

**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. 4**
: :
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**ORDER PURSUANT TO 11 U.S.C. §§ 105(a), 507(a)(4) AND
507(a)(5)(A) AUTHORIZING THE DEBTOR TO PAY PRE-PETITION
WAGES AND SALARIES, AND HONOR CERTAIN EMPLOYEE BENEFITS,
(B) AUTHORIZING THE DEBTOR TO HONOR WORKERS' COMPENSATION
OBLIGATIONS AND (C) DIRECTING ALL BANKS TO HONOR PRE-PETITION
CHECKS FOR PAYMENT OF PRE-PETITION EMPLOYEE OBLIGATIONS**

Upon the Debtor's Motion¹ for an Order Pursuant to 11 U.S.C. §§ 105(a), 507(a)(4) and 507(a)(5)(A) Authorizing the Debtor to Pay Pre-Petition Wages and Salaries, and Honor Certain Employee Benefits, (B) Directing All Banks to Honor Pre-Petition Checks for Payment of Pre-Petition Employee Obligations and (C) Authorizing the Debtor to Honor Workers' Compensation Obligations; and the Court finding that (i) it has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 157 and 1334; (ii) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (iii) the relief requested in the Motion is in the best interests of the Debtor, its estate, and its creditors; (iv) adequate notice of the Motion and the hearing thereon has been given and no other or further notice is necessary; and (v) upon the record herein, after due deliberation thereon, including the Debtor's representation that they are not,

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.

pursuant to the Motion, seeking to honor and/or pay (i) pre-petition bonus or severance obligations and/or (ii) post-petition bonus or severance obligations, regardless of whether such obligations may be characterized as “ordinary course;” and it appearing that good and sufficient cause exists for the granting of the relief as set forth herein, it is hereby:

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

ORDERED, that the Debtor is authorized, but not directed, to pay all outstanding wages, salaries and other compensation owed to Employees that arose prior to the Petition Date; and it is further

ORDERED, that the Debtor is authorized, but not directed, to honor all liabilities to its Employees that arose under its vacation, sick leave, personal leave, holiday policies and other benefits prior to the Petition Date and to continue such policies post-petition; provided, however, that the Debtor is authorized to pay (as opposed to honor) accrued leave upon termination in amounts above the statutory monetary caps set forth in 11 U.S.C. §§ 507(a)(4) and (a)(5) only if applicable state law requires such payment; and it is further

ORDERED, that the Debtor is authorized, but not directed, to pay any outstanding monies owing with respect to the Health Benefits and Insurance Benefits and to continue such benefits post-petition; and it is further

ORDERED, that the Debtor is authorized, but not directed, to pay outstanding monies owing with respect to the Employee Expense Obligations; and it is further

ORDERED, that the Debtor is hereby authorized, but not directed, to pay outstanding monies owing with respect to Workers’ Compensation Obligations and to continue its workers’ compensation policies post-petition; and it is further

¹ Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Motion.

ORDERED, that the Debtor is authorized, but not directed, to pay any accrued and unpaid payroll taxes and continue to forward all post-petition payroll deductions to the appropriate parties; and it is further

ORDERED, that the payment of any prepetition amounts under this Order shall not exceed \$30,000 in the aggregate; and it is further

ORDERED, that, absent any further order of this Court, and provided that sufficient funds are on deposit in the applicable accounts, the Debtor's banks and financial institutions are (i) authorized to honor pre-petition payroll and transfers on or after the Petition Date, and to the extent that any bank or financial institution may have honored any pre-petition payroll checks prior to the Petition Date, such honoring is ratified, (ii) authorized to process and honor all other checks and transfers issued for payments approved by this Order and/or reissue checks for any payments approved by this Order where such checks may be dishonored post-petition, and (iii) prohibited from placing holds on, or attempting to reverse, automatic transfers to Employee accounts for Employee Obligations, unless otherwise provided for by applicable non-bankruptcy law; and it is further

ORDERED, that the relief granted in this Order is subject to the statutory monetary caps set forth in 11 U.S.C. §§ 507(a)(4) and (a)(5); and it is further

ORDERED, that nothing herein shall be deemed an assumption or adoption by the Debtor of any agreements or policies providing for pre-petition compensation or benefits to the Debtor's Employees; and it is further

ORDERED, that nothing in this Order shall impair the Debtor's ability to contest the validity or amount of any Employee Obligations pursuant to any applicable law; and it is further

