

**Application for Recognition of Exemption**  
**Under Section 501(c)(3) of the Internal Revenue Code**

OMB No. 1545-0056  
 Expires 3-31-89

To be filed in the key district  
 for the area in which the  
 organization has its principal  
 office or place of business.

For Paperwork Reduction Act Notice, see page 1 of the instructions.

This application, when properly completed, constitutes the notice required under section 508(a) of the Internal Revenue Code so that an applicant may be treated as described in section 501(c)(3) of the Code, and the notice required under section 508(b) for an organization claiming not to be a private foundation within the meaning of section 509(a). (Read the instructions for each part carefully before making any entries.) If required information, a conformed copy of the organizing and operational documents, or financial data are not furnished, the application will not be considered on its merits and the organization will be notified accordingly. Do not file this application if the applicant has no organizing instrument (see Part II).

**Part I Identification**

1. Full name of organization <u>LICR Charitable Trust</u>		2. Employer identification number (If none, see instructions) <u>98-6039547</u>	
3a. Address (number and street) <u>Conyers, Dill &amp; Pearman</u> <u>P. O. Box HM666, Clarendon House, Church Street</u>		Check here if applying under section: <input type="checkbox"/> 501(e) <input type="checkbox"/> 501(f) <input type="checkbox"/> 501(k)	
3b. City or town, state, and ZIP code <u>Hamilton, HM CX Bermuda</u>		4. Name and telephone number of person to be contacted <u>J.E. Shillingburg (212) 969-6316</u>	
5. Month the annual accounting period ends <u>September 30</u>	6. Date incorporated or formed <u>October 28, 1988</u>	7. Activity codes <u>161</u>	
8. Has the organization filed Federal income tax returns or exempt organization information returns? . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the form number(s), years filed, and Internal Revenue office where filed.			

**Part II Type of Entity and Organizational Document (see instructions)**

Check the applicable entity box below and attach a conformed copy of the organization's organizing document and bylaws as indicated for each entity.

Corporation—Articles of incorporation and bylaws.  Trust—Trust indenture.  Other—Constitution or articles of association and bylaws.

**Part III Activities and Operational Information**

1. What are or will be the organization's sources of financial support? List in order of size.

See attachment.

2. Describe the organization's fund-raising program, both actual and planned, and explain to what extent it has been put into effect. (Include details of fund-raising activities such as selective mailings, formation of fund-raising committees, use of professional fund raisers, etc.) Attach representative copies of solicitations for financial support.

See attachment.

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and I have examined this application, including the accompanying statements, and to the best of my knowledge it is true, correct, and complete.

James R. Kerr  
 (Signature)  
 James R. Kerr

Trustee and Chairman  
 (Title or authority of signer)

OCT 2/89  
 (Date)

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.....  
 (Signature) **James R. Kerr** Trustee and Chairman (Title or authority of signer) ..... (Date)

**Part III** Activities and Operational Information (Continued)

**4 c** Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials?  Yes  No  
If "Yes," name those persons and explain the basis of their selection or appointment.

**d** Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons?" (See the Specific Instructions for line 4d.)  Yes  No  
If "Yes," explain.

**e** Have any members of the organization's governing body assigned income or assets to the organization, or is it anticipated that any current or future member of the governing body will assign income or assets to the organization?  Yes  No  
If "Yes," attach a complete explanation stating which applies and including copies of any assignments plus a list of items assigned.

**5** Does the organization control or is it controlled by any other organization?  Yes  No  
Is the organization the outgrowth of another organization, or does it have a special relationship to another organization by reason of interlocking directorates or other factors?  Yes  No  
If either of these questions is answered "Yes," explain.

See attachment.

**6** Is the organization financially accountable to any other organization?  Yes  No  
If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

See attachment.

**7 a** What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken.

See attachment.

**b** To what extent have you used, or do you plan to use, contributions as an endowment fund, i.e., hold contributions to produce income for the support of your exempt activities? See attachment.

