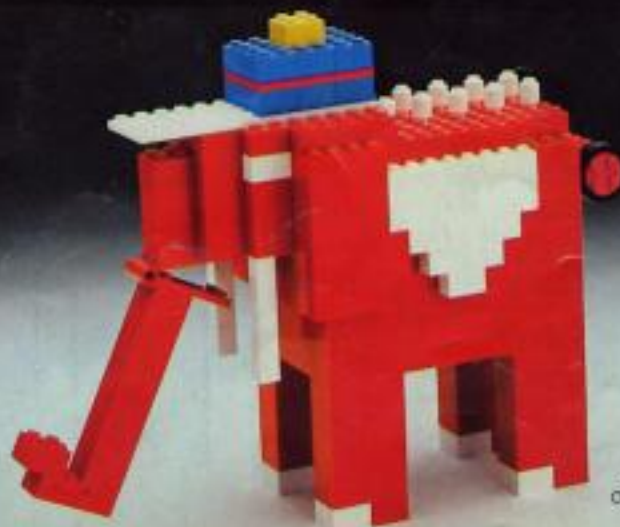
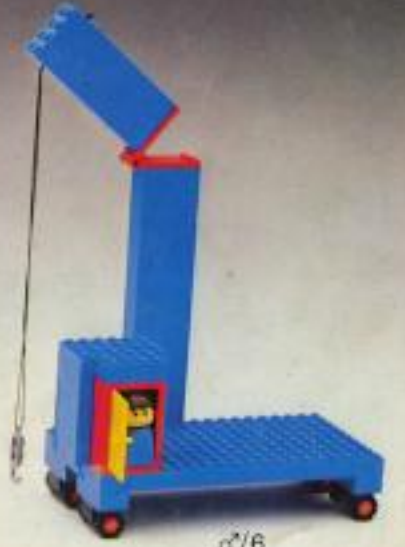
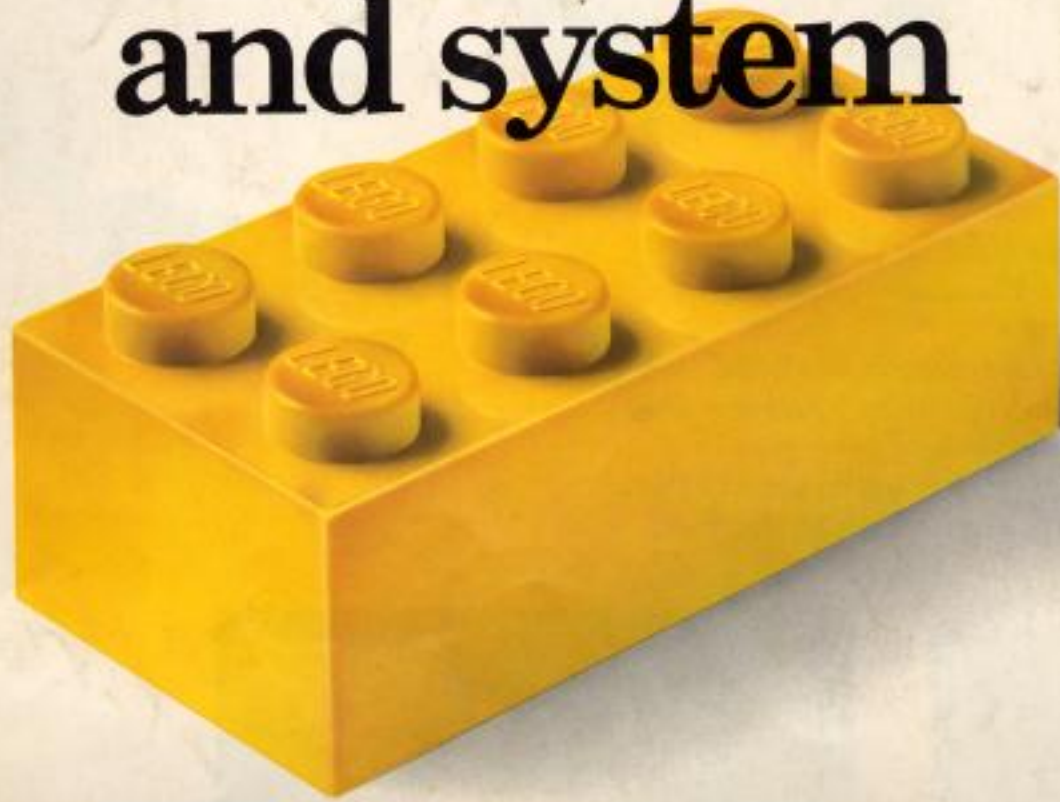
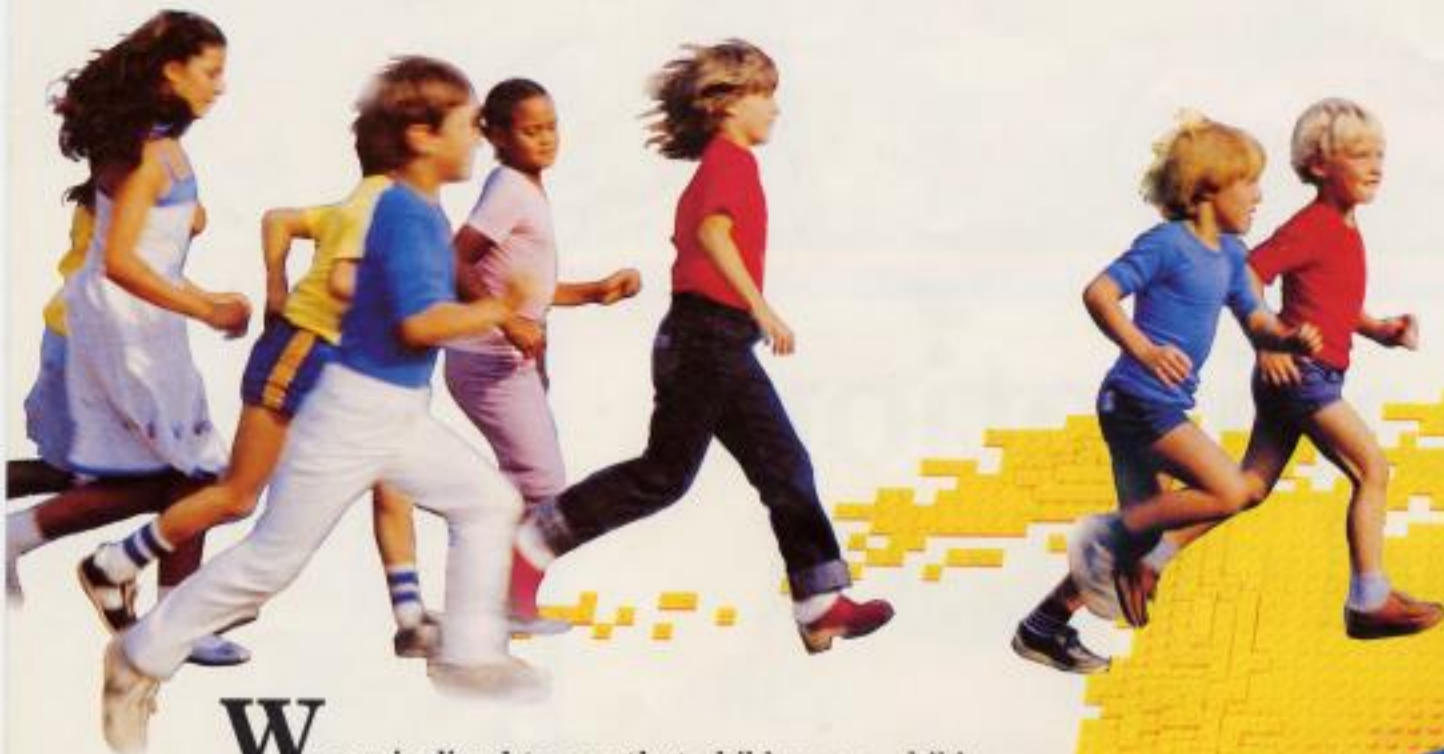


