CHART INDUSTRIES INC
Form S-1
April 13, 2006

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As filed with the Securities and Exchange Commission on April 13, 2006
Registration No. 333-

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

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.)*

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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
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).

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 11.

	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**

, 2006

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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.

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. We believe we are a preferred global supplier of engineered equipment used throughout the liquid gas supply chain. The largest portion of end-use applications for our products is energy-related, accounting for 51% of sales in 2005, and 58% of orders 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.

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 combined year ended December 31, 2005, we generated revenues of $403.1 million compared to revenues of $305.6 million for the year ended December 31, 2004. Our backlog at December 31, 2005 was $233.6 million compared to $129.3 at 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 (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 (E&C), (ii) Distribution and Storage (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. Through our E&C segment, we are a leading global provider of cryogenic equipment used in the separation, liquefaction and purification of hydrocarbon and industrial gases. Our primary products include heat exchangers, cold boxes and vacuum-insulated pipe (VIP). Through our D&S segment, we are a leading global provider of cryogenic equipment used in the distribution and storage of hydrocarbon and industrial gases. Our primary products include bulk storage systems for LNG and industrial gases, packaged gas systems, VIP systems, LNG vehicle fueling systems and beverage liquid CO_2 systems. Through our BioMedical segment, we are a leading independent supplier of cryogenic equipment used in the storage and

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distribution of biological materials and oxygen used primarily in the medical and animal breeding industries. Our primary products include respiratory liquid oxygen therapy systems, biological storage systems and magnetic resonance imaging (MRI) cryostat components.

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

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. 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 through 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 December 31, 2005 was $233.6 million compared to $129.3 million and $49.6 million at December 31, 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 the preferred supplier and 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 Corporation (JGC), Bechtel Corporation, General Electric (GE), ExxonMobil, British Petroleum (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 1.5 million square feet of manufacturing space across 11 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.

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 (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.

Recent Developments

On February 9, 2006, we entered into a letter of intent to purchase the common stock of a company that designs and manufactures custom air cooled heat exchangers utilizing advanced technology in thermal and mechanical design. The aggregate purchase price for the acquisition is expected to be approximately $16.5 million, which will be paid in cash. The closing of this acquisition is subject to customary conditions. We intend to finance this acquisition with our available cash and/or borrowings under our senior secured credit facility and expect the acquisition to close during the second quarter of 2006.

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 11 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. (First Reserve), a Delaware limited partnership, and CI Acquisition, Inc. (CI Acquisition), a Delaware corporation and a wholly-owned subsidiary of First Reserve, which provided for (i) the sale of shares of common stock of Chart Industries, Inc. by certain of its stockholders to CI Acquisition and (ii) 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 (the notes) and borrowings under our $240.0 million senior secured credit facility. The senior secured credit facility consists of a $180.0 million term loan facility and a $60.0 million revolving credit facility. See The Transactions.

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. 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;
- excludes 573,027 shares issuable to FR X Chart Holdings LLC upon exercise of its warrant to purchase our shares; and
- excludes shares of our common stock reserved for issuance under our existing stock option plans.

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 (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 year ended December 31, 2004, the three months ended December 31, 2003 and the period from January 1, 2005 to October 16, 2005 (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 December 31, 2005 and for the period from October 17, 2005 to December 31, 2005 (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 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 December 31, 2005 has been prepared to give pro forma effect to this offering and the application of the proceeds therefrom as if they had occurred on December 31, 2005. The following summary unaudited pro forma statements of operations information for the year ended December 31, 2005 has 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
	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	Year Ended December 31, 2005
						(unaudited)
	(Dollars in thousands, except per share data)					
Statement of Operations Data:						
Sales	$ 197,017	$ 68,570	$ 305,576	$ 305,497	$ 97,652	$ 403,149
Cost of sales(1)	141,240	52,509	211,770	217,284	75,733	293,017
Gross Profit	55,777	16,061	93,806	88,213	21,919	110,132
Selling, general and administrative expense	44,211	14,147	53,374	59,826	16,632	84,764
Restructuring and other operating expenses, net(2)(3)	14,564	1,051	3,220	7,659	139	7,798
	58,775	15,198	56,594	67,485	16,771	92,562
Operating income (loss)	(2,998)	863	37,212	20,728	5,148	17,570
Interest expense, net(4)	10,300	1,344	4,712	4,164	5,556	27,401
Other expense (income)	(8,490)	(407)	(332)	528	487	2,186
	1,810	937	4,380	4,692	6,043	29,587
(Loss) income from continuing operations before income taxes and minority interest	(4,808)	(74)	32,832	16,036	(895)	(12,017)
Income tax (benefit) expense	3,047	(125)	10,134	7,159	(441)	(3,602)
(Loss) income from continuing operations before minority interest	(7,855)	51	22,698	8,877	(454)	(8,415)

