CHART INDUSTRIES INC
Form S-1/A
May 18, 2007

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As filed with the Securities and Exchange Commission on May 18, 2007

Registration No. 333-141730

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

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

Chart Industries, Inc.
(Exact Name of Registrant as Specified in Its Charter)

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

One Infinity Corporate Centre Drive
Suite 300
Garfield Heights, Ohio 44125-5370
Tel.: (440) 753-1490
Fax: (440) 753-1491
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Matthew J. Klaben, Esq.
Vice President, General Counsel and Secretary
One Infinity Corporate Centre Drive
Suite 300
Garfield Heights, Ohio 44125-5370
Tel.: (440) 753-1490
Fax: (440) 753-1491
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

With copies to:

Edward P. Tolley III, Esq.
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017-3954
Tel: (212) 455-2000
Fax: (212) 455-2502

James S. Scott Sr., Esq.
Michael Benjamin, Esq.
Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022-6069
Tel.: (212) 848-4000

Fax: (212) 848-7179

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective.

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common stock, par value $0.01 per share	14,504,545 shares	$296,037,763	$9,088

(1) Includes shares of common stock issuable upon exercise of the underwriters option to purchase additional shares of common stock.

(2) Estimated solely for the purpose of calculating the registration fee under Rule 457(o) of the Securities Act of 1933, as amended (the Securities Act), based on average of the high and low prices of the common stock on May 17, 2007, as reported on the Nasdaq Global Market.

(3) We previously paid $7,912 on March 30, 2007.

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

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PROSPECTUS (Subject to Completion)
Issued , 2007

12,612,648 Shares

Chart Industries, Inc.

Common Stock

The selling stockholders, consisting of FR X Chart Holdings LLC and certain of our executive officers, including our Chief Executive Officer, and other employees are selling 12,612,648 shares of our common stock. We will grant the underwriters an option to purchase up to 1,891,897 additional shares of newly issued common stock to cover over-allotments. We will not receive any proceeds from the sale of shares by the selling stockholders. We intend to use the proceeds we receive from any shares sold pursuant to the underwriters over-allotment option for general corporate purposes, including reduction of our indebtedness.

Our common stock is listed on the Nasdaq Global Market under the symbol GTLS. On May 17, 2007, the last reported sale price of our common stock was $20.54 per share.

Investing in the common stock involves risks. See Risk Factors beginning on page 11.

	Public Offering Price	Underwriting Discount	Proceeds, Before Expenses, to the Selling Stockholders
Per Share	$	$	$
Total	$	$	$

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

The underwriters expect to deliver the shares to purchasers on or about , 2007.

Morgan Stanley	**Lehman Brothers**	**Goldman, Sachs & Co.**
Natexis Bleichroeder Inc.		**Simmons & Company International**

, 2007

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

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

Atlantic LNG Company plant, Point Fortin, Trinidad & Tobago, including Chart liquefaction cold boxes and vacuum-insulated pipe for jetty cool-down lines (Photo courtesy Atlantic LNG Company, Point Fortin, Trinidad & Tobago)

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

PROSPECTUS SUMMARY

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

Unless the context otherwise requires, as used in this prospectus, (i) the terms we, our, us, the Company, Chart Industries and similar terms refer to Chart Industries, Inc. and its consolidated subsidiaries, (ii) the term issuer refers to Chart Industries, Inc. and not any of its subsidiaries and (iii) the term initial public offering refers to our initial public offering of common stock which was completed on July 31, 2006.

Chart Industries, Inc.

Our Company

We are a leading independent global manufacturer of highly engineered equipment used in the production, storage and end-use of hydrocarbon and industrial gases, based on our sales and the estimated sales of our competitors. We supply engineered equipment used throughout the global liquid gas supply chain. The largest portion of end-use applications for our products is energy-related, accounting for 56% of sales and 58% of orders in 2006, and 79% of backlog at December 31, 2006. We are a leading manufacturer of standard and engineered equipment primarily used for low-temperature and cryogenic, or very low temperature, applications. We have developed an expertise in cryogenic systems and equipment, which operate at low temperatures sometimes approaching absolute zero (0 kelvin; -273^{o} Centigrade; -459^{o} Fahrenheit). The majority of our products, including vacuum-insulated containment vessels, heat exchangers, cold boxes and other cryogenic components, are used throughout the liquid gas supply chain for the purification, liquefaction, distribution, storage and end-use of hydrocarbon and industrial gases.

We have attained this position by capitalizing on our low-cost global manufacturing footprint, technical expertise and know-how, broad product offering, reputation for quality, and by focusing on attractive, growing markets. We have an established sales and customer support presence across the globe and low-cost manufacturing operations in the United States, Central Europe and China. We believe we are the number one or two equipment supplier in all of our primary end-use markets. For the three months ended March 31, 2007 and 2006, we generated sales of $152.5 million and $120.8 million, respectively. For the year ended December 31, 2006, the combined year ended December 31, 2005 and the year ended December 31, 2004, we generated sales of $537.5 million, $403.1 million and $305.6 million, respectively.

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

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

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

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

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

Competitive Strengths

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

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

Substantial Revenue Visibility. We have a large and growing backlog, which provides us with a high degree of visibility in our forecasted revenue. Our backlog as of March 31, 2007, December 31, 2006, December 31, 2005 and December 31, 2004 was $342.2 million, $319.2 million, $233.6 million and $129.3 million, respectively. Projects for energy-related applications totaled approximately $251.0 million in backlog as of December 31, 2006.

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

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

Highly Flexible and Low-Cost Manufacturing Base. Given our long-term investment in global manufacturing facilities and specialized equipment, we have developed a substantial comparative scale and geographic advantage within the markets for the cryogenic products that we manufacture with more than 1.9 million square feet of manufacturing space across 12 primary facilities and three continents. This scale and the related substantial operational flexibility enable us to be a low-cost producer for our products.

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

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

Business Strategy

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

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

Leverage our global platform to capitalize on growing international demand. We expect growth in hydrocarbon and industrial gas demand and investment over the next five years in the Middle East, Central and Eastern Europe, Russia and China. We believe that our investment in manufacturing, sales and marketing capabilities positions us to increase our market share in these growing international markets.

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

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

Recent Developments

On March 19, 2007, Mr. Ben A. Guill announced his resignation from our board of directors effective March 19, 2007. Mr. Guill s resignation from the board of directors, where he served as our Chairman, did not involve any disagreement with us on any matter relating to our operations, policies or practices. Mr. Guill resigned from the board of directors in connection with his resignation from First Reserve Corporation, or First Reserve, to explore new challenges which may include deal sourcing and/or another affiliation with First Reserve while allowing him more time with his family and to pursue other personal interests. On March 27, 2007, the board of directors designated Mr. Samuel F. Thomas, our Chief Executive Officer and President, to serve as Chairman.

In the first quarter of 2007, Mr. John T. Romain resigned as President of our E&C segment and left the company in the second quarter of 2007. On May 14, 2007, Michael T. Bright joined our company as President of our E&C segment.

Primarily as a result of the vesting of the performance-based options based on First Reserve achieving a specified investment return upon completion of this offering, we estimate that we will incur a pre-tax, non-cash stock-based compensation expense of approximately $7.0 million in the period in which this offering is consummated (assuming a sale price equal to the last reported sale price of our common stock on May 17, 2007).

Mr. Thomas established a Rule 10b5-1 stock sale plan in late 2006. Under the plan, Mr. Thomas sold 60,000 shares of our common stock between March 22, 2007 and March 28, 2007 at prices ranging from $17.11 to $18.61 per share in accordance with the plan.

Risk Factors

Investing in our common stock involves substantial risk. You should carefully consider all the information in this prospectus prior to investing in our common stock. Our ability to execute our strategy is subject to the risks that are generally associated with the production, storage and end-use of hydrocarbon and industrial gases. We are also subject to a number of risks related to our competitive position, operations and business strategies. For example, our strategy relating to potential acquisitions exposes us to the risks involved in consummating and integrating acquisitions, including the risk that in a future acquisition we could incur additional debt and contingent liabilities which could adversely affect our operating results. For additional risks relating to our business and the offering, see Risk Factors beginning on page 11 of this prospectus.

Company Information

Chart Industries, Inc. is a Delaware corporation incorporated in 1992. Our principal executive offices are located at One Infinity Corporate Centre Drive, Suite 300, Garfield Heights, Ohio, 44125 and our telephone number is (440) 753-1490. On July 8, 2003, we and all of our then majority-owned U.S. subsidiaries filed voluntary petitions for reorganization relief under Chapter 11 of the U.S. Bankruptcy Code. On September 15, 2003, we and those subsidiaries emerged from Chapter 11 proceedings. On August 2, 2005, we entered into an agreement and plan of merger with certain of our stockholders, First Reserve, and CI Acquisition, Inc., which provided for the sale of shares of common stock of Chart Industries, Inc. by certain of its stockholders to CI Acquisition and the merger of CI Acquisition with and into Chart Industries, with Chart Industries surviving the merger as an indirect, wholly-owned subsidiary of First Reserve. We refer to the stock purchase, the merger and the related financing thereof collectively as the Acquisition.

Before the closing of the Acquisition by First Reserve on October 17, 2005, we filed periodic and other reports with the Securities and Exchange Commission. We ceased filing those reports upon the closing of the Acquisition when our pre-Acquisition securities were cancelled and ceased to be outstanding. Since the completion of our initial public offering on July 31, 2006, we have filed periodic and other reports with the Securities and Exchange Commission. The financial statements and other financial data presented in this prospectus are of Chart Industries, Inc. and its direct and indirect subsidiaries.

Equity Sponsor

First Reserve is the oldest and largest private equity firm specializing in the energy industry. Founded in 1983, First Reserve was the first private equity investment firm to actively pursue building a broadly diversified global investment portfolio of companies involved in the various sectors of the energy industry. Since 1992, First Reserve has raised over $12.7 billion for its buyout-focused funds and made more than 65 principal transactions. In addition, First Reserve portfolio companies have completed 230 add-on transactions. Past and present public First Reserve portfolio companies include Chicago Bridge and Iron N.V., Weatherford International, Dresser-Rand Group Inc., Pride International, Inc., Alpha Natural Resources, Foundation Coal, China Coal Energy Company Limited, T-3 Energy Services Inc. and Quintana Maritime Limited.

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The Offering

Selling Stockholders	FR X Chart Holdings LLC, certain of our executive officers, including Messrs. Thomas and Biehl, and other employees. Our executive officers and other employees are selling 236,434 shares in the aggregate.
Shares of common stock offered by the selling stockholders	12,612,648 shares.
Shares of common stock outstanding after this offering	25,636,713 shares (including shares currently subject to options that are expected to be exercised in connection with this offering).
Over-allotment option	1,891,897 shares.
Use of proceeds	We will not receive any of the proceeds from the sale of shares by the selling stockholders. The selling stockholders will receive all the net proceeds from the sale of shares of common stock offered by this prospectus. In the event the underwriters exercise any part of their over-allotment option, we intend to use the proceeds for general corporate purposes, including reduction of our indebtedness. See Use of Proceeds.
Nasdaq Global Market	GTLS

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

- assumes no exercise by the underwriters of their option to purchase additional shares; and
- excludes 2,352,938 shares of common stock reserved for issuance under stock options granted before the date of this prospectus that we expect to continue to be outstanding under our plans after this offering, which options would be exercisable at a weighted average exercise price of $7.13.

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Summary Historical Financial Information

The financial statements referred to as the Predecessor Company financial statements include the consolidated audited financial statements of Chart Industries, Inc. and its subsidiaries prior to the Acquisition. The financial statements referred to as the Company financial statements include the consolidated audited financial statements of Chart Industries, Inc. and its subsidiaries after the Acquisition.

The following table sets forth our summary historical consolidated financial and other data as of the dates and for the periods indicated. The Predecessor Company summary historical financial statements and other data for the year ended December 31, 2004 and the period from January 1, 2005 to October 16, 2005 are derived from our audited financial statements for such periods included elsewhere in this prospectus, which have been audited by Ernst & Young LLP. The Company summary historical financial statements and other data as of and for the period from October 17, 2005 to December 31, 2005 and the year ended December 31, 2006 are derived from our audited financial statements for such periods included elsewhere in this prospectus, which have been audited by Ernst & Young LLP. The Company unaudited summary historical financial information and other data for the three months ended March 31, 2006 and as of and for the three months ended March 31, 2007, respectively, have been derived from the unaudited condensed consolidated financial statements and related notes which are included elsewhere in this prospectus, and reflect all adjustments, consisting of normal, recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the Company s financial position, results of operation and cash flows for the three months ended March 31, 2006 and as of and for the three months ended March 31, 2007 and are not necessarily indicative of our results of operations for the full year. The data should be read in conjunction with the consolidated financial statements, related notes and other financial information included herein.

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

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	Predecessor Company		Company			
	Year Ended December 31, 2004	January 1, 2005 to October 16, 2005	October 17, 2005 to December 31, 2005	Year Ended December 31, 2006	Three Months Ended March 31, 2006	Three Months Ended March 31, 2007
	(Dollars and shares in thousands, except per share data)				(Unaudited)	
Statement of Operations Data:						
Sales	$ 305,576	$ 305,497	$ 97,652	$ 537,454	$ 120,840	$ 152,463
Cost of sales(1)	211,770	217,284	75,733	382,535	83,853	112,604
Gross Profit	93,806	88,213	21,919	154,919	36,987	39,859
Selling, general and administrative expenses(2)	53,374	59,826	16,632	87,652	21,039	22,473
Restructuring and other operating expenses, net(3)	3,353	7,528	217	396	162	99
	56,727	67,354	16,849	88,048	21,201	22,572
Operating income	37,079	20,859	5,070	66,871	15,786	17,287
Interest expense, net(4)	4,712	4,164	5,556	25,461	6,545	6,346
Other expense (income)	(465)	659	409	1,003	222	50
	4,247	4,823	5,965	26,464	6,767	6,396
Income (loss) from operations before income taxes and minority interest	32,832	16,036	(895)	40,407	9,019	10,891
Income tax expense (benefit)	10,134	7,159	(441)	13,044	2,980	3,713
Income (loss) from operations before minority interest	22,698	8,877	(454)	27,363	6,039	7,178
Minority interest, net of taxes and other	(98)	(19)	(52)	(468)	(6)	
Net income (loss)	$ 22,600	$ 8,858	$ (506)	$ 26,895	$ 6,045	$ 7,178
Earnings (loss) per share data:						
Basic earnings (loss) per share	$ 4.22	$ 1.65	$ (0.06)	$ 1.70	$ 0.76	$ 0.28
Diluted earnings (loss) per share(5)(6)	$ 4.10	$ 1.57	$ (0.06)	$ 1.65	$ 0.73	$ 0.28

Weighted average shares basic	5,351	5,366	7,952	15,835	7,952	25,604
Weighted average shares diluted	5,516	5,649	7,952	16,269	8,285	25,810
Cash flow data:						
Net cash provided by operating activities	$ 35,059	$ 15,641	$ 14,635	$ 36,398	$ 11,895	$ 1,037
Net cash (used in) investing activities	$ (3,317)	$ (20,799)	$ (362,250)	$ (38,664)	$ (2,566)	$ (6,646)
Net cash (used in) provided by financing activities	$ (35,744)	$ 1,708	$ 348,489	$ 9,235	$ (5,839)	$ (928)
Other financial data:						
Depreciation and amortization(7)	$ 8,490	$ 6,808	$ 4,396	$ 22,449	$ 5,194	$ 4,991
EBITDA(8)	$ 45,936	$ 26,989	$ 9,005	$ 87,849	$ 20,764	$ 22,228
Capital expenditures	$ 9,379	$ 11,038	$ 5,601	$ 22,253	$ 2,566	$ 5,024
Backlog	$ 129,278	$ 206,215	$ 233,639	$ 319,153	$ 237,033	$ 342,182

	As of December 31, 2006 (In thousands)		As of March 31, 2007 (Unaudited)	
Balance Sheet Data:				
Cash and cash equivalents	$	18,854	$	12,359
Working capital(9)	$	73,290	$	84,286
Total assets(10)	$	724,875	$	736,316
Debt:				
Short-term debt	$	750	$	
Long-term debt	$	290,000		
Total debt	$	290,750	$	290,000
Shareholder s equity	$	219,734	$	226,963

(1) The period from October 17, 2005 to December 31, 2005 includes non-cash inventory valuation charges of $8.9 million related to purchase accounting.