Imagination and system



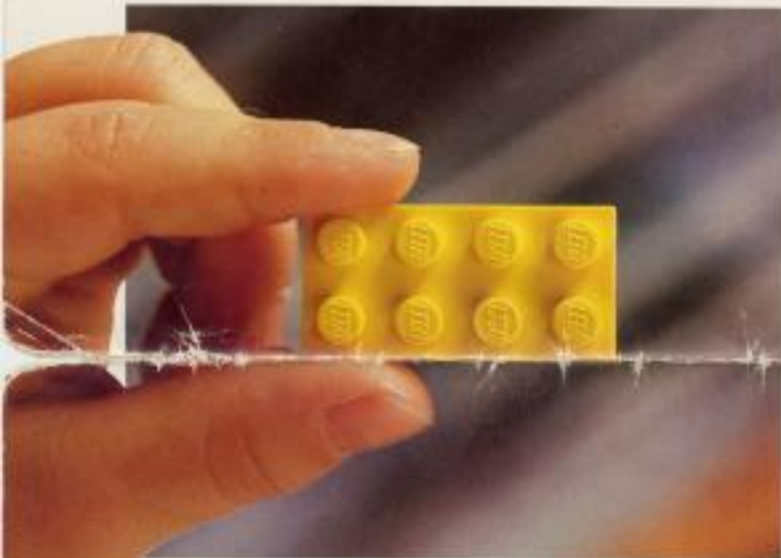
A world



We are inclined to say that children are children – by which we mean that children are the same the world over. We are right – and we are wrong.

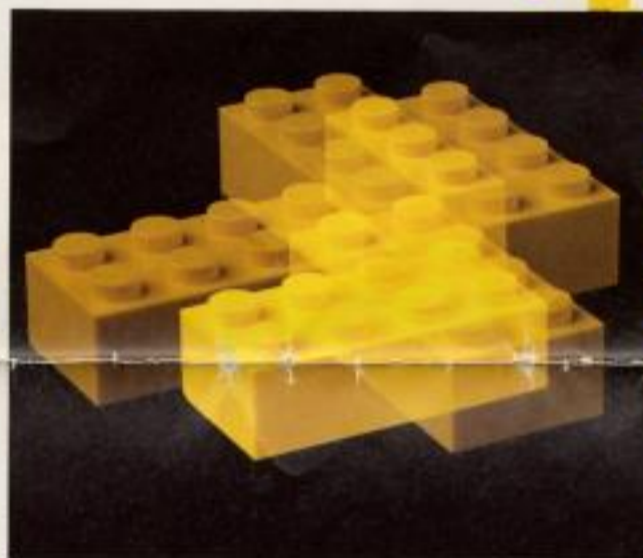
There are indeed characteristics common to all children. The most important of these are the urge to play and the urge to learn, two things very closely connected.

But naturally children develop as they grow, evolving new ideas and thoughts on what they want to do with themselves.



The LEGO® idea aims at satisfying both the urge to play and learn and the individual child's need for personal development.

It can do that because the LEGO brick is what it is.



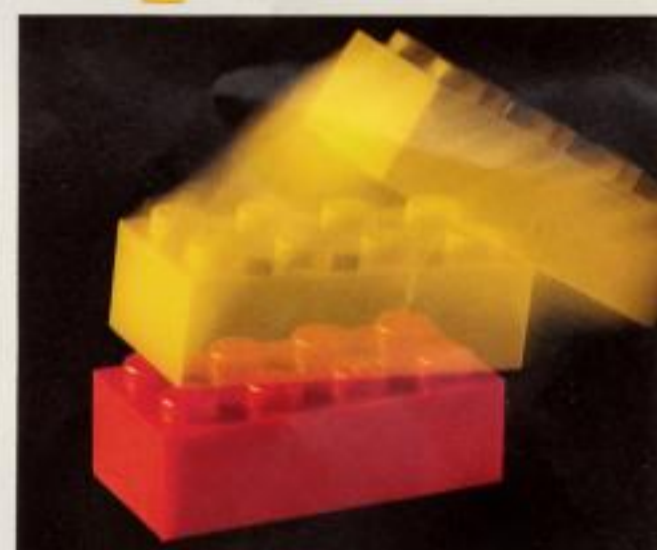
Just two 8-stud bricks of the same color can be put together in 24 different ways. With six bricks the number of combinations zooms to more than 100 million (102,981,500 to be exact!). Anyone doubting the truth of this figure can try calculating it for themselves.



