FIRST MIDWEST BANCORP INC
Form 10-K405
March 06, 2002
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)
x **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [No Fee Required]**

For the fiscal year ended December 31, 2001

¨ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [No Fee Required]**

Commission File Number 0-10967

FIRST MIDWEST BANCORP, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**36-3161078**
(State or other Jurisdiction of Incorporation or Organization)	**(IRS Employer Identification No.)**

300 Park Blvd., Suite 405, P.O. Box 459
Itasca, Illinois 60143-9768
(Address of Principal Executive Offices) (Zip Code)

(630) 875-7450
(Registrant s Telephone Number, Including Area Code)

Common Stock, $.01 Par Value
Preferred Share Purchase Rights
Securities Registered Pursuant to Section 12(g) of the Act

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. yes x no ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

As of March 1, 2002, 48,615,108 shares of common stock of the Registrant were outstanding. The aggregate market value of the shares of common stock held by non-affiliates as of such date was approximately $1,243,687,361 based on the NASDAQ Stock Market closing price.

DOCUMENTS INCORPORATED BY REFERENCE

Registrant s Proxy Statement for the 2002 Annual Shareholders Meeting Parts I and III

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Part I

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PART I

ITEM 1. BUSINESS

First Midwest Bancorp, Inc.

First Midwest Bancorp, Inc. (First Midwest or the Company) is a Delaware corporation that was incorporated in 1982 for the purpose of becoming a multi-bank holding company registered under the Bank Holding Company Act of 1956, as amended (the Act). On February 28, 1983, the Company received approval from the Board of Governors of the Federal Reserve System (the Federal Reserve Board) to become a bank holding company, and on March 31, 1983, the Company was formed through an exchange of common stock. The Company is one of Illinois largest publicly traded banking companies with assets of approximately $5.7 billion at year-end 2001 and is headquartered in the Chicago suburb of Itasca, Illinois.

The Company operates two 100%-owned subsidiaries (the Affiliates): First Midwest Bank (the Bank) and First Midwest Insurance Company, as further hereinafter described. The Company and its subsidiaries employed 1,544 full time equivalent employees at December 31, 2001.

The Company has responsibility for the overall conduct, direction and performance of its Affiliates. The Company provides specialized services to the Affiliates in various areas, establishes Company policies and procedures, and serves as a source of strength in providing capital and other resources as needed. Responsibility for the management of the Affiliates rests with their respective Boards of Directors and Officers.

Strategic Realignment of Mortgage Banking Services

During 2000, First Midwest concluded a strategic review of the manner in which it delivers mortgage products to its customers. The primary purpose of the strategic review was to ensure satisfaction of customer needs through the appropriate delivery of this product, while enhancing revenue predictability from a product line that is significantly affected by the volatility in market interest rates. As a result of the review, First Midwest implemented certain strategic changes in its mortgage banking operations which included the discontinuation of operations of its mortgage banking subsidiary, First Midwest Mortgage Corporation (FMMC), the sale of FMMC s $1.8 billion mortgage loan servicing portfolio, the disposition of certain related assets and the transfer of all mortgage origination activities to its banking Affiliate, First Midwest Bank. In conjunction with this realignment, First Midwest entered into a strategic alliance with a leading private label mortgage services provider pursuant to which administrative functions including loan processing, document preparation, secondary market activities and loan servicing were outsourced while the important customer contact function continues to be conducted by the Bank s loan origination sales group.

First Midwest Bank

At December 31, 2001, the Bank had $5.6 billion in total assets, $4.2 billion in total deposits and operated 69 banking offices primarily in suburban metropolitan Chicago, as further discussed below.

The Bank is engaged in commercial and retail banking and offers a broad range of lending, depository, and related financial services including accepting deposits; commercial and industrial, consumer and real estate lending; collections; trust and investment management services; safe deposit box operations; and other banking services tailored for individual, commercial and industrial, and governmental customers. The Bank has also established an electronic banking center on the Internet at *www.firstmidwest.com* which provides transactional capabilities for its customers and information about its products and services to the general public. On June 30, 2001, the Company merged its stand alone investment management subsidiary, First Midwest Trust Company, which provided trust and investment management services acting as executor, administrator, trustee agent and various other fiduciary capacities, into the Bank. The purpose of the merger was to enhance the revenue generation potential of investment management services by the more seamless and integrated delivery of such services to the Bank s more extensive commercial and personal client base.

The Bank is comprised of two divisions, a sales division (structured along commercial and retail product lines) in five geographical regions and a support division providing corporate, administrative, and support services through various functional departments. The Bank believes that this structure further leverages customer relationships and enhances sales effectiveness.

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Approximately 86% of the Bank s assets are located in the suburban metropolitan Chicago area. Within the Chicago metropolitan area, the Bank operates in three of the fastest growing counties in Illinois: Lake and McHenry Counties, north and northwest of the City of Chicago, and Will County, southwest of the City. Lake County has both the highest average household income in the State of Illinois and the highest employment rate, with employment estimated to increase by 22% over the next 10 years. McHenry County, which is adjacent to Lake County on the West, has the third highest average household income and the second highest employment rate, with employment expected to increase by 22% for the same forward period. Will County ranks seventh and third, respectively, by each of the same measures, and expects a similar 19% increase in employment. The Bank has the largest share of bank deposits in the Will County market, the second largest in the Lake County market, and the third largest in the McHenry County market, with an estimated 9.39% of Lake County, 6.7% of McHenry County and 19.8% of Will County.

Another approximate 10% of the Bank s assets are located in the Quad Cities area of Western Illinois and Eastern Iowa, which includes the Illinois cities of Moline and Rock Island and the Iowa cities of Davenport and Bettendorf. The Quad Cities region has a population of approximately 360 thousand, employment in excess of 234 thousand jobs, and annual retail sales of approximately $4 billion. Employment in this market area is projected to increase approximately 10% over the next 10 years. The Bank has an approximate 5.5% market share, or the seventh largest, in the Quad Cities.

The Bank maintains branch operations in downstate Illinois primarily in Vermilion and Champaign Counties, which represent approximately 4% of the Bank s total assets. Champaign, Illinois is the home of the University of Illinois. The Bank has approximately 16.6% of the total deposits in the Vermilion County market.

First Midwest Insurance Company

First Midwest Insurance Company operates as a reinsurer of credit life, accident, and health insurance sold through the Bank, primarily in conjunction with the consumer lending operations. All sales and support activities of First Midwest Insurance Company are discharged by Bank and Company personnel.

Competition

Illinois, and more specifically the metropolitan Chicago area, is a highly competitive market for banking and related financial services. Competition is generally expressed in terms of interest rates charged on loans and paid on deposits, the ability to garner new deposits, the scope and type of services offered, extended banking hours, delivery of bank services through branches, ATMs and the Internet, and the offering of additional services such as investment management, fiduciary and brokerage services. The Bank competes with other banking institutions and savings and loan associations, personal loan and finance companies, and credit unions within its market areas. In addition, the Bank competes for deposits with money market mutual funds and investment brokers. The Bank is experiencing increased competition in its market areas from the acquisition of local financial institutions by out-of-state commercial banking institutions.

The Bank also competes with retail and discount stockbrokers, investment advisors, mutual funds, insurance companies, and to a lesser extent, financial institutions for investment management clients. Factors influencing this type of competition generally involve the variety of products and services that can be offered to clients. With the proliferation of investment management service companies such as mutual funds and discount brokerage services, competition for investment management services comes not only from financial service providers within market areas served but also competitors outside of the geographic areas in which the Bank maintains offices.

Offering a broad array of products and services at competitive prices is an important element in competing for customers. However, the Company believes that delivering quality services, through a systematic approach in which a customer s financial needs are the object and measurement of sales activities, is the most important aspect in retaining and expanding its customer base and differentiates First Midwest from many of its competitors.

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Supervision and Regulation

On June 30, 2001, the Bank converted from a national banking association to an Illinois banking corporation. The charter conversion was effected to realize a meaningful reduction in supervisory cost of approximately $500 thousand annually.

The Company and its Affiliates are subject to regulation and supervision by various governmental regulatory authorities including, but not limited to, the Federal Reserve Board, the Federal Deposit Insurance Corporation (the FDIC), the Illinois Commissioner of Banks and Real Estate Companies (the Commissioner of Illinois), the Arizona Department of Insurance, the Internal Revenue Service and state taxing authorities. Financial institutions and their holding companies are extensively regulated under federal and state law. The effect of such statutes, regulations and policies can be significant, and cannot be predicted with a high degree of certainty.

Federal and state laws and regulations generally applicable to financial institutions, such as the Company and the Affiliates, regulate, among other things, the scope of business, investments, reserves against deposits, capital levels relative to operations, the nature and amount of collateral for loans, the establishment of branches, mergers, consolidations and dividends. This supervision and regulation is intended primarily for the protection of the FDIC s bank (the BIF) and savings association (the SAIF) insurance funds and the depositors, rather than the stockholders, of a financial institution.

The following references to material statutes and regulations affecting the Company and its Affiliates are brief summaries thereof and are qualified in their entirety by reference to such statutes and regulations. Any change in applicable law or regulations may have a material effect on the business of the Company and its Affiliates.

Illinois Banking Law

Illinois bank holding companies are permitted to acquire banks and bank holding companies, and be acquired by bank holding companies, located in any state which authorizes such acquisitions under qualifications and conditions which are not unduly restrictive, as determined by the Commissioner of Illinois, when compared to those imposed under Illinois law.

Under interstate banking legislation, adequately capitalized and managed bank holding companies are permitted to acquire control of a bank in any state. States, however, may prohibit acquisitions of banks that have not been in existence for at least five years. The Federal Reserve Board is prohibited from approving an application if the applicant controls more than 10 percent of the total amount of deposits of insured depository institutions nationwide. In addition, interstate acquisitions may also be subject to statewide concentration limits.

The Federal Reserve Board would be prohibited from approving an application if, prior to consummation, the applicant controls any insured depository institution or branch in the home state of the target bank, and the applicant, following consummation, would control 30 percent or more of the total amount of deposits of insured depository institutions in that state. This legislation also provides that the provisions on concentration limits do not affect the authority of any state to limit the percentage of the total amount of deposits in the state which would be held or controlled by any bank or bank holding company to the extent the application of this limitation does not discriminate against out-of-state institutions. States may also waive the statewide concentration limit. The legislation authorizes the Federal Reserve Board to approve an application without regard to the 30 percent statewide concentration limit, if the state allows a greater percentage of total deposits to be so controlled, or the acquisition is approved by the state bank regulator and the standard on which such approval is based does not have the effect of discriminating against out-of-state institutions.

Interstate branching under the Interstate Banking and Branching Act (the Branching Act) permits banks to merge across state lines, thereby creating a bank headquartered in one state with branches in other states. Approval of interstate bank mergers is subject to certain conditions including: adequate capitalization; adequate management; Community Reinvestment Act compliance; deposit concentration limits (as set forth above); and compliance with federal and state antitrust laws. An interstate merger transaction may involve the acquisition of a branch without the acquisition of the bank only if the law of the state in which the branch is located permits out-of-state banks to acquire a branch of a bank in that state without acquiring the bank. Following the consummation of an interstate transaction, the resulting bank may establish additional branches at any location where any bank involved in the transaction could have established a branch under applicable federal or state law, if such bank had not been a party to the merger transaction.

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Interstate branching is required to comply with host state community reinvestment, consumer protection, fair lending, and intrastate branching laws, as if the branch were chartered by the host state. All other laws of the host state apply to the branch to the same extent as if the branch were a bank, the main office being located in the host state.

The interstate branching by merger provisions became effective on June 1, 1997, and allowed each state, prior to the effective date, the opportunity to opt out , thereby prohibiting interstate branching within that state. Of those states in which the Company s banking subsidiaries are located (Illinois and Iowa), neither has adopted legislation to opt out of the interstate branching provisions. Furthermore, pursuant to the Branching Act, a bank is now able to add new branches in a state in which it does not already have banking operations if such state enacts a law permitting such de novo branching.

The effects on the Company of the changes in interstate banking and branching laws cannot be accurately predicted, but it is likely that there will be increased competition from national and regional banking firms headquartered outside of Illinois.

An item of legislation with the potential to have an impact on the Bank is the Banking on Illinois Act (BIA), which became effective in mid-1999 and amended the Illinois Banking Act (IBA) to provide potential wide range of new activities for the Bank. The stated purpose of the BIA is to reduce the number of bank headquarters lost to other states through interstate mergers by promoting Illinois as a progressive place for banks to do business. Accordingly, the BIA directs the courts and regulators to liberally construe the provisions of the BIA in order to create a favorable business climate for banks in Illinois. The main features of the BIA are to expand bank powers through a new wild card provision authorizing Illinois chartered banks to offer virtually any product or service that any bank or thrift may offer anywhere in the country, subject to certain safety and soundness considerations. The BIA also gives Illinois chartered banks more options with respect to corporate governance, and gives the banks new liability protections, especially with respect to fees. Management of the Bank remains aware of the favorable environment created by the BIA and will consider the advantages that may become available to the Bank as a result of such legislation.

The Commissioner of Illinois has adopted predatory lending regulations. These regulations apply to high cost mortgages which are defined as mortgages which exceed a specified interest rate or are assessed points in excess of a specified minimum. Once any of these thresholds is reached, the regulations impose certain restrictions on the lender including obligating the lender to verify the borrower s ability to repay the loan based on the borrower s income and debt obligations; prohibiting deceptive refinancing known as loan flipping where a lender refinances existing loans, charging additional points and fees, without any financial benefit to the consumer; prohibiting the financing of a single premium credit insurance; prohibiting the financing of points and fees to excess of 6% of the total loan; limiting the size and interval of balloon payments; and limiting prepayment penalties that could be charged to consumers. These regulations also require the lender to make certain disclosures to borrowers who are seeking high cost mortgages. The regulations apply to all state licensed financial institutions making residential loans in Illinois. The regulations also require lenders to file with the Commissioner of Illinois semi-annual reports on mortgage loans, including information relating to defaults and foreclosures.

The Illinois legislature has also considered the adoption of legislation aimed at curbing what some legislators and consumer-oriented advocacy groups consider to be predatory lending practices by some mortgage brokers and other lenders active in the State of Illinois. While the problems of so-called predatory lending most often involve subprime credit, subprime loans are not automatically predatory loans. So-called predatory lending does not arise from pricing or from traditional loan terms that can provide real benefits to borrowers, such as balloon payments or prepayment penalties. Rather, predatory lending consists of fraudulent and deceptive sales practices that occur when borrowers are pressured into taking out loans they do not need or cannot afford. Inasmuch as neither the Company nor the Bank indulges in such practices, it is unlikely that any legislation adopted in Illinois to combat this perceived problem would have an impact on either the Company or the Bank other than the creation of additional reporting requirements.

As an Illinois banking corporation controlled by a bank holding company, the Bank is not only subject to the rules regarding change of control in the Bank Holding Company Act of 1956, as amended, and the Federal Deposit Insurance Act and the regulations promulgated thereunder, it is also subject to the rules regarding change in control of Illinois banks contained in the IBA. The Company is also subject to these rules by virtue of control of the Bank. Generally, the IBA provides that no person or entity or group of affiliated persons or entities may, without the

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Commissioner of Illinois consent, directly or indirectly, acquire control of an Illinois bank. Such control is presumed if any person owns or controls 20% or more the outstanding stock of an Illinois bank or such lesser amount as would enable the holder or holders, by applying cumulative voting, to elect one director of the bank.

Bank Holding Company Act of 1956, As Amended (the Act)

A bank holding company is subject to regulation under the Act and is registered with the Federal Reserve Board under the Act. A bank holding company is required by the Act to file an annual report of its operations and such additional information as the Federal Reserve Board may require and is subject, along with its subsidiaries, to examination by the Federal Reserve Board. The Federal Reserve Board has jurisdiction to regulate the terms of certain debt issues of bank holding companies including the authority to impose reserve requirements.

The Act currently prohibits a bank holding company, or any subsidiary thereof, other than a bank, from acquiring all or substantially all the assets of any bank located outside of Illinois or for a bank holding company or any subsidiary from acquiring five percent (5%) or more of the voting shares of any bank located outside of Illinois unless such acquisition is specifically authorized by the laws of the state in which the bank is located and the acquirer receives prior approval from the Federal Reserve Board. The acquisition of five percent (5%) or more of the voting shares of any bank located in Illinois requires the prior approval of the Federal Reserve Board and is subject to state law limitations.

The Act also prohibits, with certain exceptions, a bank holding company from acquiring direct or indirect ownership or control of more than five percent (5%) of the voting shares of any company which is not a bank and from engaging in any business other than that of banking, managing and controlling banks, or furnishing services to banks and their subsidiaries, except that bank holding companies may engage in, and may own shares of, companies engaged in certain businesses found by the Federal Reserve Board to be so closely related to bankingas to be a proper incident thereto. Under current regulations of the Federal Reserve Board, a bank holding company and its nonbank subsidiaries are permitted, among other activities, to engage in such banking-related business ventures as sales and consumer finance, equipment leasing, computer service bureau and software operations, mortgage banking and brokerage, and sale and leaseback and other forms of real estate banking. The Act does not place territorial restrictions on the activities of a bank holding company or its nonbank subsidiaries.

Federal law prohibits acquisition of control of a bank or bank holding company without prior notice to certain federal bank regulators. Control is defined in certain cases as the acquisition of as little as 10% of the outstanding shares. Furthermore, under certain circumstances, a bank holding company may not be able to purchase its own stock where the gross consideration will equal 10% or more of the company s net worth without obtaining approval of the Federal Reserve Board.

Graham-Leach-Bliley Act of 1999

The enactment of the Graham-Leach-Bliley Act of 1999 (the GLB Act) represented a pivotal point in the history of the financial services industry. The GLB Act swept away large parts of a regulatory framework that had its origins in the Depression Era of the 1930s. Effective March 11, 2000, new opportunities became available for banks, other depository institutions, insurance companies and securities firms to enter into combinations that permit a single financial services organization to offer customers a more complete array of financial products and services. To further this goal, the GLB Act amends section 4 of the Act providing a new regulatory framework for regulation through the financial holding company (FHC), which will have as its umbrella regulator the Federal Reserve Board. Functional regulation of the FHC s separately regulated subsidiaries will be conducted by its primary functional regulator. Pursuant to the GLB Act, bank holding companies, subsidiary depository institutions thereof and foreign banks electing to qualify as a FHC must be well managed , well capitalized and at least rated satisfactory under the Community Reinvestment Act in order for them to engage in new financial activities.

An FHC may engage in securities, insurance and other activities that are financial in nature or incidental to a financial activity. While aware of the flexibility of the FHC statute, the Company has, for the time being, decided not to convert to a FHC, but will continue to follow the reception given FHCs in the marketplace. The activities of bank holding companies that are not FHCs will continue to be limited to activities under the Act.

The GLB Act also prohibits a financial institution from disclosing non-public information about a consumer to nonaffiliated third parties unless the institution satisfies various disclosure and opt out requirements and the consumer has not elected to opt out of the disclosure. Under the GLB Act, a financial institution must provide its

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customers with a notice of its privacy policies and practices, and the Federal Reserve Board, the FDIC and other financial regulatory agencies are authorized to issue regulations to implement notice requirement and restrictions on a financial institution s ability to disclose non-public personal information about consumers to nonaffiliated third parties. Because the Company and the Bank are not now engaged in selling or transferring non-public customer information to nonaffiliated third parties, it is anticipated that this burden will not result in material economic cost to the Company or the Bank.

The GLB Act provides a federal right to privacy for non-public personal information of individual customers. First Midwest and its Affiliates are also subject to certain state laws that deal with the use and distribution of non-public personal information.

The GLB Act is expected, in time, to alter the competitive landscape of the product markets presently served by the Company. Companies that are presently engaged primarily in insurance activities or securities activities will be permitted to acquire banks and bank holding companies, such as First Midwest. First Midwest may, in the future, face increased competition from a broader range of larger, more diversified financial companies.

Financial Institutions Reform, Recovery and Enforcement Act of 1989

The passage of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) resulted in significant changes in the enforcement powers of federal banking agencies, and more significantly, the manner in which the thrift industry is regulated. While FIRREA s primary purpose was to address public concern over the financial crises of the thrift industry through the imposition of strict reforms on that industry, FIRREA grants bank holding companies more expansive rights of entry into the savings institution market through the acquisition of both healthy and failed savings institutions. Under the provisions of FIRREA, a bank holding company can expand its geographic market or increase its concentration in an existing market by acquiring a savings institution, but it cannot expand its product market by acquiring a savings institution.

Federal Deposit Insurance Corporation Improvement Act of 1991

The Federal Deposit Insurance Corporation Improvement Act of 1991 (the FDIC Improvement Act or FDICIA) introduced a comprehensive and fundamentally changed approach to banking supervision, generally subjecting banking institutions to significantly increased regulation and supervision. Some of the provisions contained in the FDIC Improvement Act include the implementation of a risk-related premium system for FDIC-insured deposits, revisions in the process of supervision and examination for depository institutions, and federal deposit insurance reforms. The FDIC Improvement Act has had, and is expected to continue to have, a broad and significant impact on the structure and condition of the banking industry.

Capital Guidelines

The Federal Reserve Board and the FDIC have established risk-based capital guidelines to provide a framework for assessing the adequacy of the capital of national and state banks and their bank holding companies (collectively banking institutions). These guidelines apply to all banking institutions regardless of size and are used in the examination and supervisory process as well as in the analysis of applications to be acted upon by the regulatory authorities. These guidelines require banking institutions to maintain capital based on the credit risk of their operations, both on and off-Consolidated Statements of Condition.

The minimum capital ratios established by the guidelines are based on both tier 1 and total capital to total risk-based assets. Total risk-based assets are calculated by assigning each on-Consolidated Statements of Condition asset and off-Consolidated Statements of Condition item to one of four risk categories depending on the nature of each item. The amount of the items in each category is then multiplied by the risk-weight assigned to that category (0%, 20%, 50% or 100%). Total risk-based assets equals the sum of the resulting amounts. At December 31, 2001, banking institutions were required to maintain a minimum ratio of tier 1 capital to total risk-based assets of 4.0%, with tier 1 capital generally defined as stockholders equity less certain intangible assets. In addition, banking institutions are required to maintain a minimum ratio of total capital to total risk-based assets of 8.0%, with at least 50% of the risk-based capital requirement to be met with tier 1 capital. Total capital is generally defined to include tier 1 capital plus limited levels of the reserve for loan losses.

In addition to the risk-based capital requirements, the Federal Reserve Board and the FDIC require banking institutions to maintain a minimum leveraged-capital ratio to supplement the risk-based capital guidelines (the leverage ratio). The leverage ratio is intended to ensure that adequate capital is maintained against risks other than credit risk. The leverage standards required by the regulators establish a minimum required ratio of tier 1 capital to total assets for a banking institution based on the regulatory rating assigned to the institution at on-site examinations conducted by its primary regulator. For banking institutions receiving the highest rating available from its primary regulator, a minimum ratio of 3% is required, assuming that the institution is not experiencing, or anticipating experiencing, significant growth. All other banking institutions will be expected to maintain a ratio of tier 1 capital to total assets of at least 4% to 5%, depending upon their particular circumstances and risk profiles, as determined by their primary regulator.

The Company exceeds the minimum required capital guidelines for both risk-based capital ratios and the leverage ratio at December 31, 2001. The Company s capital structure and capital ratios relative to the regulatory guidelines are further detailed in the Capital Management and Dividends section of Management s Discussion and Analysis of Financial Condition and Results of Operations located on page 23.

Dividends

The Company s primary source of liquidity is dividend payments from the Bank. In additional to capital guidelines, there are certain state banking regulations that limit the ability of the Bank to pay dividends to the Company. The Bank is limited in the amount of dividends it can pay to the Company under the IBA. Under this act, the Bank is permitted to declare and pay dividends in amounts up to the amount of its accumulated net profits, provided that it shall retain in its surplus at least one-tenth of its net profits since the date of the declaration of its most recent dividend until said additions to surplus, in the aggregate, equals at least the paid-in capital of the Bank. In no event may the Bank, while it continues its banking business, pay dividends in excess of its net profits then on hand (after deductions for losses and bad debts). As of December 31, 2001, the Bank could distribute dividends of approximately $34.3 million without approval from the Commissioner of Illinois.

Since the Company is a legal entity, separate and distinct from the Bank, its dividends to stockholders are not subject to the bank dividend guidelines discussed above. The appropriate Illinois regulatory authority is authorized to determine, under certain circumstances relating to the financial condition of a bank or bank holding company, that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof.

FDIC Insurance Premiums

The Bank s deposits are predominantly insured through the Bank Insurance Fund (the BIF), with certain deposits held by the Bank insured through the Savings Association Insurance Fund (the SAIF), both of which are administered by the FDIC. As insurer, the FDIC imposes deposit insurance premiums and is authorized to conduct examinations of, and to require reporting by, FDIC-insured institutions. It also may prohibit any FDIC-insured institution from engaging in any activity the FDIC determines by regulation or order to pose a serious risk to the FDIC.

The FDIC s deposit insurance premiums are assessed through a risk-based system under which all insured depository institutions are placed into one of nine categories and assessed insurance premiums on deposits based upon their level of capital and supervisory evaluation. For 2002, the Bank will pay premium assessments on both its BIF and SAIF insured deposits in order to service the interest on the Financing Corporation (FICO) bond obligations which were used to finance the cost of thrift bailouts in the 1980 s. The FICO assessment rates for the first semi-annual period of 2002 were set at $.0182 per $100 of insured deposits each for BIF and SAIF assessable deposits. These rates may be adjusted quarterly to reflect changes in assessment basis for the BIF and SAIF.

Monetary Policy and Economic Conditions

The earnings of the Company are affected by general economic conditions in addition to the policies of various governmental regulatory authorities. In particular, the actions and policies of the Federal Reserve Board exert a major influence on interest rates charged on loans and paid on deposits, credit conditions and the growth of loans and the price of assets such as securities. Some of the methods used by the Federal Reserve Board to promote orderly economic growth by influencing interest rates and the supply of money and credit include open market operations in U.S. Government securities, changes in the discount rate on member-bank borrowings, and changes in the reserve requirements charged against member-bank deposits. The effect of the various measures used by the Federal Reserve Board and other regulatory authorities on the future business and earnings of the Company cannot be reasonably predicted.

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ITEM 2. PROPERTIES

	Markets Served	Property Type/Location	Ownership
The Company		Administrative office: *Itasca, Illinois*	Leased
The Bank	Cook, Champaign, DuPage, Grundy, Knox, Lake, LaSalle, McHenry, Rock Island, Vermilion and Will Counties, Illinois; Scott County, Iowa	Administrative office: *Itasca, Illinois* Sixty-nine banking offices located in markets served.	Leased Fifty-three owned/ Sixteen leased

In addition to the banking locations listed above, the Bank owns 99 automatic teller machines, some of which are housed within a banking office and some of which are independently located.

First Midwest Insurance Company operates in the same markets and locations as the Bank and maintains no separate properties.

ITEM 3. LEGAL PROCEEDINGS

There are certain legal proceedings pending against First Midwest and its Affiliates in the ordinary course of business at December 31, 2001. In assessing these proceedings, including the advice of counsel, First Midwest believes that liabilities arising from these proceedings, if any, would not have a material adverse effect on the consolidated financial condition of First Midwest.

ITEM 4. SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no items submitted to a vote of security holders during the fourth quarter of 2001.

PART II

ITEM 5. MARKET FOR THE REGISTRANT S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

First Midwest s common stock is traded on the NASDAQ Market System under the symbol FMBI. Stock price quotations can be found in The Wall Street Journal and other major daily newspapers. As of December 31, 2001, there were 2,967 stockholders of record. The following table sets forth the common stock price, dividends per share and book value per share during each quarter of 2001 and 2000. All common stock and per share data have been adjusted to reflect the 5-for-4 stock split which was paid in December 2001.

	2001				2000			
	Fourth	Third	Second	First	Fourth	Third	Second	First
Market price of common stock								
High	$ 29.81	$ 28.00	$ 24.68	$ 23.40	$ 23.40	$ 21.80	$ 20.25	$ 21.15
Low	$ 24.54	$ 23.04	$ 22.01	$ 20.65	$ 17.60	$ 18.55	$ 17.80	$ 16.80
Quarter-end	$ 29.19	$ 27.02	$ 24.68	$ 22.52	$ 23.00	$ 21.30	$ 18.60	$ 19.40
Cash dividends per share	$ 0.17	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.14	$ 0.14	$ 0.14
Dividend yield at quarter-end (1)	2.33%	2.37%	2.59%	2.84%	2.78%	2.70%	3.10%	2.97%
Book value per share at quarter-end	$ 9.18	$ 9.31	$ 9.03	$ 9.14	$ 8.75	$ 8.17	$ 7.70	$ 7.47
Number of shares traded	7,477,553	8,322,299	8,815,301	9,155,389	6,281,298	6,990,971	5,012,490	7,879,570

(1) Ratios are presented on an annualized basis.

A discussion regarding the regulatory restrictions applicable to the Bank s ability to pay dividends to the Company is included in the Dividends section under Item 1 located on page 9. A discussion of the Company s history and philosophy regarding the payment of dividends is included in the Capital Management and Dividends section of Management s Discussion and Analysis of Financial Condition and Results of Operations beginning on page 23.

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ITEM 6. SELECTED FINANCIAL DATA

Consolidated financial information reflecting a summary of the operating results and financial condition of First Midwest for the five years ended December 31, 2001 is presented in the table that follows. This summary should be read in conjunction with the consolidated financial statements and accompanying notes included elsewhere in this Form 10-K. All common stock and per share data has been adjusted to reflect the 5-for-4 stock split which was paid in December 2001. A more detailed discussion and analysis of the factors affecting First Midwest s financial condition and operating results is presented in Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations starting on the following page 12.

	Years ended December 31,				
	2001	2000	1999	1998	1997
	(Amounts in thousands)				
Operating Results					
Interest income	$ 385,218	$ 421,517	$ 361,279	$ 364,597	$ 361,661
Interest expense	180,838	231,906	168,615	177,016	168,518
Net interest income	204,380	189,611	192,664	187,581	193,143
Provision for loan losses (1)	19,084	9,094	5,760	5,542	9,365
Noninterest income	68,866	63,198	58,334	55,462	47,372
Noninterest expense	145,356	144,416	149,809	142,654	140,671
Acquisition costs and expenses (2)				16,148	5,446
Income tax expense	26,668	23,759	24,520	23,995	28,425
Net income (2)	$ 82,138	$ 75,540	$ 70,909	$ 54,704	$ 56,608
Per Share Data					
Basic earnings per share	$ 1.64	$ 1.47	$ 1.35	$ 0.99	$ 1.03
Diluted earnings per share (2)	1.63	1.46	1.34	0.98	1.01
Cash dividends declared	0.650	0.592	0.528	0.488	0.439
Book value at period end	9.18	8.75	7.19	8.32	8.35
Market value at period end	29.19	23.00	21.20	20.30	23.34
Performance Ratios					
Return on average equity (2)	17.89%	19.17%	17.39%	11.78%	13.16%
Return on average assets (2)	1.43%	1.30%	1.34%	1.07%	1.18%
Net interest margin tax equivalent	4.10%	3.76%	4.24%	4.21%	4.52%
Dividend payout ratio	39.88%	40.55%	39.40%	49.80%	43.47%
Average equity to average asset ratio	7.99%	6.79%	7.71%	9.12%	8.98%

Consolidated Statements of Condition Highlights

	As of December 31,				
	2001	2000	1999	1998	1997
	(Amounts in thousands)				
Total assets	$ 5,667,119	$ 5,906,484	$ 5,511,588	$ 5,192,887	$ 4,933,495
Loans	3,372,306	3,233,196	2,962,487	2,664,417	3,044,794
Deposits	4,193,921	4,252,205	4,001,183	4,050,451	3,935,607
Stockholders equity	447,267	446,723	369,261	452,898	459,719

(1)

1998 and 1997 include $650 and $1,293, respectively, in provisions for loan losses incident to conforming the credit policies of an acquiree to those of the Company.

(2) Net income, diluted earnings per share, return on average equity and return on average assets on a pro forma basis excluding the after tax effect of the provisions for loan losses discussed in (1) above and acquisition costs and expense are as follows:

	Years ended December 31,				
	2001	2000	1999	1998	1997
Pro Forma Selected Financial Data					
Net income	$ 82,138	$ 75,540	$ 70,909	$ 67,237	$ 61,690
Diluted earnings per share	$ 1.63	$ 1.46	$ 1.34	$ 1.20	$ 1.10
Return on average equity	17.89%	19.17%	17.39%	14.48%	14.34%
Return on average assets	1.43%	1.30%	1.34%	1.32%	1.29%

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Item 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

The following discussion and analysis is intended to address the significant factors affecting First Midwest s consolidated income statements for the years 1999 through 2001 and statements of condition as of December 31, 2000 and 2001. The discussion is designed to provide stockholders with a more comprehensive review of the operating results and financial condition than could be obtained from a review of the consolidated financial statements alone and should be read in conjunction with the consolidated financial statements, accompanying notes thereto and other financial information presented in this Form 10-K.

A condensed review of operations for the fourth quarter of 2001 is included herein, beginning on page 35. The review provides an analysis of the quarterly earnings performance for the fourth quarter of 2001 as compared to the same period in 2000.

All common stock and per share data has been adjusted to reflect the 5-for-4 stock split which was paid in December 2001. All dollar amounts are presented in thousands, except per share data. Unless otherwise stated, all earnings per share data included in this section and through the remainder of this discussion are presented on a diluted basis.

SUMMARY OF RESULTS

Net Income

Net income for 2001 totaled $82,138 or $1.63 per share, as compared to $75,540 or $1.46 per share in 2000 and $70,909 or $1.34 per share in 1999. Net income per share increased by 11.6% in 2001 as compared to 2000 and followed an increase of 9.0% in 2000 as compared to 1999. The improvement in 2001 resulted primarily from increases in net interest income and noninterest income from fee based services, while the increase in 2000 from 1999 resulted primarily from a similar increase in noninterest income and lower noninterest expense.

Performance Ratios

Return on average stockholders equity for 2001 was 17.89% as compared to 19.17% in 2000 and 17.39% in 1999. Return on average assets for 2001 was 1.43% as compared to 1.30% in 2000 and 1.34% in 1999. The lower return on average equity for 2001 is attributable to fluctuations in average stockholders equity resulting from unrealized security gains in 2001 as compared to losses that occurred in 2000. For the year 2001, average net unrealized security gains added approximately $51 million to average stockholders equity as compared to 2000.

Credit Quality

Nonperforming loans totaled $16,847 or .50% of total loans at December 31, 2001, as compared to $19,849 or .61% of total loans at December 31, 2000. Foreclosed real estate increased to $3,630 at December 31, 2001 as compared to $1,337 at December 31, 2000. Nonperforming assets (comprised of nonperforming loans plus foreclosed real estate) totaled $20,477 or .61% of loans plus foreclosed real estate at December 31, 2001 as compared to $21,186 or .65% at the prior year-end.

Loan and Deposit Growth

Total loans at December 31, 2001 were 4.3% higher than year-end 2000 with all loan categories except 1-4 family real estate experiencing growth, while total average loans for the 2001 increased 5.5% over 2000.

Total average deposits for 2001 increased by 1.3% over 2000, despite a planned reduction in average higher cost wholesale funds, which decreased by approximately $174 million or 14% for the year 2001 as compared to 2000.

Capital and Dividends

First Midwest continued to maintain a strong capital structure at December 31, 2001, with tier 1 and total capital to risk-based assets ratios of 9.96% and 11.08%, respectively, compared with the minimum well capitalized levels for regulatory purposes of 6% and 10%, respectively.

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The Company s capital position and earnings have allowed it to increase its dividend in 2001, the tenth increase in the last nine years, to an indicated annual rate of $.68 per share, from $.64 in 2000 and $.58 in 1999. First Midwest also repurchased 2,604 shares of its stock during 2001.

MANAGEMENT OF NET INTEREST MARGIN

Net Interest Income

The primary source of First Midwest s traditional banking revenue is net interest income which represents the difference between interest income and fees earned on loans, securities and other earning assets and interest expense paid for the funding sources used to finance these assets. Changes in net interest income generally occur due to fluctuations in the volume of earning assets and paying liabilities and the rates earned and paid, respectively, on these assets and liabilities. Net interest margin represents net interest income as a percentage of total interest earning assets. For purposes of this discussion, both net interest income and margin have been adjusted to a fully tax equivalent basis to more appropriately compare the returns on certain tax-exempt loans and securities to those on taxable earning assets. The accounting policies underlying the recognition of interest income on loans, securities and other earning assets are presented in Notes 1, 5 and 21 to Notes to Consolidated Financial Statements beginning on page 41 of this Form 10-K.

Net interest income on a tax equivalent basis increased by 6.7% or $13,635 in 2001 from 2000 after decreasing by 1.0% or $2,064 in 2000 as compared to 1999. The tax equivalent net interest margin was 4.10% in 2001 as compared to 3.76% in 2000 and 4.24% in 1999. The increase in both net interest margin and net interest income in 2001 was driven by profitable loan growth, the historic drop in interest rates engineered by the Federal Reserve Board, and a significantly reduced reliance on wholesale (short term) funding. The decrease in both net interest margin and net interest income in 2000 was due primarily to the following factors: (i) higher levels of wholesale funding that were necessary to support loan volume increases experienced across all loan categories in 2000; and, (ii) the series of three Federal Reserve Board interest rate increases that occurred during that year.

During both 2001 and 2000, First Midwest maintained a liability sensitive Consolidated Statements of Condition structure that saw interest bearing liability accounts repricing more quickly in response to changes in market interest rates than interest earning assets. During 2000, this dynamic negatively affected net interest income as a result of the general increase in short term rates, compounded by the funding reliance on higher cost wholesale deposits and borrowed funds. As interest rates declined during 2001, this interest rate trend was reversed. Although the decrease in interest rates also reduced income earned on the higher yielding loan portfolio as well as the securities portfolio, such reduction was more than offset by reduced interest expense on interest bearing liabilities. Furthermore, the planned reduction in wholesale funds coupled with lower cost core deposit growth had an additional, positive impact on net interest income and margin in 2001.

Table 1 summarizes First Midwest s average earning assets and funding sources over the last three years, as well as interest income and interest expense related to each category of assets and funding sources and the yields earned and rates paid on each. The table also shows the trend in net interest margin on a quarterly basis for 2001 and 2000, including the tax equivalent yields on earning assets and rates paid on interest bearing liabilities. Table 2 analyzes the changes in interest income, interest expense and net interest income that result from changes in volumes of earning assets and funding sources, as well as fluctuation in interest rates.

First Midwest took certain steps in 2001 to reduce the volatility in net interest margin and net interest income resulting from changes in market interest rates. These measures include lengthening the maturity of certain interest bearing liabilities and employing derivative instruments such as interest rate exchange agreements (swaps) to reduce the liability sensitive nature of the Consolidated Statements of Condition. The following section entitled Rate Sensitivity Management describes the techniques used by First Midwest to manage the volatility and other factors affecting net interest income and net interest margin.

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Table 1
Net Interest Income and Margin Analysis

2001

Average Balance	Interest	Yield/ Rate (%)	Averag Balanc
7,653	$ 281	3.67	$ 2,8
1,391,278	90,551	6.51	1,720,8
478,361	35,171	7.35	485,7
23,829	1,570	6.59	22,6
66,459	5,466	8.22	21,4
1,959,927	132,758	6.77	2,250,7
2,361	97	4.11	14,3
9,607	640	6.66	5,0
3,349,890	265,679	7.93	3,173,8
5,329,438	399,455	7.50	5,446,8
156,348			151,6
(46,498)			(43,7
310,101			252,4
5,749,389			$ 5,807,1
435,575	7,168	1.65	$ 467,7
501,800	8,574	1.71	474,1
572,973	17,587	3.07	489,5
1,971,157	101,168	5.13	2,019,9
1,066,674	46,341	4.34	1,240,5
4,548,179	180,838	3.98	4,691,8
689,394			664,6

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

il to successfully acquire or integrate companies that provide complementary products or es.

ent of our growth strategy is the acquisition of businesses that complement our existing products and acquisition strategy involves the potential risks inherent in assessing the value, strengths, weaknesses, other liabilities and potential profitability of acquisition candidates and in integrating the operations of panies. In addition, any acquisition of a foreign business may increase our exposure to certain risks ng business outside the United States.

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

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

iness acquired may not be integrated successfully and may not prove profitable;

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

fail to achieve acquisition synergies; or

ıs on the integration of operations of acquired entities may divert management s attention from the ay operation of our businesses.

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

nable to continue our technological innovation in our business and successful introduction of new l products, our profitability could be adversely affected.

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

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

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

required to make material expenditures in order to comply with environmental, health and safety cur additional liabilities under these laws.

ject to numerous environmental, health and safety laws and regulations that impose various controls on us or otherwise relate to environmental protection and various health and safety matters, discharge of pollutants in the air and water, the handling, use, treatment, storage and clean-up of solid materials and wastes, and the investigation and remediation of soil and groundwater affected by stances. These laws and regulations often impose strict, retroactive and joint and several liability for the amages resulting from, cleaning up our, or our predecessors , past or present facilities and third party Compliance with these laws generally increases the costs of transportation and storage of raw materials roducts, as well as the costs of storing and disposing waste, and could decrease our liquidity and d increase our liabilities. If we are found to have violated any of these laws, we may become subject to on orders and fines or penalties, and incur substantial costs, including substantial remediation costs. so could be subject to future liability resulting from conditions that are currently unknown to us that vered in the future.

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

ency of our formerly consolidated subsidiary, Chart Heat Exchangers Limited, could have a material pact on our liquidity and financial position.

28, 2003, our U.K. subsidiary, Chart Heat Exchangers Limited, or CHEL, which previously operated lverhampton, United Kingdom manufacturing facility, filed for a voluntary administration under the cy Act of 1986. CHEL s application for voluntary administration was approved on April 1, 2003 and an was appointed. Additionally, we received information that indicated that CHEL s net pension plan d increased significantly, primarily due to a decline in plan asset values and interest rates, as well as liabilities, resulting in an estimated plan deficit of approximately $12 million as of March 2003. Based al condition in March 2003, we determined not to advance funds to CHEL in amounts necessary to fund gations. Since CHEL was unable to fund its net pension deficit, the trustees of the CHEL pension plan cision to wind-up the plan from a U.K. pension regulatory board. That board approved the wind-up as of 3. While no claims related to the CHEL insolvency presently are pending against us, persons impacted ncy or others could bring pension and/or benefit related claims against us. Claims may be asserted pension or other obligations of CHEL related to these matters. To the extent we are found to have bility with respect to CHEL s obligations, such liability could have a material adverse impact on our tability and financial condition as a result of CHEL s insolvency.

nature of our business and products, we may be liable for damages based on product liability and laims.

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

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

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

ave to make significant cash payments to our defined benefit pension plans, reducing the cash for our business.

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

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

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

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

to currency translation risks, we incur currency transaction risk whenever we or one of our subsidiaries her a purchase or a sales transaction using a currency other than the local currency of the transacting he volatility of exchange rates, we may not be able to effectively manage our currency and/or translation y in currency exchange rates may decrease our revenues and profitability and impair our financial have purchased and may continue to purchase foreign currency forward purchase and sales contracts to k of adverse currency fluctuations.

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

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

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

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

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

, we may be unable to prevent third parties from using our intellectual property rights and know-how thorization or from independently developing intellectual property that is the same as or similar to ours, those countries where the laws do not protect our intellectual property rights as fully as in the United mpete in a number of industries (for example, heat exchangers and cryogenic storage) that are small or hich makes it easier for a competitor to monitor our activities and increases the risk that ideas will be authorized use of our know-how by third parties could reduce or eliminate any competitive advantage oped, cause us to lose sales or otherwise harm our business or increase our expenses as we attempt to ghts.

e subject to claims that our products or processes infringe the intellectual property rights of others, e cause us to pay unexpected litigation costs or damages, modify our products or processes or prevent lling our products.

t is our intention to avoid infringing or otherwise violating the intellectual property rights of others, third vertheless claim that our processes and products infringe their intellectual property rights. For example, al business manufactures products for relatively broad consumer use, is actively marketing these ultiple jurisdictions internationally and risks infringing technologies that may be protected in one or international jurisdictions as the scope of our international marketing efforts expands. Our strategies of growing international demand as well as developing new innovative products across multiple business imilar infringement claim risks both internationally and in the United States as we expand the scope of ferings and markets. We compete with other companies for contracts in some small or specialized ch increases the risk that the other companies will develop overlapping technologies leading to an ibility that infringement claims will arise. Whether or not these claims have merit, we may be subject to e-consuming legal proceedings, and this could divert our management s attention from operating our order to resolve such proceedings, we may need to obtain licenses from these third parties or e-engineer or rename our products in order to avoid infringement. In addition, we might not be able to essary licenses on acceptable terms, or at all, or be able to reengineer or rename our products

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ject to regulations governing the export of our products.