Minority interest, net of taxes and other	(63)	(20)	(98)	(19)	(52)	(71)
(Loss) income from continuing operations	(7,918)	31	22,600	8,858	(506)	(8,486)
Income from discontinued operations(5)	833					
Net (loss) income	$ (7,085)	$ 31	$ 22,600	$ 8,858	$ (506)	$ (8,486)
Earnings (loss) per share data(6):						
Basic (loss) earnings per share(7):					$ (0.29)	
Net income (loss)					(506)	
Weighted average shares basic(7)					1,719	
Cash flow data:						
Cash provided by (used in) operating activities	$ 19,466	$ 4,988	$ 35,059	$ 15,641	$ 18,742	$
Cash provided by (used in) investing activities	15,101	154	(3,317)	(20,799)	(362,250)	
Cash (used in) provided by financing activities	(15,907)	(13,976)	(35,744)	1,708	348,489	
Other financial data:						
Depreciation and amortization(8)	$ 9,260	$ 2,225	$ 8,490	$ 6,808	$ 4,396	$ 20,987
EBITDA(9)	15,522	3,475	45,936	26,989	9,005	36,337
Capital expenditures	1,907	518	9,379	11,038	5,601	
Backlog	51,781	49,635	129,278	206,215	233,639	

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	As of December 31, 2005	
	Actual	Pro Forma
	(unaudited) (In thousands)	
Balance Sheet Data:		
Cash and cash equivalents	$ 15,433	$
Working capital (deficit)(10)	55,454	
Total assets	641,806(11)	
Debt:		
Short-term debt	2,304	
Long-term debt	345,000	
Total debt	347,304	
Shareholders equity	$ 116,330	$

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

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

(6) Unaudited pro forma basic and diluted earnings (loss) per share have been calculated in accordance with the Securities and Exchange Commission (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.

(7) Earnings per share data on a diluted basis is not shown because it is anti-dilutive as a result of our loss during the 2005 Successor Period.

(8) The nine months ended September 30, 2003 and the 2005 Successor Period include financing costs amortization of $1.7 million and $0.3 million, respectively.

(9) 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

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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	
	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	Pro Forma Year Ended December 31, 2005
						(unaudited)
	(Dollars in thousands)					
Net income (loss)	$ (7,085)	$ 31	$ 22,600	$ 8,858	$ (506)	$ (8,486)
Income tax expense (benefit)	3,047	(125)	10,134	7,159	(441)	(3,602)
Interest expense net(a)	10,300	1,344	4,712	4,164	5,556	27,401
Depreciation and amortization(b)	9,260	2,225	8,490	6,808	4,396	20,987
EBITDA	$ 15,522	$ 3,475	$ 45,936	$ 26,989	$ 9,005	$ 36,300

(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 and the 2005 Successor Period include financing costs amortization of $1.7 million and $0.3 million, respectively.

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	
	Nine Months Ended	Three Months Ended	Year Ended	January 1, 2005 to	October 17, 2005 to	Pro Forma Year Ended

	September 30, 2003	December 31, 2003	December 31, 2004	October 16, 2005	December 31, 2005	December 31, 2005
						(unaudited)
	(Dollars in thousands)					
EBITDA	$ 15,522	$ 3,475	$ 45,936	$ 26,989	$ 9,005	$ 36,300
Stock-based compensation expense(a)			2,433	9,508	437	9,945
Inventory valuation charge(b)		5,368			8,903	8,903
Acquisition expenses(c)				6,602		6,602
In-process research and development charge(d)				2,768		2,768
Hurricane losses(e)				1,057	406	1,463
Employee separation and plant closure costs(f)	1,338	1,010	3,346	1,700	255	1,955
Reorganization expenses(g)	369	357	706	1,470	88	1,558
Appraisal rights settlement(h)					500	500
Management fees(i)			380	306		
(Gain) loss on sale of assets(j)	8,929	(57)	133	(131)	78	(53)
Income from discontinued operations(k)	(833)					
Adjusted EBITDA	$ 25,325	$ 10,153	$ 52,934	$ 50,269	$ 19,672	$ 69,941

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(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 (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.

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

(11) Includes $236.7 million of goodwill and $154.1 million of finite-lived and indefinite-lived intangible assets as of December 31, 2005.

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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 adversely affect our revenues.

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 have a material adverse effect on our business, financial condition and results of operations. 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 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 adversely effect 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 adversely affect our results of operation. 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.

As a result of this offering, we become subject to reporting and other obligations under the Securities Exchange Act of 1934, as amended (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.

In June 2004, the Public Company Accounting Oversight Board, or PCAOB, adopted rules for purposes of implementing Section 404 of the Sarbanes-Oxley Act of 2002, which included revised definitions of material weaknesses and significant deficiencies in internal control over financial reporting. The PCAOB defines a material weakness as a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The rules describe certain circumstances as being both significant deficiencies and strong indicators that a material weakness in internal control over financial reporting exists.

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. An inability to complete and document this assessment could result in us receiving less than an unqualified report from our auditors with respect to our internal controls.

Each year, starting with 2007, we must perform the system and process documentation and evaluation needed to comply with Section 404, which is both costly and challenging. During this process, if our management identifies one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that such internal control is effective. If material weaknesses are identified and not remediated with respect to our internal control over financial reporting, we would not be able to conclude that our internal controls over financial reporting were effective, which could result in the inability of our external auditors to deliver an unqualified report, or any report, on our internal controls. If we are unable to assert that our internal control over financial reporting is effective, investors could lose confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our stock price.

As a global business, we are exposed to economic, political and other risks in different countries which could have a material adverse effect on our financial condition and results of operations.

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;

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- 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 have a material adverse effect on our financial condition or results of operations.

If we are unable to successfully manage our growth, our business could be adversely affected.

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 could have a material adverse effect on our business.

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

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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 adversely affect 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. The loss of the services of any of our senior management or other key employees or the failure to attract or retain other qualified personnel could have a material adverse effect on our business or 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, have a material adverse effect on our business, results of operations and financial condition.

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 have a material adverse effect on our business, results of operations and financial condition.

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 be adversely affected, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

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, including currency exchange rate fluctuations, restrictions on the repatriation of profits, compliance with foreign laws and standards and political risks.

From time to time, we may have acquisition discussions with potential target companies. We are unable to predict the likelihood of a material acquisition being completed as a result of any of these discussions. If an

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opportunity arises and we proceed with a relatively large acquisition for cash consideration, a substantial portion of our surplus borrowing capacity could be used in order to consummate any such acquisition. We may further seek to finance a potential acquisition through a debt or equity financing. For large potential acquisition opportunities, should any arise, one or more of the potential risks described above may be particularly acute.

Except as discussed under Prospectus Summary Recent Developments, 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. No assurance can be given that any acquisition will or will not occur, that if an acquisition does occur that it will not materially and adversely affect us or that any such acquisition will 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 have a material adverse effect on our financial condition and results of operations, particularly during the period immediately following any acquisition. In addition to the risks inherent in completing an acquisition, we are further subject to the risk that acquisition opportunities may not continue to be available and we may not have access to the capital required to finance potential acquisitions that are available.

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 business, financial condition and results of operations could be adversely affected.

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 develop 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 a material adverse impact on our results of operations 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 disposing waste, and could have a material adverse effect on our results of operations and financial condition. 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 have a material adverse effect on our business and results of operations.

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 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, results of operations and financial position 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 have a material adverse effect on our financial condition or results of operations.

Increases in labor costs, potential labor disputes and work stoppages at our facilities could materially adversely affect our financial performance.

Our financial performance is affected by the availability of qualified personnel and the cost of labor. As of December 31, 2005, we had 2,271 employees, including 1,402 domestic employees and 869 international employees. These employees consisted of 766 salaried, 283 union hourly and 1,222 non-union hourly employees as of December 31, 2005. During 2005, the union that formerly represented our employees at one facility was decertified. Employees represented by a union presently are subject to one collective bargaining agreement with a local union 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, we could experience a significant disruption to our operations, which could cause us to be unable to deliver products to customers on a timely basis. Other labor controversies may likewise impede our operations. Such disruptions could result in a loss of business and an increase in our operating expenses, which could reduce our profit margins. In addition, our non-unionized labor force may become subject to labor union organizing efforts, which could cause us to incur additional labor costs and increase the related risks that we now face.

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 adversely affect our results of operations. 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

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have a material adverse effect on our financial condition and our ability to meet interest and principal payments on our debt.

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 have a material adverse effect on our financial condition or results of operations. 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 financial position and results of operations. 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 adversely affect our business.

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. In addition, the laws of certain foreign countries in which our products may be sold do not protect our intellectual property rights to the same extent as the laws of the United States. Our failure or inability to protect our proprietary information could have a material adverse effect on our business, financial condition and results of operations.

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 by the applicable governmental authorities. Moreover, even if the applications are approved, third parties may seek to oppose or otherwise challenge these registrations. A failure to obtain trademark or patent registrations in the United States or elsewhere could limit our ability to protect our trademarks and technologies and could impede our business in those jurisdictions.

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. 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. If we must sue to protect or enforce our intellectual property rights, any suits or proceedings could be burdensome and costly, and we may not prevail.

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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. 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 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.

The continued threat of terrorism, the occurrence of terrorist acts and ongoing military actions could adversely affect our financial condition and results of operations.

The continued threat of terrorism and ongoing military actions, as well as heightened security measures in response to these threats and actions, may cause significant volatility in global financial markets, reduced economic activity, reduced availability of essential raw materials or supplies and disruptions to commerce, our company, our employees and our customers, thereby adversely affecting our business. The continued threat of terrorism also could lead to changes in the amount and scope of available insurance coverage as well as higher premiums. Terrorist actions also could disrupt our operations in the United States or abroad.

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, there can be no assurance that we are not 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 have a material adverse affect on our results of operations and financial condition.

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 will 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.

Risks Related To Our Leverage

Our substantial leverage and significant debt service obligations could adversely affect our financial condition 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 December 31, 2005, our total indebtedness was $347.3 million. In addition, at that date, we had $22.4 million of letters of credit and bank guarantees outstanding and borrowing capacity of approximately $37.6 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;

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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 $37.8 million (on a combined basis), $35.1 million and $24.5 million (on a combined basis) for fiscal 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.

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.

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 $37.6 million of which would have been available for future borrowings (after giving effect to letters of credit and bank guarantees outstanding) as of December 31, 2005 on a pro forma basis after giving effect to this offering and the application of the proceeds therefrom. If new debt is added to our current debt levels, the related risks that we now face could intensify.

We may be unable to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may be unsuccessful.

Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. 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 need to refinance all or a portion of our debt on or before maturity. 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 reduce or delay capital expenditures, seek additional capital or seek to restructure or refinance our indebtedness. These alternative measures may be unsuccessful and may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to sell material assets or operations to attempt to meet our debt service and other obligations. The 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

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inadequate to meet any debt service obligations then due. See Description of Other Indebtedness Senior Secured Credit Facility.

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;
- 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.

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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.

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, 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 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.

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.

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of our common stock in spite of our operating performance. In addition, our operating results could be below the expectations of securities analysts and investors, and in response, the market price of our common stock could decrease significantly. As a result, the market price of our common stock could decline below the initial public offering price. You may be unable to resell your shares of our common stock at or above the initial public offering price. Among other factors that could affect our stock price are:

- actual or anticipated variations in operating results;
- changes in financial estimates by research analysts;
- 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;
- 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.

In the past, following periods of volatility in the market price of a company s securities, stockholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and a diversion of management attention and resources, which could significantly harm our profitability and reputation.

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

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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, will, should, expects, anticipates, believes, projects, forecasts, continue or the negative of such terms or 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;

the threat of terrorism and the impact of responses to that threat;

regulations governing the export of our products;

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

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THE TRANSACTIONS

The following contains summaries of the terms of the material agreements that were entered into in connection with the Acquisition. The descriptions of such agreements do not purport to be complete and are qualified in their entirety by reference to such agreements. 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 (the merger agreement) with certain of its then-existing stockholders (the Principal Stockholders), First Reserve Fund X, L.P., a Delaware limited partnership (First Reserve), and CI Acquisition, Inc., a Delaware corporation (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 (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 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 (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, following the merger, to represent options to acquire shares of common stock of Chart Industries after the merger.

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

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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, 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 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 affiliates of First Reserve. In addition, approximately $ million will be received by certain of our executive officers and other key employees. We will pay the estimated offering expenses of $ million out of cash on hand.

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 affiliates of First Reserve. In addition, approximately $ million will be received by certain of our executive officers and other key employees.

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. 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.

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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.

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 intend to amend 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 December 31, 2005 (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;
- the -for-one stock split we expect to effect immediately prior to the consummation of this offering; 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 December 31, 2005	
	Actual	**As Adjusted**
	(Unaudited, in millions, except share and per share data)	
Cash and cash equivalents	$ 15.4	$
Debt:		
Senior secured credit facility:		
Revolving credit facility(1)		
Term loan facility	175.0	
9 1/8 % senior subordinated notes due 2015	170.0	
Other debt(2)	2.3	
Total debt	$ 347.3	$
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)		
Additional paid-in capital	117.4	
Retained (deficit)	(0.5)	
Accumulated other comprehensive (loss)	(0.6)	
Total capitalization	$ 116.3	$

(1) As of December 31, 2005, we had approximately $37.6 million available for borrowing under the revolving portion of the senior secured credit facility, subject to certain conditions, after giving effect to approximately

$22.4 million of letters of credit and bank guarantees outstanding thereunder. See The Transactions and Description of Indebtedness.

(2) This relates to the indebtedness of Chart Ferox, a.s. and CEM, our subsidiaries located in the Czech Republic and China, respectively. See Description of Indebtedness Chart Ferox Credit Facility.

(3) 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)

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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.

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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 December 31, 2005, 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 December 31, 2005, 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 December 31, 2005 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 December 31, 2005	$	
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.

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The following table summarizes, on the same pro forma basis as of December 31, 2005, 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. The unaudited pro forma statements of operations for the year ended December 31, 2005 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 pro forma balance sheet as of December 31, 2005 gives effect to this offering and the estimated use of proceeds from this offering, as if they had occurred on December 31, 2005. 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 and 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 PRO FORMA BALANCE SHEET
As of December 31, 2005

	Historical	Offering Adjustments	Pro Forma
		(In thousands)	
Assets			
Current Assets			
Cash and cash equivalents	$ 15,433	(a)	
Accounts receivable, net	62,463		
Inventories, net	53,132		
Unbilled contract revenue	23,813		
Prepaid expenses	3,037		
Other current assets	12,102		
Assets held for sale	3,084		
Total current assets	173,064		
Property, plant and equipment, net	64,265		
Goodwill	236,742		
Identifiable intangible assets, net	154,063		
Other assets, net	13,672	(b)	
Total assets	$ 641,806		
Liabilities and Stockholders Equity			
Current liabilities			
Accounts payable	$ 34,435		
Customer advances and billings in excess of contract revenue	26,741		
Accrued salaries, wages and benefits	19,797		
Warranty reserve	3,598		
Other current liabilities	17,606		
Short-term debt	2,304	(b)	
Total current liabilities	104,481		
Long-term debt	345,000	(b)	
Long-term deferred tax liabilities	56,038		
Other long-term liabilities	19,957		
Shareholder equity	116,330	(a)(b)(c)	
Total liabilities and shareholder equity	$ 641,806		

(a) Reflects payment, using cash on-hand, of $ million of expenses in connection with this offering.

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

(c) Reflects the assumed gross proceeds of $ million from the offering, net of fees and expenses of $ million. On a pro forma basis as of December 31, 2005, $ million of the net proceeds from the offering is assumed to be used to pay a dividend to our existing stockholders. See Use of Proceeds.

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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)	Offering Adjustments(4)	Pro Forma Year Ended December 31, 2005
	(In thousands except per share data)				
Sales	$ 305,497	$ 97,652	$	$	$ 403,149
Cost of sales	217,284	75,733			293,017
Gross profit	88,213	21,919			110,132
Selling, general and administrative expense	59,826	16,632	8,306(a)(b)		84,764
Transaction expense	6,602				6,602
Employee separation and plant closure costs	1,057	139			1,196
	67,485	16,771	8,306		92,562
Operating income (loss)	20,728	5,148	(8,306)		17,570
Other expense (income)					
(Gain) Loss on sale of assets	(131)	78			(53)
Interest expense, net	4,192	5,565	17,681(c)		27,438
Financing costs amortization		308	1,171(d)		1,479
Derivative contracts valuation expense (income)	(28)	(9)			(37)
Foreign currency loss (gain)	659	101			760
	4,692	6,043	18,852		29,587
(Loss) income from operations before income taxes and minority interest	16,036	(895)	(27,158)		(12,017)
Income tax (benefit) expense	7,159	(441)	(10,320)(e)		(3,602)
(Loss) income from operations before minority interest	8,877	(454)	(16,838)		(8,415)
Minority interest, net of taxes	(19)	(52)			(71)

Net (loss)	$	8,858	$	(506)	$	(16,838)	$		$	(8,486)
Basic and Diluted Earnings Per Share Data(5)(6)										
Basic (loss) earnings per share			$	(0.29)(f)						
Diluted (loss) earnings per share										
Weighted-average shares basic				1,719(f)						
Weighted-average shares diluted										

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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 (the 2005 Successor Period) is not comparable to such information for the periods prior to the Acquisition (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. 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 an 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%.
  (f) For the 2005 Successor Period, basic earnings per share is calculated by dividing net loss available to common shareholders by the weighted average shares outstanding during this period.
(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)

Earnings per share data on a diluted basis for the 2005 Successor Period is not shown because it is anti-dilutive as a result of our loss during this period.

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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 Reorganized Company selected historical consolidated financial data as of September 30, 2003, December 31, 2003 and October 16, 2005 is 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 (the 2005 Reorganized Period) 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 (the 2005 Successor Period) is derived from our audited financial statements for such period included elsewhere in this prospectus, which have been audited by Ernst & Young LLP.

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,	October 17, 2005 to December 31,
	2001	2002	2003	2003	2004	2005	2005
	(In thousands, except per share data)						
Statement of Operations Data:							
Sales	$ 305,288	$ 276,353	$ 197,017	$ 68,570	$ 305,576	$ 305,497	$ 97,652
Cost of sales(1)	226,266	205,595	141,240	52,509	211,770	217,284	75,733
Gross profit	79,022	70,758	55,777	16,061	93,806	88,213	21,919
Selling, general and administrative expense	55,128	65,679	44,211	14,147	53,374	59,826	16,632
Restructuring and other operating expenses, net(2)(3)	6,867	105,897	14,564	1,051	3,220	7,659	139
	61,995	171,576	58,775	15,198	56,594	67,485	16,771
Operating income (loss)	17,027	(100,818)	(2,998)	863	37,212	20,728	5,148
Interest expense, net(4)	21,589	17,612	10,300	1,344	4,712	4,164	5,556
Other expense (income)	3,905	4,384	(8,490)	(407)	(332)	528	487
	25,494	21,996	1,810	937	4,380	4,692	6,043
(Loss) income from continuing operations before income taxes and minority interest	(8,467)	(122,814)	(4,808)	(74)	32,832	16,036	(895)
Income tax (benefit) expense	398	11,136	3,047	(125)	10,134	7,159	(441)
(Loss) income from continuing operations before minority interest	(8,865)	(133,950)	(7,855)	51	22,698	8,877	(454)
	(199)	(52)	(63)	(20)	(98)	(19)	(52)

Minority interest, net of taxes and other							
(Loss) income from continuing operations	(9,064)	(134,002)	(7,918)	31	22,600	8,858	(506)
Income from discontinued operations(5)	3,906	3,217	833				
Net (loss) income	$ (5,158)	$ (130,785)	$ (7,085)	$ 31	$ 22,600	$ 8,858	$ (506)
Earnings (loss) per share data(6):							
Basic earnings (loss) per share:							$ (0.29)
Net income (loss)							(506)
Weighted average shares							1,179
Cash Flow Data:							
Cash provided by (used in) operating activities	$ 7,458	$ 5,249	$ 19,466	$ 4,988	$ 35,059	$ 15,641	$ 18,742
Cash (used in) provided by investing activities	(6,261)	1,288	15,101	154	(3,317)	(20,799)	(362,250)
Cash (used in) provided by financing activities	504	(17,614)	(15,907)	(13,976)	(35,744)	1,708	348,489
Other Financial Data:							
Depreciation and amortization(7)	$ 17,783	$ 14,531	$ 9,260	$ 2,225	$ 8,490	$ 6,808	$ 4,396

	2Predecessor Company			**Reorganized Company**			**Successor Company**
	As of December 31,		**As of September 30,**	**As of December 31,**	**As of December 31,**	**As of October 16,**	**As of December 31,**
	2001	**2002**	**2003**	**2003**	**2004**	**2005**	**2005**
	(In thousands)						
Balance Sheet Data:							
Cash and cash equivalents	$ 11,801	$ 7,225	$ 27,815	$ 18,600	$ 14,814	$ 11,470	$ 15,433
Working capital(8)(9)	57,438	8,853	35,826	47,161	51,292	43,486	55,454

Total assets	408,980	279,294	299,745	299,637	307,080	343,107	641,806(10)
Long-term debt	259,120	1,161	122,537	109,081	76,406	74,480	345,000
Total debt	272,083	263,900	126,012	112,561	79,411	80,943	347,304
Shareholders equity (deficit)	49,340	(81,617)	89,865	90,807	115,640	121,321	116,330

(footnotes on next page)

(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 Greenville Tube, LLC business in July 2003. See Management s Discussion and Analysis of Financial Condition and Results of Operations for additional information.

(6) Earnings per share data on a diluted basis is not shown for the 2005 Successor Period because it is anti-dilutive as a result of our loss during this period.

(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) 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.

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

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

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 believe we are a preferred global supplier of engineered equipment used throughout the liquid gas supply chain. 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.

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.

The continued growth in many of the markets we serve, our present customer order trends, our 2005 year end backlog level, our focus on the energy-related industry, and the completion of our operational restructuring initiatives provide a good opportunity for continued improvement in our operating results in 2006. We believe that our cash flow from operations, available cash and available borrowings under the senior secured credit facility will be adequate to meet our working capital, capital expenditure, debt service and other funding requirements for the next twelve months and our long-term future contractual obligations. However, a significant decline in orders and sales in the U.S. medical respiratory product line, as a result of announced reductions in U.S. government reimbursement programs, could have a negative impact on our 2006 operating results and cash flows.