**8** Will any of the organization's facilities be managed by another organization or individual under a contractual agreement?  Yes  No  
If "Yes," attach a copy of each contract and explain the relationship between the applicant and each of the other parties.

**Part V** Financial Data See attachment.

Statement of Support, Revenue, and Expenses for the period beginning ..... 19 ....., and ending ..... 19 .....

**Note:** Complete the financial statements for the current year and for each of the three years immediately before it. If in existence less than four years, complete the statements for each year in existence. If in existence less than one year, also provide proposed budgets for the two years following the current year.

<b>Support and Revenue</b>	1	Gross contributions, gifts, grants, and similar amounts received	1
	2	Gross dues and assessments of members	2
	3 a	Gross amounts derived from activities related to organization's exempt purpose (attach schedule)	3c
	b	Minus cost of sales	
	4 a	Gross amounts from unrelated business activities (attach schedule)	4c
	b	Minus cost of sales	
	5 a	Gross amount received from sale of assets, excluding inventory items (attach schedule)	5c
	b	Minus cost or other basis and sales expenses of assets sold	
6	Investment income (see instructions)	6	
7	Other revenue (attach schedule)	7	
8	<b>Total support and revenue</b>	8	
<b>Expenses</b>	9	Fundraising expenses	9
	10	Contributions, gifts, grants, and similar amounts paid (attach schedule)	10
	11	Disbursements to or for benefit of members (attach schedule)	11
	12	Compensation of officers, directors, and trustees (attach schedule)	12
	13	Other salaries and wages	13
	14	Interest	14
	15	Rent	15
	16	Depreciation and depletion	16
	17	Other (attach schedule)	17
	18	<b>Total expenses</b>	18
	19	Excess of support and revenue over expenses (line 8 minus line 18)	19
<b>Balance Sheet</b> (at the end of the period shown above)			
<b>Assets</b>			
20	Cash: a Interest bearing accounts	20a	
	b Other	20b	
21	Accounts receivable, net	21	
22	Inventories	22	
23	Bonds and notes (attach schedule)	23	
24	Corporate stocks (attach schedule)	24	
25	Mortgage loans (attach schedule)	25	
26	Other investments (attach schedule)	26	
27	Depreciable and depletable assets (attach schedule)	27	
28	Land	28	
29	Other assets (attach schedule)	29	
30	<b>Total assets</b>	30	
<b>Liabilities</b>			
31	Accounts payable	31	
32	Contributions, gifts, grants, etc., payable	32	
33	Mortgages and notes payable (attach schedule)	33	
34	Other liabilities (attach schedule)	34	
35	<b>Total liabilities</b>	35	
<b>Fund Balances or Net Worth</b>			
36	Total fund balances or net worth	36	
37	<b>Total liabilities and fund balances or net worth</b> (line 35 plus line 36)	37	

If there has been any substantial change in any aspect of your financial activities since the period shown above ended, check the box and attach a detailed explanation

**Part VI** Non-Private Foundation Status (Definitive ruling only) (Continued)

**B.—Analysis of Financial Support (Continued)**

13 If the organization's non-private foundation status is based on:

- a Sections 509(a)(1) and 170(b)(1)(A)(iv) or (vi).—Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts for the entire period were more than the amount shown on line 11.
- b Section 509(a)(2).—For each of the years included on lines 1, 2, and 3, attach a list showing the name of and amount received from each person who is a "disqualified person."

For each of the years on line 3, attach a list showing the name of and amount received from each payor (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payor" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

**C.—Supplemental Information Concerning Organizations Claiming Non-Private Foundation Status Under Section 509(a)(3)**

1 Organizations supported by applicant organization: Name and address of supported organization	Has the supported organization received a ruling or determination letter that it is not a private foundation by reason of section 509(a)(1) or (2)?
Ludwig Institute for Cancer Research	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No

2 To what extent are the members of your governing board elected or appointed by the supported organization(s)?

None

3 What is the extent of common supervision or control that you and the supported organization(s) share?

See Attachment

4 To what extent do(es) the supported organization(s) have a significant voice in your investment policies, the making and timing of grants, and in otherwise directing the use of your income or assets?

See Attachment

5 Does the mentioning of the supported organization(s) in your governing instrument make you a trust that the supported organization(s) can enforce under State law and compel to make an accounting? . . . . .  Yes  No  
If "Yes," explain.

See Attachment

6 What portion of your income do you pay to each supported organization and how significant is the support to each?

See Attachment

7 To what extent do you conduct activities that would otherwise be carried out by the supported organization(s)? Explain why these activities would otherwise be carried on by the supported organization(s).

See Attachment

8 Is the applicant organization controlled directly or indirectly by one or more "disqualified persons" (other than one who is a disqualified person solely because he or she is a manager) or by an organization which is not described in section 509(a)(1) or (2)? . . . . .  Yes  No  
If "Yes," explain.

LICR Charitable Trust  
EIN 98-6039547  
Attachment to Form 1023

Part III Activities and Operational Information

Item 1

The LICR Charitable Trust (the "Trust") will receive all of its support, directly or indirectly, from the Ludwig Institute for Cancer Research (the "Institute"). The total financial support required by the Trust each year will be approximately \$150,000.

Item 2

The Trust has not and does not plan to solicit funds. No unrelated business activities have been undertaken, nor are any planned.

Item 3

The Trust was established on October 28, 1988 under the laws of Bermuda by Mr. Daniel K. Ludwig; a copy of its Trust Indenture is attached. The purpose of the Trust is to provide a continuing arrangement, subject to a Court of Chancery, for the selection and appointment of the Institute's Board of Directors.

1. The Institute.

The Institute is a joint stock company organized by Mr. Ludwig on June 2, 1971 for non-profit charitable and scientific purposes under the laws of Switzerland. Mr. Ludwig subsequently gave the Institute a substantial endowment.

a. Tax Status. The Institute is a Section 501(c)(3) organization classified as a medical research organization under Section 170(b)(1)(A)(iii); copies of its determination letters are attached. The Institute is engaged in its own medical research, primarily in the field of cancer, in conjunction with voluntary hospitals located in university medical centers.

b. Research Program. The Institute has assets valued in excess of \$400 million and an annual operating budget of approximately \$30 million. The Institute presently conducts its medical research in conjunction with

the Policlinique Hospital, Lausanne, Switzerland, with emphasis on human cancer immunology, with the University Clinic of St. Luc, Brussels, Belgium, with emphasis on cell genetics, with the Royal Melbourne Hospital, Melbourne, Australia with emphasis on tumor biology, with the Camargo Hospital, Sao Paulo, Brazil with emphasis on cancer biology and epidemiology, with the Royal Victoria Hospital, Montreal, Canada with emphasis on developmental genetics, with the Middlesex Hospital, London, England with emphasis on cell and molecular biology, with the St. Mary's Hospital, London, England with emphasis on molecular virology, with the Nordvastra Sjukvardsomradet, Stockholm, Sweden with emphasis on molecular biochemistry and with the Akademiska Sjukhuset, Uppsala, Sweden with emphasis on growth regulation.

c. Governance. Under the Institute's Statutes (its incorporating instrument) and Swiss law, the shares of the Institute entitle the holders simply to vote on the election of the Institute's Board of Directors and on corporate matters, such as the registered "seat" of the Institute. The shares carry no rights to dividends, liquidation distributions or other payments.

Under Swiss law, the members of the Institute's Board of Directors must each hold at least one share. In addition, a majority of the Board of Directors must, under Swiss law, be Swiss citizens. However, the shareholders could eliminate this requirement by changing the "seat" of the Institute to another jurisdiction.

Upon its organization, the Institute issued qualifying shares to the initial directors and the remainder to Mr. Ludwig. Mr. Ludwig and the initial directors entered into shareholders' and escrow agreements pursuant to which the shares were deposited with the Swiss Credit Bank as escrow holder. These agreements required that a share held by a director or officer be returned to the escrow holder upon that person's ceasing to be a director or officer. Provision was also made for the designation of nominees who would receive shares upon the death of Mr. Ludwig. All transfers of shares required the approval of the shareholders, and no transfers were to be made without the prospective shareholder first agreeing to be bound by the shareholders' and escrow agreements.

Under the shareholders' agreement all shareholders received their shares under a personal undertaking to hold and vote the shares only for purposes consistent with the Institute's non-profit charitable and scientific purposes.

Mr. Ludwig transferred one Institute share to the Swiss Confederation subject to its undertaking to hold and vote such share to assure that the Institute is operated in accordance with its governing instruments for non-profit charitable and scientific purposes. As his successors he named the five individuals who are the individual Trustees of the Trust.

The members of the Board of Directors of the Institute serve for a one year term and are subject to election or reelection by the shareholders of the Institute.

## 2. The Trust.

The Trust was established by Mr. Ludwig on October 28, 1988 to replace the foregoing shareholder arrangements and provide a mechanism for the selection and appointment of the Institute's Board of Directors that would be subject to a Court of Chancery. On execution of the Indenture, through his attorneys-in-fact, Mr. Ludwig transferred his then 38 shares of the 50 issued and outstanding shares of the Institute to the Trustees as so-called Schedule A property, which carry the oversight responsibility and are not subject to further transfer. The remaining 11 shares were transferred to the Trustees in January 1989 by the officers and Directors of the Institute then holding them, to be held as so-called Schedule B property and thus available as qualifying shares for officers and Directors.

The Trustees of the Trust consist of five individual Trustees and an administrative trustee. The Trustees take action by affirmative action of a majority of the Trustees. An individual Trustee serves until his death, resignation or inability to serve; his replacement is designated by vote of the majority of the remaining individual Trustees. The administrative trustee may be removed and replaced at any time by vote of a majority of the individual Trustees.

The Trustees, by virtue of the Trust's share ownership, select and elect the directors of the Institute and maintain oversight and control over the management of the Institute.

The Chairman of the Trustees, designated by them for this purpose, is also the Chairman and Chief Executive Officer of the Institute. Other Trustees may be directors of the Institute, subject to the Swiss law requirement that a majority of the Institute's directors must be Swiss citizens.

As noted, the Trustees as shareholders could change this requirement by changing the "seat" of the Institute.

The present members of the Board of Directors and the officers of the Institute are as follows:

Thierry Barbey Lombard, Odier & Cie 11, Rue de la Corraterie 1211 Geneva 11 Switzerland	Director
Dr. Hugo A. Frey Niederer, Kraft & Frey Bahnhofstr. 13 CH-8001 Zurich Switzerland	Director
Dr. Adolf E. Kammerer Niederer, Kraft & Frey Bahnhofstr. 13 Ch-8001 Zurich Switzerland	Director
James R. Kerr 7777 Fay Avenue Suite 230 La Jolla, CA 92037	Director; Chairman and Chief Executive Officer
Pierre Languetin Mulinenstrasse 37 3006 Bern Switzerland	Director
Dr. Lloyd Old 1345 Avenue of the Americas New York, N.Y. 10105	Director
Edward A. McDermott, Jr. 1345 Avenue of the Americas New York, N.Y. 10105	Secretary of the Board

Item 4(a)

The names, addresses, and titles of the Trustees and the officers of the Trust are as follows:

R. Palmer Baker, Jr. Baker-Jitkoff, Inc. 444 Madison Avenue 34th Floor New York, NY 10022	Individual Trustee
George Jenkins W. R. Grace & Co. 1114 Avenue of the Americas New York, NY 10036	Individual Trustee
James R. Kerr 7777 Fay Avenue Suite 230 La Jolla, CA 92037	Individual Trustee; Trust Chairman
Malcom P. McLean McLean Industries 660 Madison Avenue Suite 401 New York, NY 10021	Individual Trustee
James A. Pearman Conyers, Dill & Pearman P. O. Box HM666 Clarendon House Church Street Hamilton, HM CX Bermuda	Administrative Trustee; Trust Secretary
William I. Spencer Citicorp Center 153 East 53rd Street Suite 4000 New York, NY 10043	Individual Trustee
Edward A. McDermott, Jr. Executive Vice President National Bulk Carriers, Inc. 1345 Avenue of the Americas New York, NY 10105	Trust Assistant Secretary

