

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

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In re: : Chapter 11

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VION PHARMACEUTICALS, INC., : Case No. 09-14429 (CSS)

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Debtor.¹ : **Re: Docket No. 5**

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**ORDER (I) APPROVING CONTINUED USE OF
CASH MANAGEMENT SYSTEM, (II) AUTHORIZING
USE OF PREPETITION BANK ACCOUNTS AND EXISTING
CHECKS AND (III) GRANTING INTERIM RELIEF FROM THE
REQUIREMENTS CONTAINED IN BANKRUPTCY CODE § 345(b)**

Upon consideration of the motion (the “Motion”)² of the debtor and debtor-in-possession (the “Debtor”) in the above-captioned case for the entry of an order (i) authorizing and approving the Debtor’s continued use of its existing Cash Management System and protections for the relevant cash management banks, (ii) authorizing and approving the Debtor to continue using pre-petition bank accounts and existing checks, and (iii) granting interim relief from the requirements contained in Bankruptcy Code § 345(b); and upon consideration of the Motion and all pleadings related thereto; and the Court finding that (a) it has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 157 and 1334, (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and (c) proper and adequate notice of the Motion and the hearing thereon has been given under the circumstances and that no other or further notice is

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 not defined herein shall have the meanings ascribed to them in the Motion.

necessary; and the Court finding that the relief requested in the Motion is in the best interests of the Debtor, its estate and creditors; and after due deliberation and good and sufficient cause appearing therefore, it is hereby:

ORDERED, that the Motion is granted as provided herein; and it is further

ORDERED, that this Order shall be final in all respects except as to relief granted relating to 11 U.S.C. § 345(b), which shall be interim in nature, effective for a period from the Petition Date through and including the date that is seventy-five (75) days after the Petition Date (the “Interim Period”); and it is further

ORDERED, that subject to the provisions of this Order, the Debtor is authorized, in the reasonable exercise of its business judgment, to (i) designate, maintain, and continue to use, with the same account numbers, all of its bank accounts in existence on the Petition Date, including, without limitation, the bank accounts identified in **Exhibit A** of the Motion, (ii) use its present forms and other documents related to the Bank Accounts, (iii) treat such Bank Accounts for all purposes as accounts of the Debtor as debtor-in-possession account, and (iv) preserve the reporting and accounting mechanisms used by the Debtor in respect of the Bank Accounts; and it is further

ORDERED, that the Cash Management Banks are hereby authorized to continue to service and administer all such accounts as accounts of the Debtor as a debtor-in-possession without interruption and in the usual and ordinary course, and to receive, process, honor, and pay any and all checks and drafts drawn on, or electronic transfer requests made on, said account after the Petition Date by the holders or makers thereof, as the case may be; provided, however, that any check drawn or issued by the Debtor before the Petition Date may be honored by any

bank only if specifically authorized by order of this Court and only to the extent of funds available in such Bank Account; and it is further

ORDERED, that, except for those checks that may be honored and paid to comply with any order(s) of this Court authorizing payment of certain pre-petition claims, no checks or drafts issued on the Bank Accounts before the Petition Date but presented for payment after the Petition Date shall be honored or paid; and it is further

ORDERED, that subject to the provisions of this Order, the operation of the Cash Management System in accordance with the Debtor's normal and customary practice is adequate and sufficient; and it is further

ORDERED, that, notwithstanding any other provision of this Order, no Cash Management Bank that honors a pre-petition check or other item drawn on any account that is the subject of this Order (a) at the direction of the Debtor, (b) in good-faith belief that the Court has authorized such pre-petition check or item to be honored or (c) as the result of an innocent mistake made despite implementation of reasonable item-handling procedures, shall be deemed to be liable to the Debtor or otherwise in violation of this Order; and it is further

ORDERED, that nothing contained herein shall prevent the Debtor from opening any new bank accounts or closing any Bank Accounts as it may deem necessary and appropriate; provided, that the Debtor shall promptly notify the United States Trustee and any official committee prior to making any change to the Cash Management System, including the opening and closing of Bank Accounts; and it is further