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

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

rtain of our products to the U.S. government and, therefore, we must comply with and are affected by ations governing purchases by the U.S. government. Government contract laws and regulations affect siness with our government customers and, in some instances, impose added costs on our business. For lation of specific laws and regulations could result in the imposition of fines and penalties or the our contracts or debarment from bidding on contracts. In some instances, these laws and regulations or rights that are more favorable to the government than those typically available to commercial parties ransactions.

trolled by First Reserve, whose interests may not be aligned with yours or ours.

pletion of this offering, First Reserve will continue to control a significant portion of our capital stock. rst Reserve may have the ability to control our policies and operations, including the election of ppointment of management, the entering into of mergers, sales of substantially all of our assets and inary transactions, future issuances of our common stock or other securities, the implementation of stock grams, the payments of dividends, if any, on our common stock, the incurrence of debt by us and o our certificate of incorporation and bylaws. In addition, First Reserve has the right to designate r board of directors as described below under the caption Certain Related Party Transactions Agreement. Additionally, First Reserve is in the business of making investments in companies and may me acquire and hold interests in businesses that compete directly or indirectly with us. First Reserve ue acquisition opportunities that may be complementary to our business, and, as a result, those portunities may not be available to us. So long as First Reserve continues to own a significant amount of en if such amount is less than 50%, it will continue to be able to strongly influence or effectively control

trolled company within the meaning of the Nasdaq Marketplace rules, we may qualify for, and would emptions from certain corporate governance requirements.

terms of this offering, we will not be a controlled company under the Nasdaq Marketplace rules. e size of this offering is reduced, we may qualify as a controlled company. If after completion of this Reserve continues to control a majority of our outstanding common stock, we would be a controlled hin the meaning of the Nasdaq Marketplace corporate governance standards. Under the Nasdaq ules, a company of which more than 50% of the voting power is held by another company is a controlled l may elect not to comply with certain Nasdaq corporate governance requirements, including (1) the at a majority of the board of directors consist of independent directors, (2) the requirement that either nominations committee that is composed entirely of independent directors with a written charter committee s purpose and responsibilities or (ii) director nominees are selected or recommended by a e independent directors and (3) the requirement that either (i) we have a compensation committee that is rely of independent directors with a written charter addressing the committee s purpose and s or (ii) executive compensation is approved or recommended by a majority of the independent directors. e intend to utilize these exemptions. As a result, we would not have a majority of independent directors ot have a compensation committee or a nominations committee. Accordingly, you would not have the ns afforded to stockholders of companies that are subject to all of the Nasdaq Marketplace corporate quirements.

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To Our Leverage

ost of the proceeds from this offering will be used to pay a dividend to our current stockholders, only f the proceeds will be used to repay our existing debt and none of such proceeds will be used to est in our business.

te that the net proceeds from the sale by us of the shares of common stock being offered hereby mid-point of the estimated price range set forth on the cover page of this prospectus), after deducting liscounts, will be approximately $233.8 million. We intend to use approximately $25.0 million of the net pay certain indebtedness. We intend to use the remaining net proceeds of approximately $208.8 million end to our stockholders existing immediately prior to this offering. This leaves no proceeds to further row our business. See Use of Proceeds.

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

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

have difficulty generating sufficient cash flows to pay interest and satisfy our debt obligations;

have difficulty obtaining financing in the future for working capital, capital expenditures, acquisitions or rposes;

to use a substantial portion of our available cash flow to pay interest and principal on our debt, which ce the amount of money available to finance our operations and other business activities;

our debt, including our borrowings under our senior secured credit facility, has variable rates of interest, xposes us to the risk of increased interest rates;

level increases our vulnerability to general economic downturns and adverse industry conditions;

level could limit our flexibility in planning for, or reacting to, changes in our business and in our in general;

tantial amount of debt and the amount we must pay to service our debt obligations could place us at a tive disadvantage compared to our competitors that have less debt;

omers may react adversely to our significant debt level and seek or develop alternative suppliers; and

re to comply with the financial and other restrictive covenants in our debt instruments which, among ngs, require us to maintain specified financial ratios and limit our ability to incur debt and sell assets, sult in an event of default that, if not cured or waived, could have a material adverse effect on our or prospects.

sh flow generated from operating activities was $12.3 million, $34.4 million (on a combined basis), and $24.5 million (on a combined basis) for the three months ended March 31, 2006 and the years 2005, , respectively. Our high level of indebtedness requires that we use a substantial portion of our cash flow ns to pay principal of, and interest on, our indebtedness, which will

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ilability of cash to fund working capital requirements, capital expenditures, research and development or corporate or business activities, including future acquisitions.

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

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

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

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

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

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

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

ditional indebtedness;

ens;

dends and make other distributions in respect of our capital stock;

our capital stock;

rtain investments or certain other restricted payments;

in kinds of assets;

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o certain types of transactions with affiliates; and

ergers or consolidations.

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

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

ability to plan for or react to market or economic conditions or meet capital needs or otherwise restrict ities or business plans; and

y affect our ability to finance our operations, acquisitions, investments or strategic alliances or other eeds or to engage in other business activities that would be in our interest.

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

ll borrowings outstanding, together with accrued and unpaid interest, to be immediately due and

s to apply all of our available cash to repay the borrowings; or

us from making debt service payments on the notes;

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

unable to repay or otherwise refinance these borrowings when due, our lenders could sell the collateral enior secured credit facility, which constitutes substantially all of our and our domestic wholly-owned ssets.

olding company and we depend upon cash from our subsidiaries. If we do not receive cash ns, dividends or other payments from our subsidiaries, we may be unable to meet our obligations.

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

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

to this Offering

o existing market for our common stock, and we do not know if one will develop to provide you with iquidity.

s offering, there has not been a public market for our common stock. We have applied to have our approved for quotation on the Nasdaq National Market. However, we cannot predict

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hich investor interest in our company will lead to the development of a trading market on the Nasdaq et or otherwise or how liquid that market might become. If an active trading market does not develop, difficulty selling any of our common stock that you buy. The initial public offering price for the shares d by negotiations between us and the representatives of the underwriters based on numerous factors that he Underwriting section of this prospectus and may not be indicative of prices that will prevail in the llowing this offering.
tly, you may not be able to sell our common stock at prices equal to or greater than the price you paid in

es of our shares could depress the market price of our common stock.
t price of our common stock could decline as a result of sales of a large number of shares of common arket after the offering or the perception that such sales could occur. These sales, or the possibility that y occur, also might make it more difficult for us to sell equity securities in the future at a time and at a leem appropriate.
ecutive officers and directors and affiliates of First Reserve have agreed with the underwriters not to f or hedge any shares of our common stock or securities convertible into or exchangeable for shares of tock, subject to specified exceptions, during the period from the date of this prospectus continuing te that is 180 days after the date of this prospectus, except with the prior written consent of Morgan Incorporated, Lehman Brothers Inc. and UBS Securities LLC on behalf of the underwriters. See g.
offering, we will have 25,588,049 shares of common stock outstanding. Of those shares, the ares we are offering will be freely tradable. The 11,213,049 shares that were outstanding immediately fering, plus up to an additional 1,875,000 shares that will be dividended to our existing stockholders in ver-allotment option is not exercised in full, will be eligible for resale from time to time after the he 180-day lock-up, subject to contractual and Securities Act restrictions, including those relating to er of sale and other conditions of Rule 144. None of those shares may currently be resold under ithout regard to volume limitations and no shares may currently be sold subject to volume, manner of conditions of Rule 144. After the expiration of the 180-day lock-up period, First Reserve and its h collectively beneficially own 10,603,192 shares (12,376,214 shares in the event the over-allotment xercised in full), will have the ability to cause us to register the resale of their shares and certain other unregistered common stock will be able to participate in such registration.
t price of our common stock may be volatile, which could cause the value of your investment to

public offering price for the common stock sold in this offering has been determined by negotiation presentatives of the underwriters and us. This price may not reflect the market price of our common g this offering and the market price may not equal or exceed the initial public offering price of your ding price of our common stock may be subject to wide fluctuations. Factors affecting the trading price n stock may include:
anticipated variations in our operating results;

in financial estimates by research analysts, or any failure by us to meet or exceed any such estimates, or in the recommendations of any research analysts that elect to follow our common stock or the common our competitors;

anticipated changes in economic, political or market conditions, such as recessions or international fluctuations;

anticipated changes in the regulatory environment affecting our industry;

in the market valuations of our industry peers; and

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

g price of our common stock might also decline in reaction to events that affect other companies in our
if these events do not directly affect us. You may be unable to resell your shares of our common stock at
nitial public offering price.

***ble book value of shares of common stock purchased in the offering will be immediately diluted and
bject to additional dilution in the future.***

public offering price per share of our common stock is substantially higher than our pro forma net
value per common share immediately after the offering. As a result, you may pay a price per share that
xceeds the tangible book value of our assets after subtracting our liabilities. Investors who purchase
in the offering will be diluted by $27.87 per share after giving effect to the sale of shares of common
ffering at an assumed initial public offering price of $20.00 per share, the mid-point of the estimated
the cover of this prospectus, assuming the dividend of 1,875,000 shares to the existing stockholders in
over-allotment option is not exercised. If we grant options in the future to our employees, and those
ercised or other issuances of common stock are made, there will be further dilution.

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

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

cality of the markets which we serve;

of, or a significant reduction in purchases by, our largest customers;

tion in our markets;

pliance obligations with the Sarbanes-Oxley Act of 2002;

economic, political, business and market risks associated with our non-U.S. operations;

ty to successfully manage our growth;

of key employees;

ng and availability of raw materials and our ability to manage our fixed-price contract exposure;

ty to successfully acquire or integrate companies that provide complementary products or technologies;

ty to continue our technical innovation in our product lines;

irment of our goodwill and other indefinite-lived intangible assets;

of compliance with environmental, health and safety laws and responding to potential liabilities under
vs;

vency of our formerly consolidated subsidiary, Chart Heat Exchangers Limited, or CHEL, and CHEL s
ration proceedings in the United Kingdom, including claims that may be asserted against us with respect
s obligations;

n and disputes involving us, including the extent of product liability, warranty, pension and severance
sserted against us;

sts and disputes;

ions with our employees;

ing requirements in connection with our defined benefit pension plans;

ons in foreign currency exchange and interest rates;

ons in our operations due to hurricanes;

ty to protect our intellectual property and know-how;

ons governing the export of our products;

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

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s as a controlled company under Nasdaq corporate governance requirements;

ociated with our substantial indebtedness, leverage, debt service and liquidity;

ated to this offering; and

ctors described in this prospectus.
be other factors that may cause our actual results to differ materially from the forward-looking

d-looking statements attributable to us or persons acting on our behalf apply only as of the date of this
l are expressly qualified in their entirety by the cautionary statements included in this prospectus. We
bligation to update or revise forward-looking statements which may be made to reflect events or
that arise after the date made or to reflect the occurrence of unanticipated events.

MARKET AND INDUSTRY DATA

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

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THE TRANSACTIONS

ing contains summaries of the terms of the material agreements that were entered into in connection sition. Such agreements have been filed as exhibits to the registration statement of which this prospectus

on

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

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

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

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

faction of the conditions to the stock purchase, CI Acquisition purchased the Principal Stockholder e Principal Stockholders for a purchase price, or the Per Share Purchase Price, equal to $64.75 per share

stries, First Reserve and CI Acquisition caused the merger to occur immediately after the closing of the . At the effective time of the merger, each share of common stock of Chart Industries outstanding (other tock, shares held by First Reserve or CI Acquisition, and shares with respect to which appraisal rights l under Delaware law) were converted into the right to receive the Per Share Purchase Price in cash, st, which we refer to as the merger consideration. At the effective time of the merger, all those shares of of Chart Industries were cancelled and ceased to be outstanding and each holder of a certificate hat common stock ceased to have any rights with respect to the common stock of Chart Industries, t to receive the merger consideration.

, in general the holders of outstanding Chart Industries warrants and stock options received, without the se those warrants and stock options, the same per share cash purchase price less the exercise price of the es warrants and stock options. Notwithstanding this general treatment, the compensation committee of es board of directors, in accordance with the terms of the merger agreement and Chart Industries stock djusted some Chart Industries stock options (or portions of Chart Industries stock options) held by yees, to represent options to acquire shares of common stock of Chart Industries after the merger, which rollover options.

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

t and Plan of Merger

r agreement contains customary representations and warranties of the Principal Stockholders, Chart st Reserve and CI Acquisition and customary covenants and other agreements among the parties. None tations and warranties in the merger agreement survived the completion of the merger and the merger not provide for any post-closing indemnification obligations. The

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s and warranties of each party set forth in the merger agreement were made solely for the benefit of es to the merger agreement (on the terms set forth in the merger agreement) and such representations may not be relied on by any other person.

g

ion with the Acquisition, First Reserve contributed $111.3 million to FR X Chart Holdings LLC, the f CI Acquisition in exchange for all of FR X Chart Holdings LLC s equity. FR X Chart Holdings LLC ed $111.3 million to CI Acquisition in exchange for all of CI Acquisition s capital stock. After the Chart Holdings LLC became the direct owner of all of the outstanding capital stock of Chart Industries. of the cash needed to finance the acquisition, including related fees and expenses, was provided by the notes and the borrowings under the senior secured credit facility provided by affiliates of the as joint bookrunners, lead arrangers or lenders, and a syndicate of banks and other financial institutions. ving table illustrates the approximate sources and uses for the Acquisition.

		Uses	
	(In millions)		
l credit facility:			
credit facility(1)	$	Purchase of equity(2)	$ 378.8
B facility	180.0	Repayment of then-existing debt(3)	66.8
nated notes	170.0	Funded cash(2)	3.4
ution(4)	117.7	Fees and expenses	18.7
of Funds	$ 467.7	Total Uses of Funds	$ 467.7

ober 17, 2005, we had approximately $40.9 million available for borrowing under the revolving credit f the senior secured credit facility, subject to certain conditions, after giving effect to approximately lion outstanding letters of credit and bank guarantees.

s a purchase price of $378.8 million in respect of the equity, resulting in a gross cash purchase price of illion for the Acquisition. We had approximately $3.4 million of cash on hand upon consummation of sition, resulting in the net purchase price reflected above.

an estimated $14.3 million of cash on our balance sheet to repay existing debt immediately prior to the f the Acquisition.

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

or

ve Corporation is the leading private equity firm specializing in the energy industry with $4.7 billion ment in four active funds. Founded in 1980, First Reserve Corporation was the first private equity firm sue building a broadly diversified investment portfolio within the energy and energy-related sectors. ts initial pure buyout fund in 1992 First Reserve Corporation has made 50 principal transactions $3.0 billion in equity. In addition, First Reserve Corporation portfolio companies have completed more on transactions. Past and present public First Reserve Corporation portfolio companies include Alpha

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

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USE OF PROCEEDS

te that the net proceeds from the sale by us of the shares of common stock being offered hereby
mid-point of the estimated price range set forth on the cover page of this prospectus), after deducting
liscounts and other fees and expenses payable by us, will be approximately $233.8 million. We intend to
tely $25.0 million of the net proceeds to repay a portion
n under our senior secured credit facility. We intend to use the remaining approximately $208.8 million
eeds to pay a dividend, ratably, based on their percentage ownership of our common stock, to our
xisting immediately prior to the offering, consisting of affiliates of First Reserve and certain members of
ent. Of such amount, approximately $197.4 million will be received by FR X Chart Holdings LLC, an
st Reserve. In addition, approximately $11.4 million in the aggregate will be received by certain of our
cers and other members of our management, consisting of Mr. Thomas ($8,147,526) and Mr. Biehl
d approximately $2,749,780 to be received by seven other employees in the aggregate. We will pay the
ring expenses of $2.4 million out of cash on hand.
oan currently accrues interest at a floating rate equal to LIBOR plus 2.0% per annum and is due to
ober 17, 2012.
tend to use the net proceeds we receive from any shares sold pursuant to the underwriters over-allotment
educting underwriting discounts, to pay an additional dividend, ratably, based on their percentage
our common stock, to our existing stockholders. In the event the underwriters fully exercise their
option, the amount of this dividend will be approximately $35.1 million. Of such amount,
$33.2 million will be received by FR X Chart Holdings LLC, an affiliate of First Reserve. In addition,
$1.9 million in the aggregate will be received by certain of our executive officers and other members of
ent, consisting of Mr. Thomas ($1,368,492) and Mr. Biehl ($76,626), and approximately $461,864 to be
ven other employees in the aggregate.
se or decrease in the amount of net proceeds raised in this offering from the amount stated above will
crease the cash dividend to be paid to our existing stockholders, respectively, but will not materially
unt of debt we intend to repay as described above. An increase of 1,000,000 shares from the expected
res to be sold in this offering, assuming no change in the assumed initial public offering price per share,
e our net proceeds from this offering by $18.7 million and the amount of the dividend by $18.7 million.
se (decrease) in the assumed public offering price per share of the common stock (the mid-point of the
over page of this prospectus) would increase (decrease) the net proceeds that we receive in this offering
gly, that we dividend to our stockholders) by approximately $2.9 million, after deducting underwriting
uming the number of shares being offered, as set forth on the cover page of this prospectus does not

DIVIDEND POLICY

ly prior to the consummation of this offering, we intend to declare three dividends, which will be y, based on their percentage ownership of our common stock, to our stockholders existing prior to the

dividend will be a cash dividend of $208.8 million, assuming an initial public offering price per share 0, which we will pay to our existing stockholders out of a portion of the net proceeds from this offering.

ond dividend will be a cash dividend of up to $35.1 million, assuming an initial public offering price per $20.00, which we will pay to our existing stockholders with all of the proceeds we receive from the old pursuant to the underwriters over-allotment option, if exercised.

d dividend will be a stock dividend of up to 1,875,000 shares of our common stock, which we will pay to ting stockholders, the terms of which will require that shortly after the expiration of the underwriters otment option (assuming the option is not exercised in full), we issue to our existing stockholders the of shares equal to (x) the number of additional shares the underwriters have an option to purchase minus ctual number of shares the underwriters purchase from us pursuant to that option.

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

e of 1,000,000 shares from the expected number of shares to be sold in this offering, assuming no assumed initial public offering price per share, would increase our net proceeds from this offering by and the amount of the dividend by $18.7 million. A $0.25 increase (decrease) in the assumed public per share of the common stock (the mid-point of the range on the cover page of this prospectus) would ease) the net proceeds that we receive in this offering (and, accordingly, that we dividend to our by approximately $2.9 million, after deducting underwriting discounts, assuming the number of shares as set forth on the cover page of this prospectus does not change.

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

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CAPITALIZATION

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

by us of 12,500,000 shares of our common stock in this offering, after deducting underwriting discounts
mated offering expenses;

cation of the estimated net proceeds as described in Use of Proceeds as well as the $25.0 million
y principal prepayment under the term loan portion of our senior secured credit facility in the second
of 2006 and the payment of $16.5 million of cash to acquire Cooler Service;

63-for-one stock split we expect to effect immediately prior to the consummation of this offering;

ance of 2,651,012 shares which have been issued to FR X Chart Holdings LLC upon its exercise of its
for $37.1 million in cash (see Certain Related Party Transactions);

ance of 609,856 shares which have been issued to certain members of management upon their exercise of
over options for $2.1 million in cash (see Management s Discussion and Analysis of Financial Condition
ults of Operations Liquidity and Capital Resources Cash Requirements); and

k dividend of 1,875,000 shares to our existing stockholders shortly after the expiration of the
iters over-allotment option, assuming no exercise of that option.
nation in this table should be read in conjunction with The Transactions, Use of Proceeds, Management s
d Analysis of Financial Condition and Results of Operations and our consolidated financial statements
tes included elsewhere in this prospectus.

	As of March 31, 2006	
	Actual	**As Adjusted**
	(Unaudited, in millions, except share and per share data)	
equivalents	$ 19.5	$ 14.8
ured credit facility:		
olving credit facility(1)		
m loan facility	170.0	120.0
ior subordinated notes due 2015	170.0	170.0
(2)	1.5	1.5
	$ 341.5	$ 291.5
equity:		
on stock, par value $0.01 per share, 9,500,000 shares authorized, 150,000,000 shares authorized, as adjusted, 7,952,180 shares issued standing, actual and 25,588,049 shares issued and outstanding, as d(3)(4)		0.3

onal paid-in capital		117.7		179.3
ed earnings		5.5		5.5
ulated other comprehensive income		0.9		0.9
hareholder s equity	$	124.1	$	186.0
ation	$	465.6	$	477.5

rch 31, 2006, we had approximately $35.1 million available for borrowing under the revolving portion
ior secured credit facility, subject to certain conditions, after giving effect to approximately
lion of letters of credit and bank guarantees outstanding thereunder. The credit

as since been amended to increase the availability thereunder. See The Transactions and Description of ness.

es to the indebtedness of CEM, our subsidiary located in China.

-9 shares issued and outstanding as of May 22, 2006.

tent we change the number of shares of common stock we sell in this offering from the 00 shares we expect to sell or we change the initial public offering price from the $20.00 per share initial offering price, or any combination of these events occurs, our net proceeds from this offering and d additional paid-in capital may increase of decrease. A $0.25 increase (decrease) in the assumed initial fering price per share of the common stock, assuming no change in the number of shares of common e sold, would increase (decrease) the net proceeds that we receive in this offering (and accordingly that nd to our stockholders) and our as adjusted additional paid-in capital by $2.9 million and an increase) of 1,000,000 shares from the expected number of shares to be sold in the offering, assuming no change umed initial public offering price per share, would increase (decrease) our net proceeds from this nd our as adjusted additional paid-in capital by approximately $18.7 million.

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DILUTION

est in our common stock, your interest will be diluted to the extent of the difference between the initial g price per share and the net tangible book value per share after this offering. The net tangible book value ented below is equal to the amount of our total tangible assets (total assets less intangible assets) less as of March 31, 2006, divided by the number of shares of our common stock that would have been held g stockholders had the stock dividend of 1,875,000 additional shares to our existing stockholders shortly ation of the underwriters over-allotment option, assuming no exercise of that option, been made as of 6. As of March 31, 2006, prior to giving effect to the offering, we had a net tangible book deficit of on, or $(23.47) per share. On a pro forma basis, after giving effect to:

of shares of common stock in this offering at an assumed initial public offering price of $20.00 per e mid-point of the price range on the cover of this prospectus;

nent of the $208.8 million dividend that we intend to declare prior to the consummation of the offering isting stockholders;

cation of the estimated net proceeds as described under Use of Proceeds as well as the $25.0 million y principal prepayment under the term loan portion of our senior secured credit facility in the second of 2006 and the payment of $16.5 million of cash to acquire Cooler Service;

63-for-one stock split we expect to effect immediately prior to the consummation of this offering;

nce of 2,651,012 shares which have been issued to FR X Chart Holdings LLC upon its exercise of its for $37.1 million in cash;

nce of 609,856 shares which have been issued to certain members of management upon their exercise of over options for $2.1 million in cash; and

t of any other pro forma adjustments,

net tangible book deficit as of March 31, 2006 would have been $(201.3) million, or $(7.87) per share of . This represents an immediate increase in net tangible book value (or a decrease in net tangible book .60 per share to existing stockholders and an immediate dilution in net tangible book value of $27.87 per nvestors.

ving table illustrates this dilution on a per share basis:

ffering price per share		$ 20.00
e book deficit per share at March 31, 2006	$ (23.47)	
net tangible book value per share attributable to new investors	$ 15.60	
tangible book deficit per share after the offering		$ (7.87)
hare to new investors		$ 27.87

crease (decrease) in the initial public offering price from the assumed initial public offering price of re would decrease (increase) our net tangible book deficit after giving effect to this offering by $2.9 million, our pro forma net tangible book deficit per share after giving effect to the offering by e and the dilution in net tangible book deficit per share to new investors in this offering by $0.14 per ducting the estimated underwriting discounts and commissions and assuming no other change to the res offered by us as set forth on the cover page of this prospectus. We will reduce the number of shares sue to our existing stockholders in the stock dividend described in the first paragraph above by the res sold to the underwriters pursuant to their over-allotment option. We will also pay to our existing cash dividend equal to all proceeds

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m any such sale to the underwriters. As a result, our pro forma net tangible book value will not be e underwriters exercise of their over-allotment option.

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

	Shares Purchased		Total Consideration		
	Number	**Percent**	**Amount**	**Percent**	**Average Price Per Share**
			(In millions)		
holders	13,088,049	51.1%	$ (58.2)	(30.3)%	$ (4.45)
	12,500,000	48.9%	250.0	130.3	20.00
	25,588,049	100.0%	$ 191.8	100.0%	$ 7.50

ideration and average price per share paid by the existing stockholders in the table above give effect to lion dividend and the stock dividend of 1,875,000 shares we intend to pay to the existing stockholders in h this offering. As the table indicates, the total consideration for the existing stockholders shares is n, with an average share price of $(4.45), which means that the existing stockholders in the aggregate ved $58.2 million more than they originally invested.

er of shares held by existing stockholders will be reduced to the extent the underwriters exercise their option. If the underwriters fully exercise their option, the existing stockholders will own a total of ares or approximately 43.8% of our total outstanding shares which will decrease the average price paid stockholders per share to $(8.32).

ent that we grant options to our employees in the future, and those options are exercised or other ommon stock are made, there will be further dilution to new investors.

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UNAUDITED PRO FORMA FINANCIAL INFORMATION

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

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

	Historical	Offering Adjustments	As Adjusted
	(In thousands, except share data)		
Assets			
s			
ash equivalents	$ 19,462	$ 11,879(a)(c)(d)(e)	$ 31,341(b)
eceivable, net	64,237		64,237
, net	53,596		53,596
ontract revenue	32,440		32,440
penses	3,096		3,096
nt assets	14,176		14,176
for sale	3,084		3,084
ssets	190,091	11,879	201,970
t and equipment, net	66,205		66,205
	236,810		236,810
tangible assets, net	150,495		150,495
et	12,882		12,882
s	$ 656,483	$ 11,879	$ 668,362
Liabilities and Shareholder s Equity			
ities			
ayable	$ 38,130		$ 38,130
dvances and billings in excess of contract	40,166		40,166
laries, wages and benefits	14,503		14,503
eserve	3,760		3,760
nt liabilities	18,385		18,385
debt	1,513		1,513
iabilities	116,457		116,457
ot	340,000	(50,000)(d)	290,000
ferred tax liabilities	56,038		56,038
m liabilities	19,842		19,842
Equity			
tock, par value $0.01 per share, hares authorized, actual, 150,000,000 orized, as adjusted, 7,952,180 shares outstanding, actual and 25,588,049 shares outstanding, as adjusted	80	157(c)(e)	237

paid in capital	117,625		61,722(a)(c)(e)	179,347
rnings	5,539			5,539
ed other comprehensive income	902			902
equity	124,146		61,879	186,025
ities and shareholder s equity	$ 656,483	$	11,879	$ 668,362

ayment, using cash on-hand, of $2,358 of expenses in connection with this offering, which reduces
paid in capital.

nts

justed cash and cash equivalents excludes the cash payment of the purchase price in the amount of or Cooler Service paid on May 26, 2006. See Capitalization for our cash and cash equivalents giving hat payment.

39,237 of cash received upon the exercise by FR X Chart Holdings LLC of its warrant and the exercise members of management of their rollover options. This transaction increased common stock by $32 on shares issued at $0.01 per share) and additional paid in capital by $39,205.

he use of a portion of the proceeds from the offering, net of fees and expenses, and cash received upon se by FR X Chart Holdings LLC of its warrant and the exercise by certain members of management of over options, and cash on hand to repay $50,000 of term loans under our senior secured credit facility.

he assumed gross proceeds of $250,000 from the offering, net of underwriting discounts of $16,250, reases common stock by $125 (12.5 million shares issued at $0.01 per share) and increases additional pital by $233,625. On a pro forma basis as of March 31, 2006, $208,750 of the net proceeds from the s assumed to be used to pay a dividend to our existing stockholders, which reduces additional paid in ee Use of Proceeds. Of such amount, $197,396 will be received by FR X Chart Holdings LLC, $8,148 ceived by Mr. Thomas, $456 will be received by Mr. Biehl and approximately $2,750 will be received other employees.

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

	Reorganized January 1, 2005 to October 16, 2005(1)	Successor October 17, 2005 to December 31, 2005(2)	Pro Forma Adjustments(3)	Pro Forma Year Ended December 31, 2005	Offering Adjustments(4)	Pro Forma As Adjusted Year Ended December 31, 2005
	(In thousands, except per share data)					
	$ 305,497	$ 97,652	$	$ 403,149	$	$ 403,149
	217,284	75,733		293,017		293,017
	88,213	21,919		110,132		110,132
al and	59,826	16,632	8,306(a)(b)	84,764		84,764
	6,602			6,602		6,602
plant	1,057	139		1,196		1,196
n sale	(131)	78		(53)		(53)
	67,354	16,849	8,306	92,509		92,509
ome	20,859	5,070	(8,306)	17,623		17,623
ense,	4,192	5,565	17,681(c)	27,438	(3,313)	24,125
osts n		308	1,171(d)	1,479		1,479
	(28)	(9)		(37)		(37)
rency	659	101		760		760
	4,823	5,965	18,852	29,640	(3,313)	26,327

from ore and est	16,036	(895)	(27,158)	(12,017)	3,313	(8,704)
	7,159	(441)	(10,320)(e)	(3,602)	1,259	(2,343)
from ore est	8,877	(454)	(16,838)	(8,415)	2,054	(6,361)
est,	(19)	(52)		(71)		(71)
oss)	$ 8,858	$ (506)	$ (16,838)	$ (8,486)	$ 2,054	$ (6,432)
uted **)(7)**						
	$ 1.65	$ (0.06)		$ (1.06)		$ (0.25)
	$ 1.57	$ (0.06)		$ (1.06)		$ (0.25)
rage	5,366	7,952		7,952		25,604
rage	5,649	7,952		7,952		25,604

nts

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

	Successor Three Months Ended March 31, 2006	Pro Forma Adjustments(3)	Pro Forma Three Months Ended March 31, 2006	Offering Adjustments(4)	Pro Forma As Adjusted Three Months Ended March 31, 2006
	(In thousands, except per share data)				
	$ 120,840	$	$ 120,840	$	$ 120,840
	83,853		83,853		83,853
	36,987		36,987		36,987
al and expenses	21,039		21,039		21,039
aration and osts	162		162		162
	21,201		21,201		21,201
ome (loss)	15,786		15,786		15,786
(income) pense, net(5)	6,545		6,545	(828)	5,717
costs n	370		370		370
rency loss	(148)		(148)		(148)
	6,767		6,767	(828)	5,939
operations taxes and est	9,019		9,019	828	9,847
enefit)	2,980		2,980	315	3,295
operations y interest	6,039		6,039	513	6,552
est, net of taxes	6		6		6
	$ 6,045	$	$ 6,045	$ 513	$ 6,558
uted Earnings ta(6)(7)					
per share(8)	$ 0.76		$ 0.76		$ 0.26

gs per share(8)	$ 0.73	$ 0.73	$ 0.26
rage shares	7,952	7,952	25,604
rage shares	8,285	8,285	25,604

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nts

ucture changed as a result of the Acquisition. Due to required purchase accounting adjustments relating tion, the consolidated financial and other information for the period subsequent to the Acquisition, r to as the 2005 Successor Period, is not comparable to such information for the periods prior to the hich we refer to as the 2005 Reorganized Period. The pro forma information, including the allocation of rice, is based on management s estimates and valuations of the tangible and intangible assets that were

nts in this column represent the reported results of Chart Industries, Inc. prior to the Acquisition, from , 2005 through October 16, 2005.

nts in this column represent the reported results of Chart Industries, Inc. subsequent to the Acquisition, riod from October 17, 2005 to December 31, 2005.

nts in this column represent the adjustments to reflect the pro forma impact of the Acquisition as

ts the adjustment to historical expense for management fees of $306 charged by our Reorganized any majority shareholders, which are not charged by First Reserve.

ts the adjustment to historical expense for the change in amortization expense due to the revaluation of entifiable finite-lived intangible assets in purchase accounting. Annual amortization expense under the asis of accounting is estimated to be $14,271, of which $2,973 was recognized during the 2005 ssor Period, and $2,686 of amortization expense relating to finite-lived intangible assets was recorded the 2005 Reorganized Period, resulting in a pro forma adjustment of $8,612.

ts the adjustment to historical interest expense for interest on the senior secured credit facility entered conjunction with the Acquisition of $11,925 assuming an outstanding balance of $180,000 and an st rate of 6.625% per annum. This interest rate is variable and was calculated as LIBOR plus 2.00%, is equal to the 180-day LIBOR interest rate contract that we entered into on November 21, 2005 under edit facility. A 0.125% change in the variable interest rate would affect pro forma income before taxes 25. Also, reflects the adjustment to historical interest expense for interest on the notes issued in nction with the Acquisition of $15,513, assuming an outstanding balance of $170,000 and a fixed st rate of 9.125% per annum. During the 2005 Successor Period, $5,565 of interest expense was recorded senior secured credit facility and the notes and $4,192 of interest expense was recorded in the 2005 anized Period for our then existing senior credit facility. This results in a pro forma adjustment of 81.

ts the adjustment to historical expense for the change in amortization expense for deferred financing hat were paid in conjunction with the Acquisition. The annual amortization expense is estimated to be 9, of which $308 was recorded in the 2005 Successor Period, and no amortization expense was recorded 2005 Reorganized Period, resulting in a pro forma adjustment of $1,171.

ts the income tax of our pro forma adjustments to the income statement at an estimated statutory tax rate %.

nts in this column represent the adjustments to reflect the pro forma impact of this offering and the use of proceeds therefrom.

he offering adjustment to historical interest expense for the $50,000 principal payment of our senior edit facility using the proceeds from the exercise of the warrant and rollover options, cash on hand and eds of this offering for the year ended December 31, 2005 and the three months ended March 31, 2006. est rate used in the calculation is 6.625% per annum. This interest is variable and was calculated as lus 2.0%, which is equal to the 180-day LIBOR interest rate contract that we entered into on r 21, 2005 under the credit facility. A 0.125% change in the variable interest rate would affect pro forma d income before taxes by $163 and $40 for the year ended December 31, 2005 and the three months rch 31, 2006, respectively. The income tax effect of our offering adjustments has been calculated using ted statutory tax rate of 38% for both the year ended December 31, 2005 and the three months ended , 2006.

nts

d pro forma as adjusted basic and diluted earnings per share have been calculated in accordance with the s for initial public offerings. These rules require that the weighted average share calculation give e effect to any changes in our capital structure as well as the number of shares whose sale proceeds necessary to repay any debt or to pay any dividend as reflected in the pro forma adjustments. In pro forma as adjusted weighted average shares for purposes of the unaudited pro forma as adjusted basic d earnings per share calculation, has been adjusted to reflect (i) the 4.6263-for-one stock split we expect mmediately prior to the consummation of this offering and (ii) the stock dividend of 1,875,000 shares to ng stockholders that will be made shortly after the expiration of the underwriters over-allotment option no exercise of that option, and includes 12,500,000 shares of our common stock being offered hereby.

and diluted loss per share for the 2005 Successor Period are the same because incremental shares pon conversion are anti-dilutive. For the three months ended March 31, 2006, the incremental shares pon conversion of stock options and exercise of stock warrants are 307,418 and 25,546, respectively. urposes of computing diluted earnings per share, weighted average common share equivalents do not 107,008 and 1,657,843 warrants and stock options, respectively, for the 2005 Successor Period and tock options for the three months ended March 31, 2006 as the effect would be anti-dilutive.

a basic earnings (loss) per common share is computed by dividing earnings (loss) available to common ers by the weighted average number of common shares outstanding during the period. Pro forma diluted per common share is computed by dividing earnings (loss) available to common stockholders by the sum ed average common shares outstanding plus dilutive incremental common shares for the period. Pro sic and diluted common shares also include the number of shares from this offering whose proceeds were he repayment of debt.
ving table sets forth the computation of pro forma basic and diluted net income (loss) per share (in pt per share amounts):

	Pro Forma As Adjusted Year Ended December 31, 2005	Pro Forma As Adjusted Three Months Ended March 31, 2006
ted pro forma net income per common share:		
:		
ss) income	$ (6.4)	$ 6.6
or:		
ed-average common shares outstanding(a)	13.1	13.1
Veighted-average unvested common shares subject to ase or cancellation		
res from this offering whose proceeds would be used for the yment of debt(b)	1.3	1.3
res from this offering whose proceeds would be used for the ment of a dividend(c)	11.2	11.2
Denominator for basic calculation	25.6	25.6
for dilutive securities:		

Veighted-average stock options and unvested common shares to repurchase or cancellation				
Denominator for diluted calculation		25.6		25.6
(loss) income per common share basic	$	(0.25)	$	0.26
(loss) income per common share diluted	$	(0.25)	$	0.26

nts

s weighted-average shares outstanding after an adjustment for (i) the 4.6263-for-one stock split we effect immediately prior to consummation of this offering and (ii) the stock dividend of 1,875,000 our existing stockholders that will be made shortly after the expiration of the underwriters ment option assuming no exercise of that option as follows:

ding at December 31, 2005 and March 31, 2006	7,952,180
ares upon exercise of FR X Chart Holdings LLC warrant	2,651,012
ares upon exercise of certain members of managements rollover options	609,856
for stock dividend to existing shareholders	1,875,000
rage common shares outstanding	13,088,048

d as $25.3 million of proceeds to be used in the repayment of debt, including accrued interest thereon he anticipated date of repayment, divided by the offering proceeds of $18.70 per share, net of issuance expenses.

d as $208.8 million of proceeds to be used in the payment of a dividend, divided by the offering of $18.70 per share, net of issuance costs and expenses.

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nts

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

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

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

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

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nts

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

(8,865)	(133,950)	(10,255)	51	22,698	8,877	5,556	(454)	6,039
(199)	(52)	(63)	(20)	(98)	(19)	(21)	(52)	6
(9,064)	(134,002)	(10,318)	31	22,600	8,858	5,535	(506)	6,045
3,906	3,217	3,233						
$ (5,158)	$ (130,785)	$ (7,085)	$ 31	$ 22,600	$ 8,858	$ 5,535	$ (506)	$ 6,045
$ (0.21)	$ (5.22)	$ (0.27)	$ 0.01	$ 4.22	$ 1.65	$ 1.03	$ (0.06)	$ 0.76
$ (0.21)	$ (5.22)	$ (0.27)	$ 0.01	$ 4.10	$ 1.57	$ 0.99	$ (0.06)	$ 0.73
24,573	25,073	26,336	5,325	5,351	5,366	5,358	7,952	7,952
24,573	25,073	26,336	5,325	5,516	5,649	5,609	7,952	8,285
$ 7,458	$ 5,249	$ 19,466	$ 4,988	$ 35,059	$ 15,641	$ (4,063)	$ 18,742	$ 12,327
(6,261)	1,288	15,101	154	(3,317)	(20,799)	(1,629)	(362,250)	(2,566)
504	(17,614)	(15,907)	(13,976)	(35,744)	1,708	(624)	348,489	(5,839)

$	17,783	$	14,531	$	9,260	$	2,225	$	8,490	$	6,808	$	1,944	$	4,396	$	5,194

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nts

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

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

we recorded a non-cash impairment charge of $92.4 million to write off non-deductible goodwill of the gment. Further information about this charge is found in Note A to our audited consolidated financial nts included elsewhere in this prospectus.

mber 2003, in accordance with Fresh-Start accounting, all assets and liabilities were adjusted to their fair See Management s Discussion and Analysis of Financial Condition and Results of Operations for further on. The adjustment to record the assets and liabilities at fair value resulted in net other income of lion. Further information about the adjustment is located in Note A to our audited consolidated financial nts included elsewhere in this prospectus.

derivative contracts valuation income or expense for interest rate collars to manage interest exposure to term debt.

ates to the sale of our former Greenville Tube, LLC business in July 2003. See Management s Discussion lysis of Financial Condition and Results of Operations for additional information.

c and diluted loss and earnings per share for the years ended December 31, 2001 and 2002, the nine ended September 30, 2003, the three months ended December 31, 2003 and the 2005 Successor Period ame because incremental shares issuable upon conversion are anti-dilutive.

financing costs amortization for the years ended December 31, 2001 and 2002, the nine months ended er 30, 2003 and the 2005 Successor Period of $1.5 million, $3.2 million, $1.7 million and $0.3 million, ely.

capital is defined as current assets excluding cash minus current liabilities excluding short-term debt.

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

$236.7 million of goodwill and $154.1 million of finite-lived and indefinite-lived intangible assets as of er 31, 2005. Includes $236.8 million of goodwill and $150.5 million of finite-lived and indefinite- lived le assets as of March 31, 2006.

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

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

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

ee months ended March 31, 2006, we experienced a significant increase in our operating results e three months ended March 31, 2005, primarily due to growth in the global hydrocarbon processing gas markets served by our E&C and D&S segments and growth and penetration of the international atory therapy market served by our BioMedical segment. Sales for the three months ended March 31, 20.8 million compared to sales of $85.2 million for the three months ended March 31, 2005, reflecting an 5.6 million, or 41.8%. Our gross profit for the first three months of 2006 was $37.0 million, or 30.6% of ared to $24.6 million, or 28.9% of sales, for the same period in 2005. Increased sales volume in all three g segments, product price increases in the D&S segment, favorable product sales mix in our E&C e improved manufacturing productivity in our medical respiratory product line, as a result of transition of production from Burnsville, Minnesota to Canton, Georgia in late 2005, were contributing rowth in our gross profit and related margin in 2006.

e experienced increased orders, backlog, sales and gross profit compared to 2004, which was primarily inued growth in the global industrial and hydrocarbon processing markets served by our D&S and E&C mbined orders for 2005 were $511.2 million, which represented an increase of $118.4 million, or 30.1%, 004 orders of $392.8 million, while backlog was $233.6 million at December 31, 2005 compared to at December 31, 2004, which represented growth of 80.7%. In 2005, combined sales were compared to sales in 2004 of $305.6 million, reflecting an increase of $97.5 million, or 31.9%. Our s profit in 2005 was $110.1 million, or 27.3% of sales, and gross profit in 2004 was $93.8 million, or . While we benefited from higher volumes in 2005, our combined gross profit was negatively impacted lion, or 2.2% of sales, non-cash charge for adjusting inventory to fair value as a result of the Acquisition nufacturing costs due to the move of our medical respiratory product line production from Burnsville, Canton, Georgia.

of the continued growth in many of the markets we serve, our present and anticipated customer order klog level of $237.0 million as of March 31, 2006, and our focus on energy-related industries, we ct to experience continued sales and earnings growth for the remaining nine months of 2006. We also r cash flow from operations, available cash and available

der the senior secured credit facility should be adequate to meet our working capital, capital ebt service and other funding requirements for the remaining nine months of 2006.

2, 2005, Chart Industries, Inc. entered into an agreement and plan of merger with certain of its tockholders, or the Principal Stockholders, First Reserve and CI Acquisition to purchase shares of owned by the Principal Stockholders. The Acquisition closed on October 17, 2005. First Reserve 11.3 million, which was used to fund a portion of the Acquisition. The remainder of the cash needed to quisition, including related fees and expenses, was provided by proceeds of $170.0 million from the nior subordinated notes due 2015 and borrowings under the senior secured credit facility. See The We refer to our company after the Acquisition as the Successor Company.

5, 2006, we acquired Cooler Service, which will become a part of our E&C segment. Our results of the last seven months of 2006 will include the results from the Cooler Service business. See Prospectus ecent Developments.

Compensation Expense

d options to purchase an aggregate of 270,399 shares of our common stock (94,640 time-based options erformance-based options) on March 29, 2006, April 27, 2006 and May 26, 2006 under the Amended 005 Stock Incentive Plan to certain members of management. In connection with the time-based ll record pre-tax non-cash stock-based compensation expense of approximately $1.3 million in the s expense will be amortized over the five-year vesting period of the 94,640 time-based options, oximately $0.2 million over the remaining nine months of 2006, commencing with the second quarter of we may also record additional stock-based compensation expense in future periods related to the formance-based options granted on November 23, 2005, March 29, 2006, April 27, 2006 and May 26, e Amended and Restated 2005 Stock Incentive Plan to certain members of management if it becomes ny of the future performance criteria will be achieved. The amount of the expense relating to the ased options cannot be estimated at this time.

iling and Emergence

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

ence from Chapter 11 bankruptcy proceedings resulted in a new reporting entity and the adoption of ounting in accordance with the American Institute of Certified Public Accountants, or AICPA, osition 90-7, Financial Reporting by Entities in Reorganization Under the Bankruptcy Code , or resh-Start accounting. We used September 30, 2003 as the date for adopting Fresh-Start accounting in de with our normal financial closing for the month of September 2003. Upon adoption of Fresh-Start new reporting entity was deemed to be created and the recorded amounts of assets and liabilities were lect their estimated fair values. Accordingly, the reported historical financial statements of the ompany prior to the adoption of Fresh-Start accounting for periods ended prior to September 30, 2003 arily comparable to those of the Reorganized Company. In this prospectus, references to our nine-month eptember 30, 2003 and all periods ended prior to September 30, 2003 refer to the Predecessor

requires that financial statements for the period following the Chapter 11 filing through the bankruptcy late distinguish transactions and events that are directly associated with the reorganization from the tions of the business. Accordingly, revenues, expenses, realized gains and losses and provisions for associated with the reorganization and restructuring of the business, including adjustments to fair value ilities and the gain on the discharge of pre-petition debt, were reported separately as reorganization he other income (expense) section of the

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ompany s consolidated statement of operations for the nine months ended September 30, 2003. In
th Fresh-Start accounting, all assets and liabilities were recorded at their respective fair values as of
2003. Such fair values represented our best estimates based on independent appraisals and valuations.
esh-Start accounting, adjustments to reflect the fair value of assets and liabilities, on a net basis, and the
f our capital structure and resulting discharge of the senior lenders pre-petition debt, resulted in net
of $5.7 million in the nine months ended September 30, 2003. The reorganization value exceeded the fair
eorganized Company s assets and liabilities, and this excess is reported as reorganization value in excess
ocable to identifiable assets in the Reorganized Company s consolidated balance sheet.

sults

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

	Predecessor Company	Reorganized Company				Successor Company	
	Nine Months Ended September 30, 2003	Three Months Ended December 31, 2003	Year Ended December 31, 2004	January 1, 2005 to October 16, 2005	Three Months Ended March 31, 2005	October 17, 2005 to December 31, 2005	Three Months Ended March 31, 2006
	100.0%	100.0%	100.0%	100%	100.0%	100.0%	100%
)	71.7	76.6	69.3	71.1	71.1	77.6	69.4
	28.3	23.4	30.7	28.9	28.9	22.4	30.6
l and (4)(5)(6)	22.5	20.6	17.5	19.6	16.9	17.0	17.4
pense(7)	0.0	0.0	0.0	2.2	0.0	0.0	0.0
aration and osts	0.4	1.5	1.0	0.3	0.7	0.1	0.1
sale of	0.5	0.1	0.0	0.0	0.0	(0.1)	0.0
ent	6.9	0.0	0.0	0.0	0.0	0.0	0.0
e in joint	0.0	0.1	0.0	0.0	0.0	0.0	0.0
ome (loss)	(1.0)	1.3	12.2	6.8	11.3	5.2	13.1
se, net	(5.0)	(2.1)	(1.6)	(1.4)	(1.2)	(5.7)	(5.4)
s	(0.9)	0.0	0.0	0.0	0.0	(0.3)	(0.3)
tracts	(0.2)	0.1	0.0	0.0	0.0	0.0	0.0
me							

cy income	(0.1)	0.5	0.1	(0.2)	0.0	(0.1)	0.1
n items, net	2.8	0.0	0.0	0.0	0.0	0.0	0.0
enefit)	0.8	(0.2)	3.3	2.3	3.6	(0.5)	2.5
from erations	(5.2)	0.0	7.4	2.9	6.5	(0.4)	5.0
peration, on sale,	1.6	0.0	0.0	0.0	0.0	0.0	0.0
ome	(3.6)	0.0	7.4	2.9	6.5	(0.4)	5.0

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

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51.5 million, $0.7 million, and $6.4 million, representing 0.5%, 0.2%, and 3.2% of sales, for claim ts, professional fees incurred by us related to our debt restructuring and bankruptcy reorganization for the 2005 Reorganized Period, the year ended December 31, 2004, and the nine months ended r 30, 2003, respectively.

stock-based compensation expense of $0.3 million, $0.4 million, $0.6 million, $9.5 million, and on, representing 0.3%, 0.4%, 0.7% 3.1%, and 0.8% of sales, for the three months ended March 31, 2005 Successor Period, the three months ended March 31, 2005, the 2005 Reorganized Period, and the d December 31, 2004, respectively.

charges and losses related to damages caused by Hurricane Rita of $0.2 million, $0.4 million and on, representing 0.2%, 0.4% and 0.3% of sales, for the three months ended March 31, 2006, the 2005 r Period and the 2005 Reorganized Period, respectively.

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

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

s expenses incurred by us related to the Acquisition.

rmation

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

	Predecessor Company	**Reorganized Company**				**Successor Company**	
	Nine Months Ended September 30, 2003	**Three Months Ended December 31, 2003**	**Year Ended December 31, 2004**	**January 1, 2005 to October 16, 2005**	**Three Months Ended March 31, 2005**	**October 17, 2005 to December 31, 2005**	**Three Months Ended March 31, 2006**
			(Dollars in thousands)				
	$ 42,910	$ 15,699	$ 69,609	$ 86,920	$ 23,663	$ 34,135	$ 41,174
and	102,469	37,863	162,508	161,329	44,665	47,832	60,318
	51,638	15,008	73,459	57,248	16,842	15,685	19,348
	$ 197,017	$ 68,570	$ 305,576	$ 305,497	$ 85,170	$ 97,652	$ 120,840

	$ 12,683	$ 5,405	$ 21,475	$ 23,391	$ 5,996	$ 10,494	$ 11,648
and	25,515	8,682	46,588	47,120	13,571	8,861	18,822
	17,579	1,974	25,743	17,702	5,071	2,564	6,517
	$ 55,777	$ 16,061	$ 93,806	$ 88,213	$ 24,638	$ 21,919	$ 36,987
	29.6%	34.4%	30.9%	26.9%	25.3%	30.7%	28.3%
and	24.9%	22.9%	28.7%	29.2%	30.4%	18.5%	31.2%
	34.0%	13.2%	35.0%	30.9%	30.1%	16.4%	33.7%
	28.3%	23.4%	30.7%	28.9%	28.9%	22.4%	30.6%
oss)							
	$ (8,694)	$ 3,298	$ 11,545	$ 13,717	$ 3,576	$ 5,092	$ 5,933
&	9,112	1,613	27,951	27,005	8,364	3,947	11,053
	12,381	(479)	14,208	8,343	2,115	714	3,714
	(14,736)	(3,512)	(16,625)	(28,206)	(4,422)	(4,683)	(4,914)
	$ (1,937)	$ 920	$ 37,079	$ 20,859	$ 9,633	$ 5,070	$ 15,786

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

erations for the Three Months Ended March 31, 2006 and 2005

he three months ended March 31, 2006 were $120.8 million compared to $85.2 million for the three March 31, 2005, reflecting an increase of $35.6 million, or 41.8%. E&C segment sales were for the three months ended March 31, 2006 compared to sales of $23.6 million for three months ended 5, which reflected an increase of $17.6 million or 74.6%. This increase in sales resulted primarily from s in both heat exchangers, and cold boxes and LNG vacuum-insulated pipe, which we collectively refer ystems, which were driven by continued growth in the LNG and natural gas segments of the of the rocessing market. D&S segment sales increased $15.6 million, or 35.0%, to $60.3 million for the three March 31, 2006 compared to sales of $44.7 million for the three months ended March 31, 2005. Sales of ystems and packaged gas systems increased $12.9 million and $2.7 million, respectively, for the three March 31, 2006 compared to the same period in 2005, primarily due to higher volume as a result of wth in the global industrial gas market, and to a lesser extent as a result of price increases. BioMedical for the three months ended March 31, 2006 were $19.3 million compared to $16.8 million for the three March 31, 2005, which reflected an increase of $2.5 million or 14.9%. Medical respiratory product sales million, primarily due to higher international volume resulting from growth in, and our continued the European and Asian markets. Medical respiratory product sales in the U.S. declined in the 2006 ed to the 2005 period, principally due to U.S. government reimbursement reductions for liquid oxygen ns announced in late 2005. MRI and other product sales increased $0.5 million on higher volume. rage systems sales increased $0.1 million, primarily due to higher volume in the U.S. market.

fit and Margin

it for the three months ended March 31, 2006 was $37.0 million, or 30.6% of sales, versus or 28.9% of sales, for the three months ended March 31, 2005 and reflected an increase of or 1.7 percentage points. E&C segment gross profit increased $5.7 million in the three months ended 6 compared to the three months ended March 31, 2005, primarily due to increased sales volume in both rs and process systems. The E&C segment gross profit margin increased 3.0 percentage points, primarily le project mix and higher production throughput. Gross profit for the D&S segment increased r 0.8 percentage points, in the three months ended March 31, 2006 compared to the three months ended 5, primarily due to higher sales volume and product price increases in both bulk storage and packaged ioMedical gross profit increased $1.4 million, or 3.6 percentage points, in the three months ended 6 compared to the three months ended March 31, 2005, primarily due to higher sales volume. In ncrease in the gross profit margin for the three months ended March 31, 2006 was primarily attributable anufacturing productivity for the medical respiratory product line. In the three months ended March 31, rred higher manufacturing costs as result of transitioning this product line s manufacturing from nnesota to Canton, Georgia.

eneral and Administrative Expenses, or SG&A

enses for the three months ended March 31, 2006 were $21.0 million, or 17.4% of sales, compared to or 16.9% of sales for the three months ended March 31, 2005. This increase in SG&A expenses million, or 2.4% of sales, of higher amortization expense associated with definite-lived intangible assets rded at fair value under purchase accounting at October 17, 2005 as a result of the Acquisition, which is ed by operating segment below. SG&A expenses for the E&C segment were $5.7 million for the three March 31, 2006 compared to $2.4 million for the

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nded March 31, 2005, an increase of $3.3 million. This increase for the E&C segment was primarily the r employee-related expenses to support business growth, higher amortization expense of $1.3 million on of expenses incurred related to the damage caused by Hurricane Rita at our New Iberia, Louisiana S segment SG&A expenses for the three months ended March 31, 2006 were $7.7 million compared to or the three months ended March 31, 2005; an increase of $2.8 million. This increase was primarily higher amortization expense of $1.5 million and higher employee-related expenses to support business A expenses for the BioMedical segment were $2.8 million for the three months ended March 31, 2006 $0.1 million compared to the three months ended March 31, 2005. Corporate SG&A expenses for the nded March 31, 2006 were $4.8 million compared to $4.4 million for the three months ended March 31, rease of $0.4 million is primarily attributable to higher employee-related expenses to support the th.

Separation and Plant Closure Costs

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

Income

of the foregoing, operating income for the first three months of 2006 was $15.8 million, or 13.1% of ase of $6.2 million compared to operating income of $9.6 million, or 11.3% of sales, for the same period

t Expense

t expense for the three months ended March 31, 2006 and 2005 was $6.5 million and $1.0 million, his increase in interest expense of $5.5 million for the three months ended March 31, 2006 compared to d in 2005 was primarily attributable to increased long-term debt outstanding as a result of our entering enior secured credit facility and issuing the notes on October 17, 2005 in conjunction with the

ense and Income

ee months ended March 31, 2006, financing costs amortization expense was $0.4 million, an increase of ompared to the same period in 2005. This increase in amortization expense was attributable to deferred rred for obligations under the senior secured credit facility and the notes entered into on October 17, lt of the Acquisition.

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

urrency Gain

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

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x Expense

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

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

or Period

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

fit and Margin

05 Successor Period, gross profit was $21.9 million, or 22.4% of sales. Overall, the gross profit was cted by higher volumes in the D&S and E&C segments. The E&C gross profit of $10.5 million, or , benefited from the completion of a high margin ethylene heat exchanger and process system der. The D&S segment gross profit of $8.9 million, or 18.5% of sales, was also favorably impacted by duct pricing. The BioMedical gross profit of $2.6 million, or 16.4% of sales, benefited from productivity at the Canton, Georgia facility related to the manufacturing of medical respiratory products. The gment margins in the 2005 Reorganized Period were negatively impacted by higher costs related to from ramping-up production of the medical respiratory product line after completing the move from the nnesota facility to the Canton, Georgia facility. In addition, overall company gross profit included a or 9.1% of sales, charge for the fair value adjustment of finished goods and work-in-process inventory r purchase accounting as a result of the Acquisition. This fair value inventory adjustment was charged to s the inventory was sold. The D&S and BioMedical segments gross profit charges were $6.4 million, or , and $2.5 million, or 15.9% of sales, respectively, for this fair value inventory adjustment. The E&C ot required to record an inventory fair value adjustment due to the use of the percentage of completion venue recognition in this segment.

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

Separation and Plant Closure Costs

)5 Successor Period, we recorded $0.1 million of employee separation and plant closure costs, primarily closure of the D&S segment Plaistow, New Hampshire and BioMedical segment Burnsville, Minnesota

Income

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

enses and Income

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

urrency Loss

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

x Expense

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

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

nized Period

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

fit and Margin

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

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

n Expenses

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

Separation and Plant Closure Costs

05 Reorganized Period, we recorded $1.1 million of employee separation and plant closure costs, ed to the closure of the D&S segment Plaistow, New Hampshire and BioMedical segment Burnsville, ilities. The costs (benefits) recorded for this period by the E&C, D&S and BioMedical segments, and by e $0.1 million, $0.5 million, $0.5 million and ($0.1 million), respectively.

ale of Assets

ed a net gain on the sale of assets of $0.1 million, including a gain recorded at Corporate of $1.7 million ent of a promissory note receivable related to the 2003 sale of our former Greenville Tube, LLC stainless s, a loss of $0.5 million recorded at Corporate for the write down of the Plaistow facility held for sale to air value and a $1.2 million loss for the write-off of several assets that were deemed to be impaired. This ss was $0.1 million, $0.9 million and $0.2 million for the E&C segment, BioMedical segment and pectively.

Income

of the foregoing, operating income for the 2005 Reorganized Period was $20.9 million, or 6.8% of

st Expense

t expense for the 2005 Reorganized Period was $4.2 million. We experienced higher interest expense iod as a result of higher interest rates and the increase in the outstanding balance under the revolving ur then existing credit facility.

urrency Loss

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

x Expense

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

e

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

December 31, 2004

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

nts

fit and Margin

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

penses for 2004 were $53.4 million, or 17.5% of sales, and benefited from cost savings realized as a ontinued restructuring efforts. In addition, we incurred employee incentive compensation expense of or achieving our operating targets, which was significant compared to the incentive compensation that ed in recent years and $2.8 million of amortization expense related to finite-lived intangible assets that in September 2003 under Fresh-Start accounting, which is discussed further below by operating segment SG&A expenses were $9.2 million and included $1.2 million of employee incentive expense, $0.5 million of selling expense related to the settlement of a specific customer product claim rmal warranty period and $0.3 million of amortization expense. SG&A expenses for the D&S segment llion and included $1.8 million of employee incentive compensation expense, $1.1 million of xpense and $0.4 million of selling expense related to the settlement of a specific customer product claim rmal warranty period. SG&A expenses for the BioMedical segment were $10.5 for 2004 and included f amortization expense and $0.6 million of employee incentive compensation expense. Corporate SG&A $15.9 million and included $1.7 million of employee incentive compensation expense, $2.4 million of ompensation expense resulting from the sale of 28,797 shares of common stock to our chief executive ce below the closing market price at the date of sale and the issuance of stock options to certain key addition, Corporate recorded $0.9 million of income from life insurance proceeds related to our rred compensation plan.

Separation and Plant Closure Costs

e continued our manufacturing facility restructuring plan, which commenced with the 2003 closure of nent sales and engineering office in Westborough, Massachusetts. We announced in December 2003 and the closure of our D&S segment manufacturing facility in Plaistow, New Hampshire and the BioMedical facturing and office facility in Burnsville, Minnesota, respectively. In each of these facility closures, we e product lines manufactured at those sites, but moved manufacturing to other facilities with available notably New Prague, Minnesota for engineered tank production and Canton, Georgia for medical oduct manufacturing. The Plaistow facility closure was completed in the third quarter of 2004. We al expenditures in 2004 of $2.5 million for improvements and additions to the Canton, Georgia facility, the closure of the Burnsville, Minnesota facility in the first quarter of 2005.

04, we recorded employee separation and plant closure costs of $3.2 million related to the manufacturing on efforts and overall headcount reduction programs described above. The costs recorded by the E&C, Medical segments and by Corporate were $0.7 million, $1.3 million,

59

nd $0.4 million, respectively. The total charges for 2004 included $0.4 million of expense for contract sts, $1.3 million severance and other benefits related to terminating certain employees at these and other million for other associated costs. In addition, we recorded a non-cash inventory valuation charge of ncluded in cost of sales, for the write-off of inventory at these sites. At December 31, 2004, we had a 3 million remaining for the closure of these facilities, primarily for lease termination and severance costs.

le of Assets

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

Income

of the foregoing, operating income for the year ended December 31, 2004 was $37.1 million, or 12.1%

s

ed $0.1 million of equity loss related to our Coastal Fabrication joint venture in 2004. In February 2004, brication joint venture executed an agreement to redeem the joint venture partner s 50% equity interest. he elimination of the joint venture partner and the assumption of 100% of control by us, the assets, operating results of Coastal Fabrication are included in the consolidated financial statements subsequent 04.

t Expense

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

Contracts Valuation Income and Expense

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

urrency Gain

ed a $0.5 million of foreign currency remeasurement gain in 2004 as result of certain of our subsidiaries ransactions in currencies other than their functional currency.

nts

x Expense

e recorded income tax expense of $10.1 million, which primarily reflects the income tax expense n U.S. and foreign earnings and a reduction in tax accruals for prior tax periods at an annual effective tax

e

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

s Ended December 31, 2003

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

fit and Margin

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

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

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

nts

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

Separation and Plant Closure Costs

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

Income

of the foregoing, operating income for the three months ended December 31, 2003 was $0.1 million, or

s

ed $0.04 million of equity loss from our Coastal Fabrication joint venture for the three months ended
2003.

t Expense

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

Contracts Valuation Expense

ee months ended December 31, 2003, we recorded $0.05 million of derivative contracts valuation
r interest rate collar that expired in March 2006 and had a notional value of $25.5 million at
2003.

urrency Gain

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

x Benefit

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

e

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

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nts

Ended September 30, 2003

he nine months ended September 30, 2003 were negatively impacted by our prolonged debt restructuring the resultant reorganization under Chapter 11 of the U.S. Bankruptcy Code, as certain customers quantities, delayed signing significant new orders, did not automatically renew supply contracts that 3, and contracted with other competitors, due to the uncertainty created by our leverage situation and ing. We believe our E&C segment experienced the most significant negative impact of the Chapter 11 oducts in this segment frequently have extended production times and significant dollar values. e months ended September 30, 2003, sales were $197.0 million. E&C segment sales were $42.9 million e months of 2003. The E&C segment was unfavorably impacted by lower sales volume in the process , and benefited from higher sales volume for heat exchangers in the hydrocarbon processing market. sales were $102.5 million for the first nine months of 2003 and were negatively affected by the k global market for industrial bulk storage systems. BioMedical segment sales were $51.6 million in the ths of 2003. Medical products and biological storage systems sales were positively affected by increased olume, while MRI product sales were unfavorably impacted by lower volume.

fit and Margin

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

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

Separation and Plant Closure Costs

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

ale of Assets

2003, we sold certain assets and liabilities of our former Greenville Tube, LLC stainless steel tubing h we previously reported as a component of our E&C segment. We received gross

nts

5.5 million, consisting of $13.5 million in cash and $2.0 million in a long-term subordinated note, and n of $2.4 million, net of taxes of $1.3 million in the third quarter of 2003. In addition, we reported discontinued operation, net of taxes of $0.8 million in the first nine months of 2003. In accordance with , Accounting for the Impairment or Disposal of Long-Lived Assets, we classified the operating results le of this business in the discontinued operation line of our consolidated statement of operations for the nded September 30, 2003.

closing our Columbus, Ohio manufacturing facility, we sold our cryopump and valves product lines in rter of 2003 for net proceeds of $2.3 million and recorded a $0.9 million gain in other income, and sold ssets of the Columbus, Ohio facility in the first quarter of 2003 for net proceeds of $0.2 million and 2 million gain in other income.

solvent Subsidiary

2003, we completed the closure of our Wolverhampton, U.K. manufacturing facility, operated by CHEL. nued to manufacture heat exchangers at our La Crosse, Wisconsin facility. On March 28, 2003, CHEL ntary administration under the U.K. Insolvency Act of 1986. CHEL s application for voluntary was approved on April 1, 2003 and an administrator was appointed. In accordance with Statements of ounting Standards, or SFAS, No. 94, Consolidation of All Majority-Owned Subsidiaries, we are not he accounts or financial results of CHEL subsequent to March 28, 2003 due to the assumption of EL by the insolvency administrator. Effective March 28, 2003, we recorded a non-cash impairment 7 million to write off our net investment in CHEL.

Loss

of the foregoing, the operating loss for the nine months ended September 30, 2003 was $1.9 million, or

st Expense

t expense was $9.9 million for the nine months ended September 30, 2003. We recorded interest nounts outstanding under the term loan portion and revolving credit loan portion of our credit facility he Predecessor Company in March 1999 and under the Series 1 Incremental Revolving Credit Facility 2 Incremental Revolving Credit Facility entered into by the Predecessor Company in November 2000 001, respectively until July 8, 2003, the date we filed our Chapter 11 bankruptcy petitions, but not a result, interest expense for the nine month period ended September 30, 2003 does not include $3.8 million that would have been payable under the terms of these facilities had we not filed for nkruptcy protection.

Costs Amortization

costs amortization expense was $1.7 million for the nine months ended September 30, 2003. We cing costs amortization expense related to the credit facility negotiated by the Predecessor Company in ntil July 8, 2003, the date we filed our Chapter 11 bankruptcy petitions, but not thereafter. We did not ancing costs amortization expense subsequent to the third quarter of 2003 related to our post-bankruptcy s.

Contracts Valuation Expense

ed $0.4 million of derivative contracts valuation expense in the nine month period ended September 30, nterest rate collar that expired in March 2006 and had a notional value of $26.7 million at September 30,

nts

urrency Loss

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

ation Items, Net

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

x Expense

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

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

e

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

acklog

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

nts

pelow sets forth orders and backlog by segment for the periods indicated:

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

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

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

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

nts

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

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

Capital Resources

uments and Related Covenants

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

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

nts

ebt, including the senior secured credit facility, *pari passu* in right of payment with all of our future
nated indebtedness, senior in right of payment with any of our future indebtedness that expressly
s subordination to the notes, and unconditionally guaranteed jointly and severally by substantially all of
ubsidiaries.
secured credit facility and provisions of the indenture governing the notes contain a number of
enants, including, but not limited to, restrictions on our ability to incur additional indebtedness, create
encumbrances, sell assets, enter into sale and lease-back transactions, make certain payments,
oans, advances and guarantees, make acquisitions and engage in mergers and consolidations, pay
distributions, and make capital expenditures. Our senior secured credit facility also includes covenants
erage and interest coverage ratios. See Description of Indebtedness. At December 31, 2005, we had
outstanding under the term loan and $170.0 million in aggregate principal amount of notes outstanding,
redit and bank guarantees totaling $22.4 million supported by the revolving credit portion of the senior
facility.
x, a.s., or, Ferox, our majority-owned subsidiary that operates in the Czech Republic, maintains secured
it facilities with borrowing capacity, including overdraft protection, of up to $9.6 million, of which
available only for letters of credit and bank guarantees. Under the revolving credit facilities, Ferox may
ngs in Czech Koruna, Euros and U.S. dollars. Borrowings in Koruna are at PRIBOR, borrowings in
UROBOR and borrowings in U.S. dollars are at LIBOR, each with a fixed margin of 0.6%. Ferox is not
a commitment fee to the lenders under the revolving credit facilities with respect to the unutilized
thereunder. Ferox must pay letter of credit and guarantee fees equal to 0.75% on the face amount of each
ox s land and buildings, and accounts receivable secure $4.6 million and $2.5 million, respectively, of
credit facilities. At December 31, 2005, there was $0.8 million of borrowings outstanding under, and
f bank guarantees supported by, the Ferox revolving credit facilities.
nd related covenants are further described in the notes to our consolidated financial statements.

d Uses of Cash

ths Ended March 31, 2006 and 2005

ded by operating activities for the three months ended March 31, 2006 was $12.3 million compared
in operating activities of $4.1 million for the three months ended March 31, 2005. The increase in cash
perating activities in the three months ended March 31, 2006 compared to the three months ended
5 was primarily attributable to increased cash earnings and improved working capital management. In
hs ended March 31, 2005 our E&C segment s working capital was negatively impacted by the timing of
yment terms under certain contracts entered into in 2004.
in investing activities for the three months ended March 31, 2006 was $2.6 million compared with
r the three months ended March 31, 2005 and consisted primarily of capital expenditures to support our
th.
ee months ended March 31, 2006 and 2005, cash used in financing activities was $5.8 million and
espectively. In the three months ended March 31, 2006, we made a $5.0 million voluntary principal
der the term loan portion of our senior secured credit facility and $0.8 million of net payments under the
g credit facilities. In the three months ended March 31, 2005, we made $0.6 million of scheduled
ents under the term loan portion of the 2003 Credit Facility.

essor Period

ded by operating activities for the 2005 Successor Period was $18.7 million, which included cash
anges in working capital components of $7.6 million.
2005 Successor Period, we used $362.3 million of cash for investing activities. Cash of $356.6 million
y proceeds to our former shareholders as a result of the Acquisition and

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as used for capital expenditures. The significant capital expenditures were for the construction of the
uring facility in China, the expansion of the biological storage product line manufacturing facility in
Minnesota and reinvestment to upgrade existing facilities to support business growth.
ded by financing activities for the 2005 Successor Period, was $348.5 million. In connection with the
e received proceeds of $350.0 million from the senior secured credit facility and senior subordinated
eeds of $111.3 million from the sale of stock to affiliates of First Reserve. These proceeds were used to
r shareholders, repay $76.5 million of long-term debt under the 2003 Credit Facility, pay former stock
$15.8 million and pay financing and transaction costs of $11.6 million and $1.8 million, respectively. In
nade a voluntary principal prepayment of $5.0 million on the term loan.

ganized Period

ded by operating activities for the 2005 Reorganized Period was $15.6 million and included cash used
pital components of $10.6 million to support the growth in business, particularly in the E&C and D&S

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

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

d December 31, 2004

ded by operating activities was $35.1 million for the year ended December 31, 2004, which was
ult of improved operating performance of all of our business segments, including increased sales,
gs due to continued restructuring efforts and our successful reorganization under the Bankruptcy Code
return to normal payment terms with most of our vendors. This positive cash flow was partially offset
nventory levels, particularly at the BioMedical segment to ensure uninterrupted service to customers
sfer of manufacturing operations from the Burnsville, Minnesota facility to the Canton, Georgia facility.
t cash used for investing activities was $3.3 million. Capital expenditures were $9.4 million and
xpansion of the Canton, Georgia facility to accommodate the transfer of medical product line
to that facility from the Burnsville, Minnesota facility, the expansion of our operations in China and
nto other facilities. In addition, we received cash proceeds on the sale of assets of $6.1 million in 2004,
d $4.3 million from the sale of the Burnsville, Minnesota facility, $0.6 million from the sale of a vacant
arcel of land at the New Prague, Minnesota facility, and $1.1 million from the sale of equipment at the
Hampshire facility.
35.7 million of cash for financing activities in 2004. We paid $33.1 million to reduce our long-term
ount included voluntary prepayments made in April, September and December 31, 2004,

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on, $12.0 million and $8.0 million respectively, on the term loan portion of our 2003 Credit Facility. The vere made due to the significant amount of cash provided by the operating activities in 2004. Each duced all future scheduled quarterly amortization payments on a pro-rata basis. Also, we used f cash for our debt restructuring initiatives including costs associated with the reorganization. We were ay until January 2004, when our fee applications were approved by the U.S. Bankruptcy Court, pproximately $0.9 million in bankruptcy related fees to various professional service providers.

nths Ended December 31, 2003

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

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

ths Ended September 30, 2003

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

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

sed in financing activities was $15.9 million. We used $12.6 million to pay fees for our debt nitiatives, $1.3 million for net payments under our then-existing credit facilities and $1.2 million for t payments. The remaining cash of $0.8 million was used for interest rate collar payments and purchases ck.

irements

anticipate any unusual cash requirements for working capital needs for the remaining nine months of cipate that we will use more cash during 2006 for capital expenditures than we have used in recent years, rictions under our senior secured credit facility. A significant portion of capital expenditures will be for ions and related equipment to increase capacity in the E&C and D&S segments. Management believes nsions are necessary to support our current backlog levels and our expected growth in business due to and in the industrial gas and LNG and gas to liquid, or GTL, segments of the hydrocarbon gas markets. e expect to pursue strategic business acquisitions in the remaining nine months of 2006 to complement roduct offerings.

naining nine months of 2006, cash requirements for debt service are forecasted to be approximately for scheduled interest payments under our senior secured credit facility and the

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nated notes. We are not required to make any scheduled principal payments during the remaining nine 6 under the term loan portion of our senior secured credit facility due to the voluntary principal hat have been made to date. For the remaining nine months of 2006, we expect to use approximately of cash for both U.S. and foreign income taxes and contribute approximately $1.1 million of cash to our enefit pension plans to meet ERISA minimum funding requirements.
ch 31, 2006, we have received $37.1 million from the exercise of the existing warrant held by FR X s LLC to purchase 2,651,012 shares of common stock. We also received $2.1 million from the exercise lover options for the issuance of an equivalent number of shares of common stock. We used $16.5 million of these proceeds to complete our acquisition of Cooler Service on May 26, 2006, as er the caption Prospectus Summary Recent Developments, and used the remainder of these proceeds on hand to make a voluntary principal prepayment of $25.0 million under the term loan portion of our credit facility in the second quarter of 2006.

al Obligations

n contractual obligations as of December 31, 2005 and cash requirements resulting from those e as follows:

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

d $5.0 million and $25.0 million of our term indebtedness in the first and second quarters of 2006, ely, and intend to repay an additional $25.0 million of term indebtedness using a portion of the net from this offering. This will reduce our long-term debt and interest obligations. See Use of Proceeds and ed Pro Forma Financial Information.
st payments in the above table were estimated based upon our existing debt structure at December 31, ncluded the senior secured credit facility and senior subordinated notes, less scheduled debt payments the interest rates in effect at December 31, 2005. The planned funding of the pension and other ent obligations were based upon actuarial and management estimates taking into consideration the of the plans.
ercial commitments as of December 31, 2005, which include standby letters of credit and bank present potential cash requirements resulting from contingent events that require performance by us or es pursuant to funding commitments, and are as follows:

	Total	2006	2007-2008
	(Dollars in thousands)		
s of credit	$ 12,325	$ 10,585	$ 1,740

es	11,623	9,279	2,344
cial commitments	$ 23,948	$ 19,864	$ 4,084

ructure

of the Acquisition, we had 7,952,180 shares of common stock issued and outstanding at December 31, connection with the Acquisition, a warrant to purchase 2,651,012 shares of our common stock was ember 2005 to FR X Chart Holdings LLC and 2,207,836 stock options, which we refer to as the New r the Amended and Restated 2005 Stock Incentive Plan were

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nagement to purchase shares of our common stock at an exercise price of $6.41 per share. In addition,
ers of management rolled over 609,856 stock options in the Acquisition from our 2004 Stock Option and
, the exercise price of which was adjusted to $3.50 per share.
nt was exercisable anytime, including on a cashless basis, and was to expire in March 2014. The New
ercisable for a period of ten years and have two different vesting schedules. Approximately 779,325 of
ns are time-based, or Time-based Options, and vest 20% per year over a five-year period, and
1,428,511 of the New Options are performance-based, or Performance-based Options, and vest based
returns on First Reserve s investment in the company. In addition, 566,586 of the rollover options were
closing date of the Acquisition and the remaining 43,270 rollover options vested in the first six months
ctober 17, 2005, we adopted SFAS 123(R) Share-Based Payments to account for our 2005 Stock
. See Recently Adopted Accounting Standards below for further information regarding the adoption of

ch 31, 2006, the warrant has been exercised and 2,651,012 shares were issued to FR X Chart Holdings
09,856 rollover options have been exercised for an equivalent number of shares. Each of such exercises
cash basis.

heet Arrangements

have any off-balance sheet arrangements as defined in the Securities Act.

s

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

2003, CHEL filed for a voluntary administration under the U.K. Insolvency Act of 1986. It is uncertain
ll be subject to any significant liability resulting from CHEL s insolvency administration. See
gal Proceedings.
s part of the Plaistow, New Hampshire manufacturing facility closure, we withdrew from the
r pension plan related to the Plaistow employees. We continue to carry a related estimated withdrawal
2 million at December 31, 2005. Any additional liability in excess of the amount accrued is not expected
rial adverse impact on our financial position, liquidity, cash flow or results of operations.
casionally subject to various other legal actions related to performance under contracts, product liability
ers, several of which actions claim substantial damages, in the ordinary course of our business. Based on
experience in litigating these actions, as well as our current assessment of the underlying merits of the
plicable insurance, we believe the resolution of these other legal actions will not have a material adverse
inancial position, liquidity, cash flows or results of operations.

ations

05, we had operations in Australia, China, the Czech Republic, Germany and the United Kingdom,
ed for 23.3% of consolidated revenues and 13.5% of total assets at December 31, 2005. Functional
d by these operations include the Australian Dollar, the Chinese Renminbi Yuan, the Czech Koruna, the
British Pound. We are exposed to foreign currency exchange risk as a result of transactions by these
currencies other than their functional currencies, and from transactions by our domestic operations in
er than the U.S. Dollar. The majority of these functional currencies and

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ncies in which we record transactions are fairly stable. The use of these currencies, combined with the currency forward purchase and sale contracts, has enabled us to be sheltered from significant gains or g from foreign currency transactions. This situation could change if these currencies experience ctuations in their value as compared to the U.S. Dollar.

f Critical Accounting Policies

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

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

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

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

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

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

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w. SFAS No. 87 and the policies used by us, notably the use of a calculated value of plan assets (which
ribed below), generally reduce the volatility of pension expense from changes in pension liability
and the performance of the pension plans assets.
nt element in determining our pension expense in accordance with SFAS No. 87 is the expected return
We have assumed that the expected long-term rate of return on plan assets as of December 31, 2005
These expected return assumptions were developed using a simple averaging formula based upon the
ment guidelines and the historical returns of equities and bonds. While over the long term, the investment
oyed with our pension plan assets has earned in excess of such rates, we believe our assumptions for
e returns are reasonable. However, we cannot guarantee that we will achieve these returns in the future.
ong-term rate of return on assets is applied to the market value of plan assets. This produces the
n on plan assets that reduces pension expense. The difference between this expected return and the
n plan assets is deferred. The net deferral of past asset gains or losses affects the calculated value of plan
imately, future pension expense.
of each year, we determine the rate to be used to discount plan liabilities. The discount rate reflects the
which the pension liabilities could be effectively settled at the end of the year. In estimating this rate, we
f return on high quality, fixed-income investments that receive one of the two highest ratings given by a
ing agency and the expected timing of benefit payments under the plan. At December 31, 2005, we
s rate to be 5.50%. Changes in discount rates over the past three years have not materially affected
se, and the net effect of changes in the discount rate, as well as the net effect of other changes in
nptions and experience, has been deferred as allowed by SFAS No. 87.
ber 31, 2005, our consolidated net pension liability recognized was $6.9 million, a decrease of
om December 31, 2004. The decrease is primarily due to an increase in the fair value of plan assets
nd the recognition of the previously determined net unamortized gain at the closing date of the
accordance with SFAS 141, Business Combinations. For the 2005 Successor Period and the 2005
eriod, we recognized approximately $0.01 million and $0.2 million, respectively, of pension income.
ted pension expense for the year ended December 31, 2004 was $0.8 million. The pension expense has
he 2005 periods primarily due to the freezing of a third defined benefit pension plan at December 31,
limination of amortization of prior service costs at October 17, 2005 in accordance with SFAS 141. We
ct that the pension income in 2006 will be approximately $0.5 million, an improvement from the 2005
ion income and expense, respectively, due to the freezing of all four defined benefit pension plans.
ntal Remediation Obligations. Our obligation for known environmental problems at our current and
acturing facilities have been recognized on an undiscounted basis based on estimates of the cost of
nd remediation at each site. Management reviews our environmental remediation sites quarterly to
dditional cost adjustments or disclosures are required. The characteristics of environmental remediation
here information concerning the nature and extent of clean-up activities is not immediately available and
ulatory requirements frequently occur, result in a significant risk of increase to the obligations as they
ted future expenditures are not discounted to present value and potential insurance recoveries are not
il realized.
arranty Costs. We estimate product warranty costs and accrue for these costs as products are sold.
principally based upon historical product warranty claims experience over the warranty period for each
Due to the uncertainty and potential volatility of these warranty estimates, changes in assumptions could
ct net income.
ecognition Long-Term Contracts. We recognize revenue and gross profit as work on long-term
resses using the percentage of completion method of accounting, which relies on estimates of total
act revenues and costs. We follow this method since reasonably dependable estimates of the revenue
icable to various stages of a contract can be made. Since the financial reporting of these contracts
imates, which are assessed continually during the term of the contract,

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

pted Accounting Standards

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

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

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

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

ed Accounting Standards

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

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

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

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

and Qualitative Disclosures About Market Risk

nal course of business, our operations are exposed to continuing fluctuations in foreign currency values tes that can affect the cost of operating and financing. Accordingly, we address a portion of these risks gram of risk management.

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

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

mpliance

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

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

	Covenant Level	Four Quarters Ended March 31, 2006 Ratio
ed Credit Facility(1)		
usted EBITDA to cash interest ratio	1.75x	3.00x
l debt to Adjusted EBITDA ratio	6.75x	4.15x
forma Adjusted EBITDA to pro forma fixed charge required to incur additional debt pursuant to ratio	2.0x	3.00x

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

y to incur additional debt and make certain restricted payments under our indenture, subject to specified s, is tied to an Adjusted EBITDA to fixed charge ratio of at least 2.0 to 1.0.

is calculated giving pro forma effect to the Acquisition and the incurrence of debt under the indenture enior secured credit facility.

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

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

	Predecessor Company	Reorganized Company				Successor Company		
	Nine Months Ended September 30, 2003	Three Months Ended December 31, 2003	Year Ended December 31, 2004	January 1, 2005 to October 16, 2005	Three Months Ended March 31, 2005	October 17, 2005 to December 31, 2005	Three Months Ended March 31, 2006	Pro Forma Year Ended December 31, 2005
	(Dollars in thousands)							
oss)	$ (7,085)	$ 31	$ 22,600	$ 8,858	5,535	$ (506)	6,045	(8,486)
fit)	3,047	(125)	10,134	7,159	3,071	(441)	2,980	(3,602)
se	10,300	1,344	4,712	4,164	985	5,556	6,545	27,401
nd)	9,260	2,225	8,490	6,808	1,944	4,396	5,194	20,987
	$ 15,522	$ 3,475	$ 45,936	$ 26,989	11,535	$ 9,005	20,764	36,300
	$ 15,522	$ 3,475	$ 45,936	$ 26,989	$ 11,535	$ 9,005	$ 20,764	36,300
			2,433	9,508	592	437	321	9,945
		5,368				8,903		8,903
				6,602				6,602
				2,768				2,768
				1,057		406	182	1,463
	1,338	1,010	3,346	1,700	703	255	162	1,955
n	369	357	706	1,470	73	88	45	1,558
ts						500		500

			380	306	95			
k)	8,929	(57)	133	(131)		78		(53)
	(833)							
	$ 25,325	$ 10,153	$ 52,934	$ 50,269	$ 12,998	$ 19,672	$ 21,474	69,941

months ended September 30, 2003, the 2005 Successor Period and the three months ended March 31,
ude financing costs amortization of $1.7 million, $0.3 million and $0.4 million respectively.
ts stock-based compensation charges for stock and stock options issued to key employees and directors,
ditional charge for the cash-out of stock options in the 2005 Reorganized Period as a result of the
on. Although it may be of limited relevance to holders of our debt instruments, it may be of more
to our equity holders, since such equity holders ultimately bear such expenses.
ts a non-cash inventory valuation charge recorded in cost of sales for the adjustment of inventory to fair
result of Fresh-Start accounting as of September 30, 2003 and purchase accounting as of October 17,
closing date of the Acquisition. Under Fresh-Start and purchase accounting, inventory was adjusted to
alue as of the dates indicated above, and a corresponding charge was taken in the subsequent three
nded December 31, 2003 and the 2005 Successor Period cost of sales as the inventory was sold.
ts acquisition expenses, primarily professional fees, incurred by us as a result of the Acquisition.
ts a non-cash charge for purchased in-process research and development in conjunction with the
n of CEM in 2005.

ts losses and costs incurred related to the damaged caused by Hurricane Rita at our New Iberia,
 facilities.
nventory valuation charges recorded in cost of sales, and severance expenses, facility exit costs and
ating expenses related to the execution of our operational restructuring plan, which primarily included
he Burnsville, Minnesota manufacturing operations to Canton, Georgia, closing the Plaistow, New
re and Wolverhampton, United Kingdom manufacturing facilities and closing the Westborough,
setts engineering office.

pre-bankruptcy debt restructuring-related fees, Fresh-Start accounting adjustments and expenses, and a
lement related to our 2003 bankruptcy reorganization.

ts a charge for the settlement of former Reorganized Company shareholders appraisal rights claims as a
he Acquisition.

ts non-recurring management fees charged by our Reorganized Company majority shareholders, which
arged by First Reserve.

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

ts income from our former Greenville Tube, LLC stainless steel tubing business, which was sold in July

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INDUSTRY OVERVIEW

cts and services are important components to the liquid gas supply chain. They are employed in id production, purification, transportation, distribution, storage and other processes in which cryogenic verted into the desired gases. These processes are important to the use of hydrocarbon and industrial nt applications include LNG liquefaction and regasification, gas to liquids, natural gas and processing, industrial gas production, transportation and storage, home healthcare applications and earch. Accordingly, global demand for natural gas and industrial gases are fundamental drivers of our

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

Growing Natural Gas Consumption

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

strial Energy Outlook 2005 July 2005 Energy Information Administration Publication

pected to be the fastest growing segment of the natural gas value chain. New supplies of natural gas are n areas that are long distances from the consumers of natural gas. In circumstances where pipeline t feasible, natural gas must be converted into a more compact, liquid form, in order to effectively the required location. Products that enable the liquefaction of natural gas and re-gasification of LNG for and storage are critical to the LNG industry.

iquefaction process is currently the largest LNG market for our products. Our heat exchangers, cold n-insulated pipe, or VIP, and other products are used by customers in the LNG market to liquefy, ibute and store natural gas. According to the IEA, investments in global LNG facilities are expected to ately $250 billion from 2001 to 2030.

ntures Analysis projects LNG liquefaction capacity to increase 15.2% per annum from 2005 through

y Ventures Analysis, 2005

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

f World Energy Outlook May 19-20, 2005 International Energy Agency presentation

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

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

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

Industrial Gas Sales Growth by Region

us Consulting Report, 2004

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

Growth in U.S. Elderly Population
Aged 65+

Census Bureau, 2000

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

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

e that equipment suppliers that are diversified in terms of product offerings that span the entire supply s of hydrocarbon and industrial gases will continue to be industry leaders.

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BUSINESS

eading independent global manufacturer of highly engineered equipment used in the production, storage f hydrocarbon and industrial gases, based on our sales and the estimated sales of our competitors. We ered equipment used throughout the liquid gas supply chain globally. The largest portion of end-use r our products is energy-related, accounting for 51% of sales and 58% of orders in 2005, and 77% of cember 31, 2005. We are a leading manufacturer of standard and engineered equipment primarily used rature and cryogenic applications. We have developed an expertise in cryogenic systems and equipment, at low temperatures sometimes approaching absolute zero (0 kelvin; -273° Centigrade; -459° he majority of our products, including vacuum-insulated containment vessels, heat exchangers, cold er cryogenic components, are used throughout the liquid gas supply chain for the purification, istribution, storage and use of hydrocarbon and industrial gases.

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

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

e that we are well-positioned to benefit from a variety of long-term trends driving demand in our ding:

ng demand for natural gas and the geographic dislocation of supply and consumption, which is resulting ed for a global network for LNG;

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

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

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

Sales By Segment

Sales By End-User

tive Strengths

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

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

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

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

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

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predecessors for over 20 years. Our primary customers and end-users include Air Products, Praxair, r Liquide, JGC, Bechtel Corporation, GE, ExxonMobil, BP and ConocoPhillips.

