

Company Profile

An introduction to the LEGO Group
2007



It all began in 1932 ...

The founder, Ole Kirk Christiansen, hit upon the LEGO® name in 1934. He took the first two letters of the Danish words LEG GODT, meaning “play well”, and put them together – quite unaware that one meaning of the word in Latin is ... “I put together”. Today – many years later – LEGO is both the name and the idea behind the company. Play is a key element in children’s growth and development, and play stimulates the imagination, the emergence of ideas, and creative expression. It is LEGO philosophy that “good play” enriches a child’s life – and its subsequent adulthood. With this in mind, the LEGO Group has developed and marketed a wide range of products, all founded on the same basic philosophy of learning and developing – through play.

Child’s play is an ever-changing world, and the company’s product development departments therefore work systematically with the evolution of familiar play themes and product lines based on research among children and parents into things like play habits, family patterns and housing conditions. Added to this is the fact that a combination of systematisation, logic and unlimited creativity activates learning through play in a very special LEGO way which – in an age of increasing demands upon the child’s learning and ability to solve complex problems – caters uniquely for tomorrow’s child. It is for this reason that the LEGO system is frequently cited by many leading organisations and individuals as a specially creative play material used in learning contexts by institutions and schools throughout the world.

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True to its motto – Only the best is good enough – the LEGO Group has emphasised the importance of high quality throughout its 75-year history, ensuring that consumers return to LEGO products again and again. At the same time the LEGO system means that many thousands of building elements can be easily combined in innumerable ways – and just as readily dismantled again. The more LEGO bricks you have, the more fertile your creativity can become, and there are hours of play in the LEGO brick that you don’t find elsewhere.

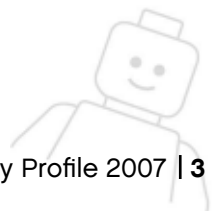
The child of the future will have plenty of things to play with. Consumer electronics is a tough competitor to traditional toys. But the LEGO Group is in no doubt that the LEGO brick will continue in future to be relevant to children of all ages. A world of imagination and total absorption. Putting two LEGO bricks together is intuitive and delivers the spontaneous joy of creation which can be supplemented – but never replaced – by electronic experiences.

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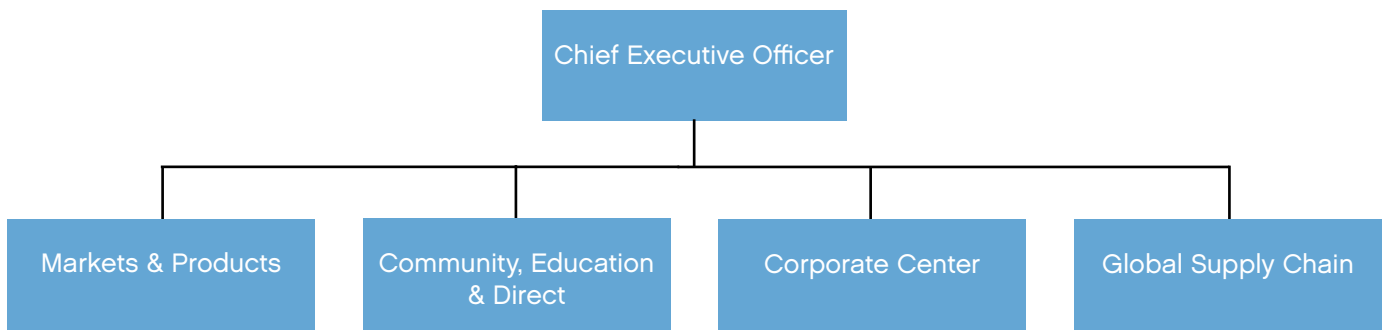
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The LEGO Group

The LEGO Group has a global workforce of approx. 4,500 people, all of them employed in one of the four business areas illustrated below. The organisation chart also illustrates the areas of responsibility of Group Management after changes intro-

duced in 2006 as part of the LEGO Group's strategy, Shared Vision. Corporate Management comprises the Chief Executive Officer and four Executive Vice Presidents, each with their own business area.

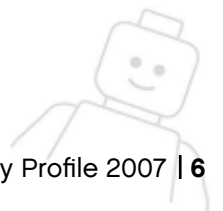


Markets & Products (M&P) has global responsibility for product development, marketing, sales and distribution to the retail trade.

Community, Education & Direct (CED) is responsible for direct contact with consumers via brand retail stores, online sales, and mail order. In addition this business area handles contacts with fans and the development of new business concepts aimed directly at end-users. And it is this unit that is responsible for the LEGO Group's development, marketing and sale of educational materials.

Corporate Centre (CC) covers the administrative service departments: Corporate Finance, IT, Human Resources, Corporate Communications, Corporate Governance and Corporate Legal Affairs.

Global Supply Chain (GSC) is the business area responsible for the Group's supply chain – from procurement and production to shipping to the distribution centres.



Idea and production

Concept and product development takes place primarily at the company's Billund headquarters – but the LEGO Group also has listening posts in Munich, Barcelona, Los Angeles and Tokyo in order to monitor the latest trends. The creative core is made up of 120 designers representing about 15 different nationalities. Most of the designers have trained at design or art schools in various parts of the world. The LEGO Group, however, does not formally stipulate that its designers must have such a training; selection is based on hands-on work and face-to-face interviews.

LEGO bricks are manufactured at the Group's own factories in Denmark and by external suppliers abroad. Approx. 19 billion LEGO elements are made every year in Billund – equivalent to approx. 2m elements an hour or 36,000 a minute.

There are about 2,200 different elements in the LEGO range – plus 55 different LEGO colours. Each element may be sold in a wide variety of different colours and decorations, bringing the total number of active combinations to more than 6,000.

How LEGO bricks are made

During the moulding process, the plastic is heated to 232° C until its consistency is about that of dough. It is then injected into the moulds at a pressure of 25-150 tons, depending on which element is being produced. It takes seven seconds to cool and eject new elements. The moulds used in production are accurate to within two-thousandth of a millimeter (0.002 mm), and the accuracy of the moulding process means that only 18 elements in every million produced fail to meet the company's high quality standard.

All LEGO elements are fully compatible, irrespective when they were made during the period from 1958 to the present or by which factory.

