

Dj Orthopedics de México SA de CV





ACHIEVEMENTS

Safety & Health

- Reduced OSHA Incident Rate by 17% from 2005 to 2007
- Management & Employees are very involved with the community providing product and money donations to public & private institutions, such as Mexican Social Security Institute, Baja California's children's Hospital, Tijuana's Fire Department and others. The company also supports vaccination campaigns to the rural communities in Tijuana.
- Total donations for 2007 between product and cash accumulated \$25,000.00 dollars

Quality

- Reduced customer complaints from 235 in 2005 to 160 CPM in 2007.
- Reduced top 4 defects by an average of 54% in 2007.
- Introduced and certify operators on Totally Integrated Quality (TIQ) for in cell product release

Service

- Reduced order to shipment lead-time by 50% in 2007.
- Improved fill rate from 92% in 2005 to 95% in 2007.

Cost / Productivity

- Double production units from 6,581,442 in 2005 to 11,938,254 in 2007

Continuous Improvement

- Developed and implemented continuous improvement projects that save the company over \$2 millions in 2007.
- Conducted 33 kaizen blitzes in 2007.
- Employees receive over 40 hours of "on the job" and classroom training per year.

Plant Recognition

- Winner, 2004 *Industry Week* Best Plants
- Finalist, 2003 *Industry Week* Best Plants
- Finalist, 2002 *Industry Week* Best Plants
- 2008 Winner of The Great Place to Work Institute, 100 best companies to work for in Mexico.

dj Orthopedics de México Tijuana, Baja California

PEOPLE

People are the most valuable asset at dj Ortho, Mexico. The 2000 dedicated employees are treated just like family. Everyday, each employee works to make the best quality products available anywhere. Continuous improvement is embodied in our company's tagline: **NEVER STOP GETTING BETTER!**

PROCESS

The continuous improvement culture at dj Orthopedics has been put in place through three key strategies:

1. DJO Way.
2. Line-of-sight management / DJO speedway.
3. Kaizen Blitz process improvement approach.

With the DJOW developed in the past years using key learning from multiple sources, applying them and then taking the best approaches based on the business results achieved, being these as follows: lean manufacturing tools, six sigma methodology and tools, practical experience of the tools work best based on the business results.

By the line-of-sight management approach, the strategic framework for the company is created from the company's vision, mission and culture. The key result areas and key measures are finally turned into key initiatives. These key initiatives are translated into each functional area via balanced team scorecards. These scorecards are similarly translated into the cell team scorecards for each production cell. Through this line-of-sight management, every employee at dj Ortho knows what she/he needs to do every day to meet the company's goals.

Continuous improvement at dj Ortho is driven via our Kaizen Blitz process. Rather than take weeks to make a process improvement, we will gather a cross-functional team and "Blitz" it! Blitz comes from Blitzkrieg or "lightning fast."

Our blitzes typically last 1 to 3 days. There are usually 2 to 4 blitzes conducted each month.

All processes are blitzed, including Accounting, Receiving, Engineering Change Orders, etc. Blitzes have also been conducted at dj Ortho suppliers and customers to improve the performance of the supply chain.

At dj Ortho, all aspects of lean are practiced with particular focus on one-piece-flow, cellular manufacturing, kanban, pull systems and supply chain optimization. All production is cellularized, with each self-directed cell team responsible for their own scheduling, performance measures, (quality, safety, service and cost), training, TPM (total productive maintenance), team problem solving, 5 S's + Safety, SMED etc.

PRODUCT

dj Orthopedics de Mexico has the capability to manufacture over 10,000 SKU's of finished goods, in over 95 manufacturing cells. The products made in these cells include knee braces, fracture boots, arm slings, back and wrist braces, ankle, elbow and shoulder braces plus cold therapy products.

The plant is heavily vertically integrated. The following processes are in the Mexico plant:

Metal Stamping	Injection Molding
Laser Cutting	CNC Machining
RF Welding	Thermoforming
Ultrasonic Bonding	Sewing
Automated Cutting	Assembly
Class 100K Clean Room	Riveting

PLANT

dj Orthopedics de Mexico is located 11 miles south of the US border in Tijuana, Baja California, about ½ hour south of San Diego.

In August 2004, Mexico's President Vicente Fox dedicated the new dj Ortho Mexico facility personally with a tour of the new building; in 2006 an additional facility was build to house a distribution center.

Since commencing production in Mexico in 1993, the production has grown from 20 employees, 3 SKU's and 6,800 feet to its present 2000 employees, a combine world class 300,000

square feet buildings and over 10,000 SKU's. The bulk of the growth has come through competitive acquisitions and vertical integration of product lines and production processes.

CORPORATION

DJO is a leading global developer, manufacturer and distributor of high-quality medical devices that provide solutions for musculoskeletal health, vascular health and pain management.

For the full year 2007, actual net sales were \$492.1 million, reflecting an increase of 35.8 percent, compared to actual combined net sales of \$362.3 million for 2006, driven by recent acquisitions, as well as continued growth in each of the Company's business segments.

ReAble Therapeutics, Inc. acquired DJO Incorporated in a transaction completed on November 20, 2007. Following completion of the DJO Merger, ReAble changed its name to DJO Incorporated. Prior to the merger, DJO was a publicly traded company listed on the New York Stock Exchange under the symbol "DJO." On November 3, 2006, an affiliate of Blackstone Capital Partners V L.P. acquired all of the outstanding shares of capital stock of ReAble in a merger transaction.

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