

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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In re: : Chapter 11
: :
VION PHARMACEUTICALS, INC., : Case No. 09-14429 (CSS)
: :
Debtor.¹ : Re: Docket No. 31
: :
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**ORDER (FIRST) AUTHORIZING DEBTOR (I) TO PAY
OR HONOR PREPETITION OBLIGATIONS TO CERTAIN
CRITICAL VENDORS AND (II) TO AUTHORIZE FINANCIAL
INSTITUTIONS TO HONOR AND PROCESS RELATED CHECKS AND TRANSFERS**

Upon the motion (the "Motion")² of the above-captioned debtor and debtor-in-possession (the "Debtor") for authority to pay in the ordinary course of business pre-petition claims of critical vendors [Docket No. 31], as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the requested relief being a core proceeding this Court can determine pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and sufficient notice of the Motion having been given; and it appearing that no other or further notice need be provided; and it appearing that the relief requested in the Motion is in the best interests of the Debtor, its estate and creditors and other parties in interest; and after due deliberation and sufficient cause appearing therefor, it is hereby:

¹ The Debtor in this case, along with the last four digits of the federal tax identification number for the Debtor, is Vion Pharmaceuticals, Inc. (1221). The Debtor's corporate offices are located at 4 Science Park, New Haven, Connecticut 06511.

² Capitalized terms used but otherwise not defined herein shall have the meanings ascribed to such terms in the Motion.

ORDERED that the relief requested in the Motion is hereby granted as provided herein; and it is further

ORDERED that the Debtor is authorized, but not directed, in the reasonable exercise of its business judgment, to pay some or all of the prepetition claims, up to the amount of the Critical Vendor Cap of \$1,022.25, of those Critical Vendors, attached hereto as Exhibit A, who agree to continue to supply goods or services to the Debtor on such Critical Vendor's "Customary Trade Terms" for a period following the date of the agreement and on other such terms and conditions as are acceptable to the Debtor. As used herein, "Customary Trade Terms" means, with respect to a Critical Vendor, (a) the normal and customary trade terms, practices, and programs (including, but not limited to, credit limits, pricing, cash discounts, timing of payments, allowances, rebates, coupon reconciliation, availability, and other applicable terms and programs), that were most favorable to the Debtor and in effect between such Critical Vendor and the Debtor during the six (6) months prior to the Petition Date or (b) such other trade terms as agreed by the Debtor and such Critical Vendor; and it is further

ORDERED that after the date hereof, the Debtor shall determine, in the ordinary course of business, who is a Critical Vendor by considering, among other things, (a) which suppliers were sole-source or limited-source suppliers, without whom the Debtor could not continue to operate without disruption; (b) which suppliers would be prohibitively expensive to replace; (c) which suppliers present an unacceptable risk should they cease the provision of truly essential services or supplies; and (d) the extent to which suppliers may be able to obtain or have obtained trade liens on equipment, supplies, or goods of the Debtor; and it is further

ORDERED that if a Critical Vendor who has received payment of a prepetition claim subsequently refuses to supply goods or services to the Debtor on Customary Trade Terms,

any payments received by the Critical Vendor on account of its Critical Vendor Claim will be deemed to have been in payment of then outstanding post-petition obligations owed to such Critical Vendor, and such Critical Vendor shall immediately repay to the Debtor any payments received on account of its Critical Vendor Claim to the extent that the aggregate amount of such payments exceed the post-petition obligations then outstanding, without the right of setoff or reclamation; and it is further

ORDERED that each of the banks and financial institutions (the "Banks") at which the Debtor maintains its accounts relating to the payment of the claims that the Debtor requests authority to pay in the Motion are authorized to receive, process, honor, and pay all checks presented for payment and to honor all fund transfer requests made by the Debtor related thereto, to the extent that sufficient funds are on deposit in those accounts, and are authorized to rely on the Debtor's designation of any particular check as approved by this Order; and it is further

ORDERED that nothing contained in this Order shall be deemed to constitute an assumption of any executory contract or to require the Debtor to make any of the payments authorized herein; and it is further

ORDERED that notwithstanding the possible applicability of Rules 6004(h), 7062 and 9014 of the Federal Rules of Bankruptcy Procedure, or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that this Court retains jurisdiction with respect to all matters from or related to the implementation of this Order.

Dated: January 20, 2010
Wilmington, Delaware



THE HONORABLE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

DEBTOR'S CRITICAL VENDORS

Critical Vendor	Description of Critical Goods/Services Provided
Amex	Corporate Card Services