(2) Includes amortization expense related to intangible assets for the year ended December 31, 2004, the period from January 1, 2005 to October 16, 2005, the period from October 17, 2005 to December 31, 2005, the year ended December 31, 2006, the three months ended March 31, 2006 and the three months ended March 31, 2007 of $2.8 million, $2.7 million, $3.0 million, $15.4 million, $3.6 million and $3.0 million, respectively. Includes charges (income), net of insurance recoveries, related to Hurricane Rita of $1.1 million, $0.4 million and ($2.3 million) for the period from January 1, 2005 to October 16, 2005, the period from October 17, 2005 to December 31, 2005 and the year ended December 31, 2006, respectively.

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

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

(5) The basic and diluted loss or earnings per share for the period from October 17, 2005 to December 31, 2005 are the same because incremental shares issuable upon conversion are anti-dilutive.

(6) Diluted earnings (loss) per share for the three months ended March 31, 2007 are not comparable to diluted earnings (loss) per share for the three months ended March 31, 2006 due to the change in our capital structure upon completion of our initial public offering in July 2006.

(7) The period from October 17, 2005 to December 31, 2005, the year ended December 31, 2006, the three months ended March 31, 2006 and the three months ended March 31, 2007 include financing costs amortization of $0.3 million, $1.5 million, $0.4 million and $0.4 million, respectively

(8) EBITDA is calculated as net income (loss) before income tax expense and interest expense plus depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted as indicated below. EBITDA and Adjusted EBITDA are not intended to represent cash flow from operations as defined by U.S. GAAP and should not be used as an alternative to net income as an indicator of operating performance or to cash flow as a measure of liquidity. EBITDA and Adjusted EBITDA are included in this prospectus because they are a basis upon which

our management assesses financial performance. The senior secured credit facility also includes the definition of pro forma EBITDA which is used in the calculation of certain covenants. Pro forma EBITDA is calculated based on EBITDA and is adjusted in a manner similar to that described herein. While EBITDA and Adjusted EBITDA are frequently used as a measure of operations and the ability to meet debt service requirements, they are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation. The following table reconciles EBITDA to net income (loss):

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	Predecessor Company			Company		
	Year Ended December 31, 2004	January 1, 2005 to October 16, 2005	October 17, 2005 to December 31, 2005	Year Ended December 31, 2006	Three Months Ended March 31, 2006	Three Months Ended March 31, 2007
Statement of Operations Data:						
Net income (loss)	$ 22,600	$ 8,858	$ (506)	$ 26,895	$ 6,045	$ 7,178
Income tax expense (benefit)	10,134	7,159	(441)	13,044	2,980	3,713
Interest expense net(a)	4,712	4,164	5,556	25,461	6,545	6,346
Depreciation and amortization(b)	8,490	6,808	4,396	22,449	5,194	4,991
EBITDA	$ 45,936	$ 26,989	$ 9,005	$ 87,849	$ 20,764	$ 22,228

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

(b) The period from October 17, 2005 to December 31, 2005, the year ended December 31, 2006, the three months ended March 31, 2006 and the three months ended March 31, 2007 include financing costs amortization of $0.3 million, $1.5 million, $0.4 million and $0.4 million, respectively.

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

	Predecessor Company			Company		
	Year Ended December 31, 2004	January 1, 2005 to October 16, 2005	October 17, 2005 to December 31, 2005	Year Ended December 31, 2006	Three Months Ended March 31, 2006	Three Months Ended March 31, 2007
			(In thousands)			
EBITDA	$ 45,936	$ 26,989	$ 9,005	$ 87,849	$ 20,764	$ 22,228
Stock-based compensation expense(a)	2,433	9,508	437	1,907	321	361
Inventory valuation charge(b)			8,903			

Acquisition expenses(c)		6,602				
In-process research and development charge(d)		2,768				
Hurricane & storm costs (recoveries)(e)		1,057	406	(1,593)	182	
Offering expenses(f)						260
Employee separation and plant closure costs(g)	3,346	1,700	255	396	162	99
Reorganization expenses(h)	706	1,470	88	162	45	
Appraisal rights settlement(i)			500			
Management fees(j)	380	306				
Loss (gain) on sale of assets(k)	133	(131)	78			
Adjusted EBITDA	$ 52,934	$ 50,269	$ 19,672	$ 88,721	$ 21,474	$ 22,948

(a) Represents stock-based compensation charges for stock and stock options issued to key employees and directors, and an additional charge for the cash-out of stock options in the period from January 1, 2005 to October 16, 2005 as a result of the Acquisition. Although it may be of limited relevance to holders of our debt instruments, it may be of more relevance to our equity holders, since such equity holders ultimately bear such expenses

(b) Represents a non-cash inventory valuation charge recorded in cost of sales for the adjustment of inventory to fair value as a result of purchase accounting as of October 17, 2005, the closing date of the Acquisition. Under purchase accounting, inventory was adjusted to the fair value as of the date indicated above, and a corresponding charge was taken in the subsequent period from October 17, 2005 to December 31, 2005 cost of sales as the inventory was sold.

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

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

(e) Represents losses and costs incurred related to Hurricane Rita at our New Iberia, Louisiana facilities, net of insurance recoveries.

(f) Represents offering expenses, primarily professional fees, incurred by us as a result of this offering.

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

(h) Represents pre-bankruptcy debt restructuring-related fees, professional fees and expenses, and a claim settlement related to our 2003 bankruptcy reorganization. See Management s Discussion and Analysis of Financial Condition and Results of Operations for additional information.

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

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

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

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

(10) Includes $247.1 million of goodwill and $146.6 million of finite-lived and indefinite-lived intangible assets as of December 31, 2006. Includes $246.8 million of goodwill and $143.6 million of finite-lived and indefinite-lived intangible assets as of March 31, 2007.

RISK FACTORS

Investing in our common stock involves substantial risk. You should carefully consider the risks described below as well as the other information contained in this prospectus, prior to investing in our common stock. Any of the following risks could materially adversely affect our business, financial condition and results of operations. In such case, you may lose all or part of your original investment.

Risks Related to our Business

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

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

For example, certain of our core businesses underperformed in the years prior to 2004 due to a general downturn in capital spending in the global and domestic industrial gas markets. While we have experienced demand growth since late 2003 in the global hydrocarbon and industrial gas markets, this growth may not continue and our businesses performance may not be markedly better or may be worse in the future. For example, while we have recently experienced increased order activity for smaller LNG projects and industrial gas plants, we have experienced delay in the receipt of some large LNG liquefier and GTL projects resulting from industry cost growth, constrained resources and local political uncertainty. In addition, changing world economic and political conditions may reduce the willingness of our customers and prospective customers to commit funds to purchase our products and services. Further, in 2005, the U.S. government announced the reduction of the amount of dollars it offered as reimbursement to our customers for purchasing our medical oxygen therapy products, which has adversely affected demand for these products.

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

Although no single customer accounted for more than 10% of our total sales for the year ended December 31, 2006, a small number of customers has accounted for a substantial portion of our historical net sales, and we expect that a limited number of customers will continue to represent a substantial portion of our sales for the foreseeable future. Approximately 35%, 33% and 39% of our sales for the years ended December 31, 2006, 2005 and 2004, respectively, were made to Praxair, Air Liquide, Air Products, Bechtel, Airgas, Linde and JGC, which management believes are the largest producers and distributors of hydrocarbon and industrial gases, and their suppliers. The loss of any of our major customers or a decrease or delay in orders or anticipated spending by such customers could materially reduce our revenues and profitability. Our largest customers, could also engage in business combinations which could increase their size, reduce their demand for our products as they recognize synergies or rationalize assets and increase or decrease the portion of our total sales concentration to any single customer. For example, Linde and BOC, or combined known as The Linde Group, engaged in a business combination in 2006. Additionally, we currently sell all of our magnetic resonance imaging, or MRI, components to GE, a leading worldwide manufacturer of MRI equipment, which accounted for $8.8 million in sales for the year ended December 31, 2006. The loss of, or significant reduction in, purchases of our MRI components by GE could reduce revenues and profitability in our BioMedical segment.

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

Although many of our products serve niche markets, a number of our direct and indirect competitors in these markets are major corporations, some of which have substantially greater technical, financial and marketing resources than we, and other competitors may enter these markets. Any increase in competition may cause us to lose market share or compel us to reduce prices to remain competitive, which could result in reduced sales and earnings.

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Companies that operate in our industry are Air Products, Kobe, The Linde Group, Nordon, Puritan-Bennett, a division of Tyco International, Ltd., Sumitomo and Taylor-Wharton, a Harsco Company. Additionally, we compete with several suppliers owned by global industrial gas producers and many smaller fabrication-only facilities around the world. Increased competition with these companies could prevent the institution of price increases or could require price reductions or increased spending on research and development and marketing and sales, any of which could materially reduce our revenues, profitability or both. In the event of an industry downturn, customers who typically outsource their need for cryogenic systems to us may use their excess capacity to produce such systems themselves. We also compete in the sale of a limited number of products with certain of our major customers.

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

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

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

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

Since we manufacture and sell our products worldwide, our business is subject to risks associated with doing business internationally. In 2006, 52% of our sales were made in international markets. Our future results could be harmed by a variety of factors, including:

- changes in foreign currency exchange rates;
- exchange controls and currency restrictions;
- changes in a specific country s or region s political, social or economic conditions, particularly in emerging markets;
- civil unrest, turmoil or outbreak of disease in any of the countries in which we operate;
- tariffs, other trade protection measures and import or export licensing requirements;

potentially negative consequences from changes in U.S. and international tax laws;

difficulty in staffing and managing geographically widespread operations;

differing labor regulations;

requirements relating to withholding taxes on remittances and other payments by subsidiaries;

- different regulatory regimes controlling the protection of our intellectual property;
- restrictions on our ability to own or operate subsidiaries, make investments or acquire new businesses in these jurisdictions;
- restrictions on our ability to repatriate dividends from our foreign subsidiaries;
- difficulty in collecting international accounts receivable;
- difficulty in enforcement of contractual obligations under non-U.S. law;
- transportation delays or interruptions;
- changes in regulatory requirements; and
- the burden of complying with multiple and potentially conflicting laws.

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

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

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

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

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

For example, we have invested or plan to invest up to $30 million in new capital expenditures in the United States and China in 2006 and 2007 related to the expected growth of our E&C and D&S segments. If we fail to implement these capital projects in a timely and effective manner, we may lose the opportunity to obtain some customer orders. Even if we effectively implement these projects, the orders needed to support the capital expenditure may not be obtained, may be delayed or may be less than expected, which may result in sales or profitability at lower levels than anticipated. We have experienced some delay in orders related to our E&C segment expansion from the timing initially anticipated in connection with that expansion, which has resulted in the underutilization of some of our capacity, and we cannot provide assurance when those orders will be obtained, if ever. In addition, potential cost overruns, delays or unanticipated problems in any capital expansion could make the expansion more costly than originally predicted.

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

Our ability to successfully operate and grow our business and implement our strategies is largely dependent on the efforts, abilities and services of our senior management and other key employees. Our future success will also depend on, among other factors, our ability to attract and retain qualified personnel, such as engineers and other skilled labor, either through direct hiring or the acquisition of other businesses employing such professionals. Our products, many of which are highly engineered, represent specialized applications of cryogenic or low temperature technologies and know-how, and many of the markets we serve represent niche markets for these specialized applications. Accordingly, we rely heavily on engineers, salespersons, business unit leaders, senior management and other key employees who have experience in these specialized applications and are knowledgeable about these niche markets, our products, and our company. Additionally, we may modify our management structure from time to time. We recently named a new president to lead our E&C segment, and the change of leadership in that segment may create marketing, operational and other business risks. The loss of the services of these senior managers or other key employees, any modification of our management structure or the failure to attract or retain other qualified personnel could reduce the competitiveness of our business or otherwise impair our business prospects.

Fluctuations in the prices and availability of raw materials and our exposure to fixed-price contracts, including exposure to fixed pricing on long-term customer contracts, could negatively impact our financial results.

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

The commodity metals we use, including aluminum and stainless steel, have experienced significant upward fluctuations in price. On average, over half of our cost of sales is represented by the cost of commodities metals. We have generally been able to recover the cost increases through price increases to our customers; however, during periods of rising prices of raw materials, such as in 2004, 2005, 2006 and 2007, we may be unable to pass a portion of such increases on to our customers. Conversely, when raw material prices decline, customer demands for lower prices could result in lower sale prices and, to the extent we have existing inventory, lower margins. As a result, fluctuations in raw material prices could result in lower revenues and profitability.

In addition, a substantial portion of our sales is derived from fixed-price contracts for large system projects, which may involve long-term fixed price commitments to customers. Among our long-term fixed-price contracts, we presently are executing two large projects each involving over $20 million of revenue on which our margins have deteriorated significantly, as previously disclosed. On one of these projects, we have experienced significant cost overruns, and the other was disrupted by a storm and related damage. The customer for one of these projects made the decision in the first quarter of 2007 to repair the damage through costly purchases of new replacement materials and has asserted we are responsible for other repairs. We may be required to pay for some of these or other repair costs in the future to the extent the customer successfully asserts that we are responsible for the damage occurring, which we would contest vigorously. To the extent that any of our fixed-price contracts are delayed, contract counterparties successfully assert claims against us, the original cost estimates in these or other contracts prove to be inaccurate or the contracts do not permit us to pass increased costs on to our customers, profitability from a particular contract may decrease, which, in turn, could decrease our revenues and overall profitability. The uncertainties associated with our fixed-price contracts make it more difficult to predict our future results and exacerbate the risk that our results will not match expectations, which has happened in the past.

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

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

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

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

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

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

- We may fail to achieve acquisition synergies; or

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

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

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

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

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

As of March 31, 2007, we had goodwill and indefinite-lived intangible assets of $281.3 million, which represented approximately 38% of our total assets. Goodwill and indefinite-lived intangible assets are not amortized but are tested for impairment annually or more often if events or changes in circumstances indicate a potential impairment may exist. Factors that could indicate that our goodwill or indefinite-lived intangible assets are impaired include a decline in stock price and market capitalization, lower than projected operating results and cash flows, and slower growth rates in our industry. To test for impairment, a model to estimate the fair market value of our reporting segments has been developed. This fair market value model incorporates our estimates of future operating results and cash flows, estimates of allocations of certain assets and cash flows among reporting segments, estimates of future growth rates and our judgment regarding the applicable discount rates to use to discount those estimated operating results and cash flows. If an impairment is determined to exist, we are required to record a charge to earnings in our financial statements, which may be significant, as in 2002 when we recorded a non-cash impairment charge of $92.4 million to write off non-deductible goodwill of the D&S segment. While we do not presently anticipate that any of our goodwill or indefinite-lived intangible assets will be impaired in the foreseeable future, if an impairment is determined to exist and we are required to record a charge to earnings, it may result in significantly decreased profitability and shareholders equity.

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

We are subject to numerous environmental, health and safety laws and regulations that impose various environmental controls on us or otherwise relate to environmental protection and various health and safety matters, including the discharge of pollutants in the air and water, the handling, use, treatment, storage and clean-up of solid and hazardous materials and wastes, the investigation and remediation of soil and groundwater affected by hazardous substances, and the requirement to obtain and maintain permits and licenses. These laws and regulations often impose strict, retroactive and joint and several liability for the costs of, and damages resulting from, cleaning up our, or our predecessors , past or present facilities and third party disposal sites. Compliance with these laws generally increases the costs of transportation and storage of raw materials and finished products, as well as the costs of storing and disposing waste, and could decrease our liquidity and profitability and increase our liabilities. Health and safety and other laws in the jurisdictions in which we operate, impose various requirements on us including state licensing requirements that may benefit our customers. If we are found to have violated any of these laws, we may become subject to corrective action orders and fines or penalties, and incur substantial costs, including substantial remediation costs and commercial liability to our customers. For example, in a project involving over $20 million in total revenue, we were subject to an investigation that commenced in the fourth quarter of 2006 by state regulators concerning whether one of our subsidiaries is required to have a license to install our manufactured equipment. Although we do not believe we are required to be licensed, if we were formally found to be in violation of the licensing requirement, we could owe substantial penalties to the state or be required to return job revenues to the customer. Further, we also could be subject to future liability resulting from conditions that are currently unknown to us that could be discovered in the future.

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

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

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

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

Due to the high pressures and low temperatures at which many of our products are used and the fact that some of our products are relied upon by our customers or end users in their facilities or operations, or are manufactured for relatively broad consumer use, we face an inherent risk of exposure to claims in the event that the failure, use or misuse of our products results, or is alleged to result, in bodily injury, property damage or economic loss. We believe that we meet or exceed existing professional specification standards recognized or required in the industries in which we operate. We have been subject to claims in the past, none of which have had a material adverse effect on our financial condition or results of operations, and we may be subject to claims in the future. Although we currently maintain product liability coverage, which we believe is adequate for the continued operation of our business, such insurance may become difficult to obtain or unobtainable in the future on terms acceptable to us and may not cover warranty claims. A successful product liability claim or series of claims against us, including one or more consumer claims purporting to constitute class actions, in excess of our insurance coverage or a significant warranty claim or series of claims against us could materially decrease our liquidity and impair our financial condition.

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

Our financial performance is affected by the availability of qualified personnel and the cost of labor. As of March 31, 2007, we had 2,686 employees, including 906 salaried, 324 bargaining unit hourly and 1,456 non-bargaining unit hourly employees. Employees represented by a union were subject to one collective bargaining agreement in the United States that expired in February 2007. A new three-year agreement was entered into in February 2007, and expires in February 2010. In connection with negotiating this new collective bargaining agreement, we experienced a work stoppage from the time that the previous agreement expired on February 3, 2007 until the terms of the new agreement were reached on February 7, 2007. If we are unable to enter into new, satisfactory labor agreements with our unionized employees when necessary in the future or other labor controversies or union organizing efforts arise, we could experience a significant disruption to our operations, lose business or experience an increase in our operating expenses, which could reduce our profit margins.

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

We have four defined benefit pension plans covering certain U.S. hourly and salaried employees. All of these plans have been frozen. Our current funding policy is to contribute at least the minimum funding amounts required by law. Based on current actuarial estimates, we contributed $1.3 million to our U.S. defined benefit pension plans during 2006 and expect to contribute $0.7 million during 2007. If the performance of our assets in our pension plans does not meet our expectations or if other actuarial assumptions are modified, our contributions could be higher than we expect, thus reducing the available cash for our business.

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

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

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

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

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

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

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

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

We have obtained and applied for some U.S. and foreign trademark and patent registrations and will continue to evaluate the registration of additional trademarks and patents, as appropriate. We cannot guarantee that any of our pending applications will be approved. Moreover, even if the applications are approved, third parties may seek to oppose or otherwise challenge them. A failure to obtain registrations in the United States or elsewhere could limit our ability to protect our trademarks and technologies and could impede our business. The patents in our patent portfolio are scheduled to expire between 2007 and 2024.

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

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

Although it is our intention to avoid infringing or otherwise violating the intellectual property rights of others, third parties may nevertheless claim (and have in the past claimed) that our processes and products infringe their intellectual property and other rights. For example, a third party has claimed that we may infringe certain patents related to cryogenic pipe technology and may have breached an undertaking relating to same, although we believe that these claims are without merit. In addition, our BioMedical business manufactures products for relatively broad consumer use, is actively marketing these products in multiple jurisdictions internationally and risks infringing technologies that may be protected in one or more of these international jurisdictions as the scope of our international marketing efforts expands. Our strategies of capitalizing on growing international demand as well as developing new innovative products across multiple business lines present similar infringement claim risks both internationally and in the United States as we expand the scope of our product offerings and markets. We compete with other companies for contracts in some small or specialized industries, which increases the risk that the other companies will develop overlapping technologies leading to an increased possibility that infringement claims will arise. Whether or not these claims have merit, we may be subject to costly and time-consuming legal proceedings, and this could divert our management s attention from operating our businesses. In order to resolve such proceedings, we may need to obtain licenses from these third parties or substantially re-engineer or rename our products in order to avoid infringement. In addition, we might not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to reengineer or rename our products successfully.

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

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

Additional liabilities related to taxes could adversely impact our financial results, financial condition and cash flow.

We are subject to tax and related obligations in the jurisdictions in which we operate or do business, including state, local, federal and foreign taxes. The taxing rules of the various jurisdictions in which we operate or do business often are complex and subject to varying interpretations, and tax authorities may challenge tax positions that we take or historically have taken, and may assess taxes where we have not made tax filings or may audit the tax filings we have made and assess additional taxes. Some of these assessments may be substantial, and also may involve the imposition of substantial penalties and interest. For example, a state in which we operate has asserted that we may be liable for substantial state income taxes, penalties and interest related to our operations in the state from 1993 to 2000. The taxes asserted by the state pre-date the Acquisition, and we believe that if the state issued a formal assessment and was successful in pursuing that assessment against us, the amounts owed, except for penalties and interest for periods after the Acquisition, would increase our goodwill instead of being charged against our earnings, but the negative cash flow impact could be significant and there could be a negative impact on our earnings related to post-Acquisition penalties and interest. We would vigorously contest any such assessment, if issued, including through administrative and court proceedings, but we may be unsuccessful and ultimately required to pay additional taxes, penalties and interest. Also, our federal income tax returns for 2004 and 2005 are currently under routine audit by the Internal Revenue Service. These audits could possibly result in additional taxes, penalties and interest. The payment of substantial additional taxes, penalties or interest resulting from these assessments could materially and adversely impact our financial results, financial condition and cash flow.

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

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

Depending upon the number of shares sold by First Reserve in this offering, we may be influenced by First Reserve whose interests may not be aligned with yours or ours.

FR X Chart Holdings, LLC, an affiliate of First Reserve, owns a significant portion of our common stock. If FR X Chart Holdings, LLC continues to own a significant portion of our stock after this offering, First Reserve may have the ability to influence our policies and operations, including the election of directors, the appointment of management, the entering into of mergers, sales of substantially all of our assets and other extraordinary transactions, future issuances of our common stock or other securities, the implementation of stock repurchase programs, the payments of dividends, if any, on our common stock, the incurrence of debt by us and amendments to our certificate of incorporation and bylaws. In addition, if FR X Chart Holdings, LLC continues to hold 10% of our common stock, FR X Chart Holdings, LLC has the right to designate members of our board of directors as described below under the caption Certain Related Party Transactions Stockholders Agreement. Additionally, First Reserve is in the business of advising investment partnerships on making investments in companies and may from time to time cause them to acquire and hold interests in businesses that compete directly or indirectly with us or which may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. So long as FR X Chart Holdings, LLC continues to own a significant amount of our equity, even if it is less than 50%, First Reserve will continue to be able to strongly influence or effectively control our decisions.

Risks Related to our Leverage

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

We are highly leveraged and have significant debt service obligations. Our financial performance could be affected by our substantial leverage. As of March 31, 2007, our total indebtedness was $290.0 million. In addition, at that date, we had approximately $22.6 million of letters of credit and bank guarantees outstanding and borrowing capacity of approximately $92.4 million under the revolving portion of our senior secured credit facility, after giving effect to the letters of credit and bank guarantees outstanding. We may also incur additional indebtedness in the future. This high level of indebtedness could have important negative consequences to us and you, including:

- we may have difficulty generating sufficient cash flow to pay interest and satisfy our debt obligations;
- we may have difficulty obtaining financing in the future for working capital, capital expenditures, acquisitions or other purposes;

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

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

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

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

- our substantial amount of debt and the amount we must pay to service our debt obligations could place us at a competitive disadvantage compared to our competitors that have less debt;
- our customers may react adversely to our significant debt level and seek or develop alternative suppliers; and
- our failure to comply with the financial and other restrictive covenants in our debt instruments which, among other things, require us to maintain specified financial ratios and limit our ability to incur debt and sell assets, could result in an event of default that, if not cured or waived, could have a material adverse effect on our business or prospects.

Our net cash flow generated from operating activities was $1.0 million, $36.4 million, $30.3 million (on a combined basis) and $35.1 million for the three months ended March 31, 2007 and the years 2006, 2005 and 2004, respectively. Our high level of indebtedness requires that we use a substantial portion of our cash flow from operations to pay principal of, and interest on, our indebtedness, which will reduce the availability of cash to fund working capital requirements, capital expenditures, research and development or other general corporate or business activities, including future acquisitions.

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

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

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

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

We may be able to incur substantial additional indebtedness in the future. The terms of our debt instruments do not fully prohibit us from doing so. The revolving credit portion of our senior secured credit facility provides commitments of up to $115.0 million, approximately $92.4 million of which would have been available for future borrowings (after giving effect to letters of credit and bank guarantees outstanding) as of March 31, 2007. We may also further increase the size of our senior secured credit facility. See Description of Indebtedness Senior Secured Credit Facility. If new debt is added to our current debt levels, the related risks that we now face could intensify.

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

The senior secured credit facility and the indenture governing the notes impose, and the terms of any future indebtedness may impose, operating and other restrictions on us and our subsidiaries. Such restrictions affect or will

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affect, and in many respects limit or prohibit, among other things, our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness;
- create liens;
- pay dividends and make other distributions in respect of our capital stock;
- redeem our capital stock;
- make certain investments or certain other restricted payments;
- sell certain kinds of assets;
- enter into certain types of transactions with affiliates; and
- effect mergers or consolidations.

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

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

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

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

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

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

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

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

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

Generally, the ability of a subsidiary to make cash available to its parent is affected by its own operating results and is subject to applicable laws and contractual restrictions contained in its debt instruments and other agreements.

Moreover, there may be restrictions on payments by our subsidiaries to us under applicable laws, including laws that require companies to maintain minimum amounts of capital and to make payments to shareholders only from profits. As a result, although our subsidiaries may have cash, we may be unable to obtain that cash to satisfy our obligations and make payments to our stockholders, if any.

Risks Related to this Offering

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

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

We, the selling stockholders (except FR X Chart Holdings LLC, assuming it sells all of its shares in this offering) and each of our executive officers and directors have agreed with the underwriters not to sell, dispose of or hedge any shares of our common stock or securities convertible into or exchangeable for shares of our common stock, subject to specified exceptions, during the period from the date of this prospectus continuing through the date that is 90 days after the date of this prospectus, except with the prior written consent of the representatives of the underwriters. See Underwriting.

After this offering, we will have 25,636,713 shares of common stock outstanding (including shares currently subject to options that are expected to be exercised in connection with this offering). Of those shares, the 12,500,000 shares of common stock sold in our initial public offering are freely tradeable and the 12,612,648 shares being offered hereby will be freely tradable. The approximately 450,000 shares that were not sold in our initial public offering, under the resale exemption provided by Rule 701 under the Securities Act or this offering will be eligible for resale from time to time after the expiration of the 90-day lock-up period, subject to contractual and Securities Act restrictions, including those relating to volume, manner of sale and other conditions of Rule 144. None of those shares may currently be resold under Rule 144(k). If First Reserve s affiliates do not sell all their shares, upon the expiration of 60 days after the date of this prospectus, they will have the ability to cause us to register the resale of their remaining shares and certain other holders of our unregistered common stock will be able to participate in such registration, subject to the expiration of their 90-day lock-up period.

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

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of our common stock in spite of our operating performance. In addition, our operating results could be below the expectations of securities analysts and investors, and in response, the market price of our common stock could decrease significantly. Further, the trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. You may be unable to resell your shares of our common stock at or above the offering price. Factors affecting the trading price of our common stock may include:

- actual or anticipated variations in our operating results;
- changes in financial estimates by research analysts, or any failure by us to meet or exceed any such estimates, or changes in the recommendations of any research analysts that elect to follow our common stock or the common stock of our competitors;

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

actual or anticipated changes in the regulatory environment affecting our industry;

changes in the market valuations of our industry peers; and

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

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

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

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

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

labor costs and disputes;

our relations with our employees;

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

fluctuations in foreign currency exchange and interest rates;

disruptions in our operations due to hurricanes;

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

regulations governing the export of our products;

additional liabilities related to taxes;

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

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- risks associated with our substantial indebtedness, leverage, debt service and liquidity;
- risks related to this offering; and
- other factors described in this prospectus.

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

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

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MARKET AND INDUSTRY DATA

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

USE OF PROCEEDS

The selling stockholders, including FR X Chart Holdings LLC, will receive all the net proceeds from the sale of our common stock in this offering. The net proceeds received by FR X Chart Holdings LLC will be distributed to affiliates of First Reserve. In addition, certain of our executive officers, including our Chief Executive Officer, are selling an aggregate of 140,000 shares in this offering as follows: Mr. Thomas (120,000 shares); and Mr. Biehl (20,000 shares). Assuming a sale price equal to the last reported sale price of our common stock on May 17, 2007, the proceeds to be received by certain of our executive officers (before payment of underwriting discounts) would be: Mr. Thomas ($2,464,800); and Mr. Biehl ($410,800). Other employees are selling an aggregate of 96,434 shares in this offering.

We will not receive any of the proceeds from the sale of common stock in this offering. In the event the underwriters fully exercise their over-allotment option, we will issue new shares to cover the over-allotment and we will use approximately $ million of the net proceeds for general corporate purposes, including reduction of our indebtedness with interest rates ranging from an average of 6.93% to 9.125% at March 31, 2007 and maturities of October 2012 and October 2015, respectively.

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DIVIDEND POLICY

In connection with our initial public offering, we distributed approximately $150.3 million of the net proceeds to pay a dividend to our stockholders existing immediately prior to the initial public offering, consisting of affiliates of First Reserve and certain members of management. FR X Chart Holdings LLC, an affiliate of First Reserve, received approximately $142.1 million, approximately $8.2 million in the aggregate was received by certain of our executive officers and other members of our management, consisting of Mr. Thomas ($5,866,697) and Mr. Biehl ($328,493), and $1,979,953 was received by seven other employees in the aggregate. In addition, upon the expiration of the underwriters over-allotment option, we issued 1,733,022 shares to FR X Chart Holdings LLC, 101,978 shares to certain of our executive officers and other members of our management, consisting of Mr. Thomas (73,181 shares) and Mr. Biehl (4,097 shares), and 24,700 shares to seven other employees in the aggregate as a stock dividend.

We do not currently intend to pay any cash dividends on our common stock, and instead intend to retain earnings, if any, for future operations and debt reduction. The amounts available to us to pay cash dividends will be restricted by our senior secured credit facility. The indenture governing the notes also limits our ability to pay dividends. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant.

PRICE RANGE OF OUR COMMON STOCK

Trading in our common stock commenced on the Nasdaq Global Market on July 26, 2006 under the symbol GTLS. Prior to that time, there was no public market for our common stock. The following table sets forth, for the periods indicated, the high and low sales prices per share of our common stock as reported on the Nasdaq Global Market.

	High	Low
2006		
Quarter ended September 30, 2006	$ 16.60	$ 11.43
Quarter ended December 31, 2006	$ 16.33	$ 11.16
2007		
Quarter ended March 31, 2007	$ 18.89	$ 14.94
Quarter ended June 30, 2007 (through May 17, 2007)	$ 20.81	$ 17.00

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CAPITALIZATION

The information in this table should be read in conjunction with Selected Historical Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, Description of Indebtedness and our consolidated financial statements and related notes included elsewhere in this prospectus. The table excludes cash and cash equivalents as of March 31, 2007 of $12.4 million.

		As of March 31, 2007 (In millions)
Debt:		
Senior secured credit facility:		
Revolving credit facility(1)	$	
Term loan facility		120.0
91/8% senior subordinated notes due 2015		170.0
Total debt	$	290.0
Shareholders equity:		
Common stock, par value $0.01 per share, 150,000,000 shares authorized, 25,588,835 shares issued and outstanding		0.3
Additional paid-in capital		185.9
Retained earnings		33.6
Accumulated other comprehensive income		7.2
Total shareholders equity	$	227.0
Total capitalization	$	517.0

(1) As of March 31, 2007, we had approximately $92.4 million available for borrowing under the revolving portion of the senior secured credit facility, subject to certain conditions, after giving effect to approximately $22.6 million of letters of credit and bank guarantees outstanding thereunder. See Description of Indebtedness.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

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

The following table sets forth the selected historical consolidated financial information as of the dates and for each of the periods indicated. The Pre-Predecessor Company selected historical consolidated financial data as of and for the year ended December 31, 2002 and as of and for the nine months ended September 30, 2003 is derived from our audited financial statements for such period, which have been audited by Ernst & Young LLP and which are not included in this prospectus. The Predecessor Company selected historical consolidated financial data as of and for the three months ended December 31, 2003, as of December 31, 2004 and October 16, 2005 are derived from our audited financial statements for such periods which have been audited by Ernst & Young LLP, and which are not included in this prospectus. The Predecessor Company selected historical consolidated financial data for the year ended December 31, 2004 and for the period from January 1, 2005 to October 16, 2005 is derived from our audited financial statements for such periods included elsewhere in this prospectus, which have been audited by Ernst & Young LLP. The Company selected historical consolidated financial statements and other data as of December 31, 2005 and December 31, 2006 and for the period from October 17, 2005 to December 31, 2005 and for the year ended December 31, 2006 is derived from our audited financial statements for such periods included elsewhere in this prospectus, which have been audited by Ernst & Young LLP. The Company selected historical consolidated financial data for the three months ended March 31, 2006, and as of and for the three months ended March 31, 2007, respectively, have been derived from the unaudited condensed consolidated financial statements and related notes which are included elsewhere in this prospectus, and reflect all adjustments, consisting of normal, recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the Company s financial position, results of operations and cash flows for the three months ended March 31, 2006 and as of and for the three months ended March 31, 2007 and are not necessarily indicative of our results of operations for the full year.

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

	Pre-Predecessor Company		Predecessor Company			Company		Three Months March 3	
	Year Ended December 31, 2002	Nine Months Ended September 30, 2003	Three Months Ended December 31, 2003	Year Ended December 31, 2004	January 1, 2005 to October 16, 2005	October 17, 2005 to December 31, 2005	Year Ended December 31, 2006	2006	
	(In thousands, except per share data)							(Unaudit	
of s									
	$ 276,353	$ 197,017	$ 68,570	$ 305,576	$ 305,497	$ 97,652	$ 537,454	$ 120,840	$
es(1)	205,595	141,240	52,509	211,770	217,284	75,733	382,535	83,853	
t	70,758	55,777	16,061	93,806	88,213	21,919	154,919	36,987	
neral ive)(3)	65,679	44,211	14,147	53,374	59,826	16,632	87,652	21,039	
ng)	104,477	13,503	994	3,353	7,528	217	396	162	
	170,156	57,714	15,141	56,727	67,354	16,849	88,048	21,201	
(loss)	(99,398)	(1,937)	920	37,079	20,859	5,070	66,871	15,786	
pense,	19,176	10,300	1,344	4,712	4,164	5,556	25,461	6,545	
nse	4,240	(3,737)	(350)	(465)	659	409	1,003	222	
	23,416	6,563	994	4,247	4,823	5,965	26,464	6,767	
ome nuing before es and terest	(122,814)	(8,500)	(74)	32,832	16,036	(895)	40,407	9,019	
enefit)	11,136	1,755	(125)	10,134	7,159	(441)	13,044	2,980	

ome nuing before terest	(133,950)	(10,255)	51	22,698	8,877	(454)	27,363	6,039	
nterest, s and	(52)	(63)	(20)	(98)	(19)	(52)	(468)	(6)	
ome nuing	(134,002)	(10,318)	31	22,600	8,858	(506)	26,895	6,045	
m ed									
gain on tax(8)	3,217	3,233							
	$ (130,785)	$ (7,085)	$ 31	$ 22,600	$ 8,858	$ (506)	$ 26,895	$ 6,045	$
nings									
) er	$ (5.22)	$ (0.27)	$ 0.01	$ 4.22	$ 1.65	$ (0.06)	$ 1.70	$ 0.76	$
ss) er	$ (5.22)	$ (0.27)	$ 0.01	$ 4.10	$ 1.57	$ (0.06)	$ 1.65	$ 0.73	$
ares	25,073	26,336	5,325	5,351	5,366	7,952	15,835	7,952	
ares .	25,073	26,336	5,325	5,516	5,649	7,952	16,269	8,285	
y	$ 5,249	$ 19,466	$ 4,988	$ 35,059	$ 15,641	$ 14,635	$ 36,398	$ 11,895	$
y	1,288	15,101	154	(3,317)	(20,799)	(362,250)	(38,664)	(2,566)	
ased d by	(17,614)	(15,907)	(13,976)	(35,744)	1,708	348,489	9,235	(5,839)	

ancial

on and on(10)	$	14,531	$	9,260	$	2,225	$	8,490	$	6,808	$	4,396	$	22,449	$	5,194	$	

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	Pre-Predecessor Company		Predecessor Company			Company		
	As of December 31, 2002	As of September 30, 2003	As of December 31, 2003	As of December 31, 2004	As of October 16, 2005	As of December 31, 2005	As of December 31, 2006	As of March 3 2007
e Sheet Data:								
nd cash ents	$ 7,225	$ 27,815	$ 18,600	$ 14,814	$ 11,470	$ 11,326	18,854	12,3
g capital(11)	48,563	35,826	47,161	51,292	43,486	59,561	73,290	84,2
ssets	279,294	299,745	299,637	307,080	343,107	635,641(13)	724,875(13)	736,3
erm debt	1,161(12)	122,537	109,081	76,406	74,480	345,000	290,000	290,0
ebt	263,900(12)	126,012	112,561	79,411	80,943	347,304	290,750	290,0
olders equity)	(81,617)	89,865	90,807	115,640	121,321	116,330	219,734	226,9

(1) The three months ended December 31, 2003 and the period from October 17, 2005 to December 31, 2005 include non-cash inventory valuation charges of $5.4 million and $8.9 million, respectively, related to Fresh-Start and purchase accounting.

(2) Includes amortization expense related to intangible assets for the year ended December 31, 2002, the nine months ended September 30, 2003, the three months ended December 31, 2003, the year ended December 31, 2004, the period from January 1, 2005 to October 16, 2005, the period from October 17, 2005 to December 31, 2005, the year ended December 31, 2006, the three months ended March 31, 2006 and the three months ended March 31, 2007 of $1.7 million, $1.2 million, $0.7 million, $2.8 million, $2.7 million $3.0 million, $15.4 million, $3.6 million and $3.0 million, respectively.

(3) Includes charges (income), net of insurance recoveries, related to Hurricane Rita of $1.1 million, $0.4 million and ($2.3 million) for the period from January 1, 2005 to October 16, 2005, the period from October 17, 2005 to December 31, 2005 and the year ended December 31, 2006, respectively.

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

(5) In 2002, we recorded a non-cash impairment charge of $92.4 million to write off non-deductible goodwill of the D&S segment.

(6) In September 2003, in accordance with Fresh-Start accounting, all assets and liabilities were adjusted to their fair values. The adjustment to record the assets and liabilities at fair value resulted in net other income of $5.7 million for the nine months ended September 30, 2003.

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

(8) This discontinued operation relates to the sale of our former Greenville Tube, LLC business in July 2003.

(9) The basic and diluted loss and earnings per share for the year ended December 31, 2002, the nine months ended September 30, 2003, the three months ended December 31, 2003 and the period from October 17, 2005 to December 31, 2005 are the same because incremental shares issuable upon conversion are anti-dilutive. Diluted earnings (loss) per share for the three months ended March 31, 2007 are not comparable to diluted earnings (loss) per share for the three months ended March 31, 2006 due to the change in our capital structure upon completion of our initial public offering in July 2006.

(10) Includes financing costs amortization for the year ended December 31, 2002, the nine months ended September 30, 2003, the period from October 17, 2005 to December 31, 2005, the year ended December 31, 2006, the three months ended March 31, 2006 and the three months ended March 31, 2007 of $3.2 million, $1.7 million, $0.3 million, $1.5 million, $0.4 million and $0.4 million, respectively.

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

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

(13) Includes $236.7 million of goodwill and $154.1 million of finite-lived and indefinite-lived intangible assets as of December 31, 2005. Includes $247.1 million of goodwill and $146.6 million of finite-lived and indefinite-lived intangible assets as of December 31, 2006. Includes $246.8 million of goodwill and $143.6 million of finite-lived and indefinite-lived intangible assets as of March 31, 2007.

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

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

Overview

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

For the three months ended March 31, 2007, orders remained strong at $174.8 million and backlog increased to $342.2 million compared to $319.2 million at December 31, 2006. This increase was primarily due to increased demand in the hydrocarbon processing and industrial gas markets served by our Energy and Chemicals (E&C) and Distribution and Storage (D&S) segments and continued penetration of the international markets served by our BioMedical segment. Also, we experienced growth in our sales, gross profit and operating income for the three months ended March 31, 2007 compared to the same period in 2006, which was primarily attributable to higher volume across all of our business segments, and the timing of product price increases, particularly in our D&S segment. Sales for the three months ended March 31, 2007 were $152.5 million compared to sales of $120.8 million for the three months ended March 31, 2006, reflecting an increase of $31.7 million, or 26.2%. Our gross profit for the three months ended March 31, 2007 was $39.9 million, or 26.1% of sales, as compared to $37.0 million, or 30.6% of sales, for the same period in 2006. In addition, our operating income for the three months ended March 31, 2007 was $17.3 million compared to $15.8 million for the same period in 2006. Our gross profit margin decline was attributed to our E&C segment as margins in our D&S and BioMedical segments improved.