In essence, the LEGO brick is a block of plastic, available in a range of colors with various numbers of studs. The function of the brick is such that it can be fitted together in endless combinations. Could it be simpler?



This explains something of the basic idea: LEGO products are not finished objects – they are a material to be fitted together and taken apart again, allowing unlimited scope for combining, building, creating, role-playing, following building instructions, working with technical functions and so on. In a nutshell: play for girls and boys from the age of three months to 14 years (and often later!).



LEGO bricks and other components can be re-used thousands of times because not only do they fit and take apart easily – they can also be plugged together to stay put. This 'clutch power', the ability to grip on firmly to the components immediately above and below, has been achieved by repeated improvements in raw materials, studs and design of the tiny tubes incorporated in all LEGO components. First introduced in the 1950s this design has been the basis of continued development of the LEGO system: all parts must be able to fit together and be re-used time and time and time again.



system

The company markets its products systematically in approx. 120 countries, and at the same time special attention is directed at those parts of the world in which children have not yet had the pleasure of LEGO bricks. All forms of transport are used to move products. Within Europe, for example, they are carried by truck, outside Europe in containers by sea or rail and - on rare occasions - by air.

LEGO Sales Company



The LEGO idea is universal.

Just as children are children, LEGO play is the same throughout the world. Each child plays according to the impulses of the local community in which he or she lives. But the driving force that inspires LEGO play is the same from child to child, country to country, continent to continent: transforming imagination into reality with components the child's fingers can handle. And allowing the child to change the whole project as often as it wants - inventing, building, dismantling, making something new.

As the LEGO idea is universal, the contents of the different sets are, too. It is the same components that children play with all over the world - or most of the world. People who enjoy processing numbers have worked out that between 200-300 million children and adults play or have played with LEGO bricks. And it is certainly a fact that LEGO products are sold in more than 50,000 shops in more than 120 countries.

In Europe, the oldest and most established market for LEGO products, the present range extends to about 250 sets and many hundreds of components, all different. There are not quite as many sets on the market outside Europe yet - but LEGO products continue their penetration. This is particularly true of North America, Australia and the Far East, where the LEGO product is also increasingly used in the educational sector - just as it is in Europe.

Determining exactly just how firmly components should plug together is an extremely fine technical balance and difficult to achieve when it comes to making the molds in which components are cast. It requires the latest technology and the skills of highly-qualified toolmakers. LEGO toolshops observe a tolerance of $\pm 1/200$ mm - less than the thickness of a human hair.



A corpora



We have explained how the LEGO product is universal as regards its idea and function. It is also universal in another way. LEGO products are sold throughout the world – and must therefore comply with all product-safety requirements laid down by authorities in each country. Consumers demand and are entitled to safety. This fact has been established by legislation in many countries. In addition, standards have been drawn up for toy safety.

Statutory requirements have resulted in many national and international standards – which have been incorporated in the internal safety standards laid down for LEGO products. These internal LEGO standards comprise the sum total of the most stringent national requirements because LEGO products in a single, unchanged form must be capable of selling on markets all over the world and because the LEGO Group wishes to be quality leader wherever in the world its products may be sold.



Internationally, the LEGO Group – which now comprises close to 40 companies on all continents – divides the world market into three areas: 'Europe', 'United States' and 'Overseas'.

Each of these areas is served by the same basic idea and in accordance with the same broad principles.

So in addition to product safety, factors such as product development, law, manufacturing and marketing have to be considered in co-ordinating the Group's activities, with every tiny detail helping to ensure that all parts function perfectly.

Overall international management and co-ordination of the LEGO Group are the duties of INTERLEGO A/S in Billund. This company's principal responsibilities are shown in the diagram on the right.

LEGO Futura ApS is a separate company which works in close conjunction with INTERLEGO A/S and handles long-range international marketing planning and product development.

INTERLEGO A/S is also responsible for the educational products sector, for packaging development, design and production of cartons, preparation of leaflets and building instructions for enclosing in the finished LEGO sets.

Great emphasis is placed on technical research and development and on the continued training of experts at the Group's toolshops in Switzerland and Germany. The technical research division in Switzerland plans and tests new processes. It also considers and tests possible raw materials for the future – often in co-operation with suppliers. Because just as we have learned that technical know-how can enable the manufacture of new products or components, we are aware that new ideas may demand new technology.

Data processing is at an advanced state of development in all parts of the LEGO Group. For example, almost all LEGO companies have on-line data connections with Billund.

Patents and trademarks are more than a matter of registration. Our legal department performs a very valuable 'watchdog' function: making sure that patents are not infringed and trademarks taken over or used without permission. And – equally important, especially in the long term – seeing that trademarks are used in a form which secures their status as trademarks and not as a broad generic name for products which our competitors manufacture.

The market research department compiles, compares and evaluates information about the toy market all over the world.

Working closely with external research institutes and the best professional advisers, the department tests new ideas and components, building instructions, play themes, packaging, advertising and TV commercials on the main markets.



Product safety extends to more than the LEGO product. It also covers packaging, building instructions, and the leaflets, publicity material, etc., which carry the LEGO name.

In everyday production an efficient quality-control team in Denmark, Switzerland and the United States monitors quality and product safety by conducting a continuous run of tests and laboratory examinations.

Thanks to advanced technology, the skill of our employees and meticulous quality control, molding faults in finished consumer sets have been reduced to one brick in every 100,000. And the Group's technical experts say even this fine record will be improved.



INTERLEGO A/S Denmark

International management and co-ordination

Corporate Planning:
Co-ordination of long-term planning activities, etc.

Marketing Co-ordination:
Sales planning, market research, market contact (USA, Canada), etc.