On August 2, 2005, Chart Industries, Inc. entered into an agreement and plan of merger with certain of its then-existing stockholders (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.

Chapter 11 Filing and Emergence

On July 8, 2003, we and all of our then majority-owned U.S. subsidiaries (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 (AICPA) Statement of Position 90-7, Financial Reporting by Entities in Reorganization Under the Bankruptcy Code (SOP 90-7) (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 (the 2005 Reorganized Period) and the period from October 17, 2005 to December 31, 2005 (the 2005 Successor Period). 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	October 17, 2005 to December 31, 2005
Sales	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales(1)	71.7	76.6	69.3	71.1	77.6
Gross profit	28.3	23.4	30.7	28.9	22.4
Selling, general and administrative expense(2)(3)(4)(5)(6)	22.5	20.6	17.5	19.6	17.0
Acquisition expenses(7)	0.0	0.0	0.0	2.2	0.0
Employee separation and plant closure costs	0.4	1.5	1.0	0.3	0.1
Loss on insolvent subsidiary	6.9	0.0	0.0	0.0	0.0
Equity expense in joint venture	0.0	0.1	0.0	0.0	0.0
Operating income (loss)	(1.5)	1.2	12.2	6.8	5.3
(Loss) gain on sale of assets	2.4	0.1	0.0	0.0	(0.1)
Interest expense, net	(5.0)	(2.1)	(1.6)	(1.4)	(5.7)
Financing costs amortization	(0.9)	0.0	0.0	0.0	(0.3)
Derivative contracts valuation income (expense)	(0.2)	0.1	0.0	0.0	0.0
Foreign currency income (loss)	(0.1)	0.5	0.1	(0.2)	(0.1)
Reorganization items, net	2.8	0.0	0.0	0.0	0.0
Income tax (benefit) expense	1.5	(0.2)	3.3	2.3	(0.5)
(Loss) income from continuing operations	(4.0)	0.0	7.4	2.9	(0.4)
Income from discontinued operation, net of tax	0.4	0.0	0.0	0.0	0.0
Net (loss) income	(3.6)	0.0	7.4	2.9	(0.4)

(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 $0.4 million, $9.5 million and $2.4 million, representing 0.4%, 3.1% and 0.8% of sales, for the 2005 Successor Period, 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 $0.4 million and $1.1 million, representing 0.4% and 0.4% of sales, for 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 $3.0 million, $2.7 million, $2.8 million, $0.7 million, and $1.2 million, representing 3.0%, 0.9%, 0.9%, 1.0%, and 0.6%, 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.

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

Segment Information

The following table sets forth sales, gross profit and gross profit margin for our three 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	October 17, 2005 to December 31, 2005
	(Dollars in thousands)				
Sales					
Energy & Chemicals	$ 42,910	$ 15,699	$ 69,609	$ 86,920	$ 34,135
Distribution and Storage	102,469	37,863	162,508	161,329	47,832
Biomedical	51,638	15,008	73,459	57,248	15,685
Total	$ 197,017	$ 68,570	$ 305,576	$ 305,497	$ 97,652
Gross Profit					
Energy & Chemicals	$ 12,683	$ 5,405	$ 21,475	$ 23,391	$ 10,494
Distribution and Storage	25,515	8,682	46,588	47,120	8,861
Biomedical	17,579	1,974	25,743	17,702	2,564
Total	$ 55,777	$ 16,061	$ 93,806	$ 88,213	$ 21,919
Gross Profit Margin					
Energy & Chemicals	29.6%	34.4%	30.9%	26.9%	30.7%
Distribution and Storage	24.9%	22.9%	28.7%	29.2%	18.5%
Biomedical	34.0%	13.2%	35.0%	30.9%	16.4%
Total	28.3%	23.4%	30.7%	28.9%	22.4%

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.

2005 Successor Period

Sales

Sales for the 2005 Successor Period were $97.7 million. E&C segment sales were $34.1 million and benefited from volume increases in both heat exchangers and LNG 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 this two month 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 domestic medical respiratory product sales was partially offset by continued volume growth in medical respiratory product sales in Europe and Asia and biological storage systems in the United States as we further penetrated these markets.

Gross Profit and Gross 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 LNG 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.

Selling, General and Administrative Expenses (SG&A)

SG&A expense for the 2005 Successor Period was $16.6 million, or 17.0% of sales. SG&A expense was affected by higher employee-related and marketing costs in the D&S and E&C segments to support their continued sales growth. SG&A expense included $3.0 million, or 3.1% of sales, of amortization expense for finite-lived intangible assets. In addition, SG&A expense included a $0.5 million, or 0.5% of sales, charge for the settlement of former shareholders appraisal rights claims as a result of the Acquisition and $0.4 million, or 0.4% of sales, of losses and charges related to damage caused by Hurricane Rita, at our New Iberia, Louisiana facilities.

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 Plaistow, New Hampshire and Burnsville, Minnesota facilities.

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.

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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 LNG 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.

Gross Profit and Gross 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 LNG 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 and lower productivity and inventory valuation adjustments of $0.6 million primarily in the first half of 2005, as a result of the transition of the medical respiratory product line manufacturing from Burnsville, Minnesota to Canton, Georgia.

SG&A

SG&A expense for the 2005 Reorganized Period was $59.8 million or 19.6% of sales. SG&A expense was affected by an increase in employee-related and marketing costs in the D&S and E&C segments to support their continued sales growth. SG&A expense during this period included stock-based compensation expense of $9.5 million. A significant portion of this charge was incurred as a result of stock options that were exercised in conjunction with the Acquisition further described above. SG&A expense included a charge of $2.8 million, or 0.9% of sales, for the write-off of purchased in-process research and development. In addition, SG&A expense included $1.1 million of costs and losses related to damage caused by Hurricane Rita at the New Iberia, Louisiana facilities and 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.

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Acquisition Expenses

During the 2005 Reorganized Period, we incurred $6.6 million in expenses 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 Plaistow, New Hampshire and Burnsville, Minnesota facilities.

Other Expenses and Income

We recorded a net gain on the sale of assets of $0.1 million, which included a gain 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 $1.2 million loss for the write-off of several assets that were deemed to be impaired, and a loss of $0.5 million for the write down of the Plaistow facility held for sale to its estimated fair value.

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 Gross 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 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 Expense

SG&A expense for 2004 was $53.4 million, or 17.5% of sales. In 2004, we benefited from cost savings realized as a result of our continued restructuring efforts, including the lower professional expenses that had been incurred previously to restructure our senior debt in 2003 and $0.9 million of life insurance proceeds from our voluntary deferred income plan. In 2004, we incurred $5.3 million, or 1.7% of sales, of incentive compensation expense for achieving our operating targets, $2.4 million, or 0.8% of sales, of compensation expense resulting from the sale of 28,797 shares of our common stock to our chief executive officer at a price below the closing market price on the date of sale and the issuance of new stock options to certain key employees in 2004, $2.8 million of expense, or 0.9% of sales, in 2004 related to the amortization of certain intangible assets recorded in September 2003 under Fresh-Start accounting, and $0.9 million of selling expense, or 0.3% of sales related to the settlement of two specific customer product claims that were outside of our normal warranty period.

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 tank production. 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 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.

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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.

Sale of Assets

In conjunction with the closure of the 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 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 Plaistow, New Hampshire facility, resulting in a $0.6 million gain on the sale of assets. We recorded a $0.4 million loss on the sale of assets related to adjusting the Plaistow land and building to fair value less cost to sell based upon an agreement executed in September 2004 to sell the Plaistow land and building. The land and building related to the Plaistow facility are included in assets held for sale on our consolidated balance sheet as of December 31, 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%.

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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 Gross 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 Expense

SG&A expense for the three months ended December 31, 2003 was $14.1 million, or 20.6% of sales. During this three month period, we realized cost savings from the elimination of a significant number of salaried employees from its operational restructuring efforts described further below.

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 described further below. These 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.

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.

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.

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Gross Profit and Gross 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 Expense

SG&A expense for the first nine months of 2003 was $44.2 million, or 22.4% of sales. We recorded $6.0 million, or 3.1% of sales, of SG&A expense in the first nine months of 2003 for fees paid to professional advisors related to our efforts to restructure our senior debt.

Employee Separation and Plan Closure Costs

We recorded $0.9 million of employee separation and plant closure costs in the first nine months of 2003. This expense relates 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 Costa Mesa, California and Columbus, Ohio and consisted primarily of lease termination costs and severance.

Loss on Insolvent Subsidiary

In March 2003, we completed the closure of our Wolverhampton, U.K. manufacturing facility, operated by Chart Heat Exchangers Limited (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 (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.

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 $3.7 million in the third quarter of 2003. In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, we classified the operating results of this business as a discontinued operation on our consolidated statement of operations for the nine-month period ended September 30, 2003. We reported income from discontinued operation, net of taxes of $0.8 million in the first nine months of 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.

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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 negoatiated 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.

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 liabilites 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.

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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 at December 31, 2005, 2004 and 2003 was $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.

The table below sets forth orders and backlog by segment for the last three years:

	Predecessor Company		Reorganized Company	Successor Company
	Nine Months	&nb		