For the year ended December 31, 2006, we experienced significant increases in our backlog, orders, sales, gross profit and operating income compared to the combined year ended December 31, 2005. These increases were primarily due to continued growth in the global hydrocarbon processing and industrial gas markets served by our E&C and D&S segments and the acquisition of an air cooled heat exchanger business that is included in our E&C segment. Backlog as of December 31, 2006 was $319.2 million compared to $233.6 million as of December 31, 2005, representing an increase of $85.6 million or 36.6%. Orders for the year ended December 31, 2006 were $605.8 million compared to $511.2 for the combined year ended December 31, 2005, representing an increase of $94.6 million or 18.5%. Sales for 2006 were $537.5 million compared to sales of $403.1 million for the combined year 2005, reflecting an increase of

$134.3 million, or 33.3%. Gross profit for the year ended December 31, 2006 was $155.0 million, or 28.8% of sales, as compared to $110.1 million, or 27.3% of sales, for the combined year ended December 31, 2005. In addition, operating income for the year ended December 31, 2006 was $66.9 million compared to $25.9 million for combined year 2005. Increased sales volume in all three of our operating segments, manufacturing productivity improvements in our D&S and BioMedical segments, and the timing of product price increases in our D&S segment, were contributing factors to the growth in our gross profit in 2006. Our gross profit and operating income for the combined year ended December 31, 2005 was negatively impacted by $8.9 million, or

2.2% of sales and $26.5 million or 6.6% of sales, respectively, of non-recurring charges primarily as a result of the Acquisition.

On May 26, 2006, we acquired Cooler Service Company, Inc., an air-cooled heat exchanger business (CSC), which was included in our E&C segment. Our results of operations for the last seven months of 2006 include the results from CSC.

As a result of the continued growth in many of the markets we serve, our present and anticipated customer order trends, our backlog level of $342.2 million as of March 31, 2007, and our focus on energy-related industries, we presently expect to experience continued sales and operating income growth for the remainder of 2007 as compared to the same period in 2006. While overall growth is expected in the global industrial gas market during the remainder of 2007, more of this growth is forecasted from international markets, particularly Central Europe and Asia, as the U.S. market is experiencing signs of moderating growth. We also believe that our cash flow from operations, available cash and available borrowings under the senior secured credit facility should be adequate to meet our working capital, capital expenditure, debt service and other funding requirements for the remainder of 2007.

Stock-Based Compensation Expense

We granted options to purchase an aggregate of 266,390 shares of our common stock (93,179 time-based options and 173,221 performance-based options) in 2006 under the Amended and Restated 2005 Stock Incentive Plan to certain members of management. In connection with these time-based options, we will record pre-tax stock-based compensation expense of approximately $1.3 million in the aggregate. This expense will be amortized over the five-year vesting period of the 93,179 time-based options, including approximately $0.4 million in 2006. Further, we may also record additional stock-based compensation expense, which may be substantial, in future periods related to the 1,580,607 performance-based options granted in 2005 and 2006 under the Amended and Restated 2005 Stock Incentive Plan to certain members of management if it becomes probable that any of the future performance criteria will be achieved. We presently believe that the maximum share-based compensation expense relating to the performance-based options is approximately $7.7 million, which will be recognized if and to the extent it becomes probable that the specified actual returns on First Reserve Fund X, L.P. s investment will be achieved. Primarily as a result of the vesting of the performance-based options based on First Reserve Fund X, L.P. achieving a specified investment return upon completion of this offering, we estimate that we will incur a pre-tax, non-cash stock-based compensation expense of approximately $7.0 million in the period in which this offering is consummated (assuming a sale price equal to the last reported sale price of our common stock on May 17, 2007).

Operating Results

The following table sets forth the percentage relationship that each line item in our consolidated statements of operations represents to sales for the year ended December 31, 2004, the period from January 1, 2005 to October 16, 2005, the period from October 17, 2005 to December 31, 2005, the year ended December 31, 2006, the three months ended March 31, 2006 and the three months ended March 31, 2007. The Predecessor Company and the Company are further described in our audited financial statements and related notes thereto included elsewhere in this prospectus.

	Predecessor Company		Company			
	Year Ended December 31, 2004	January 1, 2005 to October 16, 2005	October 17, 2005 to December 31, 2005	Year Ended December 31, 2006	Three Months Ended March 31, 2006	2007
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales(1)	69.3	71.1	77.6	71.2	69.4	73.9
Gross profit	30.7	28.9	22.4	28.8	30.6	26.1
Selling, general and administrative expenses(2)(3)(4)(5)(6)	16.6	18.7	13.9	13.4	14.5	12.8
Amortization expense	0.9	0.9	3.1	2.9	3.0	2.0
Acquisition expense(7)		2.2				
Employee separation and plant closure costs	1.0	0.3	0.1	0.1		
(Loss) on sale of assets			(0.1)			
Equity expense in joint venture						
Operating income	12.2	6.8	5.2	12.4	13.1	11.3
Interest expense, net	(1.6)	(1.4)	(5.7)	(4.7)	(5.4)	(4.1)
Financing costs amortization			(0.3)	(0.3)	(0.3)	(0.3)
Derivative contracts valuation income (expense)						
Foreign currency income (loss)	0.1	(0.2)	(0.1)	0.1	0.1	0.2
Income (loss) before income taxes and minority interest	10.7	5.2	(0.9)	7.5	7.5	7.1
Income tax (benefit) expense	3.3	2.3	(0.5)	2.4	2.5	2.4
Income (loss) before minority interest	7.4	2.9	(0.4)	5.1	5.0	4.7
Minority interest, net of taxes				0.1		
Net income (loss)	7.4	2.9	(0.4)	5.0	5.0	4.7

(1) Includes non-cash inventory valuation charges of \$8.9 million, \$0.6 million and \$0.2 million, representing, 9.2%, 0.2%, and 0.1% of sales, for the period from October 17, 2005 to December 31, 2005, the period from January 1, 2005 to October 16, 2005 and the year ended December 31, 2004, respectively.

(2) Includes \$1.5 million and \$0.7 million, representing 0.5% and 0.2% of sales, for claim settlements, professional fees incurred by us related to our debt restructuring and bankruptcy reorganization activities for the period from January 1, 2005 to October 16, 2005 and the year ended December 31, 2004, respectively.

(3) Includes stock-based compensation expense of \$0.4 million, \$1.9 million, \$0.3 million, \$0.4 million, \$9.5 million, and \$2.4 million, representing 0.2%, 0.4%, 0.3%, 0.4%, 3.1%, and 0.8% of sales, for the three months ended March 31, 2007, the year ended December 31, 2006, the three months ended March 31, 2006, the

period from October 17, 2005 to December 31, 2005, the period from January 1, 2005 to October 16, 2005, and the year ended December 31, 2004, respectively.

(4) Includes charges (income), net of insurance recoveries, related to Hurricane Rita of ($2.3) million, $0.2 million, $0.4 million and $1.1 million, representing (0.4)%, 0.2%, 0.4% and 0.3% of sales, for the year ended December 31, 2006, the three months ended March 31, 2006, the period from October 17, 2005 to December 31, 2005 and the period from January 1, 2005 to October 16, 2005, respectively.

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

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of $2.8 million, or 0.1% of sales, for the period from October 17, 2005 to December 31, 2005 and the period from January 1, 2005 to October 16, 2005, respectively.

(6) Includes amortization expense for intangible assets of $3.0 million, $15.4 million, $3.6 million, $3.0 million, $2.7 million and $2.8 million, representing 2.0%, 2.8%, 3.0%, 3.0%, 0.9% and 0.9% of sales, for the three months ended March 31, 2007, the year ended December 31, 2006, the three months ended March 31, 2006, the period from October 17, 2005 to December 31, 2005, the period from January 1, 2005 to October 16, 2005 and the year ended December 31, 2004.

(7) Represents expenses, primarily professional fees, incurred by us related to the Acquisition.

Segment Information

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

	Predecessor Company		Company			
	Year Ended December 31, 2004	January 1, 2005 to October 16, 2005	October 17, 2005 to December 31, 2005	Year Ended December 31, 2006	Three Months Ended March 31, 2006	2007
	(Dollars in thousands)					
Sales						
Energy & Chemicals	$ 69,609	$ 86,920	$ 34,135	$ 190,673	$ 41,174	$ 52,277
Distribution and Storage	162,508	161,329	47,832	268,303	60,318	76,779
BioMedical	73,459	57,248	15,685	78,478	19,348	23,407
Total	$ 305,576	$ 305,497	$ 97,652	$ 537,454	$ 120,840	$ 152,463
Gross Profit						
Energy & Chemicals	$ 21,475	$ 23,391	$ 10,494	$ 39,676	$ 11,648	$ 6,026
Distribution and Storage	46,588	47,120	8,861	87,283	18,822	25,751
BioMedical	25,743	17,702	2,564	27,960	6,517	8,082
Total	$ 93,806	$ 88,213	$ 21,919	$ 154,919	$ 36,987	$ 39,859
Gross Profit Margin						
Energy & Chemicals	30.9%	26.9%	30.7%	20.8%	28.3%	11.5%
Distribution and Storage	28.7%	29.2%	18.5%	32.5%	31.2%	33.5%
BioMedical	35.0%	30.9%	16.4%	35.6%	33.7%	34.5%
Total	30.7%	28.9%	22.4%	28.8%	30.6%	26.1%
Operating Income (Loss)						
Energy & Chemicals	$ 11,545	$ 13,717	$ 5,092	$ 18,957	$ 5,933	$ 150
Distribution & Storage	27,951	27,005	3,947	54,545	11,053	18,038
BioMedical	14,208	8,343	714	15,969	3,714	4,910
Corporate	(16,625)	(28,206)	(4,683)	(22,600)	(4,914)	(5,811)

Total	$ 37,079	$ 20,859	$ 5,070	$ 66,871	$ 15,786	$ 17,287

Results of Operations for the Three Months Ended March 31, 2007 and 2006

Sales

Sales for the three months ended March 31, 2007 were $152.5 million compared to $120.8 million for the three months ended March 31, 2006, reflecting an increase of $31.7 million, or 26.2%. E&C segment sales were $52.3 million for the three months ended March 31, 2007 compared with sales of $41.2 million for three months ended March 31, 2006, which reflected an increase of $11.1 million, or 27.0%. This increase in sales resulted primarily from $9.9 million of air cooled heat exchanger sales from CSC, which was acquired in the second quarter of 2006, and to a lesser extent from higher volume for brazed aluminum heat exchangers and process systems. D&S segment sales increased $16.5 million, or 27.4%, to $76.8 million for the three months ended March 31, 2007 from $60.3 million for the three months ended March 31, 2006. Sales of bulk storage systems and packaged gas systems increased $12.4 million and $4.0 million, respectively, for the three months ended March 31, 2007 compared to the same period in 2006, primarily due to higher volume as a result of continued growth in the global industrial gas market, and price increases to absorb escalating raw material costs. Another contributing factor to the increased D&S sales in the first quarter of 2007 compared with the same period in 2006 was favorable foreign currency translation of approximately $2.5 million as a result of the weakened U.S. dollar compared to the Euro and Czech Koruna. BioMedical segment sales for the three months ended March 31, 2007 were $23.4 million compared to $19.3 million for the same period in 2006, which reflected an increase of $4.1 million, or 21.0%. Medical respiratory product and biological storage system sales increased $1.1 million and $1.7 million, respectively, due to higher volume in international markets. Other products sales in the BioMedical segment increased $1.2 million, primarily due to higher volume compared to the same period in 2006.

Gross Profit and Margin

Gross profit for the three months ended March 31, 2007 was $39.9 million, or 26.1% of sales, versus $37.0 million, or 30.6% of sales, for the three months ended March 31, 2006 and reflected an increase of $2.9 million. E&C segment gross profit decreased $5.6 million and its margin decreased 16.8 percentage points, primarily due to lower margins on two complex field installation projects and lower productivity at our La Crosse, Wisconsin brazed aluminum heat exchanger facility as a result of a strike in February 2007, which has since settled. The two installation projects and the La Crosse strike had a $3.3 million unfavorable impact on E&C gross profit for the three months ended March 31, 2007. Also contributing to the E&C margin decline was the increase in costs on several other fixed price contracts that were completed or near completion at March 31, 2007. The cost increases were primarily attributable to escalating labor costs for engineers and skilled welders and higher raw material costs due to a rapid increase in stainless steel surcharges. In addition, the gross profit for the three months ended March 31, 2006 included a high margin heat exchanger and process systems emergency order that increased the E&C margin by approximately six percentage points. Gross profit for the D&S segment increased $6.9 million, or 2.3 percentage points, in the 2007 three month period compared to the 2006 three month period, primarily due to higher sales volume, manufacturing productivity improvements, and to a lesser extent the timing of product price increases in both bulk storage and packaged gas systems to absorb escalating raw material costs. BioMedical gross profit increased $1.6 million, or 0.8 percentage points, in the 2007 period compared to the 2006 period, primarily due to higher sales volume.

Selling, General and Administrative (SG&A) Expenses

SG&A expenses for the three months ended March 31, 2007 were $19.4 million, or 12.8% of sales, compared to $17.5 million, or 14.5% of sales, for the three months ended March 31, 2006. SG&A expenses for the E&C segment were $4.6 million for the three months ended March 31, 2007 compared to $4.4 million for the three months ended March 31, 2006, an increase of $0.2 million. D&S segment SG&A expenses for the three months ended March 31, 2007 were $6.4 million compared to $5.8 million for the three months ended March 31, 2006, an increase of $0.6 million. This increase was primarily attributable to higher employee-related and infrastructure costs to support business growth. SG&A expenses for the BioMedical segment were $2.7 million for the three months ended March 31, 2007, an increase of $0.4 million compared to the three months ended March 31, 2006, which was primarily due to higher sales volume and increased research and development costs. Corporate SG&A expenses for the three months ended March 31, 2007 were $5.7 million compared to $4.9 million for the three months ended March 31, 2006. This increase of $0.8 million was primarily attributable to Sarbanes-Oxley implementation costs and secondary offering expenses aggregating approximately $0.7 million.

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Amortization Expense

Amortization expense for the three months ended March 31, 2007 was $3.0 million, or 2.0% of sales, compared to $3.6 million, or 3.0% of sales, for the three months ended March 31, 2006. The decrease of $0.6 million was due to certain intangible assets being fully amortized at December 31, 2006.

Employee Separation and Plant Closure Costs

For the three months ended March 31, 2007 and 2006, employee separation and plant closure costs were $0.1 million and $0.2 million, respectively. The costs for the both periods were related to the idle Plaistow, New Hampshire facility that is being held for sale. The sale of this facility is expected to be completed in the second or third quarter of 2007.

Operating Income

As a result of the foregoing, operating income for the three months ended March 31, 2007 was $17.3 million, or 11.3% of sales, an increase of $1.5 million compared to operating income of $15.8 million, or 13.1% of sales, for the same period in 2006.