Marketing Service:
Packaging development, product finishing, etc.

Educational Products

Quality Control and Product Safety

Capacity Planning:
Co-ordination of manufacturing capacity, etc.

Manufacturing Engineering:
Technical research and development. Design of production equipment. Tooling shops in Germany and Switzerland

Finance:
Costing, consolidation, etc.

Law:
Patents, trade marks, etc.

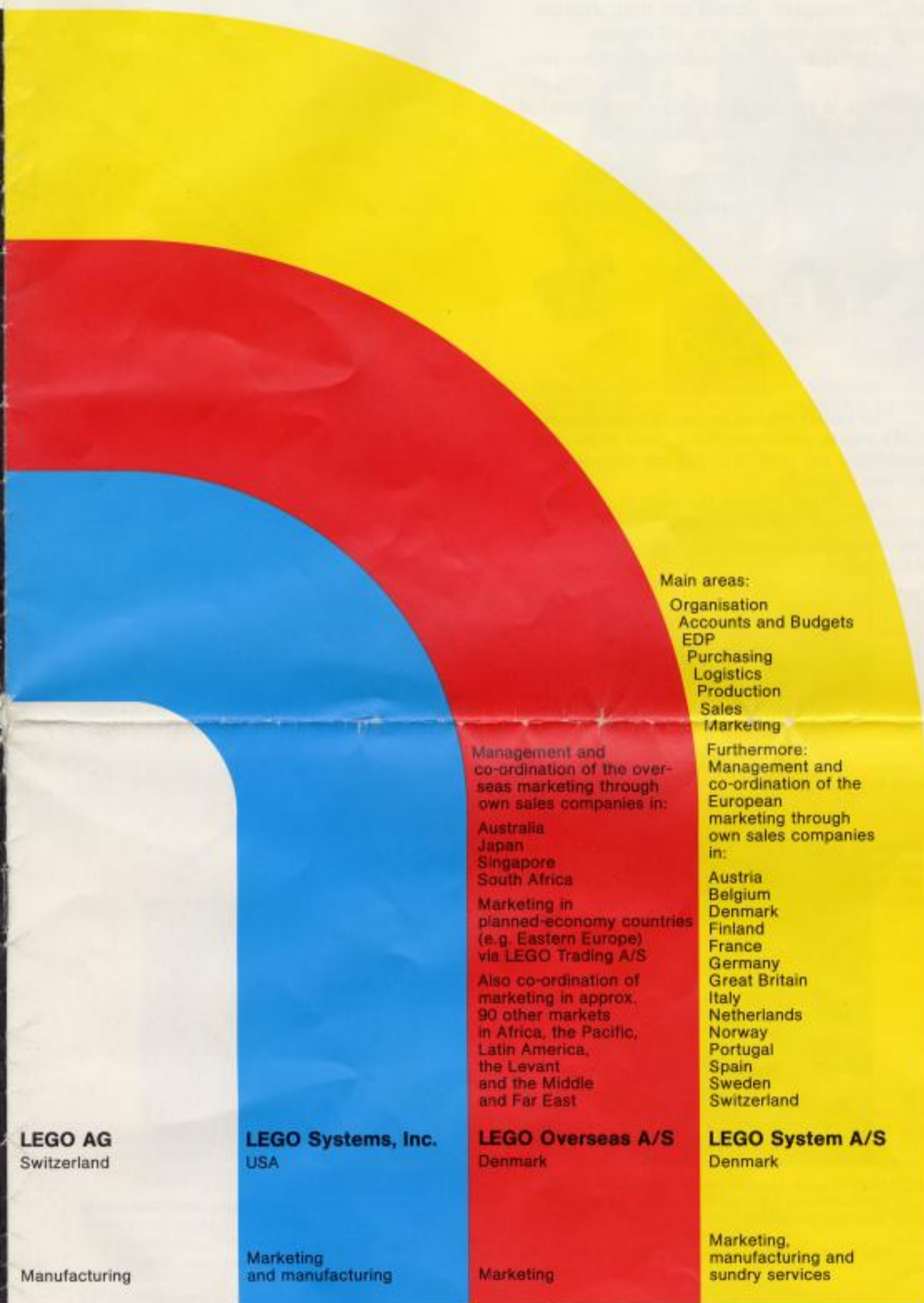
LEGO Futura ApS
International marketing planning and product development



INTERLEGO A/S
INTERLEGO A/S was set up in 1976 as the international management and co-ordination company for the LEGO Group, responsible for overall planning and synchronisation of the activities of the 40 or so members of the Group, while day-to-day and shorter-range duties are handled by individual companies themselves.



te system



Main areas:

- Organisation
- Accounts and Budgets
- EDP
- Purchasing
- Logistics
- Production
- Sales
- Marketing

Management and co-ordination of the overseas marketing through own sales companies in:

- Australia
- Japan
- Singapore
- South Africa

Marketing in planned-economy countries (e.g. Eastern Europe) via LEGO Trading A/S

Also co-ordination of marketing in approx. 90 other markets in Africa, the Pacific, Latin America, the Levant and the Middle and Far East

Furthermore: Management and co-ordination of the European marketing through own sales companies in:

- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Great Britain
- Italy
- Netherlands
- Norway
- Portugal
- Spain
- Sweden
- Switzerland

LEGO AG
Switzerland

LEGO Systems, Inc.
USA

LEGO Overseas A/S
Denmark

LEGO System A/S
Denmark

Manufacturing

Marketing and manufacturing

Marketing

Marketing, manufacturing and sundry services

LEGO AG
Sales in Switzerland began in 1957. In 1974 the LEGO Group set up a tooling shop and a moulding shop at Baar. In 1980 the manufacturing area was increased to 24,000 m², and in 1981 inauguration of the Neuhof plant added another 12,000 m² for decorating, assembly, packing and warehousing.

LEGO Systems, Inc.
The LEGO Group set up its own sales company in the United States in 1973. In 1975 the company began packaging its own products at a 5,000 m² facility, expanding to 24,000 m² in 1980 and opening a moulding shop (1,500 m²) the following year.

LEGO Overseas A/S
Up until 1974 there had been tentative attempts to cultivate markets outside Europe. In that year LEGO Overseas A/S was formed to systematically open up all markets which did not already have their own sales company. Later the overseas sales companies were placed under LEGO Overseas A/S, which now works in a further 90 export markets via agents and distributors.

LEGO System A/S
The largest member of the LEGO Group. This company has two main functions: manufacturing and marketing in Europe. In addition, it has a number of departments acting as service organs for the European, American and Overseas markets. With its two Billund factories (a total of 100,000 m² floor space), LEGO System A/S is the largest manufacturing unit in the LEGO Group.



The LEGO Group continues to observe the motto adopted in the 1930s by the company founder, Ole Kirk Christiansen: 'Only the best is good enough'.

These words - in Danish - were carved on a wooden sign, and a number of copies were hung up in the company premises in Billund as inspiration for everyone who worked there.

The Group also includes LEGOLAND A/S and the MODULEX® organisation.



LEGOLAND® Park at Billund opened in 1968, with mini landscapes, scenery and models of castles and other buildings (all built from more than 30 million LEGO bricks) and with a doll collection, toy collection, puppet theatre and Titania's Fairy Palace. More than 800,000 people from all over the world visit LEGOLAND Park every year.

LEGOLAND A/S manages and operates Hotel vis-à-vis just across the road from the Park.



With a 7,200 m² factory, A/S MODULEX in Billund manufactures and sells MODULEX planning systems and MODULEX sign systems, which are exported to more than 30 countries, through distributors or subsidiaries (in eight countries).



Product-development

Product development is not new as far as the LEGO system is concerned. The basic idea behind development of the system since the 1950s has been that all its parts should fit together – and that remains the guiding philosophy of the LEGO Group today.

Even in those early days there was a system of firm principles for product development. For example, it was established that the company should not manufacture war toys, and in the way of technical product development considerable effort was invested in improving raw materials and production technology – something that has been intensified year by year.

Nowadays, development of sophisticated products is preceded by exhaustive market analyses which ensure that the increasing number of building possibilities and play themes are developed in accordance with the pattern of children's play.

Within each age group the aim – by means of the different LEGO sets – is to create a challenge and a potential play situation which act as an inspiration to the child. An encouragement, through play, to try something new.

LEGO sets are intended to inspire the child to develop and explore the creativity and enjoyment of making something of his own. The child experiences this in turning his ideas into reality – seeing something physical that had previously been an idea in his mind's eye.

It has also been one of the Group's objectives to divide the LEGO range into product programmes and product lines which would help consumers choose the right play materials for the right age group and the right purpose.



The DUPLO® product programme consists of large, chunky components, easy to stack and put together. They have been developed for girls and boys up to five years old.



DUPLO Baby: from three months. Rattles and push-and-pull toys in bright colors, red, yellow, green, blue. The child can lift each one, see it, hear it, feel it, bite it and enjoy it. Later it can be built together with other components.



DUPLO Building Sets: 1-5 years. Sets contain large bricks, doors and windows, figures, and attractive parts with eyes that can be turned to create different expressions.

DUPLO Play Sets: 2-5 years. Sets contain large components which really enable models to enrich the child's play. Sets can be used to build models of things from real life – things familiar to the child – e.g. DUPLO Play Trains.



The LEGO product programme satisfies the child's urge to create something based on his own imagination and creative ability and appeals to girls and boys alike.

LEGO Basic Sets are the heart of the whole system. Product lines founded on LEGO Basic Sets accommodate children's wishes and interests at their different ages and stages of development.



LEGO Basic Sets 3+. Creative sets for children from three years. Sets with lots of basic components. Sets also contain doors, windows, wheels and simple figures – but not building instructions.



LEGO Basic Sets 5+. Creative sets for children from five years. Sets contain basic components plus beams, angled bricks, doors and windows. The largest set includes a wind-up motor.

With building instructions and own-ideas material.



LEGO Basic Sets 7+. Creative sets for children from seven years. These Basic Sets can produce real-life and free-fantasy models. Sets contain lots of beams, baseplates, small bricks, and technical components such as turntables, gears and hinges. The largest set includes a 4.5-volt battery-powered motor.

Building instructions in all sets.

Product programmes include DUPLO put-together toys and LEGO construction toys, which are again divided into a number of product lines. A brief outline of the range is given below:



PUT-TOGETHER TOYS FOR YOUNG CHILDREN:

DUPLO Baby

DUPLO Building Sets

DUPLO Play Sets

Educational Programme

CONSTRUCTION MADE UP OF BASIC SETS AND PRODUCTS

LEGO Basic Sets 3+, 5+ and 7+

FABULAND Clear-packs

LEGO LAND Town, Gas

LEGO SHIP

LEGO TRAIN

LEGO TECH Universal

Educational Programme



The FABULAND® Line. Children love acting out roles. The FABULAND line provides a wide variety of roles for them to play: the animal figures have names and different parts to play in the little FABULAND community.

The larger sets include story books which also serve as building instructions.

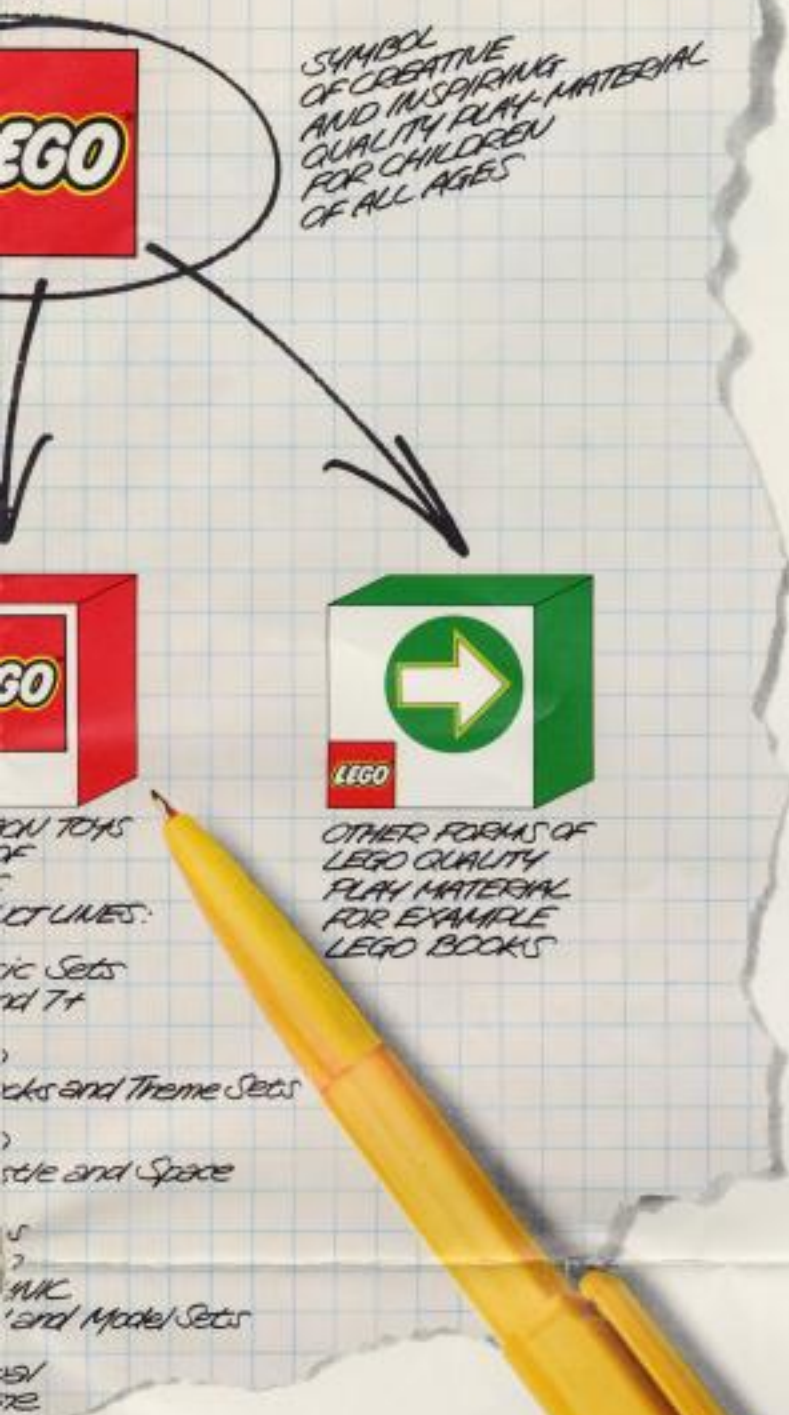
FABULAND Clear-packs. Contains a figure with tools or vehicle. An inexpensive impulse or additional purchase.



FABULAND Theme Sets. Different sizes of sets from the small cottage to the large FABULAND house. With storybook/own-ideas material.



Development system



LEGOLAND Castle. There is excitement for the child acting out life as it was centuries ago and having figures and settings do what the child imagines.



LEGO TECHNIC Line. For children from the age of seven years. This programme holds great challenge for the skilled LEGO builder and includes many special parts which bring new dimensions to the child's play. All sets have building instructions.



LEGO Ships. Hulls can be combined to vary the size of the vessel. The ships can float with a stabilising keel mounted along the bottom. Equipped with hoist, cargo hold and figures.



LEGO TECHNIC Universal and Models Sets. On the basis of these sets the child can construct stable working models of either a simple or a complex nature.



LEGOLAND® Line. For 5-12 years. Sets of different sizes whose models can be assembled in larger settings - giving children full scope for their imaginative play. The child makes it all happen!

All sets have building instructions.

LEGOLAND Town. A whole town can be built on a number of baseplates - with houses and gardens, shops and kiosks, police station, cars and people.



LEGO Trains. Three types for children from the age of six years. The train set without a motor is a simple unit and an ideal beginning for model-train play. It can take part in more complex action later - everything can be built together.

The battery-powered train is the next phase, when the child is ready to advance his play.

The 12-volt train is technically highly developed with such functions as remote-control points, signals and lighting fitted in locomotives and coaches.

All sets have building instructions.



LEGO Books. The children's books are based on LEGO products in sketched or photographed form, making the LEGO universe the primary element in each book. This provides a link between play and reading aloud. Marketed through special distribution channels.

Educational Programme

This specially devised range is designed for day nurseries, kindergartens, playschools and the youngest classes at elementary school. It comprises sets for teaching children basic mechanical principles (also available in class sets with teacher's guide).

The range includes DUPLO Building and Play Sets, LEGO Basic, LEGOLAND Town and LEGO Ships.

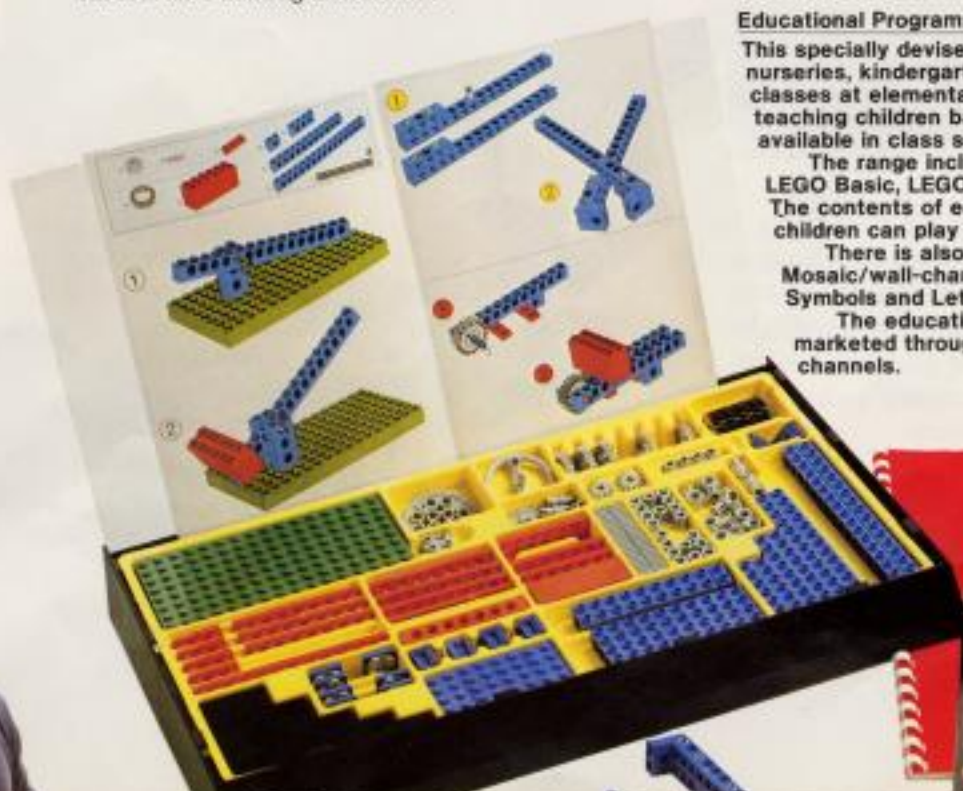
The contents of each set are such that as many as six children can play at the same time.

There is also a product line with DUPLO Mosaic/wall-charts and Numbers, Symbols and Letters.

The educational products range is marketed through special distribution channels.



LEGOLAND Space. The individual models can form part of a whole setting because they are on the same scale. Imagination can transport the child to the outer limits of space!



Manufactu



It has been possible for the LEGO idea to establish itself throughout the world only because the people who promoted it gave it their full and wholehearted support and belief in every area in which ingenuity, care and hard work are necessary for success.

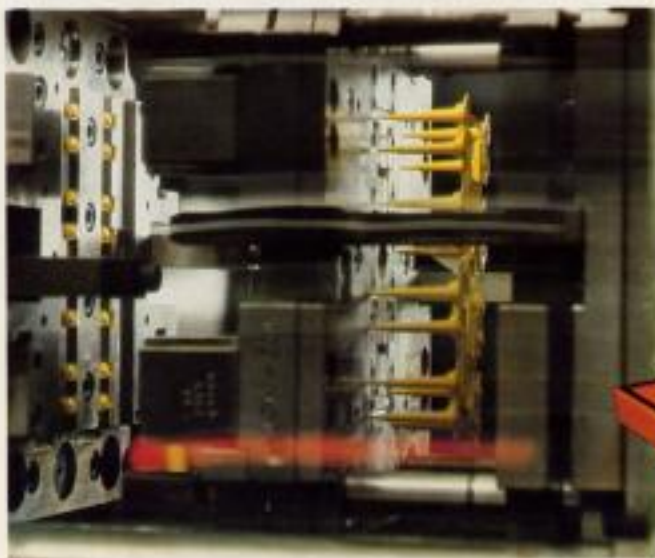
These three characteristics have guided the work of the LEGO Group at all stages.

The many product programmes require a complex manufacturing process based on careful planning, the latest technology, skilled employees and firm control.

LEGO components are molded from a granulated plastics material whose qualities have been improved over the years to ensure that the bricks clip together easily and that their clutch power is maintained unchanged for years.



The granulated plastic is heated to a temperature of approx. 225°C. Individual components are then molded at pressures that can vary from 25 to 150 tons.



Components are collected in batches and transported to the warehouse. Any excess plastic from the manufacturing process is regranulated – the recycling of materials wherever possible has been company policy for many years.



There are several thousand product numbers in the warehouse, representing molded components, packaging materials, leaflets and other goods – some purchased from external suppliers.

The boxes transporting components to storage carry a special bar code which gives a central computer up-to-date information on stock levels for co-ordination with other computer control systems.



In the assembly shop, electronically controlled machines fit together wheel units, etc. Many components are welded together by ultrasonic means, e.g. windows.



ring system

Tooling shops

Country	Company	Year
Germany	LEGO Werkzeugbau GmbH, Hohenwestedt, Holstein	1964
Switzerland	Kirk Kristiansen & Co., Baar, Zug	1974

Factories

Country	Company	Year
Denmark	LEGO System A/S, Billund	1932
Switzerland	LEGO AG, Baar, Zug	1974
USA	LEGO Systems Inc., Enfield, Connecticut	1975



Quality control is unceasing. There must be no parts missing from sets leaving the factory – and every component must be perfect. Inspection of raw materials, inspection of molding processes, inspection of packing, inspection of dispatch, inspection of inspection techniques!

Tomorrow's packaging?
Intensive research goes into the planning of packing operations and the layout of individual work-stations – a process in which it is natural to incorporate the comments and ideas of employees who are directly engaged in these functions in their everyday work.
The aim is as far as possible to avoid repetitive, dull operations and make the work more meaningful.



Many components require decorating before assembly or packing. The decorating process employs an ingenious technique and a variety of printing methods – with as many as five print impressions in different colors, one following immediately upon the other.

Part-packs and consumer-packs are for the most part filled automatically but in the case of many special jobs it is an advantage to have manual packing. Sophisticated techniques and human skills go hand in hand.

The finished-product warehouse ships out sets, spare parts and sales materials to sales companies and distributors throughout the world. Sets are stored according to nationality and contain leaflets in a total of more than 25 languages.



International



The LEGO Group co-operates closely with the retail trade in marketing its products throughout the world. A product is not considered sold simply because it has reached the retailer's shelves. The effective sales moment is when it passes across the counter to the person who will use it (or give it as a gift).

Guidelines for marketing in the various markets are decided in Billund in order to preserve the universal basic idea - but it is a principle observed by the LEGO Group that these guidelines should be given practical application by local sales companies in individual countries and by the many distributors and agents in overseas markets.



It is also part of this principle that sales companies should always be headed by local people who best understand and are fully familiar with their own markets.

Close relations within the Group are emphasised by the regular meetings held at Billund and by the numerous trips every year to many parts of the world. Through this form of contact the individual can pass on his own ideas and experience to others and enjoy the benefit of new inspiration.