ORDERED, that the Debtor is authorized to continue to use their existing checks without alteration and without the designation "Debtor-in-Possession" imprinted upon them, provided, however, that following the depletion of the Debtor's business form stock, the Debtor

will obtain new check stock reflecting its status as a debtor-in-possession; provided further, that with respect to Business Forms which the Debtor or its agents print themselves, the Debtor and its agents shall begin printing the “Debtor in Possession” legend on such items within ten (10) days of the date of entry of this Order; and it is further

ORDERED, that for Cash Management Banks at which the Debtor holds Bank Accounts that are party to a Uniform Depository agreement with the Office of the United States Trustee for the District of Delaware, within fifteen (15) days of the date of entry of this Order the Debtor shall (a) contact each Bank, (b) provide the Bank with the Debtor’s employer identification number(s) and (c) identify each of their Bank Accounts held at such Cash Management Banks as being held by a debtor in possession in a bankruptcy case; and it is further

ORDERED, that for Cash Management Banks at which the Debtor holds Bank Accounts that are not party to a Uniform Depository agreement with the Office of the United States Trustee for the District of Delaware, the Debtor shall use its good-faith efforts to cause the bank to execute a Uniform Depository agreement in a form prescribed by the Office of the United States Trustee within forty-five (45) days of the date of this Order. The U.S. Trustee’s rights to seek further relief from this Court on notice in the event that the aforementioned Cash Management Banks are unwilling to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee are fully reserved; and it is further

ORDERED, that the preceding two paragraphs of this Order apply to any Bank Accounts opened by the Debtors subsequent to entry of this Order; provided, however, that the deadlines referenced in the paragraphs shall run from the respective dates on which the accounts are opened; provided further, that the Debtor shall provide contemporaneous notice of the

closing and/or opening of any of the Bank Accounts to both the Office of the United States Trustee and any official committee(s) appointed in these cases; and it is further

ORDERED, that the Debtor is authorized to make disbursements from the Bank Accounts other than by check, to the extent consistent with the Debtor's existing cash management practices; and it is further

ORDERED, that, effective as of the Petition Date, the Cash Management Banks shall be and hereby are authorized ~~and directed~~ to receive, process, honor, and pay any and all pre-petition and post-petition checks drawn on and electronic transfers authorized for payment by the Court, provided that funds are available in the applicable Bank Account; and it is further

ORDERED, that the Debtor shall maintain records in accordance with its normal and customary practices reflecting all transfers of funds under the terms and conditions provided by the existing agreements with the institutions participating in the Debtor's Cash Management System. In connection with the ongoing utilization of its Cash Management System, the Debtor shall continue to maintain records with respect to all transfers of cash so that all transactions may be ascertained, traced, and recorded properly on the applicable accounts; and it is further

ORDERED, that, through the Interim Period, the Debtor is authorized to deposit the estate's money in accordance with the deposit practices set forth in the Motion or a commercially comparable practice, notwithstanding that such practice may not strictly comply in all instances with the requirements of Bankruptcy Code § 345 or the U.S. Trustee's Guidelines; provided, however, that such extension is without prejudice to the Debtor's right to request a further extension or the waiver of the requirements of section 345 of the Bankruptcy Code and this Order shall constitute notice that the Debtor is authorized to continue investing funds in the

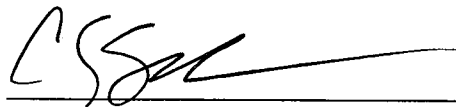
manner set forth in the Motion during the aforementioned seventy-five (75) day period, notwithstanding the requirements of section 345 of the Bankruptcy Code; and it is further

ORDERED, that, notwithstanding the relief granted herein and any actions taken hereunder, nothing contained herein shall constitute, nor is intended to constitute, an assumption of any executory contract under Bankruptcy Code § 365; and it is further

ORDERED, that this Order is effective immediately upon entry; and it is further

ORDERED, that the Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: December 21, 2009
Wilmington, Delaware



THE HONORABLE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE