Reorganization Plan of Chart Industries, Inc. and Certain Subsidiaries, dated September 3, 2003. We have resolved all proofs of claim asserted in the bankruptcy proceedings, including the settlement in July 2005 of a finders fee claim in the amount of $1.1 million asserted by one of our former shareholders, against which we had filed an objection in the Bankruptcy Court. All bankruptcy proceedings were closed in May 2006.

We are a party to other legal proceedings incidental to the normal course of our business. Based on our historical experience in litigating these actions, as well as our current assessment of the underlying merits of the actions and applicable insurance, management believes that the final resolution of these matters will not have a material adverse effect on our financial position, liquidity, cash flows or results of operations.

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MANAGEMENT

The following table sets forth the name, age as of April 1, 2006 and position of each person that serves as an executive officer or director of our company and certain other key members of management. Our directors each serve for a term of one year until the next annual meeting of shareholders and our executive officers each serve for a term of one year at the discretion of the board of directors.

Name	Age	Position
Samuel F. Thomas	54	Chief Executive Officer, President and Director
Michael F. Biehl	50	Executive Vice President, Chief Financial Officer and Treasurer
Matthew J. Klaben	36	Vice President, General Counsel and Secretary
James H. Hoppel, Jr.	42	Chief Accounting Officer, Controller and Assistant Treasurer
John T. Romain	42	President Energy & Chemicals Group
Thomas M. Carey	48	President Distribution & Storage Group
Steven T. Shaw	44	President BioMedical Group
Ben A. Guill	55	Chairman of the Board of Directors
Kenneth W. Moore	36	Director
Timothy H. Day	35	Director
Steven W. Krablin	56	Director*

* Nominee for director. Mr. Krablin has consented to being named herein as a nominee for director.

Samuel F. Thomas is our Chief Executive Officer and President and has served as a member of our board of directors since October 2003. Prior to joining our company, Mr. Thomas was Executive Vice President of Global Consumables at ESAB Holdings Ltd, a provider of welding consumables and equipment. In addition to his most recent position at ESAB, Mr. Thomas was responsible for ESAB N. America during his employment at ESAB Holdings Ltd. Prior to joining ESAB in February 1999, Mr. Thomas was Vice President of Friction Products for Federal Mogul, Inc. Prior to its acquisition by Federal Mogul in 1998, Mr. Thomas was employed by T&N plc from 1976 to 1998, where he served from 1991 as chief executive of several global operating divisions, including industrial sealing, camshafts and friction products.

Michael F. Biehl has been our Executive Vice President since April 2006, served as our Chief Accounting Officer from October 2002 until March 2006, and has been our Chief Financial Officer and Treasurer since July 2001. Prior to joining us, Mr. Biehl served as Vice President, Finance and Treasurer at Oglebay Norton Company, an industrial minerals mining and processing company. Prior to joining Oglebay Norton in 1992, Mr. Biehl worked in the audit practice of Ernst & Young LLP in Cleveland, Ohio from 1978 to 1992.

Matthew J. Klaben is our Vice President, General Counsel and Secretary. Prior to joining us in March 2006, Mr. Klaben was a partner at the law firm of Calfee, Halter & Griswold LLP in Cleveland, Ohio from January 2005 until March 2006, and an associate from April 1998 until December 2004. Before that, Mr. Klaben was an associate at the law firm of Jones Day in Cleveland, Ohio from September 1995 until April 1998.

James H. Hoppel, Jr. is our Chief Accounting Officer, Controller and Assistant Treasurer and has served as Controller since November 2004. Prior to joining us, Mr. Hoppel served as Vice President, Finance for W.W. Holdings, LLC, a manufacturer and distributor of doors and hardware. Prior to joining W.W. Holdings in 2001, Mr. Hoppel held various finance and accounting positions with different organizations, including the Transaction Services and Audit practices of PricewaterhouseCoopers LLP in Cleveland, Ohio.

John T. Romain has been the President of our Energy & Chemicals Group since October 2002. Mr. Romain has been with our company for twelve years, and prior to becoming the President of the Energy & Chemicals Group served as our Controller and Chief Accounting Officer. Prior to joining us, Mr. Romain

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worked in the audit practice of Ernst & Young LLP from 1985 to 1993, where he gained extensive experience providing services to oil and gas companies.

Thomas M. Carey has been the President of our Distribution & Storage Group since September 2004. Mr. Carey has been with us and our predecessors since 1987 and prior to becoming the President of the Distribution & Storage Group, Mr. Carey worked in various engineering and business management positions. Prior to joining Chart, Mr. Carey was employed by Airco as a field engineer in support of bulk industrial gas sales.

Steven T. Shaw has been the President of our BioMedical Group since October 2002. Mr. Shaw has been employed by us and our predecessors for eleven years in various management positions. Before joining our company in 1993, Mr. Shaw was employed for eleven years in the automotive manufacturing and distribution business of TRW Inc. in Cleveland, Ohio. Before that, he held positions in sales and management with APS Incorporated in Houston, Texas.

Ben A. Guill has been the Chairman of our board of directors since the Acquisition in October 2005. Mr. Guill is the President and a Managing Director of First Reserve Corporation, which he joined in September 1998. Prior to joining First Reserve Corporation, Mr. Guill was the Managing Director and Co-head of Investment Banking of Simmons & Company International, an investment banking firm specializing in the oil service industry. Mr. Guill also serves as a director of Dresser, Inc., T-3 Energy Services, Inc. and National Oilwell Varco, Inc.

Kenneth W. Moore has been a member of our board of directors since the Acquisition in October 2005. Mr. Moore is a Managing Director of First Reserve Corporation and joined that firm in January 2004. Prior to joining First Reserve Corporation, Mr. Moore was a Vice President at Morgan Stanley, an investment bank, from 2000 until 2004. Prior to joining Morgan Stanley, Mr. Moore was an Associate at Chase Securities from 1998 until 2000. Mr. Moore also serves as a director of Dresser-Rand Group, Inc.

Timothy H. Day has been a member of our board of directors since the Acquisition in October 2005. Mr. Day is a Director of First Reserve Corporation, which he joined in November 2000. Before joining First Reserve Corporation, Mr. Day was employed at WorldOil.com where he was a Vice President in charge of Operations. Prior to that time, Mr. Day spent three years with SCF Partners, a private equity investment group and three years with CS First Boston and Salomon Brothers. Mr. Day also serves as a director of Pacific Energy Partners, L.P.

Steven W. Krablin is a nominee for our board of directors and will become a director upon the effectiveness of the registration statement of which this prospectus is a part. From January 1996 until April 2005, Mr. Krablin served as the Senior Vice President and Chief Financial Officer of National Oilwell Varco Inc. or its predecessors, a major manufacturer and distributor of oil and gas drilling equipment and related services for land and offshore drilling rigs. Prior to 1996, Mr. Krablin served as Senior Vice President and Chief Financial Officer of Enterra Corporation until its merger with Weatherford International. Since November 2004, Mr. Krablin has served as a director of Penn Virginia Corporation, an energy company engaged in the exploration, acquisition, development and production of crude oil and natural gas. Since August 2005, Mr. Krablin has also served as a director of Hornbeck Offshore Services, Inc., a provider of offshore vessels to the offshore oil and gas industry.

Composition of the Board of Directors after this Offering

Our board of directors currently consists of four directors. We expect to add an independent director prior to the effectiveness of the registration statement of which this prospectus is a part, another independent director within three months after the first date the registration statement is declared effective and one additional independent director to our board within twelve months after the registration statement is declared effective.

Depending on the size of this offering, we will be a controlled company under the New York Stock Exchange corporate governance rules if First Reserve and its affiliates continue to own more than 50% of our common stock after the completion of this offering. As a result, we would be eligible for exemptions from

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provisions of these rules requiring a majority of independent directors, nominating and corporate governance and compensation committees composed entirely of independent directors and written charters addressing specified matters. If available, we intend to take advantage of these exemptions. In the event that we are not, or cease to be, a controlled company within the meaning of these rules, we will be required to comply with these provisions within the transition periods specified in the New York Stock Exchange corporate governance rules.

Board Committees

Our board of directors currently has an audit committee and a compensation committee. In connection with this offering, we intend to establish a nominating and corporate governance committee.

Audit Committee

Our audit committee consists of Ben A. Guill, Kenneth W. Moore and Timothy H. Day, who is currently the chairman. We expect that our current audit committee will be comprised of three independent directors within the transition periods specified in Rule 10A-3 under the Exchange Act. Following this offering, the audit committee will be required to have at least one member who qualifies as an audit committee financial expert as such term is defined in Item 401(h) of Regulation S-K. The audit committee is governed by a written charter which will be reviewed, and amended if necessary, on an annual basis. The audit committee s responsibilities include (1) appointing, retaining, evaluating and terminating our independent auditors and approving in advance any audit or non-audit engagement or relationship between us and such auditor, (2) approving the overall scope of the audit, (3) assisting the board in monitoring the integrity of our financial statements, the independent accountant s qualifications and independence, the performance of the independent accountants and our internal audit function and our compliance with legal and regulatory requirements, (4) annually reviewing an independent auditors report describing the auditing firms internal quality-control procedures and any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, (5) discussing the annual audited financial and quarterly statements with management and the independent auditors, (6) discussing earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, (7) discussing policies with respect to risk assessment and risk management, (8) meeting separately, periodically, with management, internal auditors and the independent auditor, (9) reviewing with the independent auditor any audit problems or difficulties and managements response, (10) setting clear hiring policies for employees or former employees of the independent auditors, (11) annually reviewing the adequacy of the audit committee s written charter, (12) reviewing with management any legal matters that may have a material impact on us and our financial statements and (13) reporting regularly to the full board of directors.

Prior to consummation of this offering, the audit committee will approve and adopt a Code of Ethical Business Conduct for all employees and an additional Officer Code of Ethics for all of our executives and financial officers, copies of which will be available at no cost upon written request by our stockholders.

Compensation Committee

Our current compensation committee consists of Ben A. Guill, Kenneth W. Moore and Timothy H. Day. The compensation committee is responsible for (1) reviewing key employee compensation policies, plans and programs, (2) reviewing and approving the compensation of our chief executive officer and other executive officers, (3) developing and recommending to the board of directors compensation for board members, (4) reviewing and approving employment contracts and other similar arrangements between us and our executive officers, (5) reviewing and consulting with the chief executive officer on the selection of officers and evaluation of executive performance and other related matters, (6) administration of stock plans and other incentive compensation plans, (7) overseeing compliance with any applicable compensation reporting requirements of the SEC, (8) approving the appointment and removal of trustees and investment managers for pension fund assets, (9) retaining consultants to advise the committee on executive compensation practices and policies and (10) handling such other matters that are specifically delegated to the compensation committee by the board of directors from time to time.

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Director Compensation

None of our directors currently receives any additional compensation for serving as a director or as a member or chair of a committee of the board of directors. We expect to pay our independent directors an annual retainer of $32,000, payable in equal quarterly installments, and to annually grant each independent director restricted stock with a fair market value of $40,000 on the date of grant. The restricted stock is expected to vest at the rate of 20% per year over five years. We expect to pay also to the chairperson of our audit committee an additional $8,000 annual retainer and to the chairpersons of our other board committees an additional $4,000 annual retainer, in each case in equal quarterly installments. Additionally, we expect to pay our independent directors a fee of $2,000 for board meetings attended in person (up to six meetings and $1,000 per meeting thereafter) and a fee of $1,000 for board meetings attended telephonically. In connection with meetings of the committees of our board of directors, we expect to pay our independent directors who attend committee meetings in person a fee of $1,000 per meeting and a fee of $500 per meeting for committee meetings attended telephonically. In addition, directors must accumulate at least $100,000 in our common stock during their first 24 months on our board.

Executive Compensation

Summary Compensation Table

The following summary compensation table sets forth information concerning compensation earned during the last three fiscal years by our chief executive officer and all other persons who served as executive officers during the last fiscal year. As of April 1, 2006, our executive officers included Messrs. Thomas and Biehl, in addition to Matthew J. Klaben, our Vice President, General Counsel and Secretary and James H. Hoppel, our Chief Accounting Officer, Controller and Assistant Treasurer, and Mr. Lovett was no longer an executive officer.

		Annual Compensation			Long-Term Compensation Awards	
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation(1)**	**Number of Underlying Options**	**All Other Compensation**
Samuel F. Thomas(2)	2005	$ 400,000	$ 600,000	$ 5,766,483(3)	67,547(4)	$ 18,726(5)
Chief Executive Officer and	2004	$ 400,000	$ 600,000	$ 435,123(6)	203,701(7)	$ 19,595(5)
President	2003	$ 92,307	$ 94,338			
Michael F. Biehl	2005	$ 213,200	$ 319,800	$ 1,166,830(3)	20,264(4)	$ 18,726(5)
Executive Vice President,	2004	$ 205,000	$ 374,167(8)		28,000(7)	$ 14,536(5)
Chief Financial Officer and Treasurer	2003	$ 200,000	(8)			$ 14,077(5)
Charles R. Lovett	2005	$ 173,349	$ 260,024	$ 916,205(3)	6,755(4)	$ 15,471(5)
Vice President	2004	$ 168,300	$ 307,450(8)		23,000(7)	$ 5,100(5)
Manufacturing	2003	$ 165,000	(8)			$ 4,950(5)

(1) No person listed in the table received personal benefits or perquisites in excess of the lesser of $50,000 or 10% of his aggregate salary and bonus. Messrs. Thomas and Biehl received automobile allowances of $1,846 and $6,923 in 2005, respectively, and Mr. Biehl received the use of a company car in 2003, 2004 and part of 2005.

(2) Mr. Thomas became Chief Executive Officer on October 6, 2003.

(3) These amounts reflect the payments made by us in connection with the Acquisition related to the cancellation of stock options (or portions of stock options) held by the named individuals before the Acquisition.

(4) These options were granted on November 23, 2005 pursuant to the terms of our 2005 Stock Incentive Plan. The following portions of these options vest annually in equal installments over five years based on continued service: Mr. Thomas 23,840; Mr. Biehl, 7,152; and Mr. Lovett, 2,384. The following portions of

these options vest based on performance, measured by reference to First Reserve s net return on its investment in us: Mr. Thomas, 43,707; Mr. Biehl, 13,112; and Mr. Lovett, 4,371.

(5) Represents amounts contributed by us to the listed person s personal account under the Chart Industries, Inc. 401(k) Investment and Savings Plan.

(6) On February 26, 2004, Mr. Thomas purchased from us 28,797 shares of common stock at a price of $13.89 per share. The amount listed as Other Annual Compensation for Mr. Thomas for 2004 is equal to the product of the total number of shares purchased and the difference between the price paid to us and the closing price of $29.00 per share of Reorganized Company common stock in the over-the-counter-market on February 26, 2004.

(7) These options were granted on March 19, 2004 pursuant to the terms of our 2004 Stock Option and Incentive Plan. A portion of these options were cancelled in the Acquisition in exchange for the payments describe in footnote (3) above.

(8) Of the amounts listed for 2004, $307,500 and $252,450 represent year-end cash bonuses paid to Mr. Biehl and Mr. Lovett, respectively, for our 2004 fiscal year. The balance of the amounts listed for 2004, $66,667 for Mr. Biehl and $55,000 for Mr. Lovett, represent retention incentives that were paid in March 2004 in lieu of any other cash bonuses for 2003. These retention incentives were paid under retention agreements entered into in 2003 with Mr. Biehl and Mr. Lovett, which required these officers to remain employed with the company through February 29, 2004 as a condition to payment.

Stock Options

The following table sets forth information concerning the grant of stock options to our chief executive officer and all other executive officers during the last fiscal year.

	Individual Grants					
Name	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term 5% ($)	10% ($)
Samuel F. Thomas Chief Executive Officer and President	67,547(1)	31.0%	$ 64.75	11/23/15(2)	$ 2,750,514(3)	$ 6,970,175(3)
Michael F. Biehl Executive Vice President, Chief Financial Officer and Treasurer	20,264(1)	9.3%	$ 64.75	11/23/15(2)	$ 825,150(3)	$ 2,091,042(3)
Charles R. Lovett Vice President Manufacturing	6,755(1)	3.1%	$ 64.75	11/23/15(2)	$ 275,064(3)	$ 697,048(3)

(1) These options were granted on November 23, 2005 at an exercise price of $64.75 pursuant to the terms of our 2005 Stock Incentive Plan. The following portions of these options vest annually in equal installments over five years based on continued service: Mr. Thomas, 23,840; Mr. Biehl, 7,152; and Mr. Lovett, 2,384. The following portions of these options vest based on performance, measured by reference to First Reserve s net return on its investment in us: Mr. Thomas, 43,707; Mr. Biehl, 13,112; and Mr. Lovett, 4,371. See 2005 Stock Incentive Plan.

(2) The portion of these options that vests based on performance, as described in footnote (1), may terminate earlier than this date to the extent the performance measure is not satisfied at such time that First Reserve may cease to have any ownership interest in us.

(3) The potential realized values are net of exercise price but do not take into account the payment of taxes associated with exercise. The amounts represent hypothetical gains that could be achieved for the respective options if exercised at the end of the option term based on assumed annual rates of compound share price appreciation from the date of this prospectus of 5% and 10% based on $64.75 per share, the fair market value on the date of grant. The 5% and 10% assumed annual rates of compounded share price appreciation are mandated by rules of the SEC and do not represent our estimate or projection of our

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future common share prices. Actual gains, if any, on stock option exercises are dependent on the future performance of our common shares and overall stock market conditions and the option holders continued service with us.

Since December 31, 2005, we have granted 26,749 options under the 2005 Stock Option Plan to 26 employees at an exercise price of $ per share.

Exercise of Options

The following table sets forth information concerning the exercise of stock options during 2005 by each of our chief executive officer and all other executive officers and the 2005 year-end value of unexercised options.

Name	Shares Acquired on Exercise (#)	Value Realized($)	Number of Securities Underlying Unexercised Options at Fiscal Year-End (#) Exercisable/Unexercisable(1)	Value of Unexercised In-the-Money Options at Fiscal Year-End ($)(2) Exercisable/Unexercisable
Samuel F. Thomas Chief Executive Officer and President			94,599/67,547	$ /$
Michael F. Biehl Executive Vice President, Chief Financial Officer and Treasurer			5,297/20,264	$ /$
Charles R. Lovett Vice President Manufacturing			4,350/7,626	$ /$

(1) Since December 31, 2005, Mr. Thomas, Mr. Biehl and Mr. Lovett have exercised their respective options to acquire 94,599, 5,297 and 5,221 shares, respectively, of our common stock for $16.19 per share.

(2) There was no public trading market for our common stock as of December 31, 2005. The value of unexercised in-the-money options is based on the assumed initial public offering price of $ per share.

Pension Plan Information

The Chart Retirement Income Plan was frozen as of December 31, 2004. Therefore, no future service or earnings will be considered in the calculation of the normal retirement benefit (as defined therein) payable from the plan. Mr. Lovett s annual benefit payable at his normal retirement date (as defined therein) is $4,850.88. This amount was calculated using his final average earnings and credited service at December 31, 2004.

2005 Stock Incentive Plan

The following description of the Chart Industries, Inc. 2005 Stock Incentive Plan, which we refer to as the Plan, is not complete and is qualified by reference to the full text of the Plan, which has been filed as an exhibit to the registration statement of which this prospectus forms a part. We adopted the stock incentive plan effective November 23, 2005. We anticipate that the Plan will be approved by our stockholders prior to the completion of this offering.

The Plan provides for the grant of options that are not incentive stock options, stock appreciation rights, which we refer to as SARs, restricted stock and other stock-based grants, including the shares of our common stock sold to, and options granted to, our executive officers and other key employees.

In connection with this offering, we intend to amend the Plan to increase the number of shares of common stock reserved for issuance under the Plan and to make other changes to the terms of the Plan that will be effective when we complete this offering. As of April 1, 2006, there were 245,157 shares of common stock reserved for issuance under the Plan. The number or kind of shares issued or reserved for issuance pursuant to the Plan or pursuant to outstanding awards, maximum number of shares for which options or SARs may be granted during a calendar year to any participant, the exercise price of any award or any other

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affected term of an award may be adjusted by our board of directors on account of mergers, consolidations, reorganizations, stock splits, extraordinary dividends or other dilutive changes in the shares of common stock. Shares of common stock covered by awards that terminate or lapse without the issuance of shares will again be available for grant under the Plan.

The Plan is administered by our board of directors, which may delegate its duties and powers in whole or in part to any committee thereof. The board has the full power and authority to establish the terms and conditions of any award consistent with the provisions of the Plan and to waive any such terms and conditions at any time. The board also has the authority to grant awards under the Plan. The board is authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan and to make any other determinations that it deems necessary or desirable for the administration of the Plan. The board is authorized to correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the