Effective on Mr. Ludwig's death the Trustees will receive reasonable fees commensurate with their responsibilities not to exceed \$25,000 per year for each Trustee adjusted annually for cost of living. The fees will

be paid, directly or indirectly, by the Institute. The Trustees may be reimbursed, directly or indirectly, by the Institute for reasonable and necessary expenses incurred on behalf of the Trust.

Item 4(e)

Mr. James R. Kerr assigned a qualifying Institute share to the Trust, as disclosed in Item 3, above.

Item 5

The Trust was established to provide a continuing arrangement, subject to a Court of Chancery, for the selection and appointment of the Institute's Board of Directors. The Chairman of the Trustees is also the Chairman and Chief Executive Officer of the Institute. Other Trustees may also serve on the Institute Board.

Item 6

The Institute has the power to compel an accounting of the Trust under Bermuda or under the laws of any other jurisdiction which may become applicable to the Trust. See Trust Indenture, Articles VI(H)(2) and IX(B)(C) and (D).

Item 7(a) and (b)

The Trust has received all of the outstanding shares of the Institute other than a share held by the Swiss Confederation; 11 shares are held for issuance as qualifying shares to the directors of the Institute in accordance with Swiss law. The shares have no intrinsic value. The Trust will not have an endowment fund.

Item 9(b)

The benefits of the Trust are limited to furthering the charitable and scientific purposes of the Institute or its successors.

Part V Support, Revenue and Expenses

The Trust's receipts and expenditures and balance sheet for its first three years of operation are as follows:

STATEMENT OF REVENUE AND EXPENSES

	Year Ended (Est.) <u>9/30/89</u>	Year Ended (Est.) <u>9/30/90</u>	Year Ended (Est.) <u>9/30/91</u>
REVENUE			
Institute	\$100,000	\$ 0	\$150,000
Gift -			
D.K. Ludwig	1,000	0	0
Interest	<u>1,000</u>	<u>10,000</u>	<u>10,000</u>
	102,000	10,000	160,000
EXPENSES			
Trustees			
Commissions	-0-	0	150,000
Expenses	<u>1,000</u>	<u>10,000</u>	<u>10,000</u>
	1,000	10,000	160,000
EXCESS (DEFICIT) OF			
Revenue			
Over Expenses	101,000	0	0

BALANCE SHEET

	As of <u>9/30/89</u>	As of <u>9/30/90</u>	As of <u>9/30/91</u>
ASSETS	\$101,000	\$101,000	\$101,000
LIABILITIES	0	0	0
FUND BALANCE	101,000	101,000	101,000

Part VI Non-Private Foundation Status

Item 3

The persons who control the Trust (the Trustees) also control the Institute (by electing the directors of the Institute). In addition, the Chairman of the Trust is the Chairman and Chief Executive Officer of the Institute. The

Institute is the only beneficiary named in the Trust Indenture and it has the power to enforce the Trust and to compel an accounting of the Trust. See Trust Indenture, Articles II, VI(H)(2) and IX(B), (C) and (D).

Item 4

See Item 3.

Item 5

The Institute is the only beneficiary named in the Trust Indenture and it has the power to enforce the Trust and to compel an accounting of the Trust. See Trust Indenture, Articles II, VI(H)(2) and IX(B), (C) and (D).

Item 6

The Trust applies all of its income to meet the expenses of the Trust, which functions solely for the benefit of the Institute.

Item 7

The Trust elects the directors of the Institute. If it did not do so, the Institute would have to provide for a mechanism to do so.