



## Tensor™ and Centerfire™ Product Lines – Business Transformation

### FREQUENTLY ASKED QUESTIONS

#### **Q: What is this announcement?**

**GE Oil & Gas** has entered into a strategic cooperation agreement with Shanghai Shenkai Petroleum & Chemical Equipment Corporation Ltd. (**Shenkai**), allowing Shenkai to manufacture, service, and market Tensor™ and Centerfire™ equipment worldwide under a sole and exclusive license from GE.

#### **Q: When is the agreement effective?**

The agreement is effective as of Tuesday, November 15<sup>th</sup>, 2016

#### **Q: What has changed?**

Shenkai is now authorized, under a license, to assemble, manufacture, repair and service, rent, sell and market Tensor™ and Centerfire™ equipment globally, with a key focus on strengthening market position in China and in Russia. Shenkai would be the sole authorized licensee with no geographic exclusions. Shenkai will maintain its manufacturing base out of Shanghai, China.

GE Oil & Gas has consolidated its own manufacturing footprint for MWD-LWD systems by relocating its manufacturing capacity from Twinsburg to Conroe.

Conroe site will operate under complete and independent control of GE Oil & Gas, primarily supporting the North American market. GE Oil & Gas can, at its own discretion, require Shenkai site to augment and support Conroe site in case of peak activity. Shenkai will operate as an OEM for GE Oil & Gas under this arrangement.

#### **Q: Why change?**

Protracted and consistent decline in demand for MWD-LWD equipment and services, coupled with intense pricing pressure, requires us to respond to our customers' need for increased competitiveness, commercial flexibility, and customer proximity. This change allows us to respond to explicit customer needs in a highly efficient and effective manner.

#### **Q: Are the Tensor™ and Centerfire™ Product Lines being rendered obsolete?**

No; quite the opposite. The agreement between GE Oil & Gas and Shenkai ensures product line continuity in a highly competitive manner, benefiting entire customer base.

#### **Q: What about Tensor™ and Centerfire™ trademarks?**

Tensor™ and Centerfire™ trademarks will remain live, and will continue to deliver the same high standards of quality.

**Q: How does this affect product warranty?**

Shenkai would continue to offer the same warranty and quality assurance for Tensor™ and Centerfire™ equipment as governed by DT701-Rev1.

**Q: How should I submit an RMA for tools?**

Until May 1<sup>st</sup> 2017, you may still use the GE Service Center in Conroe to facilitate new repairs and service. We will work closely with you to generate the appropriate paperwork and service authorization.

After May 1<sup>st</sup>, 2017, Shenkai would start processing warranty claims for equipment manufactured out of Shanghai, whereas Conroe would continue to process warranty claims for equipment not manufactured out of Shanghai.

**Q: What is the pricing for new tools and services?**

Shenkai will determine regional pricing on future sales and service. Both GE Oil & Gas and Shenkai have the shared objective of endeavors to make the pricing more competitive.

**Q: Who is Shenkai?**

Shanghai Shenkai Petroleum and Chemical Equipment is one of the largest public limited companies specialized in R&D, and manufacturing of petroleum and chemical equipment. Over 20 years of development, the company has become a major petroleum equipment company in China with major product lines being drilling, mining, refining, and chemicals. Shenkai enjoys a high reputation in Chinese petrochemical market. The company has been awarded one of the 50 most strong petrochemical enterprises, Shanghai technical center, Shanghai Municipal intellectual property rights exemplary enterprise, Shanghai Municipal science and technology enterprise, Shanghai famous trademarks, and Shanghai famous brand.

The company has significant technical research and development capabilities, advanced equipment and completed quality system. Shenkai is an approved vendor for CNPC, also a member of Sinopec and CNOOC's network supplier. Shenkai's products are widely used in domestic oil fields and exported to America, Middle East, Europe, Central Asia, South Asia and Africa.

**Q: Why Shenkai?**

Shenkai and GE Oil & Gas share the same values of commitment to Environment, Health, and Safety, customer service, quality, and technological excellence. Shenkai is a willing and capable partner committed to customer success globally.

**Q: When does Shenkai site go live?**

Shenkai site is already undergoing a highly structured training and enablement program, that continues through Q1-2017. Site ramp-up and qualification will continue through Q1-2017, with site being fully qualified and operational on May 1<sup>st</sup>, 2017.

**Q: What is the cutoff date for Twinsburg?**

November 30<sup>th</sup>, 2016 was the cutoff date for Twinsburg.



## CONTACT INFORMATION

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