

# dj Orthopedics' Mexico Facility Named as One of IndustryWeek's Ten Best Manufacturing Plants in North America

- Company Updates Progress of New Manufacturing Facility in Mexico -

# - Investor Day to be Held at New Manufacturing Facility on November 30, 2004 -

SAN DIEGO, Sept. 28 /PRNewswire-FirstCall/ -- dj Orthopedics, Inc., (NYSE: DJO), a global medical device company specializing in rehabilitation and regeneration products for the non-operative orthopedic and spine markets, today announced that the Company's manufacturing facility in Mexico has been named as one of IndustryWeek's Top-10 winners in the "Best Plants" competition for North America. The Company also announced that its manufacturing operations in Vista, California earned a Top-25 finalist position for the first time. IndustryWeek's annual salute to outstanding manufacturing facilities was established in 1990.

"I am very proud of our manufacturing teams," said Les Cross, president and CEO. "For three years running, our Mexico facility has been a Top-25 finalist and today they join the prestigious Top-10 ranking along side notable industry leaders including Boeing, Guidant, Maytag, Northrop Grumman, Rockwell, TRW and others. To earn this award, companies must push performance excellence to industry leading levels in engineering, customer service, order entry and production processes to increase competitiveness, enhance customer satisfaction, and create stimulating and rewarding work environments. Becoming a Top-25 finalist allows companies to claim that they are truly world-class in their manufacturing practices and we salute our Vista team for their achievement. To be named as a Top-10 Winner is to be ranked among the very best of world-class companies."

"We are quite honored to receive these awards from IndustryWeek as they recognize our culture of process improvement that continuously challenges every facet of our manufacturing operations," said Luke Faulstick, senior vice president of operations for dj Orthopedics. "Our relentless pursuit of lean operating principles, driving non-value added processes out of our operations at all levels, was a key criteria for our plants being selected by IndustryWeek. This continuous process improvement ultimately drives lower costs of goods sold, improved margins and greater customer satisfaction."

## IndustryWeek Awards Presentation

dj Orthopedics will celebrate the two IndustryWeek awards on October 14, 2004. IndustryWeek's David Drickhamer, Editorial Research Director and Director of IndustryWeek's Best Plants Competition, will be in Vista, California at 9:00 AM for an awards presentation to the Vista-based manufacturing team, followed by a second presentation at 1:00 PM at the Company's new 200,000 square foot state-of-the-art manufacturing facility in Tijuana, Mexico. Members of the media are invited to attend both celebrations.

## Manufacturing Update

As previously announced, earlier this year the Company initiated construction of a new leased 200,000 square foot manufacturing facility in Tijuana, Mexico to replace three separate facilities it presently operates in the same area. Today, the Company reported that the new facility was successfully completed in late August and that over 80 percent of the manufacturing cells at the Company's existing facilities have been moved to this new facility, with completion expected in early October. Once the relocation of the existing facilities is complete, the Company will initiate phase II of the manufacturing move, which includes the relocation of cold therapy products and machine shop activities from Vista, California to the new Mexico plant. Vista will continue to manufacture the Company's line of custom DonJoy® Defiance® rigid knee braces as well as the Company's Regentek<sup>™</sup> products, which are relocating from Tempe, Arizona. Phase II is also on schedule for completion before the end of the year. The combined benefit from these manufacturing initiatives is expected to save the Company approximately \$1 million in cost of goods sold annually, beginning in 2005.

#### Investor Day

The Company also announced that it will host an investor day on November 30, 2004 at the new manufacturing facility in Tijuana, Mexico. dj Orthopedics will provide round trip bus service from San Diego to the new facility. Senior management will

be on hand for presentations and there will be a tour of the new facility. Interested investors should contact Mark Francois for further details at (760) 734-4766. Participation will be limited to 50 guests.

In three separate press releases today, dj Orthopedics also announced that:

- The Company provided an update on its expectations for the third quarter financial results and Regentek integration.
- The Company's Board of Directors has authorized a \$20 million stock repurchase program.
- The Company has expanded its international strategy with the acquisition of its largest distributor in Scandinavia.

# **Conference Call Information**

dj Orthopedics has scheduled an investor conference call to discuss today's announcements beginning at 10:00 AM, Pacific Time, 1:00 PM Eastern Time, today, September 28, 2004. Individuals interested in listening to the conference call may do so by dialing (706) 634-0177, using the reservation code 1133883. A telephone replay will be available for 48 hours following the conclusion of the call by dialing (706) 645-9291 and using the above reservation code. The live conference call also will be available via the Internet at www.djortho.com, and a recording of the call will be available on the Company's website.

# About dj Orthopedics, Inc.

dj Orthopedics is a global medical device company specializing in rehabilitation and regeneration products for the nonoperative orthopedic and spine markets. The Company's broad range of over 600 rehabilitation products, including rigid knee braces, soft goods and pain management products, are used in the prevention of injury, in the treatment of chronic conditions and for recovery after surgery or injury. The Company's regeneration products consist of bone growth stimulation devices that are used to treat nonunion fractures and as an adjunct therapy after spinal fusion surgery.

The Company sells its products in the United States and in more than 35 other countries through networks of agents, distributors and its direct sales force that market its products to orthopedic and podiatric surgeons, spine surgeons, orthopedic and prosthetic centers, third-party distributors, hospitals, surgery centers, physical therapists, athletic trainers and other healthcare professionals. For additional information on the Company, please visit www.djortho.com

## Safe Harbor Statement

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements relate to, among other things, the Company's anticipated improvements in cost of goods sold and margin improvement related to the move of manufacturing from Vista, California to Tijuana, Mexico. The words "believe," "should," "expect," "intend," "estimate" and "anticipate," variations of such words and similar expressions identify forward-looking statements, but their absence does not mean that a statement is not a forwardlooking statement. Forward-looking statements are based on the Company's current expectations and are subject to a number of risks, uncertainties and assumptions. The Company undertakes no obligation to update any forward-looking statements. whether as a result of new information, future events or otherwise. Among the important factors that could cause actual results to differ significantly from those expressed or implied by such forward-looking statements are risks relating to the successful implementation of our manufacturing initiatives; the continued growth of our markets; our ability to successfully develop, license or acquire, and timely introduce and market new products or product enhancements; our dependence on orthopedic professionals, agents and distributors for marketing our products; our transition to direct distribution of our products in select foreign countries; our international operations; the restrictions imposed by the terms of our indebtedness; our ability to generate cash to service our indebtedness; government regulations; developing and protecting our intellectual property; and the effects of healthcare reform, managed care and buying groups on prices of our products. Other risk factors are detailed in our Annual Report on Form 10-K for the 2003 calendar year, filed on March 12, 2004 with the Securities and Exchange Commission.

# SOURCE dj Orthopedics, Inc.

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