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

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

enced Management Team. We have assembled a strong senior management team with over 250 years of related experience. We have a balance of entrepreneurs, internally developed leaders and d managers from analogous industries. The team has grown into a cohesive unit with complementary nt and operational skills. The current management team is directly responsible for the strong sales l the significant margin improvements experienced since 2003.
te in a number of niche markets with a number of competitors that are major corporations, some of bstantially greater technical, financial and marketing resources than we do. Our ability to capitalize on could be hampered by our competitors ability to use their resources to adapt to changing market demands e are able to do so. For an additional discussion regarding our ability to compete in the highly arkets in which we operate, see Risk Factors.

tegy

e that we are well-positioned to maintain our leadership in providing highly engineered equipment for nperature and cryogenic applications and meet the world s growing demand for hydrocarbon and s with more economical, reliable and environmentally friendly systems. The principal elements of our follows:

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

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

lize on our position as a market leader. We plan to continue to grow our long-standing relationships ading users of cryogenic equipment. Our engineering and development teams

85

h our customers to better understand and meet their cryogenic equipment needs, particularly in the NG and international markets. We intend to grow our customer base as industrial gas producers y outsource bulk tank storage and other non-core parts of their business.

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

l Products

e in three segments: (i) E&C, (ii) D&S and (iii) BioMedical. While each segment manufactures and ent cryogenic equipment and systems to distinct end-users, they all share a reliance on our heat transfer erature storage know-how and expertise. The E&C and D&S segments manufacture products used in applications.

d Chemicals Segment

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

angers

eading designer and manufacturer of cryogenic and air cooled heat exchangers. Using technology s, heat exchangers are incorporated into systems such as cold boxes to facilitate the progressive cooling on of air or hydrocarbon mixtures for the subsequent recovery or purification of component gases. In rocessing industries, heat exchangers allow producers to obtain purified hydrocarbon by-products, such hane, propane and ethylene, which are commercially marketable for various industrial or residential dustrial gas market, heat exchangers are used to obtain high purity atmospheric gases, such as oxygen, rgon, which have numerous diverse industrial applications. Heat exchangers are customized to the quirements and range in price from approximately $10,000 for a relatively simple unit to as high as r a major project.

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

pal competitors for heat exchangers are Linde, Sumitomo, Kobe and Nordon. Management believes that y producer of large brazed aluminum heat exchangers in the United States and that we are the leader in ogenic heat exchanger market. Major customers for our heat exchangers in the industrial gas market quide, Air Products and Praxair. In the hydrocarbon processing market, major customers and end-users quide, Air Products and Praxair. In the hydrocarbon processing market, major customers and end-users xxonMobil, Saudi Aramco, ConocoPhillips and contractors such as JGC, Bechtel and KBR.

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

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

um Insulated Pipe

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

n and Storage Segment

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

Bulk Storage Systems

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

Packaged Gas Systems

eading supplier of cryogenic packaged gas systems of various sizes ranging from 160 liters to ryogenic liquid cylinders are used extensively in the packaged gas industry to allow smaller

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quid to be easily delivered to the customers of the industrial gas distributors on a full-for-empty or fill
Principal customers for our liquid cylinders are the same global industrial gas producers as the North
ustrial gas distributors who purchase our cryogenic bulk storage systems. We compete on a worldwide
y with Harsco in this product area. We have developed two technologies in the packaged gas product
Micro-Bulk systems and Tri-fecta® Laser Gas assist systems. ORCA Micro-Bulk systems bring the ease
ribution economics of bulk gas supply to customers formerly supplied by high pressure or cryogenic
rs. The ORCA Micro-Bulk system is the substantial market leader in this growing product line. The
er Gas assist system was developed to meet the assist gas performance requirements for new high
s being used in the metal fabrication industry.

Systems and Components

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

cle Fuel Systems

ct line consists of LNG and liquid/compressed natural gas refueling systems for centrally fueled fleets
wered by natural gas, such as fleets operated by metropolitan transportation authorities, refuse haulers
y truck fleets. Competition for LNG fueling and storage systems is based primarily on product design,
ort and service, dependability and price.

Liquid CO_2 Systems

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

Services

e three locations in the United States providing installation, service and maintenance of cryogenic
ding storage tanks, liquid cylinders, cryogenic trailers, cryogenic pumps and VIP.

l Segment

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

roducts

al oxygen product line is comprised of a limited range of medical respiratory products, including liquid
as and ambulatory oxygen systems, both of which are used for the in-home supplemental oxygen
atients with chronic obstructive pulmonary diseases, such as bronchitis, emphysema and asthma.
s for whom supplemental oxygen is prescribed generally receive an oxygen system from a home
vider, medical equipment dealer, or gas supplier. The provider or physician usually selects which type of
n to recommend to its customers: liquid oxygen systems, oxygen concentrators or

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oxygen cylinders. Of these modalities, physicians generally believe that liquid oxygen offers greater apeutic benefits by providing the option of increased patient ambulation.
ry competitor in the medical products line is Puritan-Bennett, a division of Tyco International, Ltd. We mpetition for liquid oxygen systems is based primarily upon product quality, performance, reliability, e and price and focus our marketing strategies on these considerations.

Storage Systems
ct line consists of vacuum-insulated containment vessels for the storage of biological materials. The ts for this product line include medical laboratories, biotech/pharmaceutical, research facilities, blood ks, veterinary laboratories, large-scale repositories and artificial insemination, particularly in the beef stry.
cant competitors for biological storage systems include a few large companies worldwide, such as on, Air Liquide and IBP. These products are sold through multiple channels of distribution specifically ach market sector. The distribution channels range from highly specialized cryogenic storage systems eneral supply and catalogue distribution operations to breeding service providers. Historically, this field has been focused on design, reliability and price. Additionally, we believe our understanding r s applications and concerns enables us to sell a total value package. Alternatives to vacuum insulated essels include mechanical, electrically powered refrigeration.
onents
of the MRI technique is that the magnetic properties of certain nuclei of the human body can be detected, converted into images for analysis. MRI equipment uses high-strength magnetic fields, applied radio h-speed computers to obtain cross-sectional images of the body. The major components of the MRI series of concentric thermal shields and a supercooled electromagnet immersed in a liquid helium tat, that maintains a constant, extremely low temperature (4 kelvin; -452° Fahrenheit) to achieve vity. We manufacture large cryostats, various cryogenic interfaces, electrical feed-throughs and various nponents that are used to transfer power and/or cryogenic fluids from the exterior of the MRI unit to the of the cryostat and superconducting magnet. We currently sell all of our MRI components to GE, a wide manufacturer of MRI equipment.

nd Product Development

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

e we can compete effectively around the world and that we are a leading competitor in our markets. s based primarily on performance and the ability to provide the design, engineering and manufacturing quired in a timely and cost-efficient manner. Contracts are usually awarded on a competitive bid basis. ical expertise and timeliness of delivery are the principal competitive factors within the industry. Price ale are also important competitive factors. Because independent third-party prepared market share data is t is difficult to know for certain our exact position in our markets, although we believe we rank among each of the markets we serve. We base our statements about industry and market positions on our ual reports and published investor presentations of our competitors and augment this data with ceived by marketing consultants conducting competition interviews and our sales force and field

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

amount of our backlog as of March 31, 2006, December 31, 2005 and December 31, 2004 was , $233.6 million and $129.3 million, respectively. Backlog is comprised of the portion of firm signed rs or other written contractual commitments received from customers that we have not recognized as the percentage of completion method or based upon shipment. It is expected that substantially all of our 6 backlog will be recognized as sales during the next twelve months. Backlog can be significantly e timing of orders for large products, particularly in the E&C segment, and the amount of backlog at 2005 described above is not necessarily indicative of future backlog levels or the rate at which backlog ized as sales. For further information about our backlog, including backlog by segment, see s Discussion and Analysis of Financial Condition and Results of Operations.

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

roperty

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

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ls and Suppliers

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

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

arty to one collective bargaining agreement through one of our operating subsidiaries. The agreement
ational Association of Machinists and Aerospace Workers covering 305 employees at our La Crosse,
t exchanger facility expires in February 2007. In 2005, through another one of our operating
ve were also a party to the agreement with the United Steel Workers of America, which covered 244
our New Prague, Minnesota facility. On November 16, 2005, pursuant to an approved stipulation
ment, the bargaining unit employees voted to decertify the United Steel Workers of America as its
resentative. The election results were certified on November 23, 2005. Over the past several years, we
ny work stoppages or strikes and we believe our relationships with our employees are generally good.

al Matters

ions have historically included and currently include the handling and use of hazardous and other
tances, such as various cleaning fluids used to remove grease from metal, that are subject to federal,
environmental laws and regulations. These regulations impose limitations on the discharge of pollutants
ir and water, and establish standards for their handling, management, use, storage and disposal. We
eview our procedures and policies for compliance with environmental laws and regulations. Our
s familiar with these regulations, and supports an ongoing program to maintain our adherence to
ards.

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

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

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

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

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

	Segment	Square Feet	Ownership	Use
sconsin	Energy & Chemicals	149,000	Owned	Manufacturing/Office
ouisiana	Energy & Chemicals	62,400	Leased	Manufacturing
ouisiana	Energy & Chemicals	35,000	Leased	Manufacturing
ds, Texas	Energy & Chemicals	29,000	Leased	Office
s	Energy & Chemicals	103,000	Leased	Manufacturing
ma	Energy & Chemicals	58,500	Owned	Manufacturing/Office/ Warehouse
ma	Energy & Chemicals	31,500	Leased	Manufacturing
on, United Kingdom	Energy & Chemicals	1,600	Leased	Office
hina(1)	Distribution & Storage	21,500	Leased	Manufacturing/ Office
hina	Distribution & Storage	130,000	Owned	Manufacturing/ Office
hina	Distribution & Storage	60,000	Leased	Manufacturing/ Office
hina	Distribution & Storage	40,000	Leased	Manufacturing
Republic	Distribution & Storage	564,000	Owned	Manufacturing/ Office
s	Distribution & Storage	22,000	Owned	Service
Hampshire(2)	Distribution & Storage	164,400	Owned	Manufacturing/ Office
many	Distribution & Storage	3,000	Leased	Office
China	Distribution & Storage	30,000	Leased	Manufacturing/ Office
gia	Distribution & Storage/ BioMedical	154,000	Owned	Manufacturing/ Office
a	Distribution & Storage/ BioMedical	32,500	Leased	Warehouse/ Service

Minnesota	Distribution & Storage/ BioMedical	254,000	Owned	Manufacturing/Service/ Office
ado	BioMedical	109,000	Owned	Manufacturing
rgia	BioMedical	11,100	Leased	Office/Lab
ted Kingdom	BioMedical	12,500	Leased	Office/ Warehouse
stralia	BioMedical	2,400	Leased	Office/ Warehouse
Minnesota	BioMedical	11,700	Leased	Warehouse
nnesota(3)	Corporate	7,000	Leased	Office
nts, Ohio	Corporate	10,300	Leased	Office
rkansas(4)	Discontinued operation	110,000	Owned	Manufacturing/ Office

ity has been vacated and we may sublease until the lease expires.

ity is being held for sale.

ity will be vacated no later than when the lease expires in January 2008.

ity is leased from us, with a purchase option, by the company that purchased certain assets of the former e Tube LLC stainless steel tubing business.

nvironment

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

dings

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

believe that we are legally obligated to fund the net pension deficit of the CHEL pension plan because is no longer one of our consolidated subsidiaries, was the sponsor of the pension plan and the entity with nsibility for the plan. In addition, we considered ourselves and our consolidated subsidiaries legally being the primary obligor of any CHEL liabilities. Further, at the time the insolvency administrator ol of CHEL, we no longer had control of the assets or liabilities of CHEL. As a result, in March 2003, our net investment in CHEL. In addition, any claims of CHEL against us were discharged in bankruptcy Reorganization Plan.

claims presently are pending against us related to CHEL s insolvency, persons impacted by the others could bring a claim against us asserting that we are directly responsible for pension and benefit ies of CHEL. Although we would contest any claim of this kind, we can provide no assurance that t be asserted against us in the future. To the extent we have a significant liability related to CHEL s d pension wind-up, satisfaction of that liability could have a material adverse impact on our liquidity, ations and financial position.

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2003, we and all of our then majority-owned U.S. subsidiaries filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court for the District of nplement an agreed upon senior debt restructuring plan through a prepackaged plan of reorganization. on-U.S. subsidiaries were included in the filing in the Bankruptcy Court. On September 15, 2003, we then majority-owned U.S. subsidiaries emerged from Chapter 11 bankruptcy proceedings pursuant to the t Prepackaged Reorganization Plan of Chart Industries, Inc. and Certain Subsidiaries, dated 2003. We have resolved all proofs of claim asserted in the bankruptcy proceedings, including the uly 2005 of a finders fee claim in the amount of $1.1 million asserted by one of our former shareholders, we had filed an objection in the Bankruptcy Court. All bankruptcy proceedings were closed in May

arty to other legal proceedings incidental to the normal course of our business. Based on our historical itigating these actions, as well as our current assessment of the underlying merits of the actions and urance, management believes that the final resolution of these matters will not have a material adverse inancial position, liquidity, cash flows or results of operations.

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MANAGEMENT

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

Name	Age	Position
omas	54	Chief Executive Officer, President and Director
ehl	50	Executive Vice President, Chief Financial Officer and Treasurer
aben	37	Vice President, General Counsel and Secretary
pel, Jr.	42	Chief Accounting Officer, Controller and Assistant Treasurer
in	42	President Energy & Chemicals Group
arey	48	President Distribution & Storage Group
w	45	President BioMedical Group
	55	Chairman of the Board of Directors
loore	37	Director
ay	35	Director
ablin	56	Director*

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

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

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

. Klaben is our Vice President, General Counsel and Secretary. Prior to joining us in March 2006, as a partner at the law firm of Calfee, Halter & Griswold LLP in Cleveland, Ohio from January 2005 06, and an associate from April 1998 until December 2004. Before that, Mr. Klaben was an associate at f Jones Day in Cleveland, Ohio from September 1995 until April 1998.

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

omain has been the President of our Energy & Chemicals Group since October 2002. Mr. Romain has company for twelve years, and prior to becoming the President of the Energy & Chemicals Group

Controller and Chief Accounting Officer. Prior to joining us, Mr. Romain audit practice of Ernst & Young LLP from 1985 to 1993, where he gained extensive experience ices to oil and gas companies.

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

Shaw has been the President of our BioMedical Group since October 2002. Mr. Shaw has been is and our predecessors for eleven years in various management positions. Before joining our company haw was employed for eleven years in the automotive manufacturing and distribution business of TRW nd, Ohio. Before that, he held positions in sales and management with APS Incorporated in Houston,

ill has been the Chairman of our board of directors since the Acquisition in October 2005. Mr. Guill is nd a Managing Director of First Reserve Corporation, which he joined in September 1998. Prior to eserve Corporation, Mr. Guill was the Managing Director and Co-head of Investment Banking of ompany International, an investment banking firm specializing in the oil service industry. Mr. Guill also ector of Dresser, Inc., T-3 Energy Services, Inc. and National Oilwell Varco, Inc.

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

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

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

of the Board of Directors after this Offering

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

on the size of this offering, we may be a controlled company under the Nasdaq corporate governance f First Reserve and its affiliates continue to own more than 50% of our common stock after the this offering. As a result, we would be eligible for exemptions from provisions of

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uiring a majority of independent directors and requiring the compensation of officers and director
e determined or recommended to the board of directors by a majority of the independent directors or by
n or nominations committee, respectively, each composed solely of independent directors. If available,
ake advantage of these exemptions. In the event that we are not, or cease to be, a controlled company
ning of these rules, we will be required to comply with these provisions within the transition periods
e Nasdaq corporate governance requirements.

ittees

of directors currently has an audit committee and a compensation committee. In connection with this
ntend to establish a nominations and corporate governance committee.

ttee

committee consists of Ben A. Guill, Kenneth W. Moore and Timothy H. Day, who is currently the
on completion of this offering Steven W. Krablin will be a member of the audit committee. We expect
committee will be comprised of three independent directors within the transition periods specified in
nder the Exchange Act. Following this offering, the audit committee will be required to have at least one
qualifies as an audit committee financial expert as such term is defined in Item 401(h) of
K. The audit committee is governed by a written charter which will be reviewed, and amended if
an annual basis. The audit committee s responsibilities include (1) appointing, retaining, compensating,
terminating our independent auditors and approving in advance any audit or non-audit engagement or
etween us and such auditor, (2) approving the overall scope of the audit, (3) assisting the board in
e integrity of our financial statements, the independent accountant s qualifications and independence, the
f the independent accountants and our internal audit function and our compliance with legal and
uirements, (4) annually reviewing an independent auditors report describing the auditing firms internal
l procedures and any material issues raised by the most recent internal quality-control review, or peer
auditing firm, (5) discussing the annual audited financial and quarterly statements with management and
nt auditors, (6) discussing earnings press releases, as well as financial information and earnings guidance
alysts and rating agencies, (7) discussing policies with respect to risk assessment and risk management,
parately, periodically, with management, internal auditors and the independent auditor, (9) reviewing
endent auditor any audit problems or difficulties and managements response, (10) setting clear hiring
nployees or former employees of the independent auditors, (11) annually reviewing the adequacy of the
ee s written charter, (12) reviewing with management any legal matters that may have a material impact
financial statements and (13) reporting regularly to the full board of directors.
nsummation of this offering, the audit committee will approve and adopt a Code of Ethical Business
l employees and an additional Officer Code of Ethics for all of our executives and financial officers,
h will be available at no cost upon written request by our stockholders.

n Committee

t compensation committee consists of Ben A. Guill, Kenneth W. Moore and Timothy H. Day. Upon
this offering Steven W. Krablin will be a member of the compensation committee. The compensation
esponsible for (1) reviewing key employee compensation policies, plans and programs, (2) reviewing
the compensation of our chief executive officer and other executive officers, (3) developing and
g to the board of directors compensation for board members, (4) reviewing and approving employment
other similar arrangements between us and our executive officers, (5) reviewing and consulting with the
e officer on the selection of officers and evaluation of executive performance and other related matters,
tion of stock plans and other incentive compensation plans, (7) overseeing compliance with any
mpensation reporting requirements of the SEC, (8) approving the appointment and removal of trustees
t managers for pension fund assets, (9) retaining consultants to advise the committee on executive
practices

nd (10) handling such other matters that are specifically delegated to the compensation committee by the
tors from time to time.

and Corporate Governance Committee

ations and corporate governance committee will be established in connection with this offering and will for (1) developing, recommending and reviewing the adequacy of the corporate governance principles s, (2) consulting with our audit committee and the board of directors regarding the adoption of a code of able to all employees and directors when required by the rules of Nasdaq and adopting procedures for d enforcing compliance with such code of conduct, (3) reviewing our compliance with state and federal ations and with the Nasdaq corporate governance listing requirements, (4) making recommendations to rectors regarding the size and composition of the board of directors, (5) establishing criteria for the w directors to serve on the board of directors and reviewing the appropriate skills and characteristics ectors, (6) identifying, screening and recommending nominees to be proposed by us for election as annual meeting of shareholders, or to fill vacancies, (7) considering and reviewing the qualifications of ns of director candidates validly made by shareholders, (8) reviewing the committee structure of the tors and recommending directors to serve as members of each committee, (9) overseeing the annual management, the board of directors, its members and committees and (10) establishing criteria for and nual performance self-evaluation of the board of directors and each committee.

pensation

r directors currently receives any additional compensation for serving as a director or as a member or mittee of the board of directors. We expect to pay our non-employee directors an annual retainer of ble in equal quarterly installments, and to annually grant each non-employee director restricted stock a number of shares of common stock with a fair market value of $40,000 on the date of grant. The units are expected to fully vest on the first anniversary of the date of grant or earlier, in the event of a rol (as defined in the Amended and Restated 2005 Stock Incentive Plan) or the director ceasing to serve ue to death or Disability (as defined in the Amended and Restated 2005 Stock Incentive Plan). The units are expected to be settled in shares of our common stock, the receipt of which may be deferred by or a period ranging from the first anniversary of the restricted stock unit vesting date to the tenth the restricted stock unit vesting date, or, if elected, earlier upon separation of service from the board or ntrol, in both cases, to the extent permitted under Section 409A of the Internal Revenue Code. We lso to the chairperson of our audit committee an additional $8,000 annual retainer and to the f our other board committees an additional $4,000 annual retainer, in each case in equal quarterly dditionally, we expect to pay our non-employee directors a fee of $2,000 for board meetings attended in ix meetings and $1,000 per meeting thereafter) and a fee of $1,000 for board meetings attended In connection with meetings of the committees of our board of directors, we expect to pay our directors who attend committee meetings in person a fee of $1,000 per meeting and a fee of $500 per mmittee meetings attended telephonically. In addition, directors must accumulate investments of at least r common stock during their first 24 months on our board. Shares of our common stock issued upon estricted stock units will count towards the $100,000 requirement.

mpensation

Compensation Table

ing summary compensation table sets forth information concerning compensation earned during the last rs by our chief executive officer and all other persons who served as executive officers during the last of April 1, 2006, our executive officers included Messrs. Thomas and Biehl, in addition to Matthew J. ice President, General Counsel and Secretary and James H.

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hief Accounting Officer, Controller and Assistant Treasurer, and Mr. Lovett was no longer an executive

					Long-Term Compensation Awards	
		Annual Compensation				
incipal	Year	Salary	Bonus	Other Annual Compensation(1)	Number of Underlying Options	All Other Compensation
omas(2)	2005	$ 400,000	$ 600,000	$ 5,766,483(3)	682,819(4)	$ 18,726(5)
tive						
	2004	$ 400,000	$ 600,000	$ 435,123(6)	203,701(7)	$ 19,595(5)
	2003	$ 92,307	$ 94,338			
ehl	2005	$ 213,200	$ 319,800	$ 1,166,830(3)	204,844(4)	$ 18,726(5)
ice						
	2004	$ 205,000	$ 374,167(8)		28,000(7)	$ 14,536(5)
cial Officer						
	2003	$ 200,000	(8)			$ 14,077(5)
vett	2005	$ 173,349	$ 260,024	$ 916,205(3)	68,284(4)	$ 15,471(5)
ent	2004	$ 168,300	$ 307,450(8)		23,000(7)	$ 5,100(5)
ng	2003	$ 165,000	(8)			$ 4,950(5)

n listed in the table received personal benefits or perquisites in excess of the lesser of $50,000 or 10% of gate salary and bonus. Messrs. Thomas and Biehl received automobile allowances of $1,846 and $6,923 espectively, and Mr. Biehl received the use of a company car in 2003, 2004 and part of 2005.

mas became Chief Executive Officer on October 6, 2003.

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

ions were granted on November 23, 2005 pursuant to the terms of our Amended and Restated 2005 entive Plan. The following portions of these options vest annually in equal installments over five years continued service: Mr. Thomas 240,993; Mr. Biehl, 72,298; and Mr. Lovett, 24,099. The following f these options vest based on performance, measured by reference to First Reserve s net return on its nt in us: Mr. Thomas, 441,825; Mr. Biehl, 132,546; and Mr. Lovett, 44,185.

s amounts contributed by us to the listed person s personal account under the Chart Industries, Inc. vestment and Savings Plan.

ary 26, 2004, Mr. Thomas purchased from us 28,797 shares of common stock at a price of $13.89 per
ch number of shares and price have not been adjusted for the 4.6263-for-one stock split. The amount
Other Annual Compensation for Mr. Thomas for 2004 is equal to the product of the total number of
rchased and the difference between the price paid to us and the closing price of $29.00 per share of
zed Company common stock in the over-the-counter-market on February 26, 2004.

ions were granted on March 19, 2004 pursuant to the terms of our 2004 Stock Option and Incentive Plan
not been adjusted for the 4.6263-for-one stock split. A portion of these options were cancelled in the
on in exchange for the payments describe in footnote (3) above. The remainder of these options were
into options to acquire 437,646, 24,505 and 24,154 shares as adjusted for the 4.6263-for-one stock split
s. Thomas, Biehl and Lovett, respectively.

nounts listed for 2004, $307,500 and $252,450 represent year-end cash bonuses paid to Mr. Biehl and
tt, respectively, for our 2004 fiscal year. The balance of the amounts listed for 2004, $66,667 for
and $55,000 for Mr. Lovett, represent retention incentives that were paid in March 2004 in lieu of any
bonuses for 2003. These retention incentives were paid under retention agreements

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to in 2003 with Mr. Biehl and Mr. Lovett, which required these officers to remain employed with the through February 29, 2004 as a condition to payment.

ons

ving table sets forth information concerning the grant of stock options to our chief executive officer and tive officers during the last fiscal year.

	Individual Grants					
	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term 5% ($)	10% ($)
omas tive Officer nt	682,819(1)	31.0%	$ 6.41	11/23/15(2)	$ 11,194,495(3)	$ 20,417,926(3)
ehl fice President, cial Officer er	204,844(1)	9.3%	$ 6.41	11/23/15(2)	$ 3,358,315(3)	$ 6,125,318(3)
vett ent ng	68,284(1)	3.1%	$ 6.41	11/23/15(2)	$ 1,119,483(3)	$ 2,041,853(3)

ions were granted on November 23, 2005 at an exercise price of $6.41 pursuant to the terms of our and Restated 2005 Stock Incentive Plan. The following portions of these options vest annually in equal nts over five years based on continued service: Mr. Thomas, 240,993; Mr. Biehl, 72,298; and Mr. Lovett, he following portions of these options vest based on performance, measured by reference to First s net return on its investment in us: Mr. Thomas, 441,825; Mr. Biehl, 132,546; and Mr. Lovett, 44,185. mended and Restated 2005 Stock Incentive Plan.

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

ntial realized values are net of exercise price but do not take into account the payment of taxes associated cise. The amounts represent hypothetical gains that could be achieved for the respective options if at the end of the option term based on assumed annual rates of compound share price appreciation from f this prospectus of 5% and 10% based on $14.00 per share, the fair market value on the date of grant. nd 10% assumed annual rates of compounded share price appreciation are mandated by rules of the SEC t represent our estimate or projection of our future common share prices. Actual gains, if any, on stock

ercises are dependent on the future performance of our common shares and overall stock market
s and the option holders continued service with us.
ember 31, 2005, we have granted options covering 270,399 shares of our common stock under the
Restated 2005 Stock Incentive Plan to 26 employees at an exercise price of $11.98 per share.

f Options

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

	Shares Acquired on Exercise (#)	Value Realized($)	Number of Securities Underlying Unexercised Options at Fiscal Year-End (#) Exercisable/Unexercisable(1)	Value of Unexercised In-the-Money Options at Fiscal Year-End ($)(1)(2) Exercisable/Unexercisable
omas utive Officer and			437,646/682,819(3)	$7,221,159/$9,279,510
ehl Vice President, cial Officer and			24,505/204,844(3)	$404,333/$2,783,830
vett Manufacturing			20,124/72,313(3)	$332,046/$994,458(4)

cember 31, 2005, Mr. Thomas, Mr. Biehl and Mr. Lovett have exercised their respective options to 37,646, 24,505 and 24,154 shares, which have been adjusted by the 4.6263-for-one stock split, ely, of our common stock for $3.50 per share. Messrs. Thomas, Biehl and Lovett will receive the pro-rata to which they are entitled as stockholders of these shares, as described under the caption Dividend and the value of those dividends has not been included in the calculation of the value of the related options been exercised.

s no public trading market for our common stock as of December 31, 2005. The value of unexercised ney options is based on the assumed initial public offering price of $20.00 per share.

rs. Thomas and Biehl, represents underlying shares as adjusted by the 10.1088-for-one adjustment. For tt, represents an option to purchase 871 shares (which has been exercised before the date of this s) adjusted by the 4.6263-for-one stock split and an option to purchase 6,755 shares adjusted by the for-one adjustment.

ts the exercise of the option to purchase 4,029 shares at an exercise price of $3.50 per share and the of the option to purchase 68,284 shares at an exercise price of $6.41 per share.

Information

Retirement Income Plan was frozen as of December 31, 2004. Therefore, no future service or earnings ered in the calculation of the normal retirement benefit (as defined therein) payable from the plan. annual benefit payable at his normal retirement date (as defined therein) is $4,850.88. This amount was ng his final average earnings and credited service at December 31, 2004.

l Restated 2005 Stock Incentive Plan

ving is a description of the Amended and Restated Chart Industries, Inc. 2005 Stock Incentive Plan, r to as the Plan. The Plan has been filed as an exhibit to the registration statement of which this

ms a part. We initially adopted the Plan effective November 23, 2005 and intend to adopt the amended
an prior to the completion of this offering. We anticipate that the Plan will be approved by our
rior to the completion of this offering.
rovides for the grant of options that are not incentive stock options, stock appreciation rights, which we
Rs, restricted stock, restricted stock units, and other stock-based grants, including the shares of our
sold to our non-employee directors, executive officers, other key employees and consultants.

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e completion of this offering there will be 3,421,030 shares of common stock reserved for issuance under rds may, in the discretion of the board of directors or any person or persons designated by the board of minister the plan, which we refer to as the committee, be made under the Plan in assumption of, or in r, outstanding awards previously granted by us or an affiliate or a company acquired by us or with which The number of shares underlying such substitute awards shall be counted against the aggregate number able for awards under the Plan. The number or kind of shares issued or reserved for issuance pursuant to rsuant to outstanding awards, the exercise price of any award or any other affected term of an award ed by our board of directors on account of mergers, consolidations, reorganizations, stock splits, dividends or other dilutive changes in the shares of common stock. Shares of common stock covered by rminate or lapse without the issuance of shares will again be available for grant under the Plan. s administered by our board of directors, which may delegate its duties and powers in whole or in part to e thereof. The board has the full power and authority to establish the terms and conditions of any award n the provisions of the Plan and to waive any such terms and conditions at any time. The board also has o grant awards under the Plan. The board is authorized to interpret the Plan, to establish, amend and les and regulations relating to the Plan and to make any other determinations that it deems necessary or he administration of the Plan. The board is authorized to correct any defect or supply any omission or nconsistency in the Plan in the manner and to the extent the board deems necessary or desirable. h respect to substitute awards, the exercise price per share for options is equal to the fair market value ble date of grant. An option holder may exercise an option by written notice and payment of the exercise h, (ii) to the extent permitted by the board, by the surrender of a number of shares of common stock by the option holder for at least six months (or such other period as established from time to time by the adverse accounting treatment applying generally accepted accounting principles), (iii) in a combination ares of common stock (as qualified by clause (ii)), (iv) through the delivery of irrevocable instructions to l share obtained upon the exercise of the option and deliver to us an amount equal to the exercise price of common stock being purchased or (v) through such cashless exercise procedures as the board may holders who are subject to the withholding of federal and state income tax as a result of exercising an tisfy the income tax withholding obligation through the withholding of a portion of the shares of to be received upon exercise of the option. late of this prospectus, we have granted under the Plan certain options as non-qualified stock options, en granted as follows: approximately 35% vest and become exercisable over the passage of time, which time options, assuming the holder thereof continues to be employed by us, and the remaining portion mes exercisable based upon the achievement of certain performance targets, which we refer to as options. Time options generally become exercisable by the holder of the option in installments of 20% on st five anniversaries of the grant date. Performance options generally become exercisable based upon the Return, which is the amount received by First Reserve in cash (and/or in-kind based upon the fair market ties or other property received by First Reserve) in respect of its investment in us divided by the unt of the investment by First Reserve in us, which we refer to as the Fund X Investment. ly prior to a change in control of us (as defined in the Plan), the exercisability of the time options will accelerate with respect to 100% of the shares of our common stock subject to the time options. In ct to the holder of the option s continued employment, in the event First Reserve sells 100% of its o a third party prior to October 17, 2008 and, as a result of such sale, the Fund X Net Return is less than Fund X Investment, but an internal rate of return of greater than 30% is realized, the performance option with respect to 45% of the shares of our common stock subject to the performance option. may grant SARs independent of or in connection with an option. The exercise price per share of a SAR ount determined by the board, but in no event shall such amount be less than the

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he fair market value of a share on the date the SAR is granted or, in the case of a SAR granted in ith an option, or a portion thereof, the exercise price of the related option and (ii) the minimum amount pplicable laws, rules, by-laws or policies of regulatory authorities or stock exchanges. Each SAR endent of an option shall entitle a participant upon exercise to an amount equal to (i) the excess of arket value on the exercise date of one share over (B) the exercise price per share, times (ii) the number red by the SAR. Each SAR granted in conjunction with an option, or a portion thereof, shall entitle a surrender to us the unexercised option, or any portion thereof, and to receive from us in exchange ount equal to (i) the excess of (A) the fair market value on the exercise date of one share over (B) the per share, times (ii) the number of shares covered by the option, or portion thereof, which is ayment shall be made in shares of common stock or in cash, or partly in shares of common stock and all as shall be determined by the board.

may grant awards of shares of common stock, restricted stock, restricted stock units and other awards in whole or in part by reference to, or are otherwise based on the fair market value of, shares. Such subject to the terms and conditions established by the board.

erwise determined by the board, awards granted under the Plan are not transferable other than by will or descent and distribution.

may be granted under the Plan after the tenth anniversary of the effective date of the Plan, but awards o such date may extend beyond such tenth anniversary. In addition, other than in connection with certain stments, neither the exercise price of an option nor the exercise price of a SAR may be reduced after the

of directors may amend, alter or discontinue the Plan in any respect at any time, but no amendment, scontinuance may diminish any of the rights of a participant under any awards previously granted, her consent.

ption and Incentive Plan

ving is a description of the Chart Industries, Inc. 2004 Stock Option and Incentive Plan, which we refer Plan. The 2004 Plan has been filed as an exhibit to the registration statement of which this prospectus We adopted the 2004 Plan effective February 12, 2004. We anticipate that the 2004 Plan will be ur stockholders prior to the completion of this offering.

Plan permits the grant of nonqualified stock options to our and our affiliates employees. A maximum of number has not been adjusted for the 4.6263-for-one stock split) shares of common stock may be subject er the 2004 Plan. The number of shares of common stock issued or reserved pursuant to the 2004 Plan, outstanding awards, is subject to adjustment on account of mergers, consolidations, reorganizations, ock dividends, extraordinary dividends and other dilutive changes in the shares of common stock. Shares ock covered by awards that expire, terminate or lapse will again be available for grant under the 2004 ot intend to make any grants under the 2004 Plan following the completion of this offering.

Plan is administered by our board of directors, which may delegate its duties and powers in whole or in mmittee thereof. The board has the sole discretion to determine the employees to whom awards may be the 2004 Plan and the manner in which such awards will vest. Options will be granted by the board to such numbers and at such times during the term of the 2004 Plan as the board shall determine. The board o interpret the 2004 Plan, to establish, amend and rescind any rules and regulations relating to the 2004

shall determine the exercise price for each option. An option holder may exercise an option by written ment of the exercise price (1) in cash, (2) by the surrender of a number of shares of common stock by the option holder, (3) by surrender of all or part of an award or (4) in a combination of the foregoing board may also prescribe any other method of paying the exercise price that it determines is consistent e law and the purpose of the 2004 Plan. The board in its

permit option holders who are subject to the withholding of federal and state income tax as a result of
option to satisfy the income tax withholding obligation through the withholding of a portion of the shares
ock to be received upon exercise of the option.
erwise determined by the board, awards granted under the 2004 Plan are not transferable other than by
ws of descent and distribution or pursuant to a qualified domestic relations order as defined in the
ue Code of 1986, as amended, which we refer to as the Code.
consummation of this offering, the options under the 2004 Plan were fully vested and exercised and no
outstanding under the 2004 Plan.
of directors may amend, alter or discontinue the 2004 Plan in any respect at any time, but no
teration or discontinuance may impair any of the rights of a participant under any awards previously
ut his or her consent.

xecutive Incentive Compensation Plan

ing is a description of the 2006 Chart Executive Incentive Compensation Plan, which we refer to as the
an. The 2006 Bonus Plan has been filed as an exhibit to the registration statement of which this
ms a part. We adopted the 2006 Bonus Plan effective March 1, 2006. We anticipate that the 2006 Bonus
pproved by our stockholders prior to the completion of this offering.
who served or serve as executive officers in 2005 or 2006 and are selected by the compensation
ur board of directors to participate are eligible to receive a bonus under the 2006 Bonus Plan. The 2006
designed to provide our executive officers with incentive compensation based upon the achievement of
performance goals. The purpose of the 2006 Bonus Plan is to attract, retain, motivate and reward
providing them with the opportunity to earn competitive compensation directly linked to our

Bonus Plan is administered by the compensation committee of our board of directors. The 2006 Bonus
for the payment of incentive bonuses, in the form of cash. If our performance relative to the 2006 Bonus
exceeds threshold amounts, participants may earn a bonus of up to a pre-determined percentage of the
base salary, ranging from 90% to 165% of the participant s base salary at maximum performance levels.
nance below the minimum performance threshold for a performance objective will result in no payment
objective.
ensation committee of the board has established the performance targets under the 2006 Bonus Plan. The
s under the 2006 Bonus Plan include working capital and EBITDA targets. The performance period
is our fiscal year.
the end of the fiscal year, the compensation committee of the board will determine (i) whether and to
y of the performance objectives established have been satisfied, and (ii) for each participant employed
ay of the fiscal year, the actual bonus to which such participant shall be entitled, taking into
the extent to which the performance objectives have been met.
on a leave of absence as of the last day of the fiscal year are not eligible for payment under the plan
il they return to active status. In addition, in certain circumstances bonus amounts are pro-rated.
f any bonus amount will be made to participants before March 15, 2007.

npensation Plan

ing is a description of the Chart Industries, Inc. Incentive Compensation Plan, which we refer to as the
pensation Plan. We intend to adopt the Incentive Compensation Plan prior to the completion of this
nticipate that the Incentive Compensation Plan will be approved by our stockholders prior to the
this offering. A copy of the Incentive Compensation Plan has been filed as an exhibit to the registration
hich this prospectus forms a part.

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he Incentive Compensation Plan is a bonus plan designed to provide certain employees of the Company es with Incentive Compensation based upon the achievement of pre-established performance goals. The Incentive Compensation Plan is to attract, retain, motivate and reward participants by providing them tunity to earn competitive compensation directly linked to our performance.

tion. The Incentive Compensation Plan is administered by the compensation committee of our board of committee may delegate its authority under the Incentive Compensation Plan.

Awards. Awards may be granted to officers and key employees of the Company and its affiliates in the of the committee. The Incentive Compensation Plan provides for the payment of incentive bonuses in sh.

ce Goals. The committee establishes the performance periods over which performance objectives will A performance period may be for a fiscal year or a multi-year cycle, as determined by the committee. No ays after each performance period begins, the committee will establish (1) the performance objective or must be satisfied for a participant to receive a bonus for such performance period, and (2) the target s for each participant. Performance objectives will be based upon one or more of the following criteria, by the committee: (i) earnings before or after taxes (including earnings before interest, taxes, nd amortization or earnings before taxes and interest); (ii) net income; (iii) operating income; er share; (v) book value per share; (vi) return on stockholders equity; (vii) expense management; investment; (ix) improvements in capital structure or capital expenses; (x) profitability of an siness unit or product; (xi) maintenance or improvement of profit margins; (xii) stock price; hare; (xiv) costs; (xv) liquidity or cash flow; (xvi) working capital and working capital metrics; n assets; (xviii) assets, debt or net debt, (xix) total return; (xx) customer satisfaction survey performance; mprovement performance; (xxii) manufacturing productivity performance and (xxiii) such other rmance criteria as determined by the committee in its sole discretion. The foregoing criteria may relate ore of our subsidiaries or one or more of our divisions or units, or any combination of the foregoing, plied on an absolute basis and/or be relative to one or more peer group companies or indices, or any hereof, all as the committee shall determine. The committee may appropriately adjust any performance ler a performance objective or objectives to reflect any of the following events that may occur during the eriod: (1) asset gains or losses; (2) litigation, claims, judgments or settlements; (3) the effect of changes ounting principles or other such laws or provisions affecting reported results; (4) accruals for and restructuring programs; and (5) any extraordinary, unusual, non-recurring or non-cash items. practicable following the applicable performance period but in no event later than the date that is he end of the taxable year in respect of which the applicable bonuses are payable, the committee will (i) whether and to what extent any of the performance objectives established for such performance en satisfied, and (ii) for each participant employed as of the last day of the performance period for us is payable, the actual bonus to which such participant shall be entitled, taking into consideration the h the performance objectives have been met and such other factors as the committee may deem d (y) within 75 days after the end of the taxable year in respect of which the applicable bonuses are such bonus to be paid such participant. No participant may receive a bonus under the Incentive Plan, with respect to any fiscal year, in excess of $5 million. The committee has absolute discretion to inate the amount otherwise payable to any participant under the Incentive Compensation Plan and to or procedures that have the effect of limiting the amount payable to each participant to an amount that is aximum amount otherwise authorized as that participant s target incentive bonus, provided, however, the occurrence of a Change of Control of us (as defined in the Incentive Compensation Plan), the ll continue to have such right only in the event that a participant engages in misconduct or materially his or her individual duties, in each case, as determined by the committee in its sole and absolute

Control. If there is a Change in Control, the committee, as constituted immediately prior to the Change ll determine promptly in its discretion whether the performance criteria have been met in the year in nge in Control occurs and for any completed performance period for which a determination under the een made. If the committee determines the criteria have been met, participants will receive their bonuses cticable, but in no event more than 30 days after such determination.

on of Employment. Unless a participant s employment agreement otherwise provides, if a participant dies sabled prior to the last day of a performance period, the participant may receive an annual bonus equal to rwise payable to the participant or, if determined by the committee, based upon actual company or the applicable performance period, pro-rated for the days of employment during the performance rticipant s employment terminates for any reason other than due to death or disability prior to the last day ance period for which the bonus under the Incentive Compensation Plan is payable, such participant will onus.

f Awards. Payment of any bonus amount is made to participants as soon as practicable after the tifies that one or more of the applicable objectives has been attained, or, where the committee will ate or limit the bonus, as described above, the committee determines the amount of any such reduction; ever, that in no event will such payment be made later than the date that is 75 days after the end of the respect of which the applicable bonuses are payable.

nt and Termination of Plan. Our board of directors or the committee may at any time amend, suspend, terminate the Incentive Compensation Plan. Unless earlier terminated, the Incentive Compensation Plan mediately prior to our first stockholder meeting in 2010 at which directors will be elected.

Agreements

Thomas

nber 23, 2005, we entered into an employment agreement with Samuel F. Thomas, pursuant to which erves as our Chief Executive Officer and President for a rolling term of three years. Under the . Thomas is entitled to an annual base salary of $400,000 payable in regular installments in accordance payroll practices. Mr. Thomas is also eligible to earn an annual bonus award, for each full year during employment agreement, of up to 150% of his annual bonus target, which target for calendar year 2006 d may be increased in the sole discretion of our board of directors, based upon the achievement of nance targets established by our board. Mr. Thomas is also generally entitled to participate in our efit plans on the same basis as those benefits are generally made available to our other senior executives. mas s employment is terminated by us without cause or he resigns for good reason (as such terms are employment agreement), Mr. Thomas will be entitled to receive compensation and benefits that are paid as of the date of termination and, subject to the execution and delivery of a release of claims against ary for three years, payable in installments and (ii) continued coverage under our group health plans for to the extent such coverage is not permissible under the terms of such plans, an amount equal to the idy we would have otherwise paid on Mr. Thomas behalf for such coverage.

as is also subject to a covenant not to disclose confidential information during the employment term and reafter and covenants not to compete and not to solicit employees or customers during the employment ree years following termination of employment for any reason.

. Biehl

ber 1, 2005, we entered into an employment agreement with Michael F. Biehl, pursuant to which es as our Executive Vice President, Chief Financial Officer and Treasurer for a rolling term of two he agreement, Mr. Biehl is entitled to an annual base salary of $235,000 payable in

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ments in accordance with our usual payroll practices. Mr. Biehl is also eligible to earn an annual bonus h full year during the term of his employment agreement, of up to 150% of his annual base salary, based vement of annual performance targets established by our board. Mr. Biehl is also generally entitled to our employee benefit plans on the same basis as those benefits are generally made available to our other ves.

l s employment is terminated by us without cause or he resigns for good reason (as such terms are employment agreement), Mr. Biehl will be entitled to receive the compensation and benefits that are paid as of the date of termination and, subject to the execution and delivery of a release of claims against ary for two years, payable in installments and (ii) continued coverage under our group health plans for to the extent such coverage is not permissible under the terms of such plans, an amount equal to the dy we would have otherwise paid on Mr. Biehl s behalf for such coverage.

s also subject to a covenant not to disclose confidential information during the employment term and at after and covenants not to compete and not to solicit employees or customers during the term of his nd for two years following termination of employment for any reason.

. Klaben

29, 2006, we entered into an employment agreement with Matthew J. Klaben, pursuant to which rves as our Vice President and General Counsel for a rolling term of one year. Under the agreement, entitled to an annual base salary of $193,000, payable in regular installments in accordance with our practices. Mr. Klaben is also entitled to receive a one-time $25,000 signing bonus, which will be epaid to the company if Mr. Klaben resigns without good reason (as such term is defined in his greement) before March 29, 2007. In addition, Mr. Klaben is also eligible to earn an annual bonus h full year during the term of his employment agreement, of up to 105% of his annual base salary, based vement of annual performance targets established by our board. Mr. Klaben is also generally entitled to our employee benefit plans on the same basis as those benefits are generally made available to our other ves.

en s employment is terminated by us without cause or he resigns for good reason (as such terms are employment agreement), he will be entitled to receive the compensation and benefits that are earned but e date of termination and, subject to the execution and delivery of a release of claims against us, (i) base year, payable in installments and (ii) continued coverage under our group health plans for one year and, uch coverage is not permissible under the terms of such plans, an amount equal to the premium subsidy e otherwise paid on Mr. Klaben s behalf for such coverage.

n is also subject to a covenant not to disclose confidential information during his term of employment s thereafter and covenants not to compete and not to solicit employees or customers during the term of nt and for one year following termination of employment for any reason.

Hoppel, Jr.

2006, we entered into an employment agreement with James H. Hoppel, Jr. pursuant to which rves as our Chief Accounting Officer, Controller and Assistant Treasurer for a rolling term of one year. eement, Mr. Hoppel is entitled to an annual base salary of $154,000, payable in regular installments in th our usual payroll practices. Mr. Hoppel is also eligible to earn an annual bonus award for the 2006 each full year during the term of his employment agreement, of up to 90% of his annual base salary, e achievement of annual performance targets established by our board. Mr. Hoppel is also generally icipate in our employee benefit plans on the same terms as those benefits are generally made available nior executives.

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pel s employment is terminated by us without cause or he resigns for good reason (as such terms are
employment agreement), he will be entitled to receive the compensation and benefits that are earned but
he date of termination and, subject to the execution and delivery of a release of claims against us, (i) base
year, payable in installments and (ii) continued coverage under our group health plans for one year and,
uch coverage is not permissible under the terms of such plans, an amount equal to the premium subsidy
e otherwise paid on Mr. Hoppel s behalf for such coverage.
l is also subject to a covenant not to disclose confidential information during the term of his
nd at all times thereafter and covenants not to compete and not to solicit employees or customers during
employment and for one year following termination of employment for any reason.

Lovett

ber 1, 2005, we entered into an employment agreement with Charles R. Lovett pursuant to which
ves as our Vice President Manufacturing for a rolling term of one year. Under the agreement, Mr. Lovett
n annual base salary of $179,416, payable in regular installments in accordance with our usual payroll
Lovett is also eligible to earn an annual bonus award, for each full year during the term of his
greement, of up to 150% of his annual base salary, based upon the achievement of annual performance
shed by our board. Mr. Lovett is also generally entitled to participate in our employee benefit plans on
as those benefits are generally made available to our other senior executives.
ett s employment is terminated by us without cause or he resigns for good reason (as such terms are
employment agreement), he will be entitled to receive the compensation and benefits that are earned but
he date of termination and, subject to the execution and delivery of a release of claims against us, (i) base
year, payable in installments and (ii) continued coverage under our group health plans for one year and,
uch coverage is not permissible under the terms of such plans, an amount equal to the premium subsidy
e otherwise paid on Mr. Lovett s behalf for such coverage.
is also subject to a covenant not to disclose confidential information during his term of employment
s thereafter and covenants not to compete and not to solicit employees or customers during the term of
nt and for one year following termination of employment for any reason.

Equity

ion with the Acquisition, the compensation committee elected to adjust, in accordance with the terms of
k Option and Incentive Plan and the merger agreement, a portion of certain then-outstanding stock
y certain executive officers or members of senior management to represent options to acquire shares of
tock after the Acquisition. All other then-outstanding stock options were cashed out pursuant to the
nent. All such rollover options were exercised in the second quarter of 2006 for $3.50 per share. All
mon stock acquired upon the exercise of such rollover options are now subject to the terms of the
tockholder s agreements. See Certain Related Party Transactions.

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PRINCIPAL STOCKHOLDERS

ving table and accompanying footnotes show information regarding the beneficial ownership of our before and after this offering by:

son who is known by us to own beneficially more than 5% of our common stock;

mber of our board of directors and each of our named executive officers; and

bers of our board of directors and our executive officers as a group.

er of shares and percentages of beneficial ownership before the offering set forth below are based on ares of our common stock issued and outstanding as of May 22, 2006 and after giving effect to the e stock split we expect to effect immediately prior to the consummation of this offering. The number of centages of beneficial ownership after the offering are based on 25,588,049 shares of our common stock ued and outstanding immediately after this offering, including 1,875,000 shares that will be dividended stockholders assuming no exercise of the underwriters over-allotment option.

	Shares Beneficially Owned Immediately Prior to this Offering		Shares Beneficially Owned Immediately After this Offering: Assuming the Underwriters Option is Not Exercised(1)		Shares Beneficially Owned Immediately After this Offering: Assuming the Underwriters Option is Exercised in Full	
eficial Holder	Number	Percent of Common	Number	Percent of Common	Number	Percent of Common
Fund X, L.P(2)	10,603,192	94.6%	12,376,214	48.4%	10,603,192	41.4%
omas(3)	437,646	3.9%	510,827	2.0%	437,646	1.7%
ehl	24,505	*	28,602	*	24,505	*
aben						
pel, Jr.						
vett	24,154	*	28,192	*	24,154	*
4)						
loore(4)						
ay(4)						
nd officers as a ns)	486,305	4.3%	567,621	2.2%	486,305	1.9%

rant the underwriters an option to purchase up to an additional shares in this offering. Immediately prior summation of this offering, we will declare a stock dividend, the terms of which will require that shortly expiration of the underwriters over-allotment option (assuming the option is not exercised in full) we ur existing stockholders the number of shares equal to (x) the number of additional shares the ers have an option to purchase minus (y) the actual number of shares the underwriters purchase from us o that option.

our common stock is owned by FR X Chart Holdings LLC, which in turn is 100% owned and managed
eserve Fund X, L.P., or Fund X. First Reserve GP X, L.P., or GP X, is the general partner of Fund X.
erve GP X, Inc., or GP X, Inc., is the general partner of GP X. First Reserve Corporation is the advisor to
The officers for GP X and GP X Inc. are William E. Macaulay, John A. Hill, Ben A. Guill, Thomas R.
Cathleen M. Ellsworth, J.W.G. (Will) Honeybourne, Alex T. Krueger, Mark A. McComiskey, Kenneth
e, Thomas J. Sikorski, Jennifer C. Zarrilli, Craig M. Jarchow, Timothy H. Day, Joseph Robert Edwards,
Murchison, Catia Cesari, Glenn J. Payne, Kristin A. Custar, Rahman P. D Argenio, Brian K. Lee,
Leng, Timothy K. O Keefe, Jeffrey K. Quake, Daniel S. Rice, Anne E. Gold, Valeria A. Thomason and
.J. Harris, who are all employees of First Reserve. Decisions with respect to voting and investments are
he Investment Committee of First Reserve, made up of a subset of these officers that includes the

ve except for Ms. Thomason and Mr. Harris. With respect to investments held by these entities, vith respect to operations oversight are made by the subset of these officers that work most closely on a stment, which includes Messrs. Macaulay, Guill, Moore and Day in the case of Chart Industries, Inc. s of FR X Chart Holdings LLC, Fund X, GP X, GP X, Inc. and First Reserve Corporation is c/o First orporation, One Lafayette Place, Greenwich, Connecticut 06830.
neficially owned by Mr. Thomas include 115,658 shares that were transferred to a trust of which nas is the grantor and the current beneficiary.

is the President, a Managing Director and a member of the board of directors of First Reserve on and GP X, Inc. Mr. Moore is a Managing Director of First Reserve Corporation and GP X, Inc. s a Director of First Reserve Corporation and GP X, Inc. Mr. Guill, Mr. Moore and Mr. Day all disclaim ownership of any shares of the issuer s equity securities owned by such entities or their affiliates g First Reserve Fund X, L.P.).

1%.

CERTAIN RELATED PARTY TRANSACTIONS

Stockholder s Agreements

ntered into amended and restated management stockholder s agreements, conditioned on the occurrence g and effective as of April 1, 2006, with certain members of our management, including as, Biehl, Klaben, Hoppel and Lovett, which we refer to as the management stockholders, and FR X s LLC.

Rights. If FR X Chart Holdings LLC wishes to transfer shares of common stock other than pursuant to a ring, a transfer pursuant to Rule 144 under the Securities Act, a transfer with the approval of the e board not affiliated with FR X Chart Holdings LLC or a transfer by FR X Chart Holdings LLC to any or partners or our employees, then each management stockholder shall have the right to tag-along and a pro rata basis, in such transfer of common stock. The tag-along rights will terminate upon the date rt Holdings LLC and its affiliates cease to be the beneficial owner (as defined in Rule 13d-3 of the) of at least 30% of our outstanding common stock.

k Registration Rights. Pursuant to and subject to the terms of the amended and restated management agreements, each management stockholder will have the opportunity to include in registered sales of our (other than an initial public offering or relating to any employee benefit plan or corporate merger, reorganization) and any shelf registration statement filed by us with respect to our common stock, all or registrable securities (as such term is defined in the amended and restated management stockholder s en held by such management stockholder. We will pay all of the expenses associated with an offering of nderwriting discounts will be shared proportionately.

Agreement

ion with this offering, we and First Reserve or one of its affiliates intend to enter into a stockholders suant to which First Reserve or its affiliates has the right to request us to register the sale of securities Reserve, on their behalf and may require us to make available shelf registration statements permitting ties into the market from time to time over an extended period. In addition, First Reserve has the ability tain piggyback registration rights in connection with registered offerings initiated by us. After the of this offering, First Reserve will own shares entitled to these registration rights.

, pursuant to the terms of the stockholders agreement, after this offering, for so long as First Reserve old (1) less than 50% but at least 25% of our outstanding common stock, it shall have the right to e director nominees, (2) less than 25% but more than 10% of our outstanding common stock, it will have signate two director nominees; and (3) 10% of our outstanding common stock, it will have the right to director nominee. Once First Reserve holds less than 10% of our outstanding common stock, it will have ignate directors pursuant to the stockholders agreement. We have agreed that neither First Reserve nor fficer or employee of First Reserve who may serve as officer, director and/or employee of ours will be by reason of any business decision or transaction undertaken by First Reserve which may be adverse to ii) by reason of any activity undertaken by First Reserve or by any other person in which First Reserve nvestment or other financial interest which is in competition with us or (iii) without limiting the effect of the Delaware General Corporation Law, by reason of any transaction with First Reserve, or any which First Reserve will have a financial interest, unless the party seeking to assert such liability proves, onvincing evidence, that such transaction was not fair to us at the time it was authorized by the board of committee thereof.

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urchase our Shares

ber 23, 2005, we issued a warrant to FR X Chart Holdings LLC to purchase up to 2,651,012 shares of
tock at a per share purchase price of $14.00 (subject to adjustment per the terms of the warrant). The
xercised on a cash basis in May 2006 and we issued 2,651,012 shares to FR X Chart Holdings LLC
rant. See Management Management Equity.

, 2006, Matthew J. Klaben became our Vice President, General Counsel and Secretary. Prior to joining
006, Mr. Klaben was a partner with the law firm of Calfee, Halter & Griswold LLP. During 2005 and
e months ended March 31, 2006, we paid $959,264 and $41,765, respectively, in legal fees and
e law firm of Calfee, Halter & Griswold LLP for legal services rendered.

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DESCRIPTION OF INDEBTEDNESS

ed Credit Facility

ion with the Acquisition, we entered into a senior secured credit facility with Citicorp North America, strative agent, Citigroup Global Markets Inc., as joint lead arranger and joint book manager, Morgan Funding, Inc., as joint lead arranger, joint book manager and syndication agent and each lender party ve received the requisite consents and commitments from existing lenders and other financial amend the senior secured credit facility to increase the size of the revolving credit facility by o $115.0 million, remove certain restrictions on our ability to consummate this offering and on the use described in Use of Proceeds as well as make certain other amendments. Subject to the satisfaction of ons, the amendment will be effective as of the date of the consummation of this offering. The our senior secured credit facility that follows gives effect to this amendment.

secured credit facility provides senior secured financing of $295.0 million, consisting of:

million term loan facility; and

million revolving credit facility.

oan portion of our senior secured credit facility was fully funded on October 17, 2005 and we had $35.1 million of borrowing capacity under the revolving portion of our senior secured credit facility at 6, after giving effect to approximately $24.9 million of letters of credit and bank guarantees outstanding nce October 17, 2005, we have voluntarily prepaid $35.0 million in principal amount of the term loan

occurrence of certain events, we may request an increase to the existing term loan facility and/or the ving credit facility in an amount not to exceed $100.0 million, subject to receipt of commitments by s or other financial institutions reasonably acceptable to the administrative agent.

borrower for the term loan facility and the revolving credit facility. The revolving credit facility wing capacity available for letters of credit and for borrowings on same-day notice, referred to as s.

te and Fees

s under the senior secured credit facility bear interest at a rate equal to an applicable margin plus, at our (a) a base rate determined by reference to the highest of (1) the rate that the administrative agent m time to time as its base commercial lending rate, (2) the three month certificate of deposit rate plus he federal funds rate plus 0.5% or (b) a LIBOR rate determined by the applicable screen rate or by e costs of funds for deposits in U.S. dollars for the interest period relevant to such borrowing adjusted itional costs.

applicable margin for borrowings under the revolving credit facility is 1.50% with respect to base rate d 2.50% with respect to LIBOR borrowings. After we deliver our financial statements for the first fiscal at least six months after the closing date, such applicable margin will be reduced to 1.25% and 2.25%, our leverage ratio is less than 5.0 to 1.0 but greater than or equal to 4.0 to 1.0, and to 1.00% and 2.00%, our leverage ratio is less than 4.0 to 1.0. The applicable margin for borrowings under the term loan % with respect to base rate borrowings and 2.00% with respect to LIBOR borrowings.

to paying interest on outstanding principal under the senior secured credit facility, we are required to ment fee to the lenders under the revolving credit facility in respect of the unutilized commitments e initial commitment fee rate is 0.50% per annum (which fee will be reduced to 0.375% per annum if atio is less than 4.0 to 1.0). We also have to pay letter of credit fees equal to the applicable margin then respect to LIBOR loans under the revolving credit facility on the aggregate undrawn amount of all letters anding. We also have to pay to each bank issuing a letter of credit fees equal to 0.25% on the face h letter of credit and other customary documentary and processing charges.

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ts

secured credit facility requires us to prepay outstanding term loans, subject to certain exceptions, with:
g in the year ending December 31, 2006, 75% (which percentage will be reduced to 50% if our leverage
qual to or less than 4.75 and greater than 3.75 to 1.00, and to 25% if our leverage ratio is equal to or less
5 to 1.00 and greater than 2.75 to 1.00, and to 0% if our leverage ratio is equal to or less than 2.75 to
our annual excess cash flow;

the net cash proceeds in excess of an amount to be determined from non-ordinary course asset sales and
and condemnation events, if we do not reinvest or contract to reinvest those proceeds within 12 months
such proceeds within 18 months of receipt, subject to certain limitations;

the net cash proceeds of any incurrence of debt, other than certain debt permitted under the senior
credit facility; and

amounts in excess of an aggregate amount of $5.0 million in respect of certain claims arising out of the
ion, subject to certain exceptions.

ing mandatory prepayments other than from excess cash flow will be applied first, to the next eight
the term loan facility and second, to the remaining installments of the term loan facility on a pro rata
ry prepayments from excess cash flow and optional prepayments will be applied to the remaining
the term loan facility at our direction. Each lender has the right to decline any mandatory prepayment
s in which case the amount of such prepayment will be retained by us.
luntarily prepay outstanding loans under the senior secured credit facility at any time without premium
er than customary breakage costs with respect to LIBOR loans.

on

uired to repay installments on the loans under the term loan facility in quarterly principal amounts equal
eir funded total principal amount for the first six years and nine months, with the remaining amount
date that is seven years from the date of the closing of the senior secured credit facility.
mounts outstanding under the revolving credit facility will be due and payable in full at maturity, five
date of the closing of the senior secured credit facility.

and Security

igations under the senior secured credit facility are unconditionally guaranteed by each of our existing
estic wholly-owned subsidiaries (subject to exceptions with respect to immaterial subsidiaries and with
guaranty that could create materially adverse tax consequences) referred to, collectively, as Domestic

igations under the senior secured credit facility and the guarantees of our obligations under the senior
facility by the Domestic Guarantors are secured by substantially all our assets and the assets of each
rantor, including, but not limited to, the following:
o certain exceptions, a pledge of the capital stock of each direct and indirect domestic subsidiary owned
a Domestic Guarantor (other than subsidiaries substantially all of whose assets consist of stock in
d foreign corporations) and 65% of the capital stock of each first tier foreign subsidiary owned by us or
tic Guarantor and of each first tier domestic subsidiary owned by us or a Domestic Guarantor
ally all of whose assets consist of stock in controlled foreign corporations; and

o certain exceptions, a security interest in substantially all of the tangible and intangible assets owned by
ach Domestic Guarantor.

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ovenants and Events of Default

secured credit facility contains a number of covenants that, among other things, restrict, subject to ons, our ability and the ability of each of our subsidiaries to:

ts;

ditional indebtedness;

redeem or repurchase other indebtedness (including the notes);

dends and distributions or repurchase capital stock;

ens on assets;

vestments, loans or advances;

pital expenditures;

rtain acquisitions;

n mergers or consolidations;

n certain transactions with affiliates;

ertain material agreements governing indebtedness (including the notes);

he business conducted by us and our subsidiaries;

o agreements that restrict dividends from subsidiaries;

o sale and lease-back transactions; and

o swap agreements.

, the senior secured credit facility requires us to maintain the following financial covenants:

um consolidated net leverage ratio; and

um interest coverage ratio.

secured credit facility also contains certain customary affirmative covenants and events of default. ch 31, 2006, we were in compliance in all material respects with all covenants and provisions contained or secured credit facility.

dinated Notes

2005, we issued $9^1/8$ % senior subordinated notes that mature on October 15, 2015 in an aggregate unt of $170.0 million in a private transaction not subject to the registration requirements under the . The net proceeds from that financing were used to finance the Acquisition and pay related fees and

s

are guaranteed, on a senior subordinated, unsecured basis, by each of our direct and indirect subsidiaries that were domestic subsidiaries on the issue date.

are our general unsecured senior subordinated obligations that rank junior to our existing and future
dness, including obligations under the senior secured credit facility, equally in right of
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all of our future senior subordinated debt and senior in right of payment to all of our future subordinated effectively subordinated in right of payment to all of our existing and future secured debt to the extent the assets securing such debt, and are structurally subordinated to all obligations of our subsidiaries that tors.

edemption

e prior to October 15, 2008, we may on any one or more occasions redeem up to 35% of the aggregate nt of notes issued under the indenture (including any additional notes issued after the issue date) at a ce of 109.125% of the principal amount, plus accrued and unpaid interest and additional interest, if any, uding, the redemption date, with the net cash proceeds of one or more equity offerings (such as this ided that:

east 65% of the aggregate principal amount of notes issued under the indenture (excluding notes held by subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

redemption occurs within 180 days of the date of the closing of such equity offering.

suant to the preceding paragraph or as otherwise set forth below, the notes will not be redeemable at our October 15, 2010. We are not, however, prohibited from acquiring the notes by means other than a hether pursuant to a tender offer, open market purchase or otherwise, so long as the acquisition does not ns of the indenture.

October 15, 2010, we may redeem all or a part of the notes at the redemption prices (expressed as principal amount) set forth below plus accrued and unpaid interest and additional interest, if any, on the eemed, to, but not including, the applicable redemption date, if redeemed during the twelve month ng on October 15 of the years indicated below, subject to the rights of holders on the relevant record interest on the relevant interest payment date.

	Percentage
	104.563%
	103.042%
	101.521%
eafter	100.000%

, at any time prior to October 15, 2010, we may also redeem all or a part of the notes at a redemption 100% of the principal amount of notes to be redeemed, plus the applicable premium (an amount proximate a make-whole price based on the price of a U.S. treasury security plus 50 basis points) as of, nd unpaid interest and additional interest, if any, to, but not including, the redemption date, subject to the rs on the relevant record date to receive interest due on the relevant interest payment date. Though the edeemed prior to October 15, 2010 in this way, because any make-whole premium would be xpensive, we do not expect to make a redemption pursuant to this provision of the indenture.

Control

t of a change of control, which is defined in the indenture governing the notes, each holder of the notes ight to require us to repurchase all or any part of such holder s notes at a purchase price in cash equal to rincipal amount thereof, plus accrued and unpaid interest to the date of purchase.

ure governing the notes contains certain covenants that, among other things, limit our ability and the
e of our subsidiaries to:
ditional debt or issue certain preferred shares;

dends on or make distributions in respect of our or any of our restricted subsidiaries capital stock or
her restricted payments;

rtain investments;

ain assets;

ens on certain debt without securing the notes;

ate, merge, sell or otherwise dispose of all or substantially all of our assets;

o certain transactions with our affiliates; and

e our subsidiaries as unrestricted subsidiaries.

Default

ure governing the notes also provides for events of default which, if any of them occurs, would permit
principal of and accrued interest on such notes to become or to be declared to be due and payable.
ch 31, 2006 we were in compliance in all material respects with all covenants and provisions contained
nture governing the notes.

Offer

igated to use commercially reasonable efforts to register the notes under the Securities Act and
n exchange offer no later than August 14, 2006. If this requirement is not met, then the annual interest
ill increase by (1) 0.25 percentage points for the first 90 days following the end of such period and
ntage points at the beginning of each subsequent 90 day period, up to a maximum of 1.0 percentage
such registration defaults are cured.

Credit Facility

x, a.s., our majority-owned subsidiary located in the Czech Republic, currently maintains a secured
it facility with borrowing capacity of up to $9.6 million, of which $4.4 million is available only for
t and bank guarantees. At December 31, 2005, there was $0.8 million of borrowings outstanding under,
on of bank guarantees supported by, the Ferox revolving credit facility. Ferox is the only borrower for
credit facility.

revolving credit facility, Ferox may make borrowings in Czech Koruna, Euros and U.S. dollars.
Koruna are at PRIBOR, borrowings in Euros are at EURIBOR and borrowings in U.S. dollars are at
with a fixed margin of 0.6%. Ferox is not required to pay a commitment fee to the lenders under the
it facility in respect of the unutilized commitments thereunder. Ferox must pay letter of credit and
equal to 0.75% on the face amount of each guarantee.

nd and buildings secure $4.6 million, and Ferox s account receivables secure $2.5 million, of this
it facility.

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DESCRIPTION OF CAPITAL STOCK

ing is a description of the material terms of our amended and restated certificate of incorporation and restated bylaws that will be in effect immediately prior to this offering. We refer you to the form of our restated certificate of incorporation and amended and restated bylaws, copies of which have been filed he registration statement of which this prospectus forms a part.

apitalization

rized capital stock consists of 150,000,000 shares of common stock, par value $0.01 per share, of which ares were issued and outstanding immediately prior to this offering, and 10,000,000 shares of preferred e $0.01 per share, of which no shares are currently issued and outstanding. Immediately following the this offering, we will have 25,588,049 shares of common stock outstanding. Immediately following the offering, there will be no shares of preferred stock outstanding.

tock

hts. Holders of common stock are entitled to one vote per share on all matters to be voted upon by the The holders of common stock do not have cumulative voting rights in the election of directors.

ights. Subject to the rights of the holders of any preferred stock that may be outstanding, holders of our are entitled to receive equally and ratably, share for share dividends as may be declared by our board of f funds legally available to pay dividends. Dividends upon our common stock may be declared by the tors at any regular or special meeting, and may be paid in cash, in property, or in shares of capital stock. nt of any dividend, there may be set aside out of any of our funds available for dividends, such sums as rectors deems proper as reserves to meet contingencies, or for equalizing dividends, or for repairing or ny of our property, or for any proper purpose, and the board of directors may modify or abolish any such enior secured credit facility and the indenture governing the notes impose restrictions on our ability to nds with respect to our common stock.

n Rights. Upon liquidation, dissolution, distribution of assets or other winding up, the holders of are entitled to receive ratably the assets available for distribution to the stockholders after payment of the liquidation preference of any of our outstanding preferred stock. Neither a sale of substantially all of nd assets of the corporation nor a consolidation or merger of the corporation into another corporation ed a liquidation of the company.

ters. The common stock has no preemptive or conversion rights and is not subject to further calls or us. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding ommon stock, including the common stock offered in this offering, are fully paid and non-assessable.

Stock

led and restated certificate of incorporation authorizes our board of directors to establish one or more rred stock and to determine, with respect to any series of preferred stock, the terms and rights of that ng:

gnation of the series;

ber of shares of the series, which our board may, except where otherwise provided in the preferred stock ion, increase or decrease, but not below the number of shares then outstanding;

dividends, if any, will be cumulative or non-cumulative and the dividend rate of the series;

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s at which dividends, if any, will be payable;

mption rights and price or prices, if any, for shares of the series;

s and amounts of any sinking fund provided for the purchase or redemption of shares of the series;

unts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution ng-up of the affairs of our company, or upon any distribution of assets of our company;

the shares of the series will be convertible into shares of any other class or series, or any other security, ompany or any other corporation, and, if so, the specification of the other class or series or other security, ersion price or prices or rate or rates, any rate adjustments, the date or dates as of which the shares will rtible and all other terms and conditions upon which the conversion may be made;

erences and special rights, if any, of the series and the qualifications and restrictions, if any, of the series;

g rights, if any, of the holders of the series; and

er rights, powers and preferences with respect to the series as our board of directors may deem e.

r Effects of Certain Provisions of Delaware Law and our Amended and Restated Certificate of n and Amended and Restated Bylaws

ovisions of our amended and restated certificate of incorporation and amended and restated bylaws, marized in the following paragraphs, may have an anti-takeover effect and may delay, defer or prevent a takeover attempt that a stockholder might consider in its best interest, including those attempts that a premium over the market price for the shares held by stockholders.

f Directors; Vacancies

ded and restated certificate of incorporation provides that (i) prior to the date on which First Reserve at least 40% of the voting power of all shares of stock entitled to vote generally in the election of ctors may be removed for any reason upon the affirmative vote of holders of at least a majority of the of all then outstanding shares of stock entitled to vote generally in the election of directors, voting ingle class and (ii) on and after the date on which First Reserve ceases to own at least 40% of the voting hares of stock entitled to vote generally in the election of directors, directors may be removed with or at any time by the affirmative vote of holders of at least 75% of the voting power of all the then ares of stock entitled to vote generally in the election of directors, voting together as a single class. In mended and restated bylaws also provide that any vacancies on our board of directors will be filled by e vote of a majority of the remaining directors, although less than a quorum or by the sole remaining

ative Voting

vare General Corporation Law, or DGCL, provides that stockholders are not entitled to the right to s in the election of directors unless our amended and restated certificate of incorporation provides r amended and restated certificate of incorporation prohibits cumulative voting.

Special Meetings of Stockholders

ded and restated certificate of incorporation and amended and restated bylaws provide that special ur stockholders may be called at any time only by the chairman of the board of directors, the board of committee of the board which has been designated by the board of directors.

er Action by Written Consent

L permits stockholder action by written consent unless otherwise provided by our amended and restated ncorporation. Our amended and restated certificate of incorporation precludes stockholder action by t after the date on which First Reserve ceases to hold at least 40% in voting power of all shares entitled lly in the election of our directors.

Notice Requirements for Stockholder Proposals and Director Nominations

ded and restated bylaws provide that stockholders seeking to nominate candidates for election as bring business before an annual meeting of stockholders must provide timely notice of their proposal in corporate secretary.

to be timely, a stockholder s notice must be received at our principal executive offices not less than 90 nor more than 120 calendar days prior to the first anniversary of the date on which we first mailed our s for the preceding year s annual meeting or at such other time as specified in our amended and restated mended and restated bylaws also specify requirements as to the form and content of a stockholder s provisions may impede stockholders ability to bring matters before an annual meeting of stockholders or ions for directors at an annual meeting of stockholders.

ority Provisions

L provides generally that the affirmative vote of a majority of the outstanding shares entitled to vote is end a corporation s certificate of incorporation or bylaws, unless the certificate of incorporation requires entage. Our amended and restated certificate of incorporation provides that the following provisions in nd restated certificate of incorporation and amended and restated bylaws may only be amended, altered, scinded by a vote of at least 75% of the voting power of all of the outstanding shares of our stock entitled lly in the election of directors:

oval of directors;

ation of stockholder action by written consent;

ty to call a special meeting of stockholders being vested solely in our chairman of the board, our board ors and any committee of the board of directors which has been designated by our board of directors;

nce notice requirements for stockholder proposals and director nominations; and

ndment provision requiring that the above provisions be amended only with a 75% supermajority vote.

, our amended and restated certificate of incorporation grants our board of directors the authority to al our bylaws without a stockholder vote in any manner not inconsistent with the laws of the State of ur amended and restated certificate of incorporation.

s on Liability and Indemnification of Officers and Directors

L authorizes corporations to limit or eliminate the personal liability of directors to corporations and their or monetary damages for breaches of directors fiduciary duties. Our amended and restated certificate of ncludes a provision that eliminates the personal liability of directors for monetary damages for breach ty as a director, except:

ch of duty of loyalty;

or omissions not in good faith or involving intentional misconduct or knowing violation of law;

ection 174 of the DGCL (unlawful dividends); or

actions from which the director derived improper personal benefit.

led and restated certificate of incorporation and amended and restated bylaws provide that we must directors and officers to the fullest extent authorized by the DGCL. We are also expressly authorized to, directors and officers insurance providing coverage for our directors, officers and certain employees for s. We believe that these indemnification provisions and insurance are useful to attract and retain tors and executive officers.

tion of liability and indemnification provisions in our amended and restated certificate of incorporation and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of duty. These provisions may also have the effect of reducing the likelihood of derivative litigation rs and officers, even though such an action, if successful, might otherwise benefit us and our In addition, your investment may be adversely affected to the extent we pay the costs of settlement and s against directors and officers pursuant to these indemnification provisions.

ntered into indemnification agreements with each of our directors and officers providing for additional n protection beyond that provided by the directors and officers liability insurance policy. In the n agreements, we have agreed, subject to certain exceptions, to indemnify and hold harmless the cer to the maximum extent then authorized or permitted by the provisions of the amended and restated ncorporation, the DGCL, or by any amendment(s) thereto.

urrently no pending material litigation or proceeding involving any of our directors, officers or which indemnification is sought.

Anti-takeover Statute

pted out of Section 203 of the DGCL. Subject to specified exceptions, Section 203 prohibits a publicly corporation from engaging in a business combination with an interested stockholder for a period of er the date of the transaction in which the person became an interested stockholder. Business include mergers, asset sales and other transactions resulting in a financial benefit to the interested Subject to various exceptions, an interested stockholder is a person who together with his or her affiliates , owns, or within three years did own, 15% or more of the corporation s outstanding voting stock. These nerally prohibit or delay the accomplishment of mergers or other takeover or change-in-control attempts.

nt and Registrar

ity Bank is the transfer agent and registrar for our common stock.

pplied to have our common stock approved for quotation on the Nasdaq National Market under the S.

ut Unissued Capital Stock

L does not require stockholder approval for any issuance of authorized shares. However, the listing of Nasdaq, which would apply so long as our common stock is listed on the Nasdaq National Market, older approval of certain issuances (other than a public offering) equal to or exceeding 20% of the then oting power or then outstanding number of shares of common stock, as well as for certain issuances of ensatory transactions. These additional shares may be used for a variety of corporate purposes, including offerings, to raise additional capital or to facilitate acquisitions. One of the effects of the existence of unreserved common stock may be to enable our board of directors to issue shares to persons friendly to ement, which issuance could render more difficult or discourage an attempt to obtain control of our neans of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our nd possibly deprive the stockholders of opportunities to sell their shares of common stock at prices evailing market prices.

SHARES ELIGIBLE FOR FUTURE SALE

s offering, there has not been any public market for our common stock, and we cannot predict what market sales of shares of common stock or the availability of shares of common stock for sale will have price of our common stock. Nevertheless, sales of substantial amounts of common stock in the public perception that such sales could occur, could materially and adversely affect the market price of our and could impair our future ability to raise capital through the sale of our equity or equity-related time and price that we deem appropriate.

losing of this offering, we will have outstanding an aggregate of approximately 25.6 million shares of , including 1,875,000 shares that will be issued upon the exercise of the underwriters over-allotment rwise dividended to our existing stockholders. Of the outstanding shares, the shares sold in this offering radable without restriction or further registration under the Securities Act, except that any shares held by , as that term is defined under Rule 144 of the Securities Act, may be sold only in compliance with the cribed below. The remaining outstanding shares of common stock will be deemed restricted securities defined under Rule 144. Restricted securities may be sold in the public market only if registered or if r an exemption from registration under Rule 144, 144(k) or Rule 701 under the Securities Act, which d below.

stockholders agreement and management stockholder s agreements, we may be required to register the res held by First Reserve and certain management stockholders. First Reserve and certain management vill have the ability to exercise certain registration rights in connection with registered offerings initiated sted by First Reserve. Immediately after this offering, and assuming the underwriters over-allotment eised in full, First Reserve and management will own 10,603,192 shares and 609,857 shares, ntitled to these registration rights. See Certain Related Party Transactions.

the lock-up agreements described below and the volume limitations and other conditions under tional shares of our common stock will be available for sale in the public market pursuant to exemptions on requirements as follows:

of Shares	Date
52,180	After days from the date of this prospectus (subject to volume limitations and other conditions under Rule 144 and to the lock-up agreements described below)
51,012	After days from the date of this prospectus (subject to volume limitations and other conditions under Rule 144 and to the lock-up agreements described below)

under Rule 144 as currently in effect, a person (or persons whose shares are required to be aggregated), ffiliate, who has beneficially owned shares of our common stock for at least one year is entitled to sell in th period a number of shares that does not exceed the greater of:

e then-outstanding shares of common stock; and

age weekly reported volume of trading in the common stock on the Nasdaq National Market during the endar weeks preceding the date on which notice of sale is filed, subject to restrictions.

r Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability lic information about us.

, a person who is not deemed to have been an affiliate of ours at any time during the 90 days preceding a as beneficially owned the shares proposed to be sold for at least two years, would be

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those shares under Rule 144(k) without regard to the manner of sale, public information, volume otice requirements of Rule 144. To the extent that our affiliates sell their shares, other than pursuant to registration statement, the purchaser s holding period for the purpose of effecting a sale under Rule 144 the date of transfer from the affiliate.

under Rule 701 of the Securities Act as currently in effect, any of our employees, consultants or purchases shares of our common stock from us pursuant to options granted prior to the completion of nder our existing stock option plans or other written agreement is eligible to resell those shares 90 days ive date of this offering in reliance on Rule 144, but without compliance with some of the restrictions, holding period, contained in Rule 144. The 609,857 shares that will be held by management immediately ing will be eligible for resale 90 days from the date of this prospectus.

eements

ion with this offering, we, our executive offices, directors and existing stockholders have agreed with the subject to certain exceptions, not to sell, dispose of or hedge any of our common stock or securities o or exchangeable for shares of common stock, during the period ending 180 days after the date of this cept with the prior written consent of Morgan Stanley & Co. Incorporated, Lehman Brothers Inc. and s LLC. See Underwriting.

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MATERIAL UNITED STATES FEDERAL INCOME AND ESTATE TAX CONSEQUENCES TO NON-U.S. HOLDERS

ving is a summary of material United States federal income and estate tax consequences of the purchase, disposition of our common stock as of the date hereof. Except where noted, this summary deals only stock that is held as a capital asset by a non-U.S. holder.

S. holder means a beneficial owner of our common stock (other than an entity that is treated as a United States federal income tax purposes) that is not for United States federal income tax purposes owing:

dual citizen or resident of the United States;

ation (or any other entity treated as a corporation for United States federal income tax purposes) created ized in or under the laws of the United States, any state thereof or the District of Columbia;

the income of which is subject to United States federal income taxation regardless of its source; or

it (1) is subject to the primary supervision of a court within the United States and one or more United ersons have the authority to control all substantial decisions of the trust or (2) has a valid election in nder applicable United States Treasury regulations to be treated as a United States person.

nary is based upon provisions of the Internal Revenue Code of 1986, as amended, or the Code, and lings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps so as to result in United States federal income and estate tax consequences different from those elow. This summary does not address all aspects of United States federal income and estate taxes and with foreign, state, local or other tax considerations that may be relevant to non-U.S. holders in light of circumstances. In addition, it does not represent a detailed description of the United States federal tate tax consequences applicable to you if you are subject to special treatment under the United States e tax laws (including if you are a United States expatriate, controlled foreign corporation, passive foreign mpany or a partnership or other pass-through entity for United States federal income tax purposes). We you that a change in law will not alter significantly the tax considerations that we describe in this

rship holds our common stock, the tax treatment of a partner will generally depend upon the status of the e activities of the partnership. If you are a partner of a partnership holding our common stock, you your tax advisors.

considering the purchase of our common stock, you should consult your own tax advisors e particular United States federal income and estate tax consequences to you of the ownership of stock, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

paid to a non-U.S. holder of our common stock generally will be subject to withholding of United States e tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, are effectively connected with the conduct of a trade or business by the non-U.S. holder within the (and, where a tax treaty applies, are attributable to a United States permanent establishment (or, for an xed base) of the non-U.S. holder) are not subject to the withholding tax, provided certain certification requirements are satisfied. Instead, such dividends are generally subject to United States federal income come basis in the same manner as if the non-U.S. holder were a United States person as defined under ss an applicable income tax treaty provides otherwise. Any such effectively connected dividends foreign corporation may be subject to an additional branch profits tax at a 30% rate or such lower rate as ed by an applicable income tax treaty.

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. holder of our common stock who wishes to claim the benefit of an applicable treaty rate and avoid lding, as discussed below, for dividends will be required (a) to complete Internal Revenue Service N (or other applicable form) and certify under penalty of perjury that such holder is not a United States ned under the Code and is eligible for treaty benefits or (b) if our common stock is held through certain ediaries, to satisfy the relevant certification requirements of applicable United States Treasury pecial certification and other requirements apply to certain non-U.S. holders that are pass-through than corporations or individuals.

. holder of our common stock eligible for a reduced rate of United States withholding tax pursuant to an aty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with venue Service.

osition of Common Stock

ealized on the disposition of our common stock generally will not be subject to United States federal hholding tax unless:

is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if by an applicable income tax treaty, is attributable to a United States permanent establishment (or, for an al, a fixed base) of the non-U.S. holder);

U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year sposition, and certain other conditions are met; or

r have been a United States real property holding corporation for United States federal income tax at any time during the shorter of the five-year period ending on the date of disposition and the non-U.S. holding period for our common stock.

ual non-U.S. holder described in the first bullet point immediately above will be subject to tax on the net rom the sale under regular graduated United States federal income tax rates. An individual er described in the second bullet point immediately above will be subject to a flat 30% tax on the gain he sale, which may be offset by United States source capital losses, even though the individual is not esident of the United States. If a non-U.S. holder that is a foreign corporation falls under the first bullet tely above, it will be subject to tax on its net gain in the same manner as if it were a United States ned under the Code and, in addition, may be subject to the branch profits tax equal to 30% of its nected earnings and profits or at such lower rate as may be specified by an applicable income tax treaty. e we are not and do not anticipate becoming a United States real property holding corporation for United income tax purposes.

e Tax

tock held by an individual non-U.S. holder at the time of death will be included in such holder s gross ed States federal estate tax purposes, unless an applicable estate tax or other treaty provides otherwise.

Reporting and Backup Withholding

eport annually to the Internal Revenue Service and to each non-U.S. holder the amount of dividends paid and the tax withheld with respect to such dividends, regardless of whether withholding was required. nformation returns reporting such dividends and withholding may also be made available to the tax he country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

. holder will be subject to backup withholding for dividends paid to such holder unless such holder penalty of perjury that it is a non-U.S. holder (and the payor does not have actual reason to know that such holder is a United States person as defined under the Code), or such holder blishes an exemption.

n reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a nmon stock within the United States or conducted through certain United States-related financial , unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor actual knowledge or reason to know that the beneficial owner is a United States person as defined under such owner otherwise establishes an exemption.

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UNDERWRITING

terms and subject to the conditions contained in an underwriting agreement dated the date of this ch of the underwriters named below have severally agreed to purchase, and we have agreed to sell to y, the number of shares indicated in the table below. Morgan Stanley & Co. Incorporated, Lehman nd UBS Securities LLC are acting as book-running managers and as representatives of the underwriters

	Number of Shares
ey & Co. Incorporated	
ers Inc.	
s LLC	
roeder Inc.	
ompany International	
Incorporated	
	12,500,000

writers are offering the common stock subject to their acceptance of the shares from us and subject to underwriting agreement provides that the obligations of the several underwriters to pay for and accept common stock offered by this prospectus are subject to the approval of certain legal matters by their certain other conditions. The underwriters are obligated to take and pay for all of the common stock prospectus if any such shares are taken. However, the underwriters are not required to take or pay for ered by the underwriters over-allotment option described below.

writers initially propose to offer part of the shares of common stock directly to the public at the public listed on the cover page of this prospectus and part to certain dealers at a price that represents a in excess of $ a share under the public offering price. Any underwriter may allow, and such llow, a concession not in excess of $ a share to other underwriters or to certain dealers. After the of the shares of common stock, the offering price and other selling terms may from time to time be epresentatives.

ranted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to an aggregate of 1,875,000 additional shares of common stock at the public offering price listed on the this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option purpose of covering over-allotments, if any, made in connection with the offering of the shares of offered by this prospectus. To the extent the option is exercised, each underwriter will become ect to specified conditions, to purchase approximately the same percentage of additional shares of as the number listed next to the underwriter s name in the preceding table bears to the total number of mon stock listed next to the names of all underwriters in the preceding table. If the underwriters option is ll, the total price to the public would be $, the total underwriters discounts and commissions , and total proceeds to us would be $.

ing table shows the per share and total underwriting discounts and commissions to be paid to the y us. Such amounts are shown assuming both no exercise and full exercise by the underwriters of their option.

t Industries, Inc.	**No Exercise**	**Full Exercise**

ses of this offering payable by us, not including the underwriting discounts and commissions, are
2.4 million.

writers have informed us that they do not intend sales to accounts over which any such underwriter
retionary authority to exceed five percent of the total number of shares of common stock offered by

pplied to have our common stock approved for quotation on the Nasdaq National Market under the
S.

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xecutive officers, directors and existing stockholders have agreed that, without the prior written consent nley & Co. Incorporated, Lehman Brothers Inc. and UBS Securities LLC on behalf of the underwriters, l, during the period ending 180 days after the date of this prospectus:

edge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, y option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any f common stock or any securities convertible into or exercisable or exchangeable for common stock or registration statement under the Securities Act of 1933 (other than a registration statement on Form S-8) pect to the foregoing; or

o any swap or other arrangement that transfers to another, in whole or in part, any of the economic ences of ownership of the common stock;
ansaction described above is to be settled by delivery of common stock or such other securities, in cash

tions described in the previous paragraph do not apply to:
of shares to the underwriters pursuant to the underwriting agreement;

nce by us of shares of common stock upon the exercise of an option or a warrant or the conversion of a outstanding on the date of this prospectus of which the underwriters have been advised in writing;

ssuances, or exercises under our existing employee benefits plans;

nce of common stock in connection with the acquisition of, or joint venture with, another company, l that the recipient agrees to be bound by the restrictions described in the previous paragraph;

ons by any person other than us relating to shares of common stock or other securities acquired in open ransactions after the completion of the offering of the shares;

by any person other than us of shares of common stock or any security convertible, exchangeable for or ble into common stock as a bona fide gift or gifts as a result of operation of law or testate or in testate on, provided that such transferee agrees to be bound by the restrictions described in the previous h;

by any person other than us to a trust, partnership, limited liability company or other entity, all of the al interests of which are held, directly, or indirectly by such person or such person s spouse or children, l that such transferee agrees to be bound by the restrictions described in the previous paragraph; or

ions by any person other than us of shares of common stock or any security convertible, exchangeable ercisable into common stock to limited partners or stockholders of such person, provided that such ee agrees to be bound by the restrictions described in the previous paragraph.
uest, the underwriters will reserve for sale, at the initial public offering price, up to 5% of the shares prospectus for our directors, officers, employees, business associates and related persons. The number mmon stock available for sale to the general public will be reduced to the extent such persons purchase shares. Any reserved shares which are not so purchased will be offered by the underwriters to the on the same basis as the other shares offered in this prospectus.
s offering, there has been no public market for the common stock. The initial public offering price was ween us and the representatives of the underwriters. The factors considered in determining the initial g price of the shares, in addition to prevailing market conditions, will be our historical performance, our ects, an assessment of our management and the consideration of the above factors in relation to market

ompanies in related businesses, and the price-earnings ratios, market prices of securities and other
nd qualitative data relating to such businesses. The estimated initial public offering price range set forth
age of this prospectus is subject to change as a result of market conditions and other factors.
facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize,
herwise affect the price of the common stock. Specifically, the underwriters may sell more shares than
ated to purchase under the underwriting agreement, creating a short position.

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covered if the short position is no greater than the number of shares available for purchase by the nder the over-allotment option. The underwriters can close out a covered short sale by exercising the option or purchasing shares in the open market. In determining the source of shares to close out a sale, the underwriters will consider, among other things, the open market price of shares compared to the under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment g a naked short position. The underwriters must close out any naked short position by purchasing shares rket. A naked short position is more likely to be created if the underwriters are concerned that there may pressure on the price of the common stock in the open market after pricing that could adversely affect purchase in the offering. As an additional means of facilitating the offering, the underwriters may bid ase, common stock in the open market to stabilize the price of the common stock. The underwriting also reclaim selling concessions allowed to an underwriter or a dealer for distributing common stock in the syndicate repurchases previously distributed common stock to cover syndicate short positions, or to rice of the common stock. These activities may raise or maintain the market price of the common stock dent market levels or prevent or retard a decline in the market price of our common stock. The re not required to engage in these activities and may end any of these activities at any time.
writers may also impose a penalty bid. This occurs when a particular underwriter repays to the portion of the underwriting discount received by it because the representatives have repurchased shares ck sold by or for the account of such underwriter in stabilizing or short covering transactions.
to cover a short position and stabilizing transactions may have the effect of preventing or retarding a market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain or ct the market price of the common stock. As a result, the price of the common stock may be higher than otherwise might exist in the open market. If these activities are commenced, they may be discontinued at e transactions may be effected on the Nasdaq National Market, in the over-the-counter market or

us in electronic format may be made available by one or more of the underwriters. The representatives llocate a number of shares to underwriters for sale to their online brokerage account holders. The s will allocate shares to underwriters that may make Internet distributions on the same basis as other addition, shares may be sold by the underwriters to securities dealers who resell shares to online ount holders.
to time, some of the underwriters and their affiliates have provided, and may continue to provide, nking, commercial banking and capital raising services to us and our affiliates for fees and commissions e are customary. Morgan Stanley Senior Funding, Inc. acts as joint lead arranger, joint book manager n agent and Natexis Banques Populaires acts as co-documentation agent and are lenders under our credit facility. UBS Securities LLC acted as our financial advisor in connection with the Acquisition. greed to indemnify the underwriters against certain liabilities, including liabilities under the Securities

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VALIDITY OF THE SHARES

y of the issuance of the shares of common stock to be sold in this offering will be passed upon for us by her & Bartlett LLP, New York, New York. Shearman & Sterling LLP, New York, New York will act as underwriters. Shearman & Sterling LLP represents First Reserve on other matters.

EXPERTS

npanying consolidated balance sheets of Chart Industries, Inc. and subsidiaries as of December 31, 2005 the related consolidated statements of operations, shareholders equity and cash flows for the period 17, 2005 through December 31, 2005, the period from January 1, 2005 through October 16, 2005, the cember 31, 2004, the three months ended December 31, 2003, and the nine months ended September 30, g in this prospectus have been audited by Ernst & Young LLP, independent registered public m, as set forth in their report thereon, appearing elsewhere herein, and are included in reliance upon such n the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

led with the SEC a registration statement on Form S-1 under the Securities Act with respect to the ares of our common stock being offered hereby. This prospectus, which forms a part of the registration s not contain all of the information set forth in the registration statement and exhibits and schedules. For ation with respect to us and the shares of our common stock, reference is made to the registration tements contained in this prospectus as to the contents of any contract or other document are not mplete. We are not currently subject to the informational requirements of the Exchange Act. After the shares of our common stock, we will be subject to the informational requirements of the Exchange Act, ance therewith, will file reports and other information with the SEC. The registration statement and the chedules to the registration statement, such reports and other information can be inspected and copied at erence Room of the SEC located at 100 F Street, N.E., Washington D.C. 20549. Copies of such uding copies of all or any portion of the registration statement, can be obtained from the Public om of the SEC at prescribed rates. You can call the SEC at 1-800-SEC-0330 to obtain information on the e Public Reference Room. Such materials may also be accessed electronically by means of the SEC s the Internet (http://www.sec.gov).

INDEX TO FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

older and Board of Directors of Chart Industries, Inc.

udited the accompanying consolidated balance sheets of Chart Industries, Inc. and subsidiaries as of 2005 and 2004, and the related consolidated statements of operations, shareholders equity and cash eriod from October 17, 2005 through December 31, 2005, the period from January 1, 2005 through 005, the year ended December 31, 2004, the three months ended December 31, 2003, and the nine September 30, 2003. These financial statements are the responsibility of the Company s management. lity is to express an opinion on these financial statements based on our audits.

cted our audits in accordance with standards of the Public Company Accounting Oversight Board). Those standards require that we plan and perform the audit to obtain reasonable assurance about nancial statements are free of material misstatement. We were not engaged to perform an audit of the ternal control over financial reporting. Our audit included consideration of internal control over financial basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we h opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and the financial statements, assessing the accounting principles used and significant estimates made by and evaluating the overall financial statement presentation. We believe that our audits provide a is for our opinion.

ion, the consolidated financial statements referred to above present fairly, in all material respects, the nancial position of Chart Industries, Inc. and subsidiaries at December 31, 2005 and 2004, and the esults of their operations and their cash flows for the period from October 17, 2005 through 2005, the period from January 1, 2005 through October 16, 2005, the year ended December 31, 2004, hs ended December 31, 2003, and the nine months ended September 30, 2003, in conformity with accepted accounting principles.

lly described in Note A to the consolidated financial statements, effective September 15, 2003, the rged from Chapter 11 Bankruptcy. In accordance with American Institute of Certified Public Statement of Position No. 90-7, *Financial Reporting by Entities in Reorganization Under the Bankruptcy* pany has adopted Fresh Start reporting whereby its assets, liabilities and new capital structure have to reflect estimated fair values as of September 30, 2003. As a result, the consolidated financial periods from September 30, 2003 through October 16, 2005 reflect this basis of reporting and are not the Company s pre-reorganization consolidated financial statements.

lly described in Note J to the consolidated financial statements, on October 17, 2005, the Company ethod of accounting for stock based compensation by adopting the fair value recognition provisions of Financial Accounting Standards No. 123(R), *Share Based Payments* .

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, except for the effect of

discussed

ragraph of Note A,

e date is

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panying consolidated financial statements of Chart Industries, Inc. and subsidiaries (the Company) have as of December 31, 2005 and for the period from October 17, 2005 to December 31, 2005 to give effect r-one stock split of the common stock of Chart Industries, Inc., which is to be effected in connection pany s planned initial public offering. The above opinion is in the form which will be signed by Ernst & pon consummation of such stock split, which is described in Note A to the accompanying consolidated ments and assuming that, from April 11, 2006 to the date of such stock split, no other events shall have would affect the accompanying consolidated financial statements or notes thereto.

/s/ Ernst & Young, LLP

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share amounts)

	Successor Company December 31, 2005	Reorganized Company December 31, 2004
ts		
ash equivalents	$ 15,433	$ 14,814
eceivable, net	62,463	45,744
, net	53,132	47,777
ontract revenue	23,813	10,528
penses	3,037	2,119
ent assets	12,102	14,840
l for sale	3,084	3,567
Assets	173,064	139,389
t and equipment, net	64,265	41,993
	236,742	75,110
tangible assets, net	154,063	48,472
et	13,672	2,116
ETS	$ 641,806	$ 307,080
S AND SHAREHOLDERS EQUITY		
ilities		
payable	$ 34,435	$ 26,789
advances and billings in excess of contract revenue	26,741	15,181
laries, wages and benefits	19,797	16,148
eserve	3,598	2,812
ent liabilities	17,606	12,353
debt	2,304	3,005
t Liabilities	104,481	76,288
ot	345,000	76,406
ferred tax liability, net	56,038	12,939
m liabilities	19,957	25,807
Equity		
tock of Successor and Reorganized Company, par value are 9,500,000 shares authorized, 7,952,180 and shares issued and outstanding at December 31, 2005 and ectively See Note A	80	54
onal paid-in capital See Note A	117,304	90,652
ed (deficit) earnings	(506)	22,631

ulated other comprehensive (loss) income		(548)		2,303
		116,330		115,640
BILITIES AND SHAREHOLDERS EQUITY	$	641,806	$	307,080

nying notes to these consolidated financial statements, including Note A Nature of Operations and gnificant Accounting Policies, describing the Successor Company, Reorganized Company and ompany. The accompanying notes are an integral part of these consolidated financial statements.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars and shares in thousands, except per share amounts)

	Successor Company	Reorganized Company			Predecessor Company
	October 17, 2005 to December 31, 2005	January 1, 2005 to October 16, 2005	Year Ended December 31, 2004	Three Months Ended December 31, 2003	Nine Months Ended September 30, 2003
	$ 97,652	$ 305,497	$ 305,576	$ 68,570	$ 197,017
	75,733	217,284	211,770	52,509	141,240
	21,919	88,213	93,806	16,061	55,777
al and administrative	16,632	59,826	53,374	14,147	44,211
penses		6,602			
aration and plant	139	1,057	3,169	1,010	882
sale of assets	78	(131)	133	(57)	(1,061)
ent subsidiary					13,682
e in joint venture			51	41	
	16,849	67,354	56,727	15,141	57,714
ome (loss)	5,070	20,859	37,079	920	(1,937)
(expense)					
ense, net	(5,565)	(4,192)	(4,760)	(1,390)	(9,911)
osts amortization	(308)				(1,653)
contracts valuation pense)	9	28	48	46	(389)
rency gain (loss)	(101)	(659)	465	350	(287)
ion items, net					5,677
	(5,965)	(4,823)	(4,247)	(994)	(6,563)
from continuing ore income taxes and est	(895)	16,036	32,832	(74)	(8,500)
enefit) expense					
	1,902	9,420	8,031	(751)	(3,245)
	(2,343)	(2,261)	2,103	626	5,000
	(441)	7,159	10,134	(125)	1,755
	(454)	8,877	22,698	51	(10,255)

from continuing ore minority interest est, net of taxes	(52)	(19)	(98)	(20)	(63)
from continuing	(506)	8,858	22,600	31	(10,318)
liscontinued of tax					833
f discontinued of tax					2,400
ome	$ (506)	$ 8,858	$ 22,600	$ 31	$ (7,085)
ome per common					
me from continuing	$ (0.06)	$ 1.65	$ 4.22	$ 0.01	$ (0.39)
s) from discontinued					0.03
e of discontinued et of tax					0.09
ncome per common c	$ (0.06)	$ 1.65	$ 4.22	$ 0.01	$ (0.27)
ome per common d:					
me from continuing	$ (0.06)	$ 1.57	$ 4.10	$ 0.01	$ (0.39)
s) from discontinued					0.03
e of discontinued et of tax					0.09
ncome per common ted	$ (0.06)	$ 1.57	$ 4.10	$ 0.01	$ (0.27)
rage number of s outstanding:					
	7,952	5,366	5,351	5,325	26,336
	7,952	5,638	5,516	5,325	26,336

anying notes to these consolidated financial statements, including Note A Nature of Operations and gnificant Accounting Policies, describing the Successor Company, Reorganized Company and Company. The accompanying notes are an integral part of these consolidated financial statements.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY (DEFICIT)
(Dollars and shares in thousands)

	Common Stock						
	Shares Outstanding	**Amount**	**Additional Paid-In Capital**	**Retained Earnings (Deficit)**	**Accumulated Other Comprehensive (Loss) Income**	**Treasury Stock**	**Total Shareholders Equity (Deficit)**
nuary 1, essor	25,554	$ 257	$ 45,792	$ (116,086)	$ (10,799)	$ (781)	$ (81,617)
				(7,085)			(7,085)
rehensive							
urrency n adjustment					7,532		7,532
sive income							447
n of stock to enefit plans	944	9	328			6	343
warrants to			430				430
ck	(232)					(111)	(111)
				(9)			(9)
ptember 30, essor	26,266	$ 266	$ 46,550	$ (123,180)	$ (3,267)	$ (886)	$ (80,517)

anying notes to these consolidated financial statements, including Note A Nature of Operations and gnificant Accounting Policies, describing the Successor Company, Reorganized Company and Company. The accompanying notes are an integral part of these consolidated financial statements.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY (DEFICIT)
(Dollars and shares in thousands)

	Common Stock Shares Outstanding	Common Stock Amount	Additional Paid-In Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total Shareholders Equity (Deficit)
ptember 30, f on)		$	$	$	$	$	$
new common	5,325	53	89,812				89,865
				31			31
nprehensive oss):							
urrency n adjustment					914		914
n pension djustment					(3)		(3)
sive income							942
ecember 31, nized Company	5,325	53	89,812	31	911		90,807
				22,600			22,600
rehensive s):							
urrency n adjustment					2,635		2,635
n pension djustment, net f $671					(1,243)		(1,243)
sive income							23,992
mmon shares	33	1	840				841
ecember 31, nized Company	5,358	54	90,652	22,631	2,303		115,640
				8,858			8,858
rehensive s):							
urrency n adjustment					(2,240)		(2,240)
sive income							6,618

ay-out t of tax of			(2,628)				(2,628)
mmon shares	51		1,691				1,691
ctober 16, 2005, Company	5,409	$ 54	$ 89,715	$ 31,489	$ 63	$	$ 121,321

nying notes to these consolidated financial statements, including Note A Nature of Operations and gnificant Accounting Policies, describing the Successor Company, Reorganized Company and ompany. The accompanying notes are an integral part of these consolidated financial statements.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY
(Dollars and shares in thousands)

	Common Stock Shares Outstanding	Common Stock Amount	Additional Paid-in Capital	Retained (Deficit)	Accumulated Other Comprehensive (Loss)	Total Shareholders Equity
ctober 17, 2005 uisition)		$	$	$	$	$
ributions:						
estment	7,952	17	111,281			111,298
of Reorganized y vested stock			5,947			5,947
				(506)		(506)
prehensive income						
currency translation ent					(286)	(286)
m pension liability ent, net of taxes of					(262)	(262)
hensive (loss)						(1,054)
sation expense ed for employee tions			139			139
lit (See Note A)		63	(63)			
ecember 31, 2005, mpany	7,952	$ 80	$ 117,304	$ (506)	$ (548)	$ 116,330

nying notes to these consolidated financial statements, including Note A Nature of Operations and gnificant Accounting Policies, describing the Successor Company, Reorganized Company and Company. The accompanying notes are an integral part of these consolidated financial statements.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Successor Company	Reorganized Company			Predecessor Company
	October 17, 2005 to December 31, 2005	January 1, 2005 to October 16, 2005	Year Ended December 31, 2004	Three Months Ended December 31, 2003	Nine Months Ended September 30, 2003
G ACTIVITIES					
ome	$ (506)	$ 8,858	$ 22,600	$ 31	$ (7,085)
o reconcile net (loss) cash provided by vities:					
n discontinued net of taxes					(833)
urchase accounting	8,903			5,368	
ion items, net					(5,677)
ion value in excess of ocable to identifiable			1,430		
olvent subsidiary					13,682
osts amortization	308				1,653
tock and stock option pensation expense	437	9,509	2,433		
turing-related fees					6,046
eparation and plant s			177		456
on sale of assets	78	(131)	133	(57)	(4,753)
n-process research and t charge		2,768			
n and amortization	4,088	6,808	8,490	2,225	7,607
(income) from joint			51	41	
rency transaction	101	659	(465)	(350)	287
erest	95	29	198	34	105
come tax expense	(2,343)	(2,261)	2,103	626	5,000
n of stock to employee s					343

sets and liabilities, net of cquisition:					
ceivable	(8,267)	(8,611)	(4,661)	(3,027)	2,486
	2,812	(6,463)	(11,566)	2,603	6,574
ntract revenues and other ts	2,687	(11,039)	2,903	(853)	(1,304)
ayable and other current	6,424	6,634	4,602	(1,838)	(1,527)
come taxes	779	731			
dvances and billings in ontract revenue	3,146	8,150	6,631	185	(3,594)
rovided By Operating	18,742	15,641	35,059	4,988	19,466
ACTIVITIES					
enditures	(5,601)	(11,038)	(9,379)	(518)	(1,907)
eceived from joint					790
om sale of assets		2,220	6,057		16,075
of business		(12,147)			
Reorganized Company s for Transaction	(356,649)				
ting activities		166	5	672	143
Used In) Provided By ctivities	(362,250)	(20,799)	(3,317)	154	15,101
ACTIVITIES					
om long-term debt	350,000				
on revolving credit	2,605	18,901	1,742	4,151	20,359
n revolving credit	(4,790)	(15,916)	(1,742)	(6,775)	(21,614)
yments on long-term	(81,457)	(2,968)	(33,148)	(10,840)	(1,199)
om equity contribution	111,298				
financing costs	(11,558)				
exercised stock options	(15,756)				
Acquisition costs	(1,853)				
cturing-related fees paid			(1,882)		(12,583)
n interest rate collars			(805)	(512)	(759)
om sale of stock		1,691	400		
f treasury stock					(111)
cing activities			(309)		
rovided By (Used In) Activities	348,489	1,708	(35,744)	(13,976)	(15,907)
ovided by (used in) erations	4,981	(3,450)	(4,002)	(8,834)	18,660
vided by discontinued					1,592

decrease) in cash and ts	4,981	(3,450)	(4,002)	(8,834)	20,252
ange rate changes on	(1,018)	106	216	(381)	338
equivalents at beginning	11,470	14,814	18,600	27,815	7,225
CASH EQUIVALENTS PERIOD	$ 15,433	$ 11,470	$ 14,814	$ 18,600	$ 27,815

anying notes to these consolidated financial statements, including Note A Nature of Operations and gnificant Accounting Policies, describing the Successor Company, Reorganized Company and ompany. The accompanying notes are an integral part of these consolidated financial statements.

CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars and shares in thousands, except per share amounts)

ature of Operations and Summary of Significant Accounting Policies

Operations: Chart Industries, Inc. (the Company), a wholly-owned indirect subsidiary of First Reserve First Reserve), is a leading global supplier of standard and custom-engineered products and systems variety of low-temperature and cryogenic applications. The Company has developed an expertise in ems and equipment, which operate at low temperatures sometimes approaching absolute zero. The Company s products, including vacuum-insulated containment vessels, heat exchangers, cold boxes and c components, are used throughout the liquid-gas supply chain for the purification, liquefaction, orage and use of industrial gases and hydrocarbons. The Company has domestic operations located in ncluding the principal executive offices located in Garfield Heights, Ohio, and an international presence hina, the Czech Republic, Germany and the United Kingdom.

of Consolidation: The consolidated financial statements include the accounts of the Company and its ntercompany accounts and transactions are eliminated in consolidation. Investments in affiliates where s ownership is between 20 percent and 50 percent, or where the Company does not have control but has xercise significant influence over operations or financial policy, are accounted for under the equity Company s Chart Heat Exchangers Limited (CHEL) subsidiary, the equity of which was 100 percent Company, filed for a voluntary administration under the U.K. Insolvency Act of 1986 on March 28, fully described in Note F to the consolidated financial statements. Since CHEL is not under the control ny subsequent to March 28, 2003, the consolidated financial statements do not include the accounts or EL subsequent to this date.

resentation: The consolidated financial statements have been adjusted as of December 31, 2005 and for n October 17, 2005 to December 31, 2005 to give effect to the 4.6263-for-one stock split of the mmon stock, and related adjustments to its capital structure and stock options to be effected upon the the Company s planned initial public offering. On August 2, 2005, the Company, certain stockholders of (the Principal Stockholders), First Reserve Fund X, L.P. (First Reserve) and CI Acquisition, Inc., a subsidiary of First Reserve (CI Acquisition), entered into an agreement and plan of merger (Merger The Merger Agreement provided for the sale of shares of common stock of the Company owned by the kholders (Principal Stockholders Shares) to CI Acquisition, which is referred to as the Stock Purchase , r of CI Acquisition with and into the Company, with the Company surviving the merger as a indirect subsidiary of First Reserve, which is referred to as the Merger . The Stock Purchase and Merger y referred to as the Acquisition .

faction of the conditions to the Stock Purchase, CI Acquisition agreed to purchase the Principal Shares for a purchase price (the Per Share Purchase Price) equal to $65.74 per share in cash, minus the e expenses of the Company related to the Acquisition (as provided in the Merger Agreement) divided by r of fully-diluted shares of Company common stock outstanding immediately before the closing exercise of all Company stock options and warrants). The Merger Agreement provided for the the Merger after the closing of the Stock Purchase, and provided that at the effective time of the Merger Company common stock outstanding (other than treasury stock, shares held by Buyer or CI Acquisition, h respect to which appraisal rights have been exercised under Delaware law) will be converted into the e the Per Share Purchase Price (or the price paid in the Stock Purchase, if greater) in cash, without Merger Consideration). Furthermore, the Merger Agreement provided that the holders of outstanding tock options to acquire shares of common stock of the Company (other than any stock options adjusted ptions to acquire stock of the surviving corporation in the Merger) will be entitled to

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

ount in cash equal to the product of (i) the number of shares of common stock of the Company issuable
ise of the surrendered warrant or option, as applicable, as of immediately prior to the effective time of
ltiplied by (ii) the excess of the Merger consideration over the per share exercise price of the warrant or
to applicable withholding taxes. The Merger Agreement further provided that after the Merger, no
mon stock, warrants or options (other than any stock options adjusted to represent options to acquire
rviving corporation in the Merger) outstanding before the Merger will have any rights in respect of such
, warrants or options, other than the right to receive the cash referred to above. A more complete
the Acquisition and the terms of the Merger Agreement are set forth above in this Prospectus under the
saction .

r 17, 2005, the closing of the Acquisition (the Closing Date) took place under the terms of the Merger
described above in this Prospectus under the caption Transaction . The Stock Purchase was made by CI
r a Per Share Purchase Price of $64.75 per share of common stock ($65.74 per share, less the Company s
penses of $0.99 per share) and immediately following the Stock Purchase, the Merger occurred. At the
of the Merger, each outstanding share of the Company s common stock (other than treasury stock, shares
eserve or CI Acquisition, and shares as to which appraisal rights were exercised under Delaware law)
into the right to receive $64.75 per share and CI Acquisition merged with and into Chart Industries, Inc.
red to after the merger as the Successor Company). In the Merger, outstanding warrants and stock
uire common stock of the Company (other than any stock options adjusted to represent options to
ck of the surviving corporation in the Merger) were likewise cancelled and treated in accordance with
e Merger Agreement. Certain stock options outstanding immediately before the Merger were not
were adjusted under the terms of the Merger Agreement to represent options to acquire the Company s
after the Merger. The purchase price related to the Acquisition was $456,662 and included $356,649 of
ommon stock and warrants outstanding, $15,756 of cash paid for Reorganized Company stock options,
76,458 of existing pre-Acquisition credit facility and certain other debt, $1,852 of First Reserve s
penses and vested Rollover Reorganized Company stock options valued at $5,947 to acquire stock of the
npany.

elow summarizes the fair value assigned to the Successor Company s assets and liabilities within the
s of October 17, 2005 as a result of the Acquisition, in accordance with Statement of Financial
andard (SFAS) No. 141, Business Combinations :

equivalents	$ 20,861
ivable, net	54,594
t	65,005
act revenue	22,667
ses	3,544
ssets	5,396
sale	3,084
me taxes, net	4,900
t Assets	180,051
t and equipment	61,189
	236,823
angible assets	157,162
	13,357
	$ 648,582

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

ble	$	31,469
ances and billings in excess of contract revenue		23,546
es, wages and benefits		16,069
rve		3,439
iabilities		25,620
ot		4,486
t Liabilities		104,629
ot		350,000
erred tax liability, net		56,978
rent liabilities		18,392
est		1,337
equity	$	117,246
ies and Shareholder Equity	$	648,582

lidated financial statements and the accompanying notes for the period from January 1 to October 16, eorganized Company are presented as the 2005 Reorganized Period and for the period from October 17 1, 2005 for the Successor Company are presented as the 2005 Successor Period .

2003, the Company and all of its then majority-owned U.S. subsidiaries (the Predecessor Company) petitions for reorganization relief under Chapter 11 of the U.S. Bankruptcy Code to implement an enior debt restructuring plan through a pre-packaged plan of reorganization. On September 15, 2003, the reorganized, the Reorganized Company) and all of its then majority-owned U.S. subsidiaries emerged 11 proceedings pursuant to the Amended Joint Prepackaged Reorganization Plan of Chart Industries, in Subsidiaries, dated September 3, 2003 (the Reorganization Plan).

any s emergence from Chapter 11 bankruptcy proceedings resulted in a new reporting entity and the esh-start accounting in accordance with the American Institute of Certified Public Accountants (AICPA) Position 90-7, Financial Reporting by Entities in Reorganization Under the Bankruptcy Code (SOP 90-7) accounting). The Company used September 30, 2003 as the date for adopting Fresh-Start accounting in de with the Company s normal financial closing for the month of September 2003. Upon adoption of counting, a new reporting entity was deemed to be created and the recorded amounts of assets and adjusted to reflect their estimated fair values. Accordingly, the reported historical financial statements ny prior to the adoption of Fresh-Start accounting for periods ended prior to September 30, 2003 are not mparable to those of the Reorganized Company.

spectus, references to the Company s nine month period ended September 30, 2003 and all periods ended mber 30, 2003 refer to the Predecessor Company.

requires that financial statements for the period following the Chapter 11 filing through the bankruptcy late distinguish transactions and events that are directly associated with the reorganization from the tions of the business. Accordingly, revenues, expenses, realized gains and losses and provisions for associated with the reorganization and restructuring of the business, including adjustments to fair value ilities and the gain on the discharge of pre-petition debt, are reported separately as reorganization items, r income (expense) section of the Predecessor Company s consolidated statement of operations. In th Fresh-Start accounting, all assets and liabilities were recorded at their respective fair values as of 2003. Such fair values

CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

e Company s best estimates based on independent appraisals and valuations. In applying Fresh-Start justments to reflect the fair value of assets and liabilities, on a net basis, and the restructuring of the apital structure and resulting discharge of the senior lenders pre-petition debt, resulted in net other income e nine months ended September 30, 2003. The reorganization value exceeded the fair value of the Company s assets and liabilities, and this excess is reported as goodwill in the Reorganized Company s alance sheet.

o Significant Accounting Policies: As part of the provisions of SOP 90-7, the Reorganized Company was opt on September 30, 2003 all accounting guidance that was going to be effective within the period following September 30, 2003. Additionally, Fresh-Start accounting required the selection of counting policies for the Reorganized Company. The significant accounting policies previously used by or Company were generally continued to be used by the Reorganized Company. As of September 30, pany changed its method of accounting for inventories at sites of the Company s former Chart Heat mited Partnership legal entity and former Process Systems, Inc. legal entity from the last-in, first-out hod to the first-in, first-out (FIFO) method since the value of inventory on the LIFO method was equal to the value on a FIFO basis.

ting policies of the Successor Company have generally remained the same as the Reorganized ept for the early adoption of SFAS No. 123(R) Share-Based Payment on October 17, 2005 in ith the Acquisition. SFAS No. 123(R) is a revision of SFAS No. 123, Accounting for Stock-Based and supersedes Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to and amends SFAS No. 95, Statement of Cash Flows. SFAS 123(R) requires all share-based payments to cluding grants of employee stock options, to be recognized in the financial statements based on their fair minates the pro forma disclosure option allowed under SFAS 123.

Cash Equivalents: The Company considers all investments with an initial maturity of three months or chased to be cash equivalents. The December 31, 2005 and 2004 balances include money market nd cash.

tions of Credit Risks: The Company sells its products to gas producers, distributors and end-users across gas, hydrocarbon and chemical processing industries in countries all over the world. Approximately percent and 49 percent of sales were to foreign countries in 2005, 2004 and 2003, respectively. While omer exceeded ten percent of consolidated sales in 2005, 2004 or 2003, sales to the Company s top ten ounted for 39 percent, 45 percent and 43 percent of consolidated sales in 2005, 2004 and 2003, The Company s sales to particular customers fluctuate from period to period, but the gas producer and tomers of the Company tend to be a consistently large source of revenue for the Company. To minimize n trade receivables, the Company reviews the financial condition of potential customers in relation to edit requirements before sales credit is extended and monitors the financial condition of customers to nely collections and to minimize losses. Additionally, for certain domestic and foreign customers, the Energy and Chemicals segment, the Company requires advance payments, letters of credit and other es of payment. Certain customers also require the Company to issue letters of credit or performance larly in instances where advance payments are involved, as a condition of placing the order.

any is also subject to concentrations of credit risk with respect to its cash and cash equivalents, curities, interest rate collar agreements and forward foreign currency exchange contracts. To minimize n these financial instruments, the Company enters into these arrangements with major banks and other ality financial institutions and invests only in high-quality instruments. The Company does not expect rties to fail to meet their obligations in this area.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

for Doubtful Accounts: The Company evaluates the collectibility of accounts receivable based on a f factors. In circumstances where the Company is aware of a specific customer s inability to meet its ations (e.g., bankruptcy filings, or substantial downgrading of credit scores), a specific reserve is duce the receivable to the amount the Company believes will be collected. The Company also records doubtful accounts based on the length of time the receivables are past due and historical experience. for doubtful accounts balance at December 31, 2005 and 2004 was $1,304 and $1,520, respectfully.

s: Inventories are stated at the lower of cost or market with cost being determined by the first-in, first-out hod at December 31, 2005 and 2004. The components of inventory are as follows:

	Successor Company		Reorganized Company	
	December 31, 2005		December 31, 2004	
and supplies	$	26,385	$	22,896
ss		13,003		16,918
s		13,744		7,963
	$	53,132	$	47,777

Valuation Reserves: The Company determines inventory valuation reserves based on a combination of umstances where the Company is aware of a specific problem in the valuation of a certain item, a e is recorded to reduce the item to its net realizable value. The Company also recognizes reserves based sage in recent history and projected usage in the near-term. If circumstances change (e.g., pected or higher-than-expected usage), estimates of the net realizable value could be changed by a nt.

Plant and Equipment: At October 17, 2005, property, plant and equipment was recorded at fair value 41 Business Combinations . The depreciable lives were adjusted to reflect the estimated remaining useful set and all existing accumulated depreciation of the Reorganized Company was eliminated. Subsequent 2005, all capital expenditures for property, plant and equipment are stated on the basis of cost. or maintenance, repairs and renewals are charged to expense as incurred, whereas major improvements . The cost of applicable assets is depreciated over their estimated useful lives. Depreciation is computed ght-line method for financial reporting purposes and accelerated methods for income tax purposes. xpense was $1,115 for the 2005 Successor Period, $4,122 for the 2005 Reorganized Period, $5,681 for December 31,

CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

for the three-months ended December 31, 2003, and $6,441 for the nine months ended September 30, owing table summarizes the components of property, plant and equipment:

	Estimated Useful Life	Successor Company December 31, 2005	Reorganized Company December 31, 2004
dings	20-35 years (buildings)	$34,450	$24,264
d equipment	3-12 years	19,750	21,917
ipment, furniture and fixtures	3-7 years	2,383	2,823
n process		8,244	2,476
		64,827	51,480
ted depreciation		(562)	(9,487)
, plant and equipment, net		$64,265	$41,993

any monitors its property, plant and equipment, and finite-lived intangible assets for impairment n ongoing basis in accordance with Statement of Financial Accounting Standards (SFAS) No. 144, for the Impairment or Disposal of Long-Lived Assets. If impairment indicators exist, the Company equired analysis and records impairment charges in accordance with SFAS No. 144. In conducting its ompany compares the undiscounted cash flows expected to be generated from the long-lived assets to book values. If the undiscounted cash flows exceed the net book value, the long-lived assets are to be impaired. If the net book value exceeds the undiscounted cash flows, an impairment loss is recognized. An impairment loss is measured as the difference between the net book value and the fair ng-lived assets. Fair value is estimated based upon either discounted cash flow analyses or estimated . Cash flows are estimated using internal forecasts as well as assumptions related to discount rates. onomic or operating conditions impacting these estimates and assumptions could result in the long-lived assets.

nd Other Intangible Assets: In conjunction with the Acquisition as previously explained above, the rded $236,742 of goodwill. In accordance with SFAS No. 142, Goodwill and Other Intangible Assets , does not amortize goodwill or other indefinite-lived intangible assets, but reviews them at least annually t using a measurement date of October 1st. The Company amortizes intangible assets that have finite er their useful lives.

142 requires that indefinite-lived intangible assets be tested for impairment and that goodwill be tested t at the reporting unit level on an annual basis. Under SFAS No. 142, a company determines the fair ndefinite-lived intangible assets, compares the fair value to its carrying value and records an impairment ying value exceeds its fair value. Goodwill is tested utilizing a two-step approach. After recording any sses for indefinite-lived intangible assets, a company is required to determine the fair value of each and compare the fair value to its carrying value, including goodwill, of such reporting unit (step one). If exceeds the carrying value, no impairment loss would be recognized. If the carrying value of the exceeds its fair value, the Goodwill of the reporting unit may be impaired. The amount of the any, would then be measured in step two, which compares the implied fair value of the reporting unit s

the carrying

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

Goodwill. The following table displays the gross carrying amount and accumulated amortization for angible assets and indefinite-lived intangible assets:

	Successor Company			Reorganized Company		
	December 31, 2005			December 31, 2004		
	Weighted Average Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Weighted Average Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization
sets						
technology	9 years	$ 9,400	$ (235)	9 years	$ 3,305	$ (450)
	10 years	8,138	(298)	11 years	4,269	(566)
nes	20 years	940	(10)			
	14 months	5,440	(1,110)			
te agreements	3 years	1,344	(280)			
d certificates	18 months	48	(20)			
elations	13 years	96,906	(1,480)	13 years	23,960	(2,495)
		$ 122,216	$ (3,433)		$ 31,534	$ (3,511)
d intangible						
		$ 236,742			$ 75,110	
and trade		35,280			20,449	
		$ 272,022			$ 95,559	

on expense for intangible assets subject to amortization was $2,973, for the 2005 Successor Period, 2005 Reorganized Period, $2,809 for the year ended December 31, 2004, $702 for the three months per 31, 2003, and $1,166 for the nine months ended September 30, 2003, and is estimated to range from $15,500 to $10,300 annually for fiscal years 2006 through 2010, respectively.

Instruments: The fair values of cash equivalents, accounts receivable and short-term bank debt heir carrying amount because of the short maturity of these instruments. The fair value of long-term debt ased on the present value of the underlying cash flows discounted at the Company s estimated borrowing ch method the Company s long-term debt approximated its carrying value at December 31, 2005 and

Instruments: The Company utilizes certain derivative financial instruments to enhance its ability to ncluding interest rate risk and foreign currency risk that exists as part of ongoing business operations. truments are entered into for periods consistent with related underlying exposures and do not constitute pendent of those exposures. The Company does not enter into contracts for speculative purposes, nor is

y leveraged derivative instrument.
any s primary interest rate risk exposure results from various floating rate pricing mechanisms in the erm loan and revolving credit facility. This interest rate risk has been partially managed by the use of an erivative contract relating to a portion of the term debt. The interest rate derivative contract is generally collar and results in putting a cap on the base LIBOR interest rate at approximately 7.0 percent and a kimately 5.0 percent on certain portions of the Company s floating rate term debt. The Predecessor red into an interest rate collar in March 1999 to manage interest rate risk exposure relative to its term ar, in the amount of $4,430 at December 31, 2005, expired in March 2006. The Company s interest rate qualify as a hedge

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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isions of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities , which requires o be recorded in the consolidated balance sheet at fair value. Changes in their fair value must be e consolidated statement of operations. The fair value of the contract related to the collar outstanding at 2005 and 2004 is a liability of $5 and $312, respectively and is recorded in accrued interest. e in fair value for the 2005 Successor Period, 2005 Reorganized Period, year ended December 31, 2004, ended December 31, 2003, and the nine months ended September 30, 2003 of $9, $28, $48, $46, and ively, is recorded in derivative contracts valuation income (expense).

any is exposed to foreign currency exchange risk as a result of transactions in currencies other than the rency of certain subsidiaries. The Company utilizes foreign currency forward purchase and sale contracts volatility associated with foreign currency purchases and certain intercompany transactions in the of business. Contracts typically have maturities of less than one year. Principal currencies include the Pound and Czech Koruna. The Company s foreign currency forward contracts do not qualify as hedges isions of SFAS No. 133. Gains and losses recorded by the Company related to foreign currency forward g 2005, 2004 and 2003 were not material.

any held foreign exchange forward sale contracts for notional amounts as follows:

	Successor Company	Reorganized Company
	December 31, 2005	December 31, 2004
	$ 2,400	$400
	$2,400	$400

arranties: The Company provides product warranties with varying terms and durations for the majority . The Company records warranty expense in cost of sales. The changes in the Company s consolidated ve are as follows:

	Successor Company	Reorganized Company			Predecessor Company
	October 17, 2005 to December 31, 2005	January 1, 2005 to October 16, 2005	Year Ended December 31, 2004	Three Months Ended December 31, 2003	Nine Months Ended September 30, 2003
inning of period	$3,439	$ 2,812	$ 3,208	$3,803	$ 4,032
xpense	515	2,206	1,522	89	1,214
sage	(356)	(1,579)	(1,918)	(684)	(1,443)
of period	$3,598	$ 3,439	$ 2,812	$3,208	$ 3,803

ers Equity: As a result of the Acquisition, the Company had 7,952 shares of common stock issued and
December 31, 2005. Also, in connection with the Acquisition, a warrant for 2,651 shares was granted in
05 to FR X Chart Holdings LLC, the then sole shareholder and affiliate of First Reserve, at an exercise
0 per share that expires in March 2014. The warrant may

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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t anytime. The Company reports comprehensive income in its consolidated statement of shareholders
mponents of accumulated other comprehensive (loss) income are as follows:

	Successor Company December 31, 2005	Reorganized Company December 31, 2004
cy translation adjustments	$(286)	$ 3,549
sion liability adjustments net of taxes of $162 and $671 at 2005 and 2004, respectively	(262)	(1,246)
	$(548)	$ 2,303

e Company finalized the liquidation of the BioMedical operation in Solingen, Germany and recognized n currency gain, $258 net of tax, related to the elimination of the foreign currency translation reviously recorded as part of this entity.

ecognition: For the majority of the Company s products, revenue is recognized when products are has transferred and collection is reasonably assured. For these products, there is also persuasive evidence ment and the selling price to the buyer is fixed or determinable. For heat exchangers, cold boxes, ral gas fueling stations and engineered tanks, the Company uses the percentage of completion method of rned revenue is based on the percentage that incurred costs to date bear to total estimated costs at er giving effect to the most current estimates. Earned revenue on contracts in process at December 31, d 2003, totaled $126,122, $47,978 and $73,360, respectively. Timing of amounts billed on contracts ntract to contract and could cause significant variation in working capital needs. Amounts billed on completion contracts in process at December 31 totaled $125,971, $43,343 and $65,309, in 2005, 2004, ectively. The cumulative impact of revisions in total cost estimates during the progress of work is e period in which these changes become known. Earned revenue reflects the original contract price greed upon claims and change orders, if any. Losses expected to be incurred on contracts in process, after of estimated minimum recoveries from claims and change orders, are charged to operations as soon as e known. Change orders resulting in additional revenue and profit are recognized upon approval by the d on the percentage that incurred costs to date bear to total estimated costs at completion.

on Costs: The Company records distribution costs, including warehousing and freight related to product ost of sales.

g Costs: The Company incurred advertising costs of $556 for the 2005 Successor Period, $2,151 for the ized Period, $2,833 for the year ended December 31, 2004, $465 for the three months ended December for the nine months ended September 30, 2003. Such costs are expensed as incurred.

nd Development Costs: The Company incurred research and development costs of $805 for the 2005 od, $2,198 for the 2005 Reorganized Period, $3,279 for the year ended December 31, 2004, $1,280 for hs ended December 31, 2003, and $2,551 for the nine months ended September 30, 2003. Such costs are curred.

urrency Translation: The functional currency for the majority of the Company s foreign operations is the l currency. The translation from the applicable foreign currencies to U.S. dollars is performed for accounts using exchange rates in effect at the balance sheet date and for revenue and expense accounts ed average exchange rate during the period. The resulting translation adjustments are recorded as a

shareholders equity. Gains or losses resulting from foreign currency transactions are charged to
ncurred.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

ncome Taxes: The Company and its U.S. subsidiaries file a consolidated federal income tax return. me taxes are provided for temporary differences between financial reporting and the consolidated tax rdance with the liability method. A valuation allowance is provided against net deferred tax assets when icate that it is more likely than not that the benefit related to such assets will not be realized.

Stock Options: In November 2005, the Successor Company granted stock options (New Options), under k Incentive Plan (Stock Incentive Plan) to certain management employees. In addition, under the 004 Stock Option and Incentive Plan (2004 Plan) certain management employees rolled over stock over Options). The Company adopted SFAS 123(R) Share-Based Payments , on October 17, 2005 using rospective method, to account for these New Options. The New Options are exercisable for a period of have two different vesting schedules. The time-based (Time-based Options) vest annually in equal ver a five-year period and the performance-based (Performance-based Options) vest based upon al returns on First Reserve s investment in the Company. Furthermore, certain of the Rollover Options n the Closing Date of the Acquisition and the remaining unvested Rollover Options vest upon the riteria as outlined in the 2004 Plan and related option agreements. The New Options and Rollover ally may not be transferred, and any shares of stock that are acquired upon exercise of the New Options ptions generally may not be sold, transferred, assigned or disposed of except under certain predefined s or in the event of a change in control. The Company s policy is to issue authorized shares upon the y stock options. In addition, all of the 2004 stock options (2004 Options) of the Reorganized Company, Rollover Options described above, were deemed to be exercised in conjunction with the Transaction on 005. These 2004 Options were accounted for under the intrinsic value method of APB Opinion No. 25 for Stock Issued to Employees and related interpretations in accounting for employee stock options. See her discussions regarding the stock options.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

er share: The following table presents calculations of income (loss) per share of common stock:

	Successor Company	Reorganized Company			Predecessor Company
	October 17, 2005 to December 31, 2005	January 1, 2005 to October 16, 2005	Year Ended December 31, 2004	Three Months Ended December 31, 2003	Nine Months Ended September 30, 2003
from continuing	$ (506)	$8,858	$22,600	$ 31	$(10,318)
liscontinued					833
of discontinued t of tax					2,400
ome	$ (506)	$8,858	$22,600	$ 31	$ (7,085)
ome per common					
me from continuing	$ (0.06)	$ 1.65	$ 4.22	$ 0.01	$ (0.39)
n discontinued					0.03
es of discontinued net of tax					0.09
ncome	$ (0.06)	$ 1.65	$ 4.22	$ 0.01	$ (0.27)
ome per common d:					
me from continuing	$ (0.06)	$ 1.57	$ 4.10	$ 0.01	$ (0.39)
s) from d operations					0.03
e of discontinued et of tax					0.09
ncome per common ted	$ (0.06)	$ 1.57	$ 4.10	$ 0.01	$ (0.27)
rage number of s outstanding basic	7,952	5,366	5,351	5,325	26,336
		61	15		

hares issuable upon ise of stock					
hares issuable upon ersion and exercise ns		222	150		
diluted	7,952	5,649	5,516	5,325	26,336

ed conversion of the Company s potentially dilutive stock options and warrants was anti-dilutive for the ctober 17, 2005 to December 31, 2005 and for the nine months ended December 31, 2003. For the mputing diluted earnings per share, weighted average common share equivalents do not include 1,107 rants and stock options, respectively, for the period from October 17, 2005 to December 31, 2005, or the three months ended December 31, 2003, and 2,495 warrants and 1,991 stock options, or the nine months ended September 30, 2003 as the effect would be anti-dilutive.

ations: Certain prior year amounts have been reclassified to conform to current year presentation.

imates: The preparation of financial statements in conformity with accounting principles generally e United States requires management to make estimates and assumptions that affect the amounts financial statements and accompanying notes. Actual results could differ from those estimates.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

dopted Accounting Standards: The Financial Accounting Standards Board (FASB) has recently issued
Statements of Financial Accounting Standards that the Company has adopted as of December 31, 2005:
er 2004, the FASB issued SFAS No. 123 (revised 2004), Share-Based Payment. SFAS No. 123(R) is a
AS No. 123, Accounting for Stock-Based Compensation and supersedes Accounting Principles Board
on No. 25, Accounting for Stock Issued to Employees, and amends SFAS No. 95, Statement of Cash
123(R) requires all share-based payments to employees, including grants of employee stock options, to
in the financial statements based on their fair values and eliminates the pro forma disclosure option
SFAS 123. SFAS 123(R) is effective for nonpublic entities for fiscal years beginning after
2005. The Company adopted SFAS 123(R) early on October 17, 2005 in conjunction with the

er 2004, the FASB issued FASB Staff Position (FSP) FSP No. 109-1, Application for FASB Statement
unting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the
Creation Act of 2004. FSP 109-1 is intended to clarify that the domestic manufacturing deduction
unted for as a special deduction (rather than a rate reduction) under SFAS No. 109, Accounting for
A special deduction is recognized under SFAS 109 as it is earned. The adoption of this statement did
erial impact on the Company s financial position or results of operations.
er 2004, the FASB issued FSP No. 109-2, Accounting and Disclosure Guidance for the Foreign
triation Provision within the American Jobs Creation Act of 2004. FSP 109-2 provides guidance under
, Accounting for Income Taxes, with respect to recording the potential impact of the repatriation
he American Jobs Creation Act of 2004 (the Jobs Act) on enterprises income tax expense and deferred
he Jobs Act was enacted on October 22, 2004. FSP 109-2 states that an enterprise is allowed time
ancial reporting period of enactment to evaluate the effect of the Jobs Act on its plan for reinvestment or
foreign earnings for purposes of applying SFAS No. 109. The Company completed evaluating the
repatriation provisions. The adjustment as provided for in FSP 109-2 did not have a material impact on
s tax expense or deferred tax liability.
005, the FASB issued FASB Interpretation No. 47 Accounting for Conditional Asset Retirement
This interpretation requires companies to recognize a liability for the fair value of a legal obligation to
retirement activities that are conditional on a future event if the amount can be reasonably estimated.
is effective for the year ending December 31, 2005. The adoption of this statement did not have a
on the Company s financial position, results of operations, liquidity or cash flows.
sued Accounting Standards: The Financial Accounting Standards Board (FASB) has recently issued the
ements of Financial Accounting Standards that the Company has not adopted as of December 31, 2005:
er 2004, the FASB issued SFAS No. 151, Inventory Costs. SFAS No. 151 requires abnormal amounts
osts related to idle facility, freight handling and wasted material expenses to be recognized as current
. Additionally SFAS No. 151 requires that allocation of fixed production overheads to the costs of
based on the normal capacity of the production facilities. The standard is effective for fiscal years
r June 15, 2005. The Company is currently evaluating the effect the adoption of SFAS No. 151 will have
ny s financial position or results of operations.
05, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections . SFAS 154 replaces
No. 20, Accounting Changes and SFAS 3, Reporting Accounting

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

erim Financial Statements . SFAS 154 requires that a voluntary change in accounting principle be pectively with all prior period financial statements presented on the new accounting principle. SFAS 154 hat a change in method of depreciating and amortizing a long-lived asset be accounted for prospectively estimate, and the correction of errors in previously issued financial statements should be termed a FAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning r 15, 2005. SFAS 154 will only affect the Company s consolidated financial statements to the extent e accounting changes or errors.

lance Sheet Components

ving table summarizes the components of other current assets, other assets, net, other current liabilities -term liabilities on the Company s consolidated balance sheet as of December 31, 2005 and 2004:

	Successor Company	Reorganized Company
	December 31, 2005	December 31, 2004
assets:		
	$ 306	$ 425
in leases	133	133
come taxes	6,429	7,125
vables	5,234	7,157
	$12,102	$14,840
et:		
nancing costs	$11,749	$
in leases	64	185
life insurance	1,265	1,719
ompensation	159	
	435	212
	$13,672	$ 2,116
iabilities:		
terest	$ 4,599	$ 324
come taxes		2,636
her taxes	1,948	936
bates	3,152	2,734
nployee separation and plant closure costs	2,007	2,763
her	5,900	2,960
	$17,606	$12,353
m liabilities:		
vironmental	$ 6,608	$ 6,460

ension cost	7,233	11,106
terest	1,103	1,213
ontingencies and other	5,013	7,028
	$19,957	$25,807

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

ebt and Credit Arrangements

ving table shows the components of the Company s borrowings at December 31, 2005 and 2004,

	Successor Company	Reorganized Company
	December 31, 2005	December 31, 2004
an, due October 2012 and September 2009, verage interest rate of 6.62% and 5.62% at 2005 and 2004, respectively	$175,000	$78,395
notes, due 2015, interest accrued at 9.125%	170,000	
elopment Revenue bonds, due August 2006, average 6.33% at December 31, 2004		1,016
eign credit facility and other short-term debt	2,304	
	347,304	79,411
maturities	2,304	3,005
ot	$345,000	$76,406

ion with the Acquisition, the Company entered into a $240,000 senior secured credit facility (the Senior) and completed a $170,000 offering of 9⅛ percent senior subordinated notes (the Subordinated Notes). repaid the then existing credit facility of the Reorganized Company, as described further below, and ebt on or before October 17, 2005, the Closing Date of the Acquisition. The Senior Credit Facility 180,000 term loan facility (the Term Loan) and a $60,000 revolving credit facility (the Revolver), of) may be used for letters of credit extending beyond one year from their date of issuance. The Term Loan ted Notes were fully funded on the Closing Date. The Term Loan matures on October 17, 2012 and the res on October 17, 2010. As a result of a $5,000 voluntary principal prepayment in December 2005, the quires quarterly principal payments that equal 0.8 percent per annum of the funded balance commencing 2008 and a remaining balloon payment on the maturity date. Future principal payments will be adjusted ary prepayments. The interest rate under the Senior Credit Facility is, at the Company s option, the se Rate (ABR) plus 1.0 percent or LIBOR plus 2.0 percent on the Term loan and ABR plus 1.5 percent s 2.5 percent on the Revolver. In addition, the Company is required to pay an annual administrative fee nmitment fee of 0.5 percent on the unused Revolver balance, a letter of credit participation fee of r annum on the letter of credit exposure and a letter of credit issuance fee of 0.25 percent. The der the Secured Credit Facility are secured by substantially all of the assets of the Company s ies and 65 percent of the capital stock of the Company s non-U.S. Subsidiaries.

dinated Notes are due in 2015 with interest payable semi-annually on April 15th and October 15th. Any nated Notes may be redeemed solely at the Company s option beginning on October 15, 2010. The initial ice is 104.563 percent of the principal amount, plus accrued interest. Also, any of the notes may be ly at the Company s option at any time prior to October 15, 2010, plus accrued interest and a premium. In addition, before October 15, 2008, up to 35 percent of the Subordinated Notes may be ly at the Company s option at a price of 109.125 percent of the principal amount, plus accrued interest, eeds from sales of certain kinds of capital stock. The Subordinated Notes are general unsecured the Company and are subordinated in right of payment to all existing and future senior debt of the uding the Senior

CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

, pari passu in right of payment with all future senior subordinated indebtedness of the Company, senior ment with any future indebtedness of the Company that expressly provided for its subordination to the Notes, and unconditionally guaranteed jointly and severally by substantially all of the Company s ies.

Credit Facility agreement and provisions of the indenture governing the Subordinated Notes contain a tomary covenants, including, but not limited to, restrictions on the Company s ability to incur additional create liens or other encumbrances, sell assets, enter into sale and lease-back transactions, make certain estments, loans, advances or guarantees, make acquisitions and engage in mergers or consolidations, pay distributions, and make capital expenditures. The Senior Credit Facility also includes covenants relating d interest coverage. At December 31, 2005, there was $175,000 and $170,000 outstanding under the d Subordinated Notes, respectively, and letters of credit and bank guarantees totaling $22,442 supported er.

x, a.s. (Ferox), a majority-owned subsidiary of the Company, maintains secured revolving credit borrowing capacity, including overdraft protection, of up to $9,600, of which $4,400 is available only redit and bank guarantees. Under the revolving credit facilities, Ferox may make borrowings in Czech and U.S. dollars. Borrowings in Koruna are at PRIBOR, borrowings in Euros are at EUROBOR and U.S. dollars are at LIBOR, each with a fixed margin of 0.6 percent. Ferox is not required to pay a ee to the lenders under the revolving credit facilities in respect to the unutilized commitments rox must pay letter of credit and guarantee fees equal to 0.75 percent on the face amount of each ox s land and buildings, and accounts receivable secure $4,600 and $2,500, respectively, of the revolving s. At December 31, 2005, there was $800 of borrowings outstanding under, and $1,506 of bank pported by the Ferox revolving credit facilities.

uled annual maturities of long-term debt and credit arrangements at December 31, 2005, are as follows:

	Amount
	$
	720
	1,440
eafter	342,840
	$345,000

September 15, 2003, upon emergence from its Chapter 11 bankruptcy reorganization, the Reorganized red into a term loan agreement and revolving credit facility (collectively, the 2003 Credit Facility). The acility provided a term loan of $120,000 with final maturity in 2009 and revolving credit line of $55,000, 000 would have expired on January 31, 2006 and $40,000 on September 15, 2008, and of which $40,000 for the issuance of letters of credit and bank guarantees. Under the terms of the credit facility, the term est at rates, at the Company s option, equal to the prime rate plus 2.50 percent or LIBOR plus nd the revolving credit line bore interest, at the Company s option, at rates equal to the prime rate plus r LIBOR plus 2.50 percent.

Credit Facility contained certain covenants and conditions, which imposed limitations on the Company ng units, including restriction on the payment of cash dividends and a requirement to

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

nancial tests and to maintain on a quarterly basis certain consolidated financial ratios, including est coverage, minimum fixed coverage, minimum operating cash flow and capital expenditures. The acility also contained a feature whereby if the Company generated cash from operations above a lculated amount, the Company was required to use a portion of that cash to make principal prepayments an portion of the 2003 Credit Facility.

e Company made prepayments on the term loan portion of the Credit Facility totaling $30 million, ddition to a $10 million prepayment made in December 2003. The prepayments reduced all future n loan payments on a pro-rata basis. As a result, the Company had borrowings outstanding of $78,395 loan portion of the 2003 Credit facility and letters of credit outstanding and bank guarantees totaling orted by the revolving credit line portion of the 2003 Credit Facility.

any paid interest of $1,085 for the 2005 Successor Period, $4,397 in the 2005 Reorganized Period, year ended December 31, 2004, $2,268 in the three months ended December 31, 2003, and $10,021 in hs ended September 30, 2003.

mployee Separation and Plant Closure Costs

e Company continued its manufacturing facility reduction plan which commenced in 2002. These d in the closure of the Company s Energy and Chemicals segment manufacturing facility in on, U.K. in March 2003, the closure in September 2003 of the Company s Energy and Chemicals and engineering office in Westborough, MA and the announcements in December 2003 and January osure of the Company s Distribution and Storage segment manufacturing facility in Plaistow, NH and the gment manufacturing and office facility in Burnsville, MN, respectively. In 2004, the Company shutdown of the Plaistow, NH manufacturing facility and continued the shutdown of the Burnsville, uring facility, which was completed in the first quarter of 2005. In each of these facility closures, the not exit the product lines manufactured at those sites, but moved the manufacturing to other facilities capacity, most notably New Prague, MN for engineered tank production and Canton, GA for medical oduction. During 2005 and 2004, the Company recorded employee separation and plant closure costs closures of these various facilities and also recorded non-cash inventory valuation charges included in certain of these sites.

ving tables summarize the Company s employee separation and plant closure costs activity for 2005, 2004

	October 17, 2005 to December 31, 2005 Successor Company				
	BioMedical	Distribution & Storage	Energy & Chemicals	Corporate	Total
loyee termination costs	$ 17	$(120)	$ 78	$ 86	$ 61
ed costs	2	102	(26)		78
aration and plant closure	19	(18)	52	86	139
ation in cost of sales	149			(34)	115
	168	(18)	52	52	254
	(33)	(97)	(48)	(57)	(235)
erve	135	(115)	4	(5)	19

October 16, 2005	104	305	1,553	5	1,967
December 31, 2005	$239	$ 190	$1,557	$	$1,986

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

	January 1, 2005 to October 16, 2005 Reorganized Company				
	BioMedical	Distribution & Storage	Energy & Chemicals	Corporate	Total
loyee termination costs	$	$ 41	$	$ (159)	$ (118)
ed costs	540	465	129	41	1,175
aration and plant closure	540	506	129	(118)	1,057
ation in cost of sales	643				643
	1,183	506	129	(118)	1,700
	(1,451)	(542)	(133)	(370)	(2,496)
erve	(268)	(36)	(4)	(488)	(796)
January 1, 2005	372	341	1,557	493	2,763
October 16, 2005	$ 104	$ 305	$ 1,553	$ 5	$ 1,967

	Year Ended December 31, 2004 Reorganized Company				
	BioMedical	Distribution & Storage	Energy & Chemical	Corporate	Total
loyee termination costs	$ 381	$ 215	$ 303	$ 398	$ 1,297
nation costs		317	29		346
ed costs	406	726	412	(18)	1,526
aration and plant closure	787	1,258	744	380	3,169
ation in costs of sales	97	80			177
	884	1,338	744	380	3,346
	(512)	(1,530)	(1,369)	(562)	(3,973)
erve	372	(192)	(625)	(182)	(627)
January 1, 2004		533	2,182	675	3,390
December 31, 2004	$ 372	$ 341	$ 1,557	$ 493	$ 2,763

	Three Months Ended December 31, 2003	Reorganized Company			
	BioMedical	**Distribution & Storage**	**Energy & Chemical**	**Corporate**	**Total**
loyee termination costs	$ 139	$ 633	$ 28	$ 19	$ 819
ed costs	9		113	69	191
aration and plant closure	148	633	141	88	1,010
	(165)	(721)	(307)	48	(1,145)
erve	(17)	(88)	(166)	136	(135)
October 1, 2003	17	621	2,348	539	3,525
December 31, 2003	$	$ 533	$2,182	$675	$ 3,390

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

Nine Months Ended September 30, 2003 Predecessor Company

	BioMedical	Distribution & Storage	Energy & Chemicals	Corporate	Total
loyee termination costs	$ 42	$ 350	$ 754	$ 384	$ 1,530
nation costs	47	(1,604)	756	97	(704)
ed costs	10	8	30	8	56
aration and plant closure					
	99	(1,246)	1,540	489	882
ation in cost of sales	16	440			456
	115	(806)	1,540	489	1,338
to CHEL insolvency			(2,976)		(2,976)
	(328)	(1,665)	(1,182)	(477)	(3,652)
erve	(213)	(2,471)	(2,618)	12	(5,290)
January 1, 2003	230	3,092	4,966	527	8,815
September 30, 2003	$ 17	$ 621	$ 2,348	$ 539	$ 3,525

cquisitions
5, 2005, the Company acquired 100 percent of the equity interest in Changzhou CEM Cryo Equipment EM), a foreign owned enterprise established under the laws of the People s Republic of China. The was $13,664, consisting of cash of $12,198 and the issuance of a promissory note of $1,466 payable to estimated fair value of the net assets acquired and goodwill at the date of acquisition was $8,894 and tively. For the 2005 Reorganized Period, the Company recorded a charge of $2,768 for the write-off of process research and development that was included in the fair value of net assets acquired. CEM has in the Company s Distribution and Storage operating segment and included approximately $4,100 of the Acquisition.
ry 27, 2004, the Company s Coastal Fabrication joint venture (Coastal Fabrication) executed an edeem the joint venture partner s 50 percent equity interest of $289 for cash consideration of $250 and of additional consideration being paid based upon the number of direct labor manufacturing hours he Company s New Iberia, LA facility during 2004 and 2005. The $39 difference between the cash paid and the value of the 50 percent equity interest was recorded by Coastal Fabrication as a reduction of ssets. As a result of the elimination of the joint venture partner and the assumption of 100 percent of Company, the assets, liabilities and operating results of Coastal Fabrication are included in these nancial statements subsequent to February 27, 2004.
oss on Insolvent Subsidiary
2003, the Company completed the closure of its Wolverhampton, United Kingdom manufacturing ed by CHEL, and all current heat exchanger manufacturing is now being conducted at its LaCrosse, WI

28, 2003, CHEL filed for a voluntary administration under the U.K. Insolvency Act of 1986. CHEL s
r voluntary administration was approved on April 1, 2003 and an administrator was appointed. In
th SFAS No. 94, Consolidation of All Majority-Owned Subsidiaries, the Company is not consolidating
r financial results of CHEL subsequent to March 28, 2003 due to the assumption of control of CHEL by
administrator.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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March 28, 2003, the Company recorded a non-cash impairment charge of $13,682 to write off its net CHEL. The components of this impairment charge included:

ivable	$ 2,413
receivables	3,904
t and equipment, net	2,939
assets	1,168
ble	(1,323)
ther current liabilities	(1,302)
anslation adjustment	3,268
sion liability	2,615
	$13,682

ncome Taxes

ncome taxes reflect the net tax effect of temporary differences between the carrying amounts of assets for financial reporting purposes and the amounts used for income tax purposes. Significant components ny s deferred tax assets and liabilities are as follows:

	Successor Company	Reorganized Company
	December 31, 2005	December 31, 2004
ssets:		
nd reserves	$ 7,665	$ 7,355
	2,699	3,209
	1,288	1,490
t	3,370	4,535
red tax assets	$ 15,022	$16,589
abilities:		
lant and equipment	$ 5,795	$ 6,218
	58,836	16,185
red tax liabilities	$ 64,631	$22,403
x (liabilities) asset	$(49,609)	$ (5,814)

any has not provided for income taxes on approximately $15,226 of foreign subsidiaries undistributed December 31, 2005, since the earnings retained have been reinvested indefinitely by the subsidiaries. It ble to estimate the additional income taxes and applicable foreign withholding taxes that would be

remittance of such undistributed earnings.
passed the American Jobs Creation Act in October 2004. The Act provided for a special one-time tax
5 percent of certain foreign earnings that are repatriated (as defined in the Act) in 2005. During the 2005
eriod, the Company recorded income tax expense of $156 for the repatriation of $2,970 of foreign
the Act.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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ome from continuing operations before income taxes and minority interest consists of the following:

	Successor Company	Reorganized Company			Predecessor Company
	October 17, 2005 to December 31, 2005	January 1, 2005 to October 16, 2005	Year Ended December 31, 2004	Three Months Ended December 31, 2003	Nine Months Ended September 30, 2003
	$(1,425)	$10,718	$25,566	$ 1,749	$(13,689)
	530	5,319	7,266	(1,823)	5,189
	$ (895)	$16,037	$32,832	$ (74)	$ (8,500)

t components of the provision for income taxes are as follows:

	Successor Company	Reorganized Company			Predecessor Company
	October 17, 2005 to December 31, 2005	January 1, 2005 to October 16, 2005	Year Ended December 31, 2004	Three Months Ended December 31, 2003	Nine Months Ended September 30, 2003
	$ 1,476	$ 6,601	$ 5,224	$	$(5,308)
	199	1,013	928	181	158
	227	1,806	1,879	(932)	1,905
	1,902	9,420	8,031	(751)	(3,245)
	(2,055)	(1,793)	1,692	537	6,639
	(185)	(161)	166		664
	(103)	(307)	245	89	(2,303)
	(2,343)	(2,261)	2,103	626	5,000
	$ (441)	$ 7,159	$10,134	$(125)	$ 1,755

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

ciliation of income taxes computed at the U.S. federal statutory tax rates to income tax expense is as

	Successor Company	Reorganized Company			Predecessor Company
	October 17, 2005 to December 31, 2005	January 1, 2005 to October 16, 2005	Year Ended December 31, 2004	Three Months Ended December 31, 2003	Nine Months Ended September 30, 2003
enefit) expense at rates	$ (313)	$5,691	$11,491	$ (26)	$ (2,683)
axes, net of federal	129	659	612	118	102
ess income					(18,283)
gn taxes paid	(127)	(408)			
ate differential of de of U.S.	(71)	(463)	(488)	(205)	89
nefit of foreign sales	(130)	(648)	(456)	(88)	(263)
e (taxable) items other items	71	1,203	(525)	76	4,535
earch and		969			
counting adjustments allowance					22,274
f foreign earnings		156			
contingency			(500)		(4,016)
	$ (441)	$7,159	$10,134	$ (125)	$ 1,755

05 Reorganized Period, the Company received a tax benefit of $5,818 from the exercise of stock options he Acquisition. The Company had net income tax payments (refunds) of $3,113 in the 2005 Successor 0 in the 2005 Reorganized Period, $8,035 in 2004, $362 in the three months ended December 31, 2003, n the nine months ended September 30, 2003.

iscontinued Operation and Assets Held for Sale

2003, the Company sold certain assets and liabilities of its former Greenville Tube, LLC stainless steel s, which the Company previously reported as a component of its Energy and Chemicals operating Company received gross proceeds of $15,500, consisting of $13,550 in cash and $1,950 in a long-term note, which resulted in a gain of $2,400, net of taxes of $1,292, recorded in the nine months ended 2003. In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived ompany classified the operating results of this business and the gain on sale as a discontinued operation ated statements of operations for the nine months ended September 30, 2003. The amount of revenue continued operations was $8,807 for the nine months ended September 30, 2003. The amount of pre-tax in discontinued operations is equal to the income from discontinued operation, net of income taxes,

pany did not allocate income tax expense to this business.
ber 2003, the Company decided to sell a vacant building and a parcel of land at its New Prague, MN
nd Storage manufacturing facility. These assets were sold in April 2004 for $550 and the Company
s of $11 due to selling expenses. The net proceeds from this sale were used for working capital purposes.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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2004, the Company decided to sell a building and parcel of land at its Burnsville, MN Biomedical and office facility. In June 2004, the Company executed an agreement to sell the Burnsville facility for se the net sales price, estimated to be $4,175 after selling costs, was lower than the carrying value, the itten down to the net sales price by recording a $404 loss on sale of assets in 2004. The net proceeds were used to pay down $880 of debt outstanding under an industrial revenue bond and the remainder vorking capital purposes.

04, the Company decided to sell a building, parcel of land and manufacturing equipment at its Plaistow, on and Storage manufacturing and office facility. The manufacturing equipment was sold in August 32 resulting in a gain on sale of assets of $549. In September 2004, the Company entered into an ich expired in July 2005, to sell the idle Plaistow land and building for $3,567, net of selling costs. It d the net sales price per the agreement was lower than the carrying value and the Company recorded a airment loss of $386 in 2004. During the 2005 Reorganization Period, an additional $483 fair value ss was recognized by the Reorganized Company as the Company entered into another agreement to sell uilding that expired in the first quarter of 2006. At December 31, 2005 the carrying value of this ed $3,084. The Plaistow facility is classified as held for sale on its consolidated balance sheet as of 2005 and 2004. The Company continues to pursue the sale of the land and building and expects a sale to within the next year. Net proceeds from such sale are expected to be available for working capital

nployee Benefit Plans

any has four defined benefit pension plans (the Plans) covering certain U.S. hourly and salary s of December 31, 2005 and 2004, three of the Plans were frozen. Effective February 28, 2006, the fourth en. The Plans provided benefits primarily based on the participants years of service and compensation. ving table sets forth the components of net periodic pension (benefit) cost for the 2005 Successor Period, ganized Period, the year ended December 31, 2004, the three months ended December 31, 2003 and the nded September 30, 2003 based on a December 31 measurement date.

	Successor Company	Reorganized Company			Predecessor Company
	October 17, 2005 to December 31, 2005	January 1, 2005 to October 16, 2005	Year Ended December 31, 2004	Three Months Ended December 31, 2003	Nine Months Ended September 30, 2003
	$ 53	$ 205	$ 887	$ 269	$ 851
	410	1,559	2,056	534	1,515
n on plan assets	(474)	(1,807)	(2,135)	(472)	(1,197)
of net (gain) loss		(6)	(48)		431
of prior service		(141)			83
(benefit) cost	$ (11)	$ (190)	$ 760	$ 331	$ 1,683

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

ving table sets forth changes in the projected benefit obligation and plan assets, the funded status of the amounts recognized in the consolidated balance sheet:

	Successor Company December 31, 2005	Reorganized Company December 31, 2004
jected benefit obligation:		
ected benefit obligation	$36,104	$ 35,354
t	258	887
t	1,969	2,056
id	(990)	(943)
dments		(2,015)
osses and plan changes	63	765
projected benefit obligation	$37,404	$ 36,104
n assets:		
anuary 1	$27,789	$ 25,244
rn	2,359	1,777
contributions	946	1,711
id	(990)	(943)
December 31	$30,104	$ 27,789
cognized:		
tus of the plans	$ (7,300)	$ (8,315)
zed actuarial loss (gain)	424	(874)
ability recognized	$ (6,876)	$ (9,189)
fit liability	$ (7,300)	$(11,106)
other comprehensive loss	424	1,917
ability recognized	$ (6,876)	$ (9,189)

ulated benefit obligation is equal to the projected benefit obligation at December 31, 2005 and 2004 of the Plans were frozen at these dates and the remaining plan was service related. A minimum pension ment was required as of December 31, 2005 and 2004 as the actuarial present value of a projected ions exceeded plan assets and accrued pension liabilities.

ber 31, 2005, the Company s consolidated net pension liability recognized was $6.9 million, a decrease of om December 31, 2004. The decrease is primarily due to an increase in the fair value of plan assets nd the recognition of the net unamortized gain at the Closing Date of the Acquisition in accordance with usiness Combinations .

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

ial assumptions used in determining the funded status information and subsequent net periodic pension ows:

	Successor Company	Reorganized Company			Predecessor Company
	October 17, 2005 to December 31, 2005	January 1, 2005 to October 16, 2005	Year Ended December 31, 2004	Three Months Ended December 31, 2003	Nine Months Ended September 30, 2003
Plans					
te	5.50%	5.75%	5.75%	6.25%	6.50%
verage rate of compensation	*	3.00%	4.00%	4.00%	4.00%
ng-term weighted e of return on plan	8.25%	8.25%	8.25%	8.25%	8.25%

pplicable as Plans were frozen and participants are no longer accruing benefits.
ted long-term weighted average rate of return on plan assets was established using the Company s target n for equity and debt securities and the historical average rates of return for equity and debt securities. employs a total return investment approach whereby a mix of equities and fixed income investments are ize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through eration of short- and long-term plan liabilities, plan funded status and corporate financial condition. The rtfolio contains a diversified blend of equity and fixed-income investments. Furthermore, equity e diversified across U.S. and non-U.S. stocks, as well as growth, value, and small and large . Additionally, the Plans held 2,540 shares of the Reorganized Company s common stock with fair values 57 at December 31, 2004 and 2003, respectively, and did not receive any dividends on these shares r 2003. Investment risk is measured and monitored on an ongoing basis through quarterly investment ws, annual liability measurements and periodic asset/liability studies. The Company s pension plan age actual and target asset allocations by asset category at December 31 are as follows:

		Actual	
	Target	Successor Company 2005	Reorganized Company 2004
	64%	57%	57%
funds	34%	41%	41%

equivalents	2%	2%	2%
	100%	100%	100%

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

any s funding policy is to contribute at least the minimum funding amounts required by law. Based upon al estimates, the Company expects to contribute $1,263 to its defined benefit pension plans in 2006 and llowing benefit payments to be paid by the plans:

	$1,176
	1,263
	1,327
	1,432
	1,578
	$6,776

any presently makes contributions to one bargaining unit supported multi-employer pension plans pense of $78 for the 2005 Successor Period, $282 for the 2005 Reorganized Period, $313 for the year ber 31, 2004, $110 for the three months ended December 31, 2003 and $199 for the nine months ended 2003. As part of the closure of Plaistow, NH facility in 2004, the Company withdrew from the r plan upon final termination of all employees at such facility. The Company has recorded a related drawal liability of $170 at December 31, 2005 and 2004. Any additional liability over this accrued expected to have a material adverse impact on the Company s financial position, liquidity, cash flows or ations.

any has a defined contribution savings plan that covers most of its U.S. employees. Company o the plan are based on employee contributions, and a Company match and discretionary contributions. r the plan totaled $517 for the 2005 Successor Period, $2,188 for the 2005 Reorganized Period, $1,483 ded December 31, 2004, $313 for the three months ended December 31, 2003 and $1,118 for the nine September 30, 2003.

ock Option Plans

ber 2005, 2,208 New Options were granted to certain management employees of the Company, under the centive Plan, to purchase shares of the Successor Company s common stock at an exercise price of e. In addition, certain members of management rolled over 610 options from the Reorganized Company s n exercise price of $3.50 per share.

Options are exercisable for a period of ten years and have two different vesting schedules. 779 of the are time-based (Time-based Options) and vest annually in equal installments over a five year period, and ew Options are performance-based (Performance-based Options) and vest based upon specified actual t Reserve s investment in the Company. In addition, 567 of the Rollover Options were vested on the of the Acquisition and 43 unvested Rollover Options vest upon the performance criteria of the 004 Plan. As of March 22, 2006, 595 of the Rollover Options were vested. The New Options generally nsferred, and any shares of stock that are acquired upon exercise of the New Options generally may not erred, assigned or disposed of except under certain predefined liquidity events or in the event of a rol. As of December 31, 2005, there were 2,818 vested and unvested options outstanding. For the 2005 od, $437 of stock-based compensation expense was recognized for the New Options and the Rollover ecember 31, 2005, the unrecognized total share-based compensation expense to be recorded over the s related to non-vested awards is $2,716.

lue of the New Options was estimated at the date of grant using a Black-Scholes option pricing model ving weighted-average assumptions: risk-free interest rate of 4.8 percent; dividend yields of 0.0 percent; rs of the expected market price of the Company s common shares of

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

nd a weighted-average expected life of 7.5 years for the options. Volatility was calculated using an Reorganized Company s historical closing stock price on the OTCBB from October 2, 2003 to 005. Stock-based compensation expense for the Time-based Options is recorded on a straight-line basis g period.

r 17, 2005, in conjunction with the Acquisition, all of the unvested 2004 Options under the Reorganized 004 Plan were vested upon the change of control, except for 43 Rollover Options. The Reorganized 004 Options are described further below. As a result of normal vesting and the change in control, $9,508 compensation expense was recognized for the 2005 Reorganized Period.

19, 2004, the Reorganized Company granted 436 of 2004 Options to purchase shares of the Company s with an exercise price of $13.89 per share when the closing market price of the Company s common .00 per share. These 2004 Options were accounted for under the intrinsic value method of APB Opinion ounting for Stock Issued to Employees (APB 25). These non-qualified stock options were exercisable for a ears and have two different vesting schedules: 320 options were scheduled to vest in equal annual ver a four-year period and 116 options were scheduled to vest over a 45-month period, which pril 1, 2004, based upon the achievement of specific operating performance goals during that 45-month rmined by the Compensation Committee of the Board of Directors. The 320 2004 Options on the sting schedule were accounted for as a fixed compensatory plan under APB 25. For these options, the ected to record $4,313 as compensation expense over the vesting period based on the $14.11 difference osing market price and the exercise price on the date of grant. The 116 2004 Options on the ased vesting schedule were accounted for as a variable compensatory plan under APB 25. For these ompany recorded compensation expense over the vesting period based upon the difference between the price of the Company s stock and the exercise price at each balance sheet measurement date, and the stimate of the number of options that will ultimately vest based upon actual and estimated performance in the performance targets.

04, 14 options on the time-based vesting schedule and 14 options on the performance-based vesting cancelled due to the resignation of eligible employees, and 42 additional 2004 Options on the sting schedule and 30 additional 2004 Options on the performance-based vesting schedule were issued at rket price on the date of grant to then new eligible employees and non-employee members of the oard of Directors. The 42 2004 Options with the time-based vesting schedule were accounted for as a er APB 25. For these options, the Company recorded no compensation expense, since the exercise price he market price at the date of grant. The 30 Options with the performance-based vesting schedule were as a variable compensatory plan under APB 25 and the Company recorded compensation expense using od as the initial 116 performance-based options. As of December 31, 2004, there were 480 options or the year ended December 31, 2004, the Company recognized $1,998 of stock-based compensation

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

formation for the 2005 Successor Company and the year ended December 31, 2004, relative to the mpany s and Reorganized Company s stock option plans is summarized below:

	Successor Company December 31, 2005		Reorganized Company December 31, 2004	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
alance at beginning of period		$		$
	610	3.50		
	2,208	6.41	508	18.04
celed			(28)	13.89
end of period	2,818	$ 5.78	480	$ 18.28
end of year *	567	$ 3.50	104	
rage fair value of options granted during the	$ 37.03		$	
end of year	32		34	
future grant at end of year	68		75	

contractual term of 8 years and 3 months.

ease Commitments

any incurred $717, $2,665, $3,478, $974 and $3,756 of rental expense under operating leases for the r Period, the 2005 Reorganized Period, the year ended December 31, 2004, the three months ended 2003 and the nine months ended September 30, 2003. Certain leases contain rent escalation clauses and ons that require additional rental payments in the later years of the term. Rent expense for these types of gnized on a straight-line basis over the minimum lease term. In addition, the Company has the right, but to renew certain leases for various renewal terms. At December 31, 2005, future minimum lease non-cancelable operating leases for the next five years total $8,547 and are payable as follows: 2006 $1,855; 2008 $1,713; 2009 $1,600; and 2010 $1,339.

ontingencies

ental

any is subject to federal, state and local environmental laws and regulations concerning, among other water effluents, air emissions and handling and disposal of hazardous materials such as cleaning fluids. is involved with environmental compliance, investigation, monitoring and remediation activities at

wned manufacturing facilities and at one owned facility that is leased to a third party, and, except for
ng remediation efforts, believes it is currently in substantial compliance with all known environmental
t December 31, 2005 and 2004, the Company had undiscounted accrued environmental reserves of
,460, respectively, recorded in other long-term liabilities. The Company accrues for certain
remediation-related activities for which commitments or remediation plans have been developed and
s can be reasonably estimated. These estimates are determined based upon currently available facts and
regarding each facility.

CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

ncurred may vary from these estimates due to the inherent uncertainties involved. Future expenditures se environmental remediation efforts are expected to be made over the next 8 to 14 years as ongoing iation programs.

he Company believes it has adequately provided for the cost of all known environmental conditions, the ulatory agencies could insist upon different and more costly remediation than those the Company lequate or required by existing law. The Company believes that any additional liability in excess of ed which may result from the resolution of such matters will not have a material adverse effect on the nancial position, liquidity, cash flows or results of operations.

Rights

tion with the Acquisition and the Notice of Merger dated October 25, 2005, certain of the former f the Reorganized Company representing 244,180 shares of common stock, gave notice of their right re General Corporation Law to exercise appraisal rights. In February 2006, before the former led suit in court under Delaware General Corporation Law, the Company settled this appraisal rights ng additional proceeds to these former shareholders of $0.5 million. This settlement amount was cember 31, 2005.

2003, the Company completed the closure of its Wolverhampton, United Kingdom manufacturing ed by CHEL, and all current heat exchanger manufacturing is being conducted at the Company s facility. On March 28, 2003, CHEL filed for a voluntary administration under the United Kingdom lvency Act of 1986. CHEL s application for voluntary administration was approved on April 1, 2003 and an was appointed. Additionally, the Company received information that indicated that CHEL s net pension ns had increased significantly primarily due to a decline in plan asset values and interest rates as well as liabilities, resulting in an estimated plan deficit of approximately $12.0 million as of March 2003. Company s financial condition in March 2003, it determined not to advance funds to CHEL in amounts und CHEL s obligations. Since CHEL was unable to fund its net pension deficit, pay remaining severance employees, or pay other creditors, the trustees of the CHEL pension plan requested a decision to an from a U.K. pension regulatory board. That board approved the wind-up as of March 28, 2003. any does not believe that it is legally obligated to fund the net pension deficit of the CHEL pension plan ., which is no longer one of the Company s consolidated subsidiaries, was the sponsor of the pension ntity with primary responsibility for the plan. In addition, the Company considered itself and its ubsidiaries legally released from being the primary obligor of any CHEL liabilities. Further, at the time administrator assumed control of CHEL, the Company no longer had control of the assets or liabilities a result, in March 2003, the Company wrote-off its net investment in CHEL. In addition, any claims of the Company were discharged in bankruptcy as part of the Company s Reorganization Plan. claims presently are pending against the Company related to CHEL s insolvency, persons impacted by the others could bring a claim against the Company asserting that the Company is directly responsible for enefit related liabilities of CHEL. Although the Company would contest any claim of this kind, it can urance that claims will not be asserted against it in the future. To the extent the Company has a bility related to CHEL s insolvency and pension wind-up, satisfaction of that liability could have a se impact on the Company s liquidity, results of operations and financial position.

CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

l Reorganization

2003, the Company and all of its then majority-owned U.S. subsidiaries filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code with the United States Bankruptcy Court for the aware to implement an agreed upon senior debt restructuring plan through a pre-packaged plan of . None of the Company s non-U.S. subsidiaries were included in the filing in the Bankruptcy Court. On 2003, the Reorganized Company and all of its majority-owned U.S. subsidiaries emerged from oceedings pursuant to the Amended Joint Prepackaged Reorganization Plan of Chart Industries, Inc. and liaries, dated September 3, 2003. The Company has resolved all proofs of claim asserted in the oceedings, including the settlement in July 2005 of a finders fee claim in the amount of $1.1 million ormer shareholder of the Company, against which the Company had filed an objection in the ourt. The Company expects to move forward to close these proceedings in 2006.

ce Under Contracts

any is occasionally subject to various other legal actions related to performance under contracts, product her matters, several of which actions claim substantial damages, in the ordinary course of its business. Company s historical experience in litigating these actions, as well as the Company s current assessment ng merits of the actions and applicable insurance, the Company believes the resolution of these other vill not have a material adverse effect on the Company s financial position, liquidity, cash flows or results

ceedings

any is a party to other legal proceedings incidental to the normal course of its business. Based on the storical experience in litigating these actions, as well as the Company s current assessment of the rits of the actions and applicable insurance, management believes that the final resolution of these ot have a material adverse affect on the Company s financial position, liquidity, cash flows or results of

eporting Segments

any s structure of its internal organization is divided into the following three reportable segments: hemicals, Distribution and Storage, and BioMedical. The Company s reportable segments are business different products. The reportable segments are each managed separately because they manufacture and nct products with different production processes and sales and marketing approaches. The Energy and ment sells heat exchangers, cold boxes and liquefied natural gas vacuum insulated pipe to natural gas, processing and industrial gas companies who use them for the liquefaction and separation of natural and s. The Distribution and Storage segment sells cryogenic bulk storage systems, cryogenic packaged gas genic systems and components, beverage liquid CO_2 systems and cryogenic services to various the storage and transportation of both industrial and natural gases. The BioMedical segment sells atory products, biological storage systems and magnetic resonance imaging cryostat components. Due to he products that each operating segment sells, there are no inter-segment sales. The Company moved the nd reporting of the LNG alternative fuel systems product line from the Energy and Chemicals segment tion and Storage segment effective December 31, 2004. All segment information for all periods been restated to conform to this presentation. Corporate headquarters includes operating expenses for agement, accounting, tax, treasury, human resources, information technology, legal, risk management ed compensation expense that are not allocated to the reportable segments.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

any evaluates performance and allocates resources based on operating income or loss from continuing ore net interest expense, financing costs amortization expense, derivative contracts valuation expense, cy loss, income taxes, minority interest and cumulative effect of change in accounting principle. The licies of the reportable segments are the same as those described in the summary of significant licies.

n for the Company s three reportable segments and its corporate headquarters, and product revenue and formation for the Company, is presented below:

Successor Company

October 17, 2005 to December 31, 2005

	Reportable Segments				
	Energy and Chemicals	**Distribution and Storage**	**BioMedical**	**Corporate**	**Total**
n external customers	$ 34,135	$ 47,832	$15,685	$	$ 97,652
aration and plant benefit)	52	(18)	19	86	139
nd amortization	1,424	2,152	458	54	4,088
ome (loss)	5,092	3,947	714	(4,683)	5,070
)(C)	177,915	341,644	93,929	28,318	641,806
ditures	877	3,338	1,255	131	5,601

Reorganized Company

January 1, 2005 to October 16, 2005

	Reportable Segments				
	Energy and Chemicals	**Distribution and Storage**	**BioMedical**	**Corporate**	**Total**
n external customers	$86,920	$161,329	$57,248	$	$305,497
aration and plant benefit)	129	506	540	(118)	1,057
nd amortization	931	3,694	1,901	282	6,808
ome (loss)	13,717	27,005	8,343	(28,206)	20,859
)(D)	85,203	151,404	99,001	7,499	343,107
ditures	2,817	5,878	1,490	853	11,038

Reorganized Company

Year Ended December 31, 2004

Reportable Segments

	Energy and Chemicals	Distribution and Storage	BioMedical	Corporate	Total
n external	$69,609	$162,508	$ 73,459	$	$305,576
aration and plant	744	1,258	787	380	3,169
nd amortization	1,180	2,614	1,386	3,310	8,490
e in joint venture	(51)				(51)
ome (loss)	11,545	27,951	14,208	(16,625)	37,079
)(D)	65,212	118,555	100,768	22,545	307,080
litures	1,681	4,643	2,357	698	9,379

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

Reorganized Company

Three Months Ended December 31, 2003

	Reportable Segments				
	Energy and Chemicals	Distribution and Storage	BioMedical	Corporate	Total
n external customers	$15,699	$ 37,863	$ 15,008	$	$ 68,570
aration and plant	141	633	148	88	1,010
nd amortization	356	991	791	87	2,225
e in joint venture	(41)				(41)
ome (loss)(A)	3,298	1,613	(479)	(3,512)	920
)(D)	62,558	105,508	105,127	26,444	299,637
nent in joint venture	340				340
ditures	42	476			518

Predecessor Company

Nine Months Ended September 30, 2003

	Reportable Segments				
	Energy and Chemicals	Distribution and Storage	BioMedical	Corporate	Total
n external	$42,910	$102,469	$ 51,638	$	$197,017
aration and plant benefit)	1,540	(1,246)	99	489	882
nd amortization	934	4,639	1,505	529	7,607
ent subsidiary	13,682				13,682
ome (loss)(A)	(8,694)	9,112	12,381	(14,736)	(1,937)
)(D)	59,307	105,147	109,196	39,272	312,922
nent in joint venture	381				381
ditures	138	1,573	196		1,907

e operating loss for the nine months ended September 30, 2003 includes $6,046 of professional fees by the Company related to its debt restructuring activities.

e assets at December 31, 2005, October 16, 2005, December 31, 2004, December 31, 2003 and er 30, 2003 consist primarily of cash and cash equivalents and deferred income taxes.

ets at December 31, 2005 includes goodwill of $72,833, $128,653 and $35,256 for the Energy and ls, Distribution and Storage, and BioMedical segments, respectively.

ets at October 16, 2005, December 31, 2004, December 31, 2003 and September 30, 2003 includes of $31,648, $2,787 and $40,675 for the Energy and Chemicals, Distribution and Storage, and cal segments, respectively.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

iation of the total of the reportable segments operating income (loss) from continuing operations to loss) income from continuing operations before income taxes, minority interest and cumulative effect of ounting principle is presented below:

	Successor Company	Reorganized Company			Predecessor Company
	October 17, 2005 to December 31, 2005	January 1, 2005 to October 16, 2005	Year Ended December 31, 2004	Three Months Ended December 31, 2003	Nine Months Ended September 30, 2003
ome (loss) from erations	$ 5,070	$ 20,859	$ 37,079	$ 920	$ (1,937)
(expense):					
ense, net	(5,565)	(4,192)	(4,760)	(1,390)	(9,911)
osts amortization	(308)				(1,653)
contracts valuation pense)	9	28	48	46	(389)
cy gain (loss)	(101)	(659)	465	350	(287)
n items, net					5,677
from continuing ore income taxes nterest	$ (895)	$ 16,036	$ 32,832	$ (74)	$ (8,500)

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

	Successor Company	Reorganized Company			Predecessor Company
	October 17, 2005 to December 31, 2005	January 1, 2005 to October 16, 2005	Year Ended December 31, 2004	Three Months Ended December 31, 2003	Nine Months Ended September 30, 2003
nue Information:					
Chemicals Segment					
ngers	$ 22,218	$ 52,702	$ 48,091	$ 10,975	$ 31,430
and LNG VIP	11,917	34,218	21,518	4,724	11,480
	34,135	86,920	69,609	15,699	42,910
nd Storage					
bulk storage	22,626	70,180	73,118	17,950	43,248
packaged gas d beverage liquid ns	18,150	65,713	59,706	13,447	41,677
systems and s	2,862	11,571	14,767	3,798	8,424
services	4,194	13,865	14,917	2,668	9,120
	47,832	161,329	162,508	37,863	102,469
egment					
oducts and torage systems	13,355	48,488	62,873	12,337	41,355
onents and other	2,330	$ 8,760	10,586	2,671	10,283
	15,685	57,248	73,459	15,008	51,638
	$ 97,652	$ 305,497	$ 305,576	$ 68,570	$ 197,017

Successor Company		Predecessor Company		Reorganized Company
October 17, 2005	January 1, 2005	Year	Three Months	Nine Months

	to December 31, 2005		to October 16, 2005	Ended December 31, 2004		Ended December 31, 2003	Ended September 30, 2003
nformation:	Revenues	Long-Lived Assets	Revenues	Revenues	Long-Lived Assets	Revenues	Revenues
	$ 75,692	$ 398,576	$ 233,669	$ 233,466	$ 156,181	$ 52,828	$ 155,451
ic	12,829	27,944	42,645	43,163	5,494	10,205	20,406
S. Countries	9,131	42,222	29,183	28,947	6,016	5,537	21,160
	$ 97,652	$ 468,742	$ 305,497	$ 305,576	$ 167,691	$ 68,570	$ 197,017

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars and shares in thousands, except per share amounts)

arterly Data (Unaudited)

uarterly data for the years ended December 31, 2005 and 2004 are as follows:

	Year Ended December 31, 2005				
	Reorganized Company				Successor Company
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter(a)	Fourth Quarter(a)
	$ 85,170	$ 99,721	$ 105,787	$ 14,819	$ 97,652
	24,898	29,932	30,101	3,282	21,919
aration and plant closure costs	604	201	200	52	139
ome	9,893	15,332	12,505	(16,871)	5,070
	5,795	8,658	7,228	(12,823)	(506)

h quarter for the Reorganized Company is the period October 1, 2005 to October 16, 2005 and the fourth r the Successor Company is the period October 17, 2005 to December 31, 2005.