Many museums throughout the world have held LEGO Workshops, arrangements at which children have access to hundreds of thousands of LEGO bricks to build whatever they wish.

The LEGO Group is represented at major toy exhibitions and fairs throughout the world and at these has received many medals and other awards.

The United States launched the popular Road Shows as a kind of touring LEGOLAND exhibition, with displays of large models and film shows.

The idea was picked up at Group level and became the LEGO World Show, which is a building area, a special-theme exhibition and a product exhibition. In the building area children can make whatever they want - and at the same time see what others have made. LEGO World Shows have been highly successful in Europe, Australia, Singapore and Japan, and have also been popular at LEGOLAND Park.



Leaflets are an important part of the marketing process, carrying information for retailers and consumers. They are printed in 25 languages!



Building competitions have attracted many entrants over a long period of years, particularly in Germany. Models are built at home and submitted in different age groups, usually three.

(A small selection of children's models from these building competitions is shown on the front of this brochure).

LEGO products are advertised all over the world. Advertisements and TV commercials are adapted to individual markets but are based on a common principle.

Video films are produced for showing in shops, and television commercials are used wherever possible.



sales system



The Group co-operates with retailers in setting up demonstration exhibitions, point-of-sale and other promotion activities, and window-dressing displays. And every effort is made to give customers all the information they need to find the most suitable sets for themselves - the principle of self-service becomes increasingly common everywhere.

It is - and has always been - a spur to the LEGO Group that its ideas and initiatives in marketing have formed a school. Just as its factories aim to produce the finest quality on the market, its sales force is determined to lead the market in a dynamic blend of existing possibilities and new ideas.



Sales companies

Country	Company	Year first LEGO bricks were sold	Year company was established
Australia	LEGO Australia Pty. Limited	1962	
Austria	LEGO Handelsgesellschaft mbH	1957	1962
Belgium	LEGO Belgium n.v./s.a.	1957	1963
Denmark	Salgselskabet LEGO Danmark A/S	1949	1958
Finland	Oy Suomen LEGO Ab		1971
France	LEGO S.A.	1959	1960
Germany	LEGO GmbH	1952	1959
Great Britain	LEGO U.K. Ltd.	1956	1959
Holland	LEGO NEDERLAND B.V.	1960	1956
Italy	LEGO S.p.A.	1957	1958
Japan	Nihon LEGO K.K.	1959	1960
Norway	A/S LEGO System Norge	1962	1961
Portugal	LEGO, LDA	1953	1972
Switzerland	LEGO Spielwaren AG	1959	1976
Singapore	LEGO Singapore, Private Limited	1957	1957
South Africa	LEGO DISTRIBUTORS (PTY) LTD.	1962	1980
Spain	LEGO, S.A.	1969	1974
Sweden	Svenska LEGO AB	1955	1959
USA	LEGO Systems, Inc.	1961	1973



LEGO

Fabuland



Story of a system



A carpenter and joiner by the name of Ole Kirk Christiansen had set up business in Billund, a tiny hamlet on the Jutland moors, in 1916.



This is the house in which he had his workshop, which gained a reputation for making a quality product out of even the smallest piece of work.



In 1932 - in the midst of The Depression - he and his few employees found themselves with no work on their hands. Something had to be done.

And it was. Things for adults: from stepladders to milking stools and wooden bases for Christmas trees. Things for children: toys - which quickly became the firm's future.



Toys of many kinds, all made of wood. Motor cars were fun in those days, too. One of the most popular models was 'The Billund Special'.



In 1934 Ole Kirk called his toys LEGO (from the Danish words LEg GODt, meaning play well). It was discovered later that LEGO in Latin means to put together.



The bestseller in the 1930s was the wooden duck - handpainted in homes in the Billund area.



Plastic was introduced after World War II. One of the first products was a baby's rattle in the form of a fish.



At first, wood and plastic were manufactured side by side. Almost unnoticed, the firm began making plastic LEGO bricks.

Two versions of the brick were marketed, one with four studs, one with eight. The brick had studs but no tubes.



Manufacture of other plastics toys, such as this truck, continued. The emphasis was on quality.



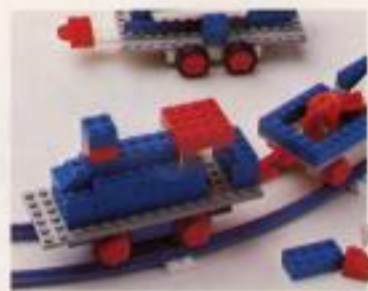
In 1954 Ole Kirk's son, Godtfred Kirk Christiansen - GKC - decided that LEGO bricks could provide a basis for a distinctive toy system. He began working on his idea, which reached the market in 1955 as the 'LEGO system of play'.



The idea became firmly established when the new stud-and-tube clutch principle was developed and patented later: the tubes brought the system a new stability, a firm clatching action, and innumerable combination.



The wheel (in a LEGO context!) was invented in 1961 and launched the following year.



The first LEGO trains came on the rails in 1966. The 4.5-volt motor was marketed the same year.



The DUPLO brick was launched in 1969 - eight times as big as the LEGO brick. Big bricks for tiny hands!



In 1971 the company introduced doll's house components, furniture components and gear wheels - in bright colours and several sizes.



The first LEGO figures were born in 1974, followed in 1978 by LEGOLAND mini figures.



The Technic programme was launched in 1977 with lifelike model sets for the older child with 'LEGO fingers': Technics - as in reality!



LEGOLAND Town was also new in 1978, with baseplates and roadways - ideal for making your own town and bringing it to life.



In 1978 Kjeld Kirk Kristiansen, grandson of the founder, was the driving force in organising a new breakdown of the range into categories: putting system into the system.



The FABULAND Line with its animal figures and large building components arrived in 1979 - and continues to be developed.



It was also in 1979 that LEGOLAND Space soared to success all over the world.



The enlarged train programme, on arrival in 1980, was enthusiastically received by children (and adults) everywhere.



The DUPLO Baby Line was introduced in 1983 with rattles designed for children from the age of three months.



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