Interest Expense, Net

Net interest expense for the three months ended March 31, 2007 and 2006 was $6.3 million and $6.5 million, respectively. The decrease in interest expense of $0.2 million for the three months ended March 31, 2007 compared to the same period in 2006 was primarily attributable to decreased long-term debt outstanding as a result of voluntary principal payments of $50.0 million made on the term loan portion of our senior secured credit facility with proceeds from the exercise of warrants and options and the Company s IPO during 2006, partially offset by higher interest rates on our senior secured credit facility and the additional interest incurred in the three months ended March 31, 2007 on our senior subordinated notes, since the exchange offer was not completed until April 2007.

Other Expense and Income

Financing costs amortization were $0.4 million for both the three months ended March 31, 2007 and 2006, respectively.

For the three months ended March 31, 2007, foreign currency gains were $0.4 million as compared to foreign currency gains of $0.1 million for the same period in 2006. This increase in income was the result of the timing of transactions in currencies other than functional currencies, primarily in the D&S and BioMedical segments.

Income Tax Expense

Income tax expense of $3.7 million and $3.0 million for the three months ended March 31, 2007 and 2006, respectively, represented taxes on both U.S. and foreign earnings at an annual effective income tax rate of 34.1% and 33.0%, respectively. The increase in the annual effective income tax rate was primarily due to a greater proportion of U.S. earnings that are taxed at higher rates than the Company s foreign earnings.

Net Income

As a result of the foregoing, reported net income for the three months ended March 31, 2007 and 2006 was $7.2 million and $6.0 million, respectively.

Results of Operations for the Year Ended December 31, 2006

Sales

Sales for the year ended December 31, 2006 were $537.5 million. E&C segment sales were $190.7 million and benefited from higher volume, particularly large heat exchanger and process systems projects, which were driven by continued growth in the LNG and natural gas segments of the hydrocarbon processing market and $17.8 million of air cooled heat exchanger sales as a result of the acquisition of CSC in the second quarter of 2006. D&S segment sales were $268.3 million as both bulk storage and packaged gas system volume were favorably affected by continued growth in the global industrial gas markets, product price increases to absorb escalating raw material costs and to a lesser extent favorable foreign currency translation of $4.3 million as a result of the weaker U.S. dollar compared to the Czech Koruna. BioMedical segment sales for the year ended December 31, 2006 were $78.5 million and benefited primarily from continued growth in medical respiratory product volume due to higher demand in international markets and volume growth in both the domestic and international biological storage systems. U.S. medical respiratory products sales were negatively impacted in 2006 by U.S. Government reimbursement reductions for liquid oxygen therapy systems announced in 2005.

Gross Profit and Margin

Gross profit for the year ended December 31, 2006 was $155.0 million, or 28.8% of sales. E&C segment gross profit was $40.0 million, or 20.8% of sales. The gross profit was favorably affected by the higher volume of large heat exchanger and process systems projects and the inclusion of the air cooled heat exchanger sales as explained above. The margin, however, was unfavorably impacted by lower margins on certain process projects, and in particular two complex long-term field installation projects. D&S segment gross profit was $87.0 million, or 32.5% of sales. The gross profit and related margin benefited from higher sales volume, particularly for bulk storage systems, timing of bulk storage system and packaged gas system price increases to absorb escalating raw material costs, and to a lesser extent manufacturing productivity improvements. BioMedical segment gross profit was $28.0 million, or 35.6% of sales, and was favorably impacted by higher sales volume and improved manufacturing productivity, particularly for the medical respiratory product line. In 2005, the transition of the medical respiratory product line manufacturing from our closed Burnsville, Minnesota facility to our Canton, Georgia facility was completed.

SG&A

SG&A Expenses for the year ended December 31, 2006 were $72.2 million, or 13.4% of sales. E&C segment SG&A expenses were $14.0 million, or 7.3% of sales. During 2006, the E&C segment incurred additional employee-related and infrastructure expenses to support the growth in business. Also, the E&C segment received $2.2 million of insurance proceeds, net of costs, related to the settlement of an insurance claim for losses and costs incurred primarily in 2005 at its New Iberia, Louisiana facility as a result of Hurricane Rita. These proceeds partially offset the increase in SG&A expenses in 2006. D&S segment SG&A expenses in 2006 were $25.5 million, or 9.5% of sales. The D&S segment had growth in employee-related and infrastructure expenses to support their business growth. In 2006, BioMedical segment SG&A expenses were $10.2 million, or 13.0% of sales. Corporate SG&A expenses for the year ended December 31, 2006 were $22.5 million and were unfavorably affected by higher employee-related and infrastructure expenses primarily to support the growth in business and higher public company expenses, particularly Sarbanes-Oxley implementation expenses, since the initial public offering in July 2006. In addition, all operating segments and Corporate were unfavorably impacted by higher health care expenses.

Amortization Expense

Amortization expense for the year ended December 31, 2006 was $15.4 million, or 2.9% of sales. The amortization expense relates to finite-lived intangible assets that were recorded at fair value on October 17, 2005 as a result of the Acquisition. Amortization expense for the E&C, D&S and BioMedical segments was $6.7 million, $6.9 million and $1.8 million, respectively.

Employee Separation and Plant Closure Costs

For the year ended December 31, 2006, employee separation and plant closure costs were $0.4 million and were related to the idle D&S segment Plaistow, New Hampshire facility that is being held for sale.

Operating Income (Loss)

As a result of the foregoing, operating income for the year ended December 31, 2006 was $66.9 million, or 12.4% of sales. Operating income (loss) for the E&C, D&S and BioMedical segments and Corporate were $19.0 million, or 10.0% of sales, $54.5 million, or 20.2% of sales, $16.0 million, or 20.3% of sales, and ($22.6) million, respectively.

Interest Expense, Net

For the year ended December 31, 2006, interest expense, net was $25.5 million and is primarily attributable to the senior secured credit facility entered into and senior subordinated notes issued on October 17, 2005 in conjunction with the Acquisition. The senior secured credit facility has a variable interest rate and the senior subordinated notes have a 91/8% interest rate. The registration rights agreement required us to file an Exchange Offer Registration Statement and complete the exchange offer for the senior subordinated notes by August 14, 2006. Since the exchange offer was not completed when required, additional interest at a rate of 0.25% above the stated rate was incurred for the 90-day period ending November 11, 2006, and additional interest at a rate 0.50% above the stated rate was incurred commencing November 12, 2006 and additional interest at a rate of 0.75% above the stated rate was incurred for the 90-day period commencing February 10, 2007. We expect the exchange offer to be completed in April 2007 at which time this penalty interest will cease accruing. Further information regarding our debt is located in Note C to our consolidated financial statements included elsewhere in this prospectus.

Other Expense and Income

Financing costs amortization expense was $1.5 million for the year ended December 31, 2006 and is attributable to the senior secured credit facility entered into and senior subordinated notes issued on October 17, 2005 in conjunction with the Acquisition.

For the year ended December 31, 2006, net foreign currency gains were $0.5 million and were the result of transactions in currencies other than functional currencies across all business segments.

Income Tax Expense

Income tax expense for the year ended December 31, 2006 was $13.0 million at an effective tax rate of 32.3%. Our income taxes were favorably affected by higher mix of foreign earnings, foreign tax credits and research and development tax credits.

Net Income

As a result of the foregoing, net income for the year ended December 31, 2006 was $26.9 million.

October 17, 2005 to December 31, 2005 Period

Sales

Sales for the period from October 17, 2005 to December 31, 2005 were $97.6 million. E&C segment sales were $34.1 million and benefited from volume increases in both heat exchangers and process systems, primarily due to continued demand growth in the hydrocarbon processing market. D&S segment sales were $47.8 million as bulk storage systems and packaged gas systems volume remained strong due to stable demand in the global industrial gas market and higher product pricing. BioMedical segment sales for the period from October 17, 2005 to December 31, 2005 were $15.7 million. Sales of medical respiratory products were unfavorably affected by lower volume in the United States, and in particular to one of our major customers, due to announced reductions in government reimbursement programs for liquid oxygen therapy systems. This unfavorable volume trend in U.S. medical respiratory product sales was partially offset by continued volume growth in medical respiratory product sales in Europe and Asia and biological storage systems sales in the U.S., Europe and Asia as we further penetrated these markets. On an annual basis, 2005 U.S. medical respiratory product sales were 45% of total medical respiratory product sales and in 2004 U.S. medical respiratory products sales represented 61% of total medical respiratory sales. In addition, annual 2005 biological storage systems sales increased 16% compared to 2004 annual sales.

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Gross Profit and Margin

For the period from October 17, 2005 to December 31, 2005, gross profit was $21.9 million, or 22.4% of sales. Overall, the gross profit was favorably affected by higher volumes in the D&S and E&C segments. The E&C gross profit of $10.5 million, or 30.7% of sales, benefited from the completion of a high margin ethylene heat exchanger and process system emergency order. The D&S segment gross profit of $8.9 million, or 18.5% of sales, was also favorably impacted by improved product pricing. The BioMedical gross profit of $2.6 million, or 16.4% of sales, benefited from productivity improvements at the Canton, Georgia facility related to the manufacturing of medical respiratory products. The BioMedical segment margins in the period from January 1, 2005 to October 16, 2005 were negatively impacted by higher costs related to inefficiencies from ramping-up production of the medical respiratory product line after completing the move from the Burnsville, Minnesota facility to the Canton, Georgia facility. In addition, overall company gross profit included a $8.9 million, or 9.1% of sales, charge for the fair value adjustment of finished goods and work-in-process inventory recorded under purchase accounting as a result of the Acquisition. This fair value inventory adjustment was charged to cost of sales as the inventory was sold. The D&S and BioMedical segments gross profit charges were $6.4 million, or 13.4% of sales, and $2.5 million, or 15.9% of sales, respectively, for this fair value inventory adjustment. The E&C segment was not required to record an inventory fair value adjustment due to the use of the percentage of completion method for revenue recognition in this segment.

SG&A

SG&A expenses for the period from October 17, 2005 to December 31, 2005 were $13.6 million, or 14.0% of sales. SG&A expenses for the E&C segment were $4.3 million, or 12.6% of sales, and were affected by higher marketing and employee-related costs to support the business growth and $0.4 million of losses and charges related to damage caused by Hurricane Rita at our New Iberia, Louisiana facilities. D&S segment SG&A expenses for the period from October 17, 2005 to December 31, 2005 were $3.2 million, or 6.7% of sales, and were affected by higher marketing and employee-related costs to support business growth. SG&A expenses for the BioMedical segment were $1.5 million, or 9.6% of sales, for the period from October 17, 2005 to December 31, 2005. Corporate SG&A expenses for the period from October 17, 2005 to December 31, 2005 were $4.6 million and included a charge of $0.5 million for the settlement of former shareholders appraisal rights claims as a result of the Acquisition.

Amortization Expense

Amortization expense for the period from October 17, 2005 to December 31, 2005 was $3.0 million, or 3.1% of sales. The amortization expense relates to finite-lived intangible assets that were recorded at fair value on October 17, 2005 as a result of the Acquisition. Amortization expense for the E&C, D&S and BioMedical segments were $1.0 million, $1.7 million and $0.3 million, respectively.

Employee Separation and Plant Closure Costs

For the period from October 17, 2005 to December 31, 2005, we recorded $0.1 million of employee separation and plant closure costs, primarily related to the closure of the D&S segment Plaistow, New Hampshire and BioMedical segment Burnsville, Minnesota facilities.

Operating Income

As a result of the foregoing, operating income for the period from October 17, 2005 to December 31, 2005 was $5.1 million, or 5.2% of sales.

Other Expenses and Income

Net interest expense and financing costs amortization for the period from October 17, 2005 to December 31, 2005, was $5.6 million and $0.3 million, respectively, and related to the senior secured credit facility that was entered into, and the notes that were issued, on October 17, 2005 in connection with the Acquisition.

Foreign Currency Loss

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

Income Tax Expense

Income tax benefit of $0.4 million for the period from October 17, 2005 to December 31, 2005 represents taxes on both domestic and foreign earnings at an annual effective income tax rate of 49.3%. Our taxes were affected by tax benefits from foreign sales and research and development and foreign tax credits.

Net Loss

As a result of the foregoing, we reported a net loss for the period from October 17, 2005 to December 31, 2005 of $0.5 million.

January 1, 2005 to October 16, 2005 Period

Sales

Sales for the period from January 1, 2005 to October 16, 2005 were $305.5 million. E&C segment sales were $86.9 million and benefited from volume increases in both heat exchangers and process systems as a result of strong order levels over the past several quarters, which have included three large orders each of approximately $20.0 million, driven by continued growth in the LNG and natural gas segments of the hydrocarbon processing market. D&S segment sales were $161.3 million as bulk storage systems and packaged gas systems volume remained strong due to continued demand growth in the global industrial gas market. Other factors contributing favorably to D&S segment sales for this period were higher product pricing, and favorable foreign currency translation of approximately $3.5 million as a result of the weaker U.S. dollar compared to the Euro and Czech Koruna. BioMedical segment sales were $57.2 million. Sales of medical respiratory products were unfavorably affected by lower volume in the United States, and in particular to one of our major customers, primarily resulting from announced U.S. government reimbursement reductions for liquid oxygen therapy systems. This unfavorable volume trend in U.S. medical respiratory product sales was partially offset by continued sales volume growth in medical respiratory product sales in Europe and Asia and biological storage systems in the United States, Europe and Asia as we further penetrated these markets. See the discussion under the caption October 17, 2005 to December 31, 2005 Period Sales above for information regarding the BioMedical segment volume trends.

Gross Profit and Margin

For the period from January 1, 2005 to October 16, 2005 gross profit was $88.2 million, or 28.9% of sales. Overall, gross profit was favorably affected by higher volumes in the D&S and E&C segments, while gross profit margin was unfavorably affected by higher manufacturing costs in the BioMedical segment and a shift in product mix in the E&C segment. The gross profit margins in the E&C segment of $23.4 million, or 26.9% of sales, during the period saw overall mix shifts in sales from higher margin heat exchanger projects to lower margin process systems projects and also a shift within heat exchangers to lower margin projects. In addition, the D&S segment gross profit of $47.1 million, or 29.2% of sales, benefited from price increases that were implemented during the year to offset higher raw material steel costs that had been incurred in previous years. Gross profit in the BioMedical segment of $17.7 million, or 30.9% of sales, deteriorated primarily due to lower U.S. medical respiratory product volume, higher manufacturing costs and inventory valuation adjustments of $0.6 million primarily in the first half of 2005, as a result of lower productivity associated with moving the medical respiratory product line manufacturing from Burnsville, Minnesota to Canton, Georgia. This transition and ramp-up of manufacturing to the productivity levels previously being achieved at the Burnsville, Minnesota facility took most of 2005 to complete and cost more than originally planned.