	Year Ended December 31, 2004				
	Reorganized Company				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
	$ 68,782	$ 74,665	$ 76,380	$ 85,749	$ 305,576
	21,831	22,136	23,687	26,152	93,806
aration and plant closure costs	(964)	(776)	(618)	(811)	(3,169)
ome	7,804	7,809	9,775	11,691	37,079
	4,034	4,223	6,924	7,419	22,600

ubsequent Events

y 2006, the Company paid $1,498, including fees to acquire the remaining 4.3% of minority interest in .s. The Company expects to own a 100% interest in Chart Ferox, a.s. during 2006, subject to Czech approval.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share amounts)

	March 31, 2006 (Unaudited)	December 31, 2005
:		
ash equivalents	$ 19,462	$ 15,433
eceivable, net	64,237	62,463
, net	53,596	53,132
ontract revenue	32,440	23,813
ent assets	17,272	15,139
l for sale	3,084	3,084
ssets	190,091	173,064
t and equipment, net	66,205	64,265
	236,810	236,742
angible assets, net	150,495	154,063
et	12,882	13,672
ETS	$ 656,483	$ 641,806
S AND SHAREHOLDERS EQUITY		
ties:		
payable	$ 38,130	$ 34,435
advances and billings in excess of contract revenue	40,166	26,741
xpenses and other current liabilities	36,648	41,001
debt	1,513	2,304
iabilities	116,457	104,481
t	340,000	345,000
m liabilities	75,880	75,995
equity:		
tock, par value $.01 per share 9,500,000 shares authorized, shares issued and outstanding at March 31, 2006 and 31, 2005	80	80
paid-in capital	117,625	117,304
arnings (deficit)	5,539	(506)
ed other comprehensive income (loss)	902	(548)
	124,146	116,330
BILITIES AND SHAREHOLDER S EQUITY	$ 656,483	$ 641,806

neet at December 31, 2005 has been derived from the audited financial statements at that date but does
of the information and footnotes required by U.S. generally accepted accounting principles for complete
ments.
ying notes to these unaudited condensed consolidated financial statements. The accompanying notes are
t of these unaudited condensed consolidated financial statements.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(Dollars and shares in thousands, except per share amounts)

	Successor Company		Reorganized Company	
	Three Months Ended March 31, 2006		Three Months Ended March 31, 2005	
	$	120,840	$	85,170
		83,853		60,532
		36,987		24,638
al and administrative expenses		21,039		14,401
aration and plant closure costs		162		604
		21,201		15,005
ome		15,786		9,633
(expense):				
pense, net		(6,545)		(1,023)
costs amortization		(370)		
contracts valuation income				38
rrency gain (loss)		148		(21)
		(6,767)		(1,006)
operations before income taxes and minority interest		9,019		8,627
pense		2,980		3,071
operations before minority interest		6,039		5,556
est, net of taxes		(6)		21
	$	6,045	$	5,535
r share basic	$	0.76	$	1.03
r share diluted	$	0.73	$	0.99
rage number of common shares outstanding basic		7,952		5,358
rage number of common shares outstanding diluted		8,285		5,609

ying notes to these unaudited condensed consolidated financial statements. The accompanying notes are t of these unaudited condensed consolidated financial statements.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Dollars in thousands)

	Successor Company Three Months Ended March 31, 2006	Reorganized Company Three Months Ended March 31, 2005
ACTIVITIES		
	$ 6,045	$ 5,535
o reconcile net income to net cash provided by (used in) ities		
on and amortization	4,824	1,944
stock and stock option related compensation expense	321	592
costs amortization	370	
cash operating activities	(159)	155
sets and liabilities:		
eceivable	(3,840)	25
	30	(4,261)
ontract revenue and other current assets	(9,486)	(9,057)
ayable and other current liabilities	998	676
dvances and billings in excess of contract revenue	13,224	328
rovided by (used in) operating activities	12,327	(4,063)
ACTIVITIES		
enditures	(2,566)	(1,734)
sting activities		105
sed in investing activities	(2,566)	(1,629)
ACTIVITIES		
s on revolving credit facilities		1,029
on revolving credit facilities	(839)	(1,029)
ayments on long-term debt	(5,000)	(651)
cing activities		27
sed in financing activities	(5,839)	(624)
ecrease) in cash and cash equivalents	3,922	(6,316)
ange rates on cash	107	204
equivalents at beginning of period	15,433	14,814
equivalents at end of period	$ 19,462	$ 8,702

ying notes to these unaudited condensed consolidated financial statements. The accompanying notes are t of these unaudited condensed consolidated financial statements.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Financial Statements March 31, 2006
(Dollars and shares in thousands, except per share amounts)

asis of Preparation

npanying unaudited condensed consolidated financial statements of Chart Industries, Inc. and its he Company) have been prepared in accordance with U.S. generally accepted accounting principles for ial information. Accordingly, they do not include all of the information and footnotes required by accepted accounting principles for annual financial statements. In the opinion of management, all onsisting of normal recurring accruals) considered necessary for a fair presentation have been included. ear amounts have been reclassified to conform to the current year presentation. Operating results for the nded March 31, 2006 are not necessarily indicative of the results that may be expected for the year ber 31, 2006.

of Consolidation: The unaudited condensed consolidated financial statements include the accounts of and its subsidiaries. Intercompany accounts and transactions are eliminated in consolidation. affiliates where the Company s ownership is between 20 percent and 50 percent, or where the Company control but has the ability to exercise significant influence over operations or financial policy, are under the equity method.

imates: The preparation of financial statements in conformity with U.S. generally accepted accounting ires management to make estimates and assumptions that affect the amounts reported in the financial l accompanying notes. Actual results could differ from those estimates.

Operations: The Company, a wholly-owned indirect subsidiary of First Reserve Fund X, L.P., is a supplier of standard and custom-engineered products and systems serving a wide variety of re and cryogenic applications. As of April 30, 2006, the Company was no longer a wholly-owned iary of First Reserve upon the issuance of shares of common stock to certain members of management. further disclosure regarding the issuance of common stock. The Company has developed an expertise in ems and equipment, which operate at low temperatures sometimes approaching absolute zero. The e Company s products, including vacuum-insulated containment vessels, heat exchangers, cold boxes and c components, are used throughout the liquid-gas supply chain for the purification, liquefaction, orage and use of industrial gases and hydrocarbons. The Company has domestic operations located in ncluding its principal executive offices located in Garfield Heights, Ohio, and an international presence hina, the Czech Republic, Germany and the United Kingdom.

resentation: The consolidated financial statements have been adjusted as of March 31, 2006 and 2005 and for the three months ended March 31, 2006 to give effect to the 4.6263-for-one stock split of s common stock, and related adjustments to its capital structure and stock options to be effected upon the the Company s planned initial public offering. On August 2, 2005, the Company entered into an plan of merger (Merger Agreement) with First Reserve Fund X, L.P. (First Reserve) and CI nc. (a wholly-owned subsidiary of First Reserve). The Merger Agreement provided for the sale of shares ock of the Company to CI Acquisition (the Stock Purchase) and the merger of CI Acquisition with and any (which is referred to after the merger as the Successor Company), with the Company surviving the holly-owned indirect subsidiary of First Reserve. On October 17, 2005, the merger and Stock Purchase ion) took place under the terms of the Merger Agreement (Closing Date). The Acquisition was accounted 17, 2005 in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, Business .

ncial statements and accompanying notes for the three months ended March 31, 2006 are for the mpany and the three months ended March 31, 2005 are for the Reorganized Company, as defined in the ecember 31, 2005 audited financial statements.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
naudited Condensed Consolidated Financial Statements March 31, 2006 (Continued)
(Dollars and shares in thousands, except per share amounts)

s: Inventories are stated at the lower of cost or market with cost being determined by the first-in, first-out hod. The components of inventories are as follows:

	March 31, 2006	December 31, 2005
and supplies	$ 27,721	$ 26,385
ss	12,594	13,003
s	13,281	13,744
	$ 53,596	$ 53,132

ecognition: For the majority of the Company s products, revenue is recognized when products are has transferred and collection is reasonably assured. For these products, there is also persuasive evidence nent, and the selling price to the buyer is fixed or determinable. For heat exchangers, cold boxes, ral gas fueling stations and engineered tanks, the Company uses the percentage of completion method of rned revenue is based on the percentage that incurred costs to date bear to total estimated costs at er giving effect to the most current estimates. The cumulative impact of revisions in total cost estimates gress of work is reflected in the period in which these changes become known. Earned revenue reflects ntract price adjusted for agreed upon claims and change orders, if any. Losses expected to be incurred process, after consideration of estimated minimum recoveries from claims and change orders, are erations as soon as such losses are known. Change orders resulting in additional revenue and profit are on approval by the customer based on the percentage that incurred costs to date bear to total estimated etion. Timing of amounts billed on contracts varies from contract to contract and could cause significant orking capital requirements.

arranties: The Company provides product warranties with varying terms and durations for the majority . The Company records warranty expense in cost of sales. The changes in the Company s consolidated ve during the three months ended March 31, 2006 and 2005 are as follows:

	Successor Company	Reorganized Company
	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005
January 1	$ 3,598	$ 2,812
xpense	875	478
sage	(713)	(532)
March 31	$ 3,760	$ 2,758

nd Other Intangible Assets: In accordance with Financial Accounting Standards Board (FASB) inancial Accounting Standards (SFAS) No. 141, Business Combinations, and SFAS No. 142, Goodwill ngible Assets, the Company does not amortize goodwill or other indefinite lived intangible assets, but at least annually for impairment using a measurement date of October 1st. The Company amortizes ets that have finite useful lives over their useful lives.

142 requires that indefinite lived intangible assets be tested for impairment and that goodwill be tested t at the reporting unit level on an annual basis. Under SFAS No. 142, a company determines the fair ndefinite lived intangible assets, compares the fair value to its carrying value and records an impairment ying value exceeds its fair value. Goodwill is tested utilizing a two-step approach. After recording any sses for indefinite lived intangible assets, a company is required to determine the fair value of each and compare the fair value to its carrying value,

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
naudited Condensed Consolidated Financial Statements March 31, 2006 (Continued)
(Dollars and shares in thousands, except per share amounts)

dwill, of such reporting unit (step one). If the fair value exceeds the carrying value, no impairment loss gnized. If the carrying value of the reporting unit exceeds its fair value, the goodwill of the reporting npaired. The amount of the impairment, if any, would then be measured in step two, which compares the lue of reporting unit goodwill with the carrying amount of that goodwill.

ving table displays the gross carrying amount and accumulated amortization for all intangible assets.

		As of March 31, 2006		As of December 31, 2005	
	Weighted Average Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
sets:					
technology	9 years	$ 9,400	$ (517)	$ 9,400	$ (235)
	10 years	8,138	(544)	8,138	(298)
nes	20 years	940	(22)	940	(10)
	14 months	5,440	(2,287)	5,440	(1,110)
ete agreements	3 years	1,344	(392)	1,344	(280)
d certificates	18 months	48	(28)	48	(20)
elations	13 years	96,906	(3,211)	96,906	(1,480)
		$ 122,216	$ (7,001)	$ 122,216	$ (3,433)
ntangible assets:					
		$ 236,810		$ 236,742	
s and trade names		35,280		35,280	
		$ 272,090		$ 272,022	

on expense for finite-lived intangible assets was $3,568 and $702 for the three months ended March 31, 5, respectively, and annually is estimated to be approximately $13,900 for 2006 and $9,600 for fiscal ough 2009.

Stock Options: On October 17, 2005, the Company adopted SFAS No. 123(R) Share-Based Payments , ified prospective method, which requires all share-based payments to employees, including grants of k options, to be recognized in the financial statements based on their fair values. Prior to the adoption of (R), the Company followed the intrinsic value method of Accounting Principles Board Opinion No. 25, for Stock Issued to Employees and related interpretations in accounting for its employee stock options. ber 2005 and March 2006, the Successor Company granted 2,208 and 101 stock options (New Options), nder the 2005 Stock Incentive Plan (Stock Incentive Plan) to certain management employees. In ctober 2005 under the Company s 2004 Stock Option and Incentive Plan (2004 Plan) certain management led over 610 stock options (Rollover Options). The New Options are exercisable for a period of ten years different vesting schedules. The time-based options (Time-based Options) vest annually in equal ver a five-year period and the performance-based (Performance-based Options) vest based upon l returns on First Reserve s investment in the Company. Furthermore, certain of the Rollover Options n the Closing Date of the Acquisition and the remaining unvested Rollover Options vest based upon the

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
naudited Condensed Consolidated Financial Statements March 31, 2006 (Continued)
(Dollars and shares in thousands, except per share amounts)

riteria as outlined in the 2004 Plan and related option agreements. In April 2006, the Board of Directors vest all remaining Rollover Options that had not previously vested and, accordingly, recorded a charge elerate the unrecognized compensation expense related to such options. The New Options and Rollover ally may not be transferred, and any shares of stock that are acquired upon exercise of the New Options ptions generally may not be sold, transferred, assigned or disposed of except under certain predefined s or in the event of a change in control. The Company s policy is to issue authorized shares upon the stock options. In addition, all of the 2004 stock options (2004 Options) of the Reorganized Company, Rollover Options described above, were deemed to be exercised in conjunction with the Acquisition on 005.

ch 31, 2006, there were 815 Time-based Options and 1,494 Performance-based Options outstanding k Incentive Plan. As of March 31, 2005, there were 346 time-based options and 132 performance-based nding under the 2004 Plan. For the three months ended March 31, 2006, the Company recorded $321 in expense related to the Time-based Options. For the three months ended March 31, 2005, the Company in compensation expense related to the time-based options and $322 related to the performance-based March 31, 2006, the total share-based compensation expense expected to be recognized over the age period of 4.5 years is $2,395.

any s 2005 pro forma disclosure showing the estimated fair value of employee stock options, amortized r their vesting periods, is as follows:

		Three Months Ended March 31, 2005
ncome	$	5,535
sed employee compensation expense included in reported net income, ax effect		391
share-based employee compensation expense determined under the fair for all awards, net of related tax effect		(661)
income	$	5,265
per share:		
ncome	$	1.03
sed employee compensation expense included in reported net income, ax effect		0.07
share-based employee compensation expense determined under the fair for all awards, net of related tax effect		(0.12)
income	$	0.98

ebt and Credit Arrangements

ion with the Acquisition, the Company entered into a $240,000 senior secured credit facility (the Senior) and completed a $170,000 offering of 9 7/8 % senior subordinated notes (the Subordinated Notes). The id the then existing credit facility of the Reorganized Company and certain other debt on or before 005, the Closing Date of the Acquisition. The Senior Credit Facility consists of $180,000 term loan

Term Loan) and a $60,000 revolving credit facility (the Revolver), of which $35,000 may be used for
t extending beyond one year from their date of issuance. The Term Loan and the Subordinated Notes
ded on the Closing Date. The Term Loan matures on October 17, 2012 and the Revolver matures on
010. As a result of two $5,000

CHART INDUSTRIES, INC. AND SUBSIDIARIES
naudited Condensed Consolidated Financial Statements March 31, 2006 (Continued)
(Dollars and shares in thousands, except per share amounts)

cipal prepayments made in December 2005 and March 2006, the Term Loan requires quarterly principal mencing in March 2011 and a remaining balloon payment on the maturity date. Future principal be adjusted for any voluntary prepayments. The interest rate under the Senior Credit Facility is, at the ption, the Alternative Base Rate (ABR) plus 1.0% or LIBOR plus 2.0% on the Term Loan and ABR plus R plus 2.5% on the Revolver. The applicable interest margin on the Revolver could decrease based upon tio calculated at each fiscal quarter end. In addition, the Company is required to pay an annual fee of $100, a commitment fee of 0.5% on the unused Revolver balance, a letter of credit participation r annum on the letter of credit exposure and a letter of credit issuance fee of 0.25%. The obligations ured Credit Facility are secured by substantially all of the assets of the Company and its ies and 65% of the capital stock of the Company s non-U.S. Subsidiaries.

dinated Notes are due in 2015 with interest payable semi-annually on April 15th and October 15th. Any nated Notes may be redeemed solely at the Company s option beginning on October 15, 2010. The initial ice is 104.563% of the principal amount, plus accrued interest. Also, any of the notes may be redeemed ompany s option at any time prior to October 15, 2010, plus accrued interest and a make-whole ddition, before October 15, 2008, up to 35% of the Subordinated Notes may be redeemed solely at the ption at a price of 109.125% of the principal amount, plus accrued interest, using the proceeds from sales s of capital stock. The Subordinated Notes are general unsecured obligations of the Company and are n right of payment to all existing and future senior debt of the Company, including the Senior Credit assu in right of payment with all future senior subordinated indebtedness of the Company, senior in ent with any future indebtedness of the Company that expressly provided for its subordination to the Notes, and unconditionally guaranteed jointly and severally by substantially all of the Company s ies.

Credit Facility agreement and provisions of the indenture governing the Subordinated Notes contain a tomary covenants, including but not limited to restrictions on the Company s ability to incur additional create liens or other encumbrances, sell assets, enter into sale and lease-bank transactions, make certain estments, loans, advances or guarantees, make acquisitions and engage in mergers or consolidations, pay distributions, and make capital expenditures. The Senior Credit Facility also includes covenants relating d interest coverage. As of March 31, 2006, there was $170,000 outstanding under the Term Loan, tanding under the Subordinated Notes and letters of credit and bank guarantees totaling $24,884 he Revolver.

x, a.s. (Ferox), a majority-owned subsidiary of the Company, maintains secured revolving credit borrowing capacity, including overdraft protection, of up to $9,600, of which $4,400 is available only redit and bank guarantees. Under the revolving credit facilities, Ferox may make borrowings in Czech s and U.S. dollars. Borrowings in Koruna are at PRIBOR, borrowings in Euros are at EUROBOR and U.S. dollars are at LIBOR, each with a fixed margin of 0.6 percent. Ferox is not required to pay a ee to the lenders under the revolving credit facilities in respect to the unutilized commitments rox must pay letter of credit and guarantee fees equal to 0.75% on the face amount of each guarantee. and buildings and accounts receivable secure $4,600 and $2,500, respectively, of the revolving credit f March 31, 2006, there were $1,739 of bank guarantees supported by the Ferox revolving credit

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
naudited Condensed Consolidated Financial Statements March 31, 2006 (Continued)
(Dollars and shares in thousands, except per share amounts)

arnings per Share

ing table presents calculations of income per share of common stock:

	Successor Company Three Months Ended March 31, 2006	Reorganized Company Three Months Ended March 31, 2005
	$ 6,045	5,535
r common share basic	$ 0.76	$ 1.03
r common share diluted	$ 0.73	$ 0.99
age number of common shares outstanding basic	7,952	5,358
ares issuable upon assumed exercise of stock warrants	26	55
ares issuable upon assumed conversion and exercise of stock	307	196
diluted	8,285	5,609

poses of computing diluted earnings per share, weighted average common share equivalents do not d 11 stock options for the three months ended March 31, 2006 and 2005, respectively, as the effect dilutive.

omprehensive Income (Loss)

onents of accumulated other comprehensive income (loss) is as follows:

	March 31, 2006	December 31, 2005
cy translation adjustments	$ 1,164	$ (286)
sion liability adjustments, net of tax of $162	(262)	(262)
	$ 902	$ (548)

nsive income for the three months ended March 31, 2006 and 2005 was $7,495 and $4,706, respectively.

mployee Separation and Plant Closure Costs

ee months ended March 31, 2006, the Company recorded employee separation and plant closure costs of related to the closure of the Distribution and Storage segment s idle Plaistow, New Hampshire facility. months ended March 31, 2005, the Company recorded employee separation and plant closure costs of the closure of the BioMedical facility in Burnsville, Minnesota and relocation of the manufacturing anton, Georgia, closure of the Distribution and Storage segment s idle facility in Plaistow, New d general headcount reductions throughout the Company. During the three months ended March 31,

npany also recorded a non-cash inventory valuation charge of $99 that is included in cost of sales for the
ventory at the Biomedical facility in Burnsville, Minnesota.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
naudited Condensed Consolidated Financial Statements March 31, 2006 (Continued)
(Dollars and shares in thousands, except per share amounts)

ying tables summarize the Company s employee separation and plant closure costs activity for the three March 31, 2006 and 2005:

	Successor Company			
	Three Months Ended March 31, 2006			
	Energy & Chemicals	**Distribution & Storage**	**BioMedical**	**Total**
loyee termination costs	$	$	$	$
ed costs	9	153		162
aration and plant closure costs	9	153		162
ation in cost of sales				
	9	153		162
	(9)	(153)	(97)	(259)
erve			(97)	(97)
January 1, 2006	1,557	190	239	1,986
March 31, 2006	$ 1,557	$ 190	$ 142	$ 1,889

yee separation and plant closure costs reserve of $1,889 at March 31, 2006 was for one-time employee sts.

	Reorganized Company				
	Three Months Ended March 31, 2005				
	Energy & Chemicals	**Distribution & Storage**	**BioMedical**	**Corporate**	**Total**
loyee termination costs	$	$ 28	$	$ 7	$ 35
ed costs	54	218	285	12	569
aration and plant closure costs	54	246	285	19	604
ation in cost of sales			99		99
	54	246	384	19	703
	(54)	(276)	(505)	(147)	(982)
erve		(30)	(121)	(128)	(279)
January 1, 2005	1,557	341	372	493	2,763

March 31, 2005	$	1,557	$	311	$	251	$	365	$ 2,484

yee separation and plant closure costs reserve at March 31, 2005 consisted of $141 for contract d facility-related closure costs and other associated costs and $2,343 for one-time employee termination

ssets Held for Sale

any continues to pursue the sale of the idle building and a parcel of land at its Plaistow, New Hampshire second quarter of 2006, the Company entered into an agreement to sell the building and parcel of land situated. This sale is expected to close in the first half of 2006. The Plaistow facility is classified as sale on the Company s unaudited condensed consolidated balance sheet as of March 31, 2006 and the idated balance sheet as of December 31, 2005 based on the estimated fair value of $3,084.

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
naudited Condensed Consolidated Financial Statements March 31, 2006 (Continued)
(Dollars and shares in thousands, except per share amounts)

mployee Benefit Plans

any has four defined benefit pension plans covering certain U.S. hourly and salary employees. All of re frozen as of February 28, 2006. The defined benefit plans provide benefits based primarily on the years of service and compensation.

ing table sets forth the components of net periodic pension cost for the three months ended March 31, 5.

	Successor Company Three Months Ended March 31, 2006	Reorganized Company Three Months Ended March 31, 2005
	$ 65	$ 222
	492	404
n on plan assets	(570)	(414)
t actuarial gain	(37)	(12)
(benefit) cost	$ (50)	$ 200

eporting Segments

ure of the Company s internal organization is divided into the following three reportable segments: nemicals (E&C), Distribution and Storage (D&S) and BioMedical. The Company s reportable segments nits that offer different products and are each managed separately because they manufacture and nct products with different production processes and sales and marketing approaches. The E&C segment angers, cold boxes and liquefied natural gas vacuum-insulated pipe used by major natural gas, processing and industrial gas companies in the production of their products. The D&S segment sells k storage systems, cryogenic packaged gas systems, cryogenic systems and components, beverage liquid nd cryogenic services to various companies for the storage and transportation of both industrial and The BioMedical segment sells medical respiratory products, biological storage systems and magnetic ging cryostat components. Due to the nature of the products that each operating segment sells, there are nt sales. Corporate headquarters includes operating expenses for executive management, accounting, tax, n resources, information technology, legal, risk management and stock-based compensation expenses ocated to the reportable segments.

any evaluates performance and allocates resources based on operating income or loss before gain on sale nterest expense, financing costs amortization expense, derivative contracts valuation expense, foreign income taxes, and minority interest. The accounting policies of the reportable segments are the same as d in the summary of significant accounting policies.

n for the Company s three reportable segments and its corporate headquarters is presented below:

Successor Company

Three Months Ended March 31, 2006

	Energy and Chemicals	Distribution and Storage	BioMedical	Corporate	Total
	$ 41,174	$ 60,318	$ 19,348	$	$ 120,840
ome (loss)	5,933	11,053	3,714	(4,914)	15,786

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CHART INDUSTRIES, INC. AND SUBSIDIARIES
naudited Condensed Consolidated Financial Statements March 31, 2006 (Continued)
(Dollars and shares in thousands, except per share amounts)

	Reorganized Company				
	Three Months Ended March 31, 2005				
	Energy and Chemicals	Distribution and Storage	BioMedical	Corporate	Total
	$ 23,663	$ 44,665	$ 16,842	$	$ 85,170
ome (loss)	3,576	8,364	2,115	(4,422)	9,633

bsequent Events
nd quarter of 2006, FR X Chart Holdings LLC, controlling shareholder of the Company and an affiliate ve, exercised a warrant for 2,651 shares of common stock, at an exercise price of $14.00 per share, sh proceeds of $37,103 to the Company. In addition, certain members of management exercised rollover xercise price of $3.50 per share, resulting in the issuance of 610 of shares of common stock, and in cash ,134 to the Company. The shares purchased by certain management members will be accounted for in th SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities n the second quarter of 2006, the Company used $16,476 of these proceeds to complete an acquisition nder of these proceeds and cash on hand to make a voluntary principal prepayment of $25,000 under the

pon the completion of the Company s proposed initial public offering of common stock, the Senior t Facility will be amended to increase the Revolver to $115,000, of which the entire $115,000 may be suance of letters of credit, $55,000 of which may be letters of credit extending more than one year ate of issuance. As a result of an aggregate of $35,000 voluntary principal prepayments since October n Loan requires no principal payments until the remaining balloon payment is due on the maturity date. on the occurrence of certain events, the Company may request an increase to the Term Loan and/or the amount not to exceed $100,000, subject to receipt of commitments by existing lenders or other utions reasonably acceptable to the administrative agent.

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PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

er Expenses of Issuance and Distribution.

ving table sets forth the costs and expenses payable in connection with the distribution of the securities ed. All amounts are estimated except the Securities and Exchange Commission registration fee.

Exchange Commission Registration Fee	$	32,300
g Fees	$	105,000
and Expenses	$	30,000
ngraving Expenses	$	325,000
	$	1,100,000
ees	$	300,000
Transfer Agent Fees	$	20,000
Officers Insurance	$	415,000
Fee	$	30,600
	$	2,357,900

emnification of Directors and Officers.

5 of the Delaware General Corporation Law (the DGCL) grants each corporation organized thereunder ndemnify any person who is or was a director, officer, employee or agent of a corporation or enterprise, es, including attorneys fees, judgments, fines and amounts paid in settlement actually and reasonably m in connection with any threatened, pending or completed action, suit or proceeding, whether civil, nistrative or investigative, other than an action by or in the right of the corporation, by reason of being n in any such capacity, if he acted in good faith in a manner reasonably believed to be in or not opposed rests of the corporation, and, with respect to any criminal action, or proceeding, had no reasonable cause conduct was unlawful.

2(b)(7) of the DGCL enables a corporation in its certificate of incorporation or an amendment thereto to mit the personal liability of a director to the corporation or its stockholders of monetary damages for he directors fiduciary duty of care, except (i) for any breach of the director s duty of loyalty to the its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a tion of law, (iii) pursuant to Section 174 of the DGCL (providing for liability of directors for unlawful vidends or unlawful stock purchases or redemptions) or (iv) for any transaction from which a director proper personal benefit. The Amended and Restated Certificate of Incorporation and Amended and aws for Chart Industries, Inc. provide for such limitations on liability.

ntered into indemnification agreements with each of our directors and officers providing for additional n protection beyond that provided by the Directors and Officers Liability Insurance Policy. In the n agreements, we have agreed, subject to certain exceptions, to indemnify and hold harmless the cer to the maximum extent then authorized or permitted by the provisions of the Amended and Restated Incorporation, the DGCL, or by any amendment(s) thereto.

ent Sales of Unregistered Securities.

ssued unregistered securities in the transactions described below. We have adjusted the number of ed and the exercise prices for all issuances occurring on October 17, 2005 or later for the stock split to be to completion of the offering and certain dividends described in the prospectus included in this tement. However, we have not made similar adjustments to any securities issued prior to October 17, all such securities were cancelled in the October 17, 2005 acquisition or are no longer outstanding. es were offered and sold in reliance upon the exemptions provided for in Section 1145(a) of the cy Code, relating to issuance of securities pursuant to our

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organization plan, Section 4(2) of the Securities Act, relating to sales not involving any public offering, e Securities Act relating to sales to accredited investors and Rule 701 of the Securities Act relating to a benefit plan. The sales were made without the use of an underwriter and any certificates representing sold (other than securities issued pursuant to the exemption provided by Section 1145(a) of the U.S. ode) contain a restrictive legend that prohibits transfer without registration or an applicable exemption. o the terms of our bankruptcy reorganization plan, on September 15, 2003, we issued an aggregate of res of common stock to our then senior lenders and our pre-bankruptcy stockholders and we issued quire an aggregate of 280,281 shares of our common stock to our pre-bankruptcy stockholders. These mon stock and warrants were issued in accordance with the terms of our reorganization plan, which was the U.S. Bankruptcy Court for the District of Delaware by an order entered on September 4, 2003, in exemption from the registration requirements of the Securities Act provided by Section 1145(a) of the cy Code. The common stock issued to our then senior lenders was issued in exchange for claims under uptcy senior credit facilities, and the common stock and warrants issued to our pre-bankruptcy were issued in exchange for their cancelled pre-bankruptcy stock.

ving table shows the shares of our common stock that we have issued upon the exercise of warrants for cated therein for the past three years.

ise	Warrants Exercised	Exercise Price	Shares of Common Stock Issued
	2	$32.97 per share	2
04	26,390	$32.97 per share; cashless	5,323
2004	53	$32.97 per share	53
004	5	$32.97 per share	5
004	19	$32.97 per share	19
2004	1	$32.97 per share	1
2004	53	$32.97 per share	53
004	6	$32.97 per share	6
2004	24	$32.97 per share	24
5	9	$32.97 per share	9
005	1	$32.97 per share	1
005	1	$32.97 per share	1
	819	$32.97 per share	819
	987	$32.97 per share	987
	107	$32.97 per share	107
	1	$32.97 per share	1
	77	$32.97 per share	77
	53	$32.97 per share	53
	9	$32.97 per share	9
	124	$32.97 per share	124
	2	$32.97 per share	2
	2	$32.97 per share	2
	14	$32.97 per share	14
	20	$32.97 per share	20
	6	$32.97 per share	6
	1,157	$32.97 per share	1,157
5	7	$32.97 per share	7

5	1,043	$32.97 per share	1,043

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ise	Warrants Exercised	Exercise Price	Shares of Common Stock Issued
05	2,000	$32.97 per share	2,000
05	1,780	$32.97 per share	1,780
05	1,458	$32.97 per share	1,458
05	820	$32.97 per share	820
05	1	$32.97 per share	1
05	5,148	$32.97 per share	5,148
05	32	$32.97 per share	32
05	4,279	$32.97 per share	4,279
05	1	$32.97 per share	1
2005	7,116	$32.97 per share	7,116
2005	2	$32.97 per share	2
2005	2,100	$32.97 per share	2,100
2005	7	$32.97 per share	7
2005	53	$32.97 per share	53
2005	551	$32.97 per share	551
2005	15,000	$32.97 per share	15,000
2005	300	$32.97 per share	300
05	3,200	$32.97 per share	3,200
05	1,900	$32.97 per share	1,900
05	434	$32.97 per share	434
05	200	$32.97 per share	200
05	357	$32.97 per share	357
005	134	$32.97 per share	134
	77,865		56,798

ct to each of the issuances above, the issuance of the shares of our common stock upon the exercise of as made in reliance on the exemption from the registration requirements of the Securities Act of 1933, rovided by Section 1145(a) of the U.S. Bankruptcy Code, on the basis that the common stock was ld upon the exercise of warrants that were offered and sold under a plan of a debtor in exchange for an debtor. The warrants were governed by a Warrant Agreement, dated September 15, 2003, between the National City Bank, as warrant agent. The Warrant Agreement terminated upon consummation of the

ry 26, 2004, we issued an aggregate of 28,797 shares to Samuel F. Thomas, our Chief Executive Officer, te purchase price of $399,990 in reliance on the exemption from the registration requirements of the provided by Section 4(2) and Rule 506 thereunder on the basis that the transaction did not involve a g.

r 17, 2005, in connection with the Acquisition and in the same merger transaction in which all of our n securities were cancelled, we issued an aggregate of 7,952,180 shares of our common stock to oldings LLC pursuant to the terms of the agreement and plan of merger, dated August 2, 2005, by and of our then-existing stockholders, First Reserve Fund X, L.P. and CI Acquisition, a wholly-owned First Reserve Fund X, L.P. in reliance on the exemption from the registration requirements of the provided by Section 4(2) thereunder. These 7,952,180 shares were acquired by a subsidiary of First X, L.P., FR X Chart Holdings LLC, which was the sole shareholder of CI Acquisition, the company that nd into us in the merger, upon the conversion in the merger of the pre-merger shares of CI Acquisition Chart Holdings LLC into the only shares of our company that were outstanding immediately following ese shares were acquired

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ent of $14.00 per share, or an aggregate equity investment of approximately $111.3 million by FR X
s LLC.
ber 23, 2005, we issued 2,207,842 options at an exercise price of $6.41 under the Amended and
Stock Incentive Plan to 32 employees in reliance on the exemption from the registration requirements
es Act provided by Rule 701 promulgated thereunder.
29, 2006, we issued 101,088 options at an exercise price of $11.98 under the Amended and Restated
centive Plan to one of our executive officers in reliance on the exemption from the registration
of the Securities Act provided by Rule 701 promulgated thereunder.
7, 2006, we issued 68,224 options at an exercise price of $11.98 under the Amended and Restated 2005
e Plan to 24 employees in reliance on the exemption from the registration requirements of the Securities
by Rule 701 promulgated thereunder.
0, 2006, we issued 61,969 shares to two employees upon the exercise of their options for cash at $3.50
liance on the exemption from the registration requirements of the Securities Act provided by Rule 701
hereunder.
2006, we issued 4,760 shares to one employee upon the exercise of his options for cash at $3.50 per
ce on the exemption from the registration requirements of the Securities Act provided by Rule 701
hereunder.
2006, we issued 24,154 shares to one employee upon the exercise of his options for cash at $3.50 per
ce on the exemption from the registration requirements of the Securities Act provided by Rule 701
hereunder.
3, 2006, we issued 2,651,012 shares to FR X Chart Holdings LLC upon the exercise of its warrant for
per share in reliance on the exemption from the registration requirements of the Securities Act provided
) thereunder.
9, 2006, we issued 518,972 shares to two executive officers and three employees upon the exercise of
or cash at $3.50 per share in reliance on the exemption from the registration requirements of the
provided by Rule 701 promulgated thereunder.
5, 2006, we issued 101,088 options at an exercise price of $11.98 under the Amended and Restated 2005
e Plan to one employee in reliance on the exemption from the registration requirements of the Securities
by Rule 701 promulgated thereunder.
e options granted on November 23, 2005, March 29, 2006, April 27, 2006 and May 26, 2006 have
which are as follows: they have a 10-year term unless they are earlier terminated and approximately
become exercisable over the passage of time, which we refer to as time options, assuming the holder
ues to be employed by us, and the remaining portion vest and become exercisable based upon the
f certain performance targets, which we refer to as performance options. Time options generally become
the holder of the option in installments of 20% on each of the first five anniversaries of the grant date.
ptions generally become exercisable based upon the Fund X Net Return, which is the amount received
ve in cash (and/or in-kind based upon the fair market value of securities or other property received by
in respect of its investment in us divided by the aggregate amount of the investment by First Reserve in
refer to as the Fund X Investment.
ly prior to a change in control of us (as defined in our Amended and Restated 2005 Stock Incentive
cisability of the time options will automatically accelerate with respect to 100% of the shares of our
subject to the time options. In addition, subject to the holder of the option s continued employment, in
Reserve sells 100% of its interest in us to a third party prior to October 17, 2008 and, as a result of such
X Net Return is less than 2.50 times the Fund X Investment, but an internal rate of return of greater than
d, the performance options will accelerate with respect to 45% of the shares of our common stock
performance option.

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ibits and Financial Statement Schedules.
s
is made to the information contained in the Exhibit Index filed as part of this Registration Statement, tion is incorporated herein by reference pursuant to Rule 411 of the Securities and Exchange s Rules and Regulations under the Securities Act.
al Statement Schedules
ble financial statement schedule disclosure requirements are included in the prospectus which forms a istration statement, which information is incorporated herein by reference pursuant to Rule 411 of the Exchange Commission s Rules and Regulations under the Securities Act.
dertakings.
indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and rsons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised nion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, nforceable. In the event that a claim for indemnification against such liabilities (other than the payment nt of expenses incurred or paid by a director, officer or controlling person of the registrant in the ense of any action, suit or proceeding) is asserted by such director, officer or controlling person in h the securities being registered, the registrant will, unless in the opinion of its counsel the matter has controlling precedent, submit to a court of appropriate jurisdiction the question whether such n by it is against public policy as expressed in the Securities Act and will be governed by the final f such issue.
igned registrant hereby undertakes that:
purposes of determining any liability under the Securities Act, the information omitted from the form of filed as part of this registration statement in reliance upon Rule 430A and contained in a form of filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be be part of this registration statement as of the time it was declared effective.

purposes of determining any liability under the Securities Act, each post-effective amendment that form of prospectus shall be deemed to be a new registration statement relating to the securities offering d the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
igned registrant hereby undertakes to provide to the underwriters at the closing specified in the greements, certificates in such denominations and registered in such names as required by the permit prompt delivery to each purchaser.

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SIGNATURES

o the requirements of the Securities Act of 1933, the registrant has duly caused this amendment to the
tement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Garfield
of Ohio, on July 10, 2006.

CHART INDUSTRIES, INC.
By: /s/ Michael F. Biehl

Name: Michael F. Biehl
Title: Executive Vice President, Chief Financial Officer and Treasurer

SIGNATURES

o the requirements of the Securities Act of 1933, this amendment to the registration statement has been
following persons in the capacities indicated on July 10, 2006.

Signature	Title
* Samuel F. Thomas	Chief Executive Officer, President and Director (Principal Executive Officer)
/s/ Michael F. Biehl Michael F. Biehl	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
* Ben A. Guill	Chairman of the Board of Directors
* Kenneth W. Moore	Director
* Timothy H. Day	Director
/s/ James H. Hoppel, Jr. James H. Hoppel, Jr.	Controller and Chief Accounting Officer (Principal Accounting Officer)

/s/ Matthew J. Klaben

Matthew J. Klaben
Attorney-in-Fact

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EXHIBIT INDEX

t	Description of Exhibit
	Form of Underwriting Agreement
*	Agreement and Plan of Merger, dated as of August 2, 2005, by and among Chart Industries, Inc., certain of its stockholders, First Reserve Fund X, L.P. and CI Acquisition, Inc.
*	Asset Purchase Agreement among GT Acquisition Company and Greenville Tube, LLC, dated July 1, 2003
*	Form of Amended and Restated Certificate of Incorporation
*	Form of Amended and Restated By-Laws
	Form of certificate of Chart Industries, Inc. common stock
*	Indenture, dated as of October 17, 2005, between Chart Industries, Inc. and The Bank of New York as trustee
*	Registration Rights Agreement, dated October 17, 2005, among Chart Industries, Inc., the subsidiary guarantors party thereto and Morgan Stanley & Co., as representative of the initial purchasers
*	Form of Senior Subordinated Note (included in Exhibit 4.2)
	Opinion of Simpson Thacher & Bartlett LLP
*	Credit Agreement, dated as of October 17, 2005, among FR X Chart Holdings LLC, CI Acquisition, Inc., as borrower, the lenders party thereto, Citicorp North America, Inc., as administrative agent, Morgan Stanley Senior Funding, Inc., as syndication agent, Citigroup Global Markets Inc. and Morgan Stanley Senior Funding, Inc., as joint lead arrangers and joint book managers and Natexis Banques Populaires and Sovereign Bank, as co-documentation agents
*	Guarantee and Collateral Agreement, dated as of October 17, 2005, among FR X Chart Holdings LLC, as guarantor and pledgor, CI Acquisition, Inc., as borrower, each subsidiary loan party named therein and Citicorp North America, Inc., as collateral agent
*	Employment Agreement, dated November 23, 2005, between Chart Industries, Inc. and Samuel F. Thomas
*	Employment Agreement, dated December 1, 2005, between Chart Industries, Inc. and Michael F. Biehl
*	Employment Agreement, dated December 1, 2005, between Chart Industries, Inc. and Charles R. Lovett
*	Employment Agreement, dated March 29, 2006, between Chart Industries, Inc. and Matthew J. Klaben
*	Employment Agreement, dated May 5, 2006, between Chart Industries, Inc. and James H. Hoppel, Jr.
*	IAM Agreement 2004-2007, effective February 8, 2004, by and between Chart Heat Exchangers, L.P. and Local Lodge 2191 of District Lodge 66 of the International Association of Machinists and Aerospace Workers, AFL-CIO
*	Amended and Restated Chart Industries, Inc. Voluntary Deferred Income Plan
0*	Form of Management Stockholders Agreement
1	Form of Stockholder Agreement
2*	Chart Industries, Inc. 2004 Stock Option and Incentive Plan
3*	Amendment No. 1 to the 2004 Stock Option and Incentive Plan
4*	Form of Stock Option Agreement under the 2004 Stock Option and Incentive Plan (for Samuel F. Thomas)

5*	Form of Stock Option Agreement under the 2004 Stock Option and Incentive Plan (for those other than Samuel F. Thomas)
6	Amended and Restated Chart Industries, Inc. 2005 Stock Incentive Plan
7*	Form of Stock Option Agreement under the Amended and Restated Chart Industries, Inc. 2005 Stock Incentive Plan

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t	Description of Exhibit
3*	2006 Chart Executive Incentive Compensation Plan
9*	Incentive Compensation Plan
0*	Form of Indemnification Agreement
1*	Form of Amendment No. 1 to the Credit Agreement
2	Form of Restricted Stock Unit Agreement (for non-employee directors) under the Amended and Restated Chart Industries, Inc. 2005 Stock Incentive Plan
*	List of Subsidiaries
	Consent of Simpson Thacher & Bartlett LLP (included as part of its opinion filed as Exhibit 5.1 hereto)
**	Consent of Ernst & Young LLP
	Consent of Steven W. Krablin
*	Powers of Attorney

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by amendment.
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