SG&A

SG&A expenses for the period from January 1, 2005 to October 16, 2005 were $57.1 million, or 18.7% of sales. E&C segment SG&A expenses were $9.4 million, or 10.8% of sales, and were affected by higher marketing and employee-related costs to support business growth, and also included $1.1 million of losses and charges related to damage caused by Hurricane Rita at our New Iberia, Louisiana facilities. SG&A expenses for the D&S segment were $18.0 million, or 11.1% of sales and were affected by higher marketing and employee-related costs to support business growth, and also included a $2.8 million charge for the write-off of in-process research and development related to the acquisition of Changzhou CEM Cryo Equipment Co., Ltd. (CEM). SG&A expenses for the BioMedical segment were $7.0 million, or 12.2% of sales for the period from January 1, 2005 to October 16, 2005.

Corporate SG&A expenses were $22.7 million and included a $1.1 million charge for the settlement of a finders fee claim asserted by a former shareholder in connection with our 2003 bankruptcy reorganization, and $9.5 million of stock-based compensation expense. A significant portion of this stock-based compensation was incurred as a result of the vesting of stock options in conjunction with the Acquisition.

Amortization Expense

Amortization expense for the period from January 1, 2005 to October 16, 2005 was $2.7 million, or 0.9% of sales, and related to finite-lived intangible assets that were recorded in September 2003 under Fresh-Start accounting and acquisition of CEM in 2005. Amortization expense for the E&C, D&S and BioMedical segment was $0.1 million, $1.5 million and $1.1 million, respectively.

Acquisition Expenses

During the period from January 1, 2005 to October 16, 2005, we incurred $6.6 million of investment banking, legal and other professional fees related to the Acquisition.

Employee Separation and Plant Closure Costs

For the period from January 1, 2005 to October 16, 2005, we recorded $1.1 million of employee separation and plant closure costs, primarily related to the closure of the D&S segment Plaistow, New Hampshire and BioMedical segment Burnsville, Minnesota facilities. The costs (benefits) recorded for this period by the E&C, D&S and BioMedical segments, and by Corporate were $0.1 million, $0.5 million, $0.5 million and ($0.1 million), respectively.

Gain on Sale of Assets

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

Operating Income

As a result of the foregoing, operating income for the period from January 1, 2005 to October 16, 2005 was $20.9 million, or 6.8% of sales.

Interest Expense, Net

Net interest expense for the period from January 1, 2005 to October 16, 2005 was $4.2 million. We experienced higher interest expense during this period as a result of higher interest rates and the increase in the outstanding balance under the revolving credit line of our then existing credit facility.

Foreign Currency Loss

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

Income Tax Expense

Income tax expense of $7.2 million for the period from January 1, 2005 to October 16, 2005 represents taxes on both domestic and foreign earnings at an annual effective income tax rate of 44.6%. Our income tax expense was unfavorably impacted by approximately $1.4 million due to the non-deductible charge for purchased in-process research and development of $2.8 million and Acquisition costs of $1.2 million.

Net Income

As a result of the foregoing, we reported net income of $8.9 million for the period from January 1, 2005 to October 16, 2005.

Year Ended December 31, 2004

Sales

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

Gross Profit and Margin

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

SG&A

SG&A expenses for 2004 were $50.6 million, or 16.6% of sales, and benefited from cost savings realized as a result of our continued restructuring efforts. In addition, we incurred employee incentive compensation expense of $5.3 million for achieving our operating targets, which was significant compared to the incentive compensation that had been earned in prior years. E&C segment SG&A expenses were $8.9 million, or 12.8% of sales and included $1.2 million of employee incentive compensation expense, and $0.5 million of selling expense related to the settlement of a specific customer product claim outside the normal warranty period. SG&A expenses for the D&S segment were $16.6 million, or 10.2% of sales, and included $1.8 million of employee incentive compensation expense, and $0.4 million of selling expense related to the settlement of a specific customer product claim outside the normal warranty period. SG&A expenses for the BioMedical segment were $9.1 million, or 12.4% of sales, for 2004 and included $0.6 million of employee incentive compensation expense. Corporate SG&A expenses were $15.9 million and included $1.7 million of employee incentive compensation expense, $2.4 million of stock-based compensation expense resulting from the sale of 28,797 shares of common stock to our chief executive officer at a price below the closing market price at the date of sale and the issuance of stock options to certain key employees. In addition, Corporate recorded $0.9 million of income from life insurance proceeds related to our voluntary deferred compensation plan.

Amortization Expense

Amortization expense for 2004 was $2.8 million, or 0.9% of sales, and related to finite-lived intangible assets that were recorded in September 2003 under Fresh-Start accounting. Amortization expense for the E&C, D&S and BioMedical segments was $0.3 million, $1.1 million and $1.4 million, respectively.

Employee Separation and Plant Closure Costs

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

During 2004, we recorded employee separation and plant closure costs of $3.2 million related to the manufacturing facility reduction efforts and overall headcount reduction programs described above. The costs recorded by the E&C, D&S and BioMedical segments and by Corporate were $0.7 million, $1.3 million, $0.8 million and $0.4 million, respectively. The total charges for 2004 included $0.4 million of expense for contract termination costs, $1.3 million severance and other benefits related to terminating certain employees at these and other sites, and $1.5 million for other associated costs. In addition, we recorded a non-cash inventory valuation charge of $0.2 million, included in cost of sales, for the write-off of inventory at these sites. At December 31, 2004, we had a reserve of $2.8 million remaining for the closure of these facilities, primarily for lease termination and severance costs.

Loss on Sale of Assets

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

Hampshire facility, resulting in a $0.6 million gain on the sale of assets. In addition, we recorded a $0.4 million loss related to adjusting the Plaistow land and building to fair value less selling costs based upon an agreement executed in September 2004. The land and building related to the Plaistow facility were included as assets held for sale on our consolidated balance sheet as of December 31, 2004.

Operating Income

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

Equity Loss

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

Interest Expense, Net

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

Derivative Contracts Valuation Income and Expense

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

Foreign Currency Gain

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

Income Tax Expense

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

Net Income

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

Orders and Backlog

We consider orders to be those for which we have received a firm signed purchase order or other written contractual commitment from the customer. Backlog is comprised of the portion of firm signed purchase orders or other written contractual commitments received from customers that we have not recognized as revenue upon shipment or under the percentage of completion method. Backlog can be significantly affected by the timing of orders for large projects, particularly in the E&C segment, and is not necessarily indicative of future backlog levels or the rate at which backlog will be recognized as sales. Orders included in our backlog may include customary cancellation provisions under which the customer could cancel part or all of the order at times subject to the payment of certain costs and/or penalties. Our backlog as of March 31, 2007 and as of December 31, 2006, 2005 and 2004 was $342.2 million, $319.2 million, $233.6 million and $129.3 million, respectively. This significant increase in backlog is primarily attributable to the growth in the global industrial gas and the LNG and natural gas segments of the hydrocarbon processing markets served by the E&C and D&S segments. In addition, the E&C segment

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backlog at December 31, 2006 included $20.2 million of air-cooled heat exchangers as a result of the CSC acquisition in May 2006.

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

	Predecessor Company		Company		
	Year Ended December 31, 2004	January 1, 2005 to October 16, 2005	October 17, 2005 to December 31, 2005	Year Ended December 31, 2006	Three Months Ended March 31, 2007
	(In thousands)				
Orders					
Energy & Chemicals	$ 121,793	$ 130,786	$ 67,232	$ 230,460	$ 71,310
Distribution & Storage	193,156	191,188	45,859	296,136	76,568
BioMedical	77,893	62,396	13,768	79,171	26,935
Total	$ 392,842	$ 384,370	$ 126,859	$ 605,767	$ 174,813
Backlog					
Energy & Chemicals	$ 70,766	$ 114,633	$ 147,732	$ 207,668	$ 226,696
Distribution & Storage	53,900	83,194	79,524	105,070	105,666
BioMedical	4,613	8,388	6,383	6,415	9,820
Total	$ 129,279	$ 206,215	$ 233,639	$ 319,153	$ 342,182

Orders for the three months ended March 31, 2007 were $174.8 million. E&C segment orders for the three months ended March 31, 2007 were $71.3 million compared to $111.2 million for the three months ended December 31, 2006. E&C backlog totaled $226.7 million at March 31, 2007 compared to $207.7 million at December 31, 2006. The decline in orders of $39.9 million, or 36%, was primarily attributable to the receipt of a process systems order in excess of $40.0 million for a significant project in West Africa in the fourth quarter of 2006. Orders for brazed aluminum and air cooled heat exchangers remained at constant levels for the past two quarters. D&S orders for the three months ended March 31, 2007 were $76.6 million compared to $75.4 million for the three months ended December 31, 2006. D&S backlog totaled $105.7 million at March 31, 2007 compared to $105.1 million at December 31, 2006. Overall, D&S orders have remained strong in recent quarters due to continued demand in the global industrial gas market. Packaged gas systems orders for the three months ended March 31, 2007 increased $2.6 million while bulk storage systems orders decreased by $1.4 million. BioMedical orders for the three months ended March 31, 2007 were $26.9 million compared to $16.7 million for the three months ended December 31, 2006. BioMedical backlog at March 31, 2007 totaled $9.8 million compared to $6.4 million at December 31, 2006. The increase in orders of $10.3 million, or 62%, was primarily due to increased demand in the international medical respiratory market, increased demand in both the U.S. and international biological storage markets, and seasonality. Medical respiratory product, biological storage systems and other BioMedical product orders increased $4.3 million, $5.1 million and $0.9 million, respectively.

Orders for the year ended December 31, 2006 were $605.8 million. E&C segment orders were $230.5 million and benefited from the continued strength of the global industrial gas and LNG and natural gas segments of the hydrocarbon gas processing market and $19.9 million of air cooled heat exchanger orders from the acquisition of CSC in May 2006. In addition, the E&C segment received in the fourth quarter of 2006 a process systems order in excess of $40 million for a significant overseas LNG project in West Africa. D&S segment orders for 2006 were $296.1 million and were driven by continued growth in the global industrial gas market. Bulk storage system and packaged gas system orders were $187.6 million and $108.5 million, respectively. Orders for the BioMedical segment for the year ended December 31, 2006 were $79.2 million. Orders for medical respiratory products, biological storage systems, and MRI components and other liquid oxygen products were $34.0 million, $32.5 million and $12.7 million, respectively. The medical respiratory products and biological systems orders were driven by continued penetration and growth of the international markets.

For the period from October 17, 2005 to December 31, 2005, orders were $126.9 million. E&C segment orders of $67.2 million remained strong during this period and included several large heat exchanger and LNG systems orders, including an air separation heat exchanger order of $16.0 million. D&C segment orders of $45.9 million were driven by continued strong packaged gas system orders. Bulk storage systems and packaged gas systems orders were $26.9 million and $18.9 million, respectively for this period. BioMedical segment orders were $13.8 million during this period as orders in the European and Asian market medical respiratory and U.S. biological storage system products order levels remained strong, while U.S. medical respiratory product orders continued to decline. This decline is explained further below.

Orders for the period from January 1, 2005 to October 16, 2005 were $384.4 million. E&C segment orders of $130.8 million remained strong during this period and included a $21.0 million LNG VIP order and a $10.7 million hydrocarbon processing heat exchanger order. D&C segment orders of $191.2 million were driven by continued strong bulk storage systems orders and strong packaged gas system orders, which were $118.5 million and $72.7 million, respectively. This strong order level in the D&S segment was driven by continued demand in the global industrial gas markets served by us. BioMedical segment orders were $62.4 million, as orders for international medical respiratory products and U.S. biological storage system products continued favorable growth trends due to both continued market penetration and market growth. U.S. medical respiratory product orders during this period were unfavorably impacted by lower orders from a significant customer and announced government reimbursement reductions for liquid oxygen therapy systems.

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

Liquidity and Capital Resources

On July 31, 2006, we completed our initial public offering of 12,500,000 shares of our common stock for cash proceeds, before expenses, of $175.3 million. We used $25.0 million of the net proceeds to repay a portion of the term loan under our senior secured credit facility. The remaining $150.3 million of net proceeds was used to pay a dividend to our stockholders existing immediately prior to the initial public offering, consisting of affiliates of First Reserve and certain members of management. On August 25, 2006, a stock dividend of 1,875,000 shares was issued to the stockholders existing immediately prior to the completion of the initial public offering. In addition, the senior secured credit facility was amended upon the completion of the initial public offering. The amendment primarily increased the size of the revolving credit facility by $55.0 million to $115.0 million and increased the amount available for letters of credit extending beyond one year from their issuance date to $55.0 million from $35.0 million.

Debt Instruments and Related Covenants

In connection with the Acquisition, we entered into a $240.0 million senior secured credit facility and completed the $170.0 million offering of 91/8% senior subordinated notes due in 2015. We repaid the term loan portion of our then existing credit facility (the term loan portion and revolving credit portion of the facility are referred to collectively as the 2003 Credit Facility) and certain other debt on or before October 17, 2005, the closing date of the Acquisition. The senior secured credit facility consists of a $180.0 million term loan credit facility and a $115.0 million revolving credit facility, of which the entire $115.0 million may be used for the issuance of letters of credit and bank guarantees, $55.0 million of which may be letters of credit extending more than one year from their date of issuance. The term loan was fully funded on the closing date. The term loan matures on October 17, 2012 and

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the revolving credit portion of the senior secured credit facility matures on October 17, 2010. As a result of an aggregate of $60.0 million voluntary principal prepayments since October 2005, the term loan requires no principal payments until the remaining balloon payment is due on the maturity date. The interest rate under the senior secured credit facility is, at our option, the Alternative Base Rate, or ABR, plus 1.0% or LIBOR plus 2.0% on the term loan, and ABR plus 1.5% or LIBOR plus 2.5% on the revolving credit portion of the senior secured credit facility. In addition, we are required to pay an annual administrative fee of $0.1 million, a commitment fee of 0.5% on the unused revolving credit balance, a letter of credit participation fee of 2.5% per annum on the letter of credit exposure and letter of credit issuance fee of 0.25%. The obligations under the senior secured credit facility are secured by substantially all of the assets of our domestic subsidiaries and 65% of the capital stock of our non-U.S. subsidiaries.

As of March 31, 2007, we had $120.0 million outstanding under the term loan portion of the senior secured credit facility, $170.0 million outstanding under the senior subordinated notes and $22.6 million of letters of credit and bank guarantees supported by the revolving portion of the senior secured credit facility. Availability on the revolving portion of the senior secured credit facility was $92.4 million at March 31, 2007.

The registration rights agreement related to our senior subordinated notes required us to file an Exchange Offer Registration Statement and complete the exchange offer for the senior subordinated notes by August 14, 2006. Since the exchange offer was not completed when required, additional interest at a rate of 0.25% was incurred for the 90-day period commencing August 14, 2006, additional interest at a rate of 0.50% was incurred for the 90-day period commencing November 12, 2006 and additional interest at a rate of 0.75% was incurred for the 90-day period commencing February 10, 2007. The exchange offer was completed on April 6, 2007 and the additional interest ceased accruing as of that date.

The senior secured credit facility and provisions of the indenture governing the senior subordinated notes contain a number of customary covenants, including, but not limited to, restrictions on our ability to incur additional indebtedness, create liens or other encumbrances, sell assets, enter into sale and lease-back transactions, make certain payments, investments, loans, advances and guarantees, make acquisitions and engage in mergers and consolidations, pay dividends and distributions, and make capital expenditures. Our senior secured credit facility and indenture governing the senior subordinated notes also include covenants relating to leverage, interest coverage and fixed charge coverage ratios. We believe that we are in compliance with all covenants, including its financial covenants, under the senior secured credit facility and the indenture.

Chart Ferox, a.s., or, Ferox, our wholly-owned subsidiary that operates in the Czech Republic, maintains secured revolving credit facilities with borrowing capacity, including overdraft protection, of up to $9.6 million, of which $4.4 million is available only for letters of credit and bank guarantees. Under the revolving credit facilities, Ferox may make borrowings in Czech Koruna, Euros and U.S. dollars. Borrowings in Koruna are at PRIBOR, borrowings in Euros are at EUROBOR and borrowings in U.S. dollars are at LIBOR, each with a fixed margin of 0.6%. Ferox is not required to pay a commitment fee to the lenders under the revolving credit facilities with respect to the unutilized commitments thereunder. Ferox must pay letter of credit and guarantee fees equal to 0.75% on the face amount of each guarantee. Ferox s land and buildings, and accounts receivable secure $4.6 million and $2.5 million, respectively, of the revolving credit facilities. At March 31, 2007, there were no borrowings outstanding under, and $1.4 million of bank guarantees supported by the Ferox revolving credit facilities.

Our debt and related covenants are further described in Note C to our consolidated financial statements included elsewhere in this prospectus.

Sources and Uses of Cash

Three Months Ended March 31, 2007 and 2006

Cash provided by operations for the three months ended March 31, 2007 was $1.0 million compared with cash provided by operations of $11.9 million for the three months ended March 31, 2006. The decrease in the cash provided by operations in the 2007 period was primarily attributable to increased inventory to support business growth and an increase in net unbilled contract revenues due to higher sales and the timing of progress billings under existing contracts with customers.

Cash used in investing activities for the three months ended March 31, 2007 was $6.6 million compared to $2.6 million for the three months ended March 31, 2006. Capital expenditures for the three months ended March 31, 2007 were $5.0 million compared with $2.6 million for the three months ended March 31, 2006 and consisted primarily of capital expenditures for the E&C segment brazed aluminum heat exchanger facility expansion in La Crosse, Wisconsin and D&S segment expansion in China to support business growth. Capital expenditures during the same period in 2006 were primarily for expansion of existing facilities and construction of a new manufacturing facility in China to support growth in business. Also, during the three months ended March 31, 2007, $1.6 million of cash was used to purchase the remaining minority interest of Chart Ferox a.s.

For the three months ended March 31, 2007 and 2006, cash used in financing activities was $0.9 million and $5.8 million, respectively. During the three months ended March 31, 2006, $5.0 million of cash was used for voluntary principal prepayment under the term loan portion of our senior secured credit facility.

Year Ended December 31, 2006

Cash provided by operating activities for the year ended December 31, 2006 was $36.4 million, and was driven by net income before changes in assets and liabilities and a focus on working capital management.

For the year ended December 31, 2006, cash used for investing activities was $38.7 million. $15.9 million of cash, net of cash acquired, was used to purchase CSC in May 2006. Cash used for capital expenditures for 2006 was $22.3 million and primarily consisted of E&C segment heat exchanger and process system facility expansions in La Crosse, Wisconsin, Houston, Texas, and Tulsa, Oklahoma; D&S segment bulk tank facility expansions in New Prague, Minnesota, Decin, Czech Republic, Changzhou, China, and normal equipment purchases and replacements across all facilities.

Cash provided by financing activities for the year ended December 31, 2006 was $9.2 million. In May 2006, $37.1 million and $2.1 million of cash was received from the exercise of warrants and Rollover Options, respectively. On July 31, 2006, we completed our initial public offering and received $172.5 million of cash proceeds, net of expenses, and paid a cash dividend of $150.3 million to stockholders existing immediately prior to the completion of the initial public offering. For the year ended December 31, 2006, $55.0 million of cash was primarily used to make voluntary principal payments under the term loan portion of the senior secured credit facility and $1.5 million to repay seller notes related to the CEM acquisition.

October 17, 2005 to December 31, 2005 Period

Cash provided by operating activities for the period from October 17, 2005 to December 31, 2005 was $14.6 million, which included cash provided by changes in working capital components of $3.5 million.

During the period from October 17, 2005 to December 31, 2005, we used $362.3 million of cash for investing activities. Cash of $356.6 million was used to pay proceeds to our former shareholders as a result of the Acquisition and $5.6 million was used for capital expenditures. The significant capital expenditures were for the construction of the new manufacturing facility in China, the expansion of the biological storage product line manufacturing facility in New Prague, Minnesota and reinvestment to upgrade existing facilities to support business growth.

Cash provided by financing activities for the period from October 17, 2005 to December 31, 2005,was $348.5 million. In connection with the Acquisition, we received proceeds of $350.0 million from the senior secured credit facility and senior subordinated notes and proceeds of $111.3 million from the sale of stock to affiliates of First Reserve. These proceeds were used to pay our former shareholders, repay $76.5 million of long-term debt under the 2003 Credit

Facility, pay former stock option holders $15.8 million and pay financing and transaction costs of $11.6 million and $1.8 million, respectively. In addition, we made a voluntary principal prepayment of $5.0 million on the term loan.

January 1, 2005 to October 16, 2005 Period

Cash provided by operating activities for the period from January 1, 2005 to October 16, 2005 was $15.6 million and included cash used in working capital components of $10.6 million to support the growth in business, particularly in the E&C and D&S segments.

During the period from January 1, 2005 to October 16, 2005, we used $20.8 million of cash for investing activities. Cash of $12.0 million, net of cash acquired, was used to acquire 100% of the equity interest in CEM. The CEM acquisition is further described in the notes to our consolidated financial statements included elsewhere in this prospectus. Cash used for capital expenditures for the period was $11.0 million. The significant capital expenditures were for the construction of the new manufacturing facility in China, the expansion of the biological storage product line manufacturing facility in New Prague, Minnesota and reinvestments to upgrade existing facilities to support growth in our businesses. In addition, we received proceeds of $1.7 million from the settlement of a promissory note related to the 2003 sale of our former Greenville Tube, LLC stainless steel tubing business.

For the period from January 1, 2005 to October 16, 2005, $1.7 million of cash was provided by financing activities. We borrowed $18.9 million under our revolving credit facilities, including $10.0 million in the second quarter of 2005 under the revolving credit portion of the 2003 Credit Facility to finance our acquisition of CEM. In addition, we made net payments under the revolving credit portion of our 2003 Credit Facility and other revolving credit facilities of $15.9 million and $1.9 million of scheduled principal payments under the term loan portion of the 2003 Credit Facility, and $1.1 million of payments on other long-term debt. Proceeds from the sale of stock during this period were $1.7 million.

Year Ended December 31, 2004

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

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

We used $35.7 million of cash for financing activities in 2004. We paid $33.1 million to reduce our long-term debt. This amount included voluntary prepayments made in April, September and December 31, 2004, of $10.0 million, $12.0 million and $8.0 million respectively, on the term loan portion of our 2003 Credit Facility. The prepayments were made due to the significant amount of cash provided by the operating activities in 2004. Each prepayment reduced all future scheduled quarterly amortization payments on a pro-rata basis. Also, we used $1.9 million of cash for our debt restructuring initiatives including costs associated with the reorganization. We were required to delay until January 2004, when our fee applications were approved by the U.S. Bankruptcy Court, payments of approximately $0.9 million in bankruptcy related fees to various professional service providers.

Cash Requirements

We do not anticipate any unusual cash requirements for working capital needs, but expect to use $23.0 million to $25.0 million of cash for capital expenditures for the remaining nine months of 2007. A significant portion of the capital expenditures are expected to be used for continued facility expansions to increase capacity at the E&C segment

La Crosse, Wisconsin facility and the D&S segment China, Czech Republic and New Prague, Minnesota facilities. Management believes that these expansions are necessary to support our current backlog levels and our expected growth due to an increase in global demand for our products.

For the remaining nine months of 2007, cash requirements for debt service are forecasted to be approximately $23.0 million for scheduled interest payments under our senior secured credit facility and the senior subordinated

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notes. We are not required to make any scheduled principal payments during the remaining nine months of 2007 under the term loan portion of the senior secured credit facility or senior subordinated notes, but we will consider making voluntary principal payments on our senior secured credit facility or repurchasing our senior subordinated notes on the open market to the extent permitted by our debt covenants with excess cash flow that is generated. For the remainder of 2007, we expect to use approximately $21.0 million of cash for both U.S. and foreign income taxes and contribute approximately $0.6 million of cash to our four defined benefit pension plans to meet ERISA minimum funding requirements.

Contractual Obligations

Our known contractual obligations as of December 31, 2006 and cash requirements resulting from those obligations are as follows:

	Payments Due by Period				
	Total	2007	2008-2009	2010-2011	2012 and Thereafter
	(Dollars in thousands)				
Long-term debt	$ 290,000	$	$	$	$ 290,000
Interest on long-term debt(1)	197,976	27,115	49,123	49,123	72,615
Operating leases	15,727	3,905	5,882	3,634	2,306
Pension obligations	875	674	201		
Total contractual cash obligations	$ 504,578	$ 31,694	$ 55,206	$ 52,757	$ 364,921

(1) The interest payments in the above table were estimated based upon our existing debt structure at December 31, 2006, which included the senior secured credit facility and senior subordinated notes, less scheduled debt payments each year, and the interest rates in effect at December 31, 2006. The planned funding of the pension and other post-employment obligations were based upon actuarial and management estimates taking into consideration the current status of the plans.

Our commercial commitments as of December 31, 2006, which include standby letters of credit and bank guarantees, represent potential cash requirements resulting from contingent events that require performance by us or our subsidiaries pursuant to funding commitments, and are as follows:

	Total	2007	2008-2010
	(Dollars in thousands)		
Standby letters of credit	$ 13,629	$ 12,603	$ 1,026
Bank guarantees	18,452	15,646	2,806
Total commercial commitments	$ 32,081	$ 28,249	$ 3,832

Capital Structure

As a result of the Acquisition, we had 7,952,180 shares of common stock issued and outstanding at December 31, 2005. Also, in connection with the Acquisition, a warrant to purchase 2,651,012 shares of our common stock was issued in November 2005 to FR X Chart Holdings LLC and 2,174,800 stock options, which we refer to as the New Options, under the Amended and Restated 2005 Stock Incentive Plan (2005 Stock Incentive Plan) were granted to management to purchase shares of our common stock at an exercise price of $6.50 per share. In addition, certain members of management rolled over 609,851 stock options in the Acquisition from our 2004 Stock Option and Incentive Plan, the exercise price of which was adjusted to $3.50 per share. In addition, 566,581 of the Rollover Options were vested on the closing date of the Acquisition and the remaining 43,270 Rollover Options vested in the first six months of 2006. On October 17, 2005, we adopted SFAS 123(R) Share-Based Payments to account for our 2005 Stock Incentive Plan. See Recently Adopted Accounting Standards below for further information regarding the adoption of SFAS 123(R).

In 2006, we granted 266,390 New Options under the 2005 Stock Incentive Plan at an exercise price of $12.16 per share. The New Options are exercisable for a period of ten years and have two different vesting schedules. As of December 31, 2006, there were 2,441,190 New Options outstanding. 860,840 of the New Options are time-based, or Time-based Options, and vest 20% per year over a five-year period, and 1,580,350 of the New Options are performance-based, or Performance-based Options, and vest based upon specified returns on First Reserve Fund X, L.P. s investment in us.

In May 2006, the warrant was exercised at a price of $14.00 per share, resulting in proceeds of $37.1 million and 2,651,012 shares were issued to FR X Chart Holdings LLC and the 609,851 Rollover Options were exercised for an equivalent number of shares at a price of $3.50 per share, resulting in proceeds of $2.1 million.

On July 31, 2006, we completed our initial public offering of 12,500,000 shares of our common stock for cash proceeds, net of expenses, of $175.3 million. We used $25.0 million of the net proceeds to repay a portion of the term loan under our senior secured credit facility. The remaining $150.3 million of net proceeds was used to pay a dividend to our stockholders existing immediately prior to the initial public offering, consisting of affiliates of First Reserve and certain members of management. On August 25, 2006, a stock dividend of 1,875,000 shares was issued to the stockholders existing immediately prior to the completion of the initial public offering. As of December 31, 2006, there were 25,588,043 shares of common stock issued and outstanding.

In July and August 2006, we granted restricted stock units covering 15,980 shares of common stock to non-employee directors. Each of the six grants of restricted stock units had a fair market value of $40,000 on the date of grant. The restricted stock units are expected to fully vest on the first anniversary of the date of grant or earlier in the event of a change of control as defined in the 2005 Stock Incentive Plan. The 2,666 unvested restricted stock units received by Mr. Ben Guill were forfeited to us as a result of Mr. Guill s March 19, 2007 resignation from our board of directors.

Off-Balance Sheet Arrangements

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

Contingencies

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

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

In 2004, as part of the Plaistow, New Hampshire manufacturing facility closure, we withdrew from the multiemployer pension plan related to the Plaistow employees. We continue to carry a related estimated withdrawal liability of $0.2 million at December 31, 2006. Any additional liability in excess of the amount accrued is not expected to have a material adverse impact on our financial position, liquidity, cash flow or results of operations.

We are occasionally subject to various other legal claims related to performance under contracts, product liability, taxes and other matters, several of which claims assert substantial damages, in the ordinary course of our business.

Based on our historical experience in litigating these claims, as well as our current assessment of the underlying merits of the claims and applicable insurance, if any, we currently believe the resolution of these other legal claims will not have a material adverse effect on our financial position, liquidity, cash flows or results of operations. Future developments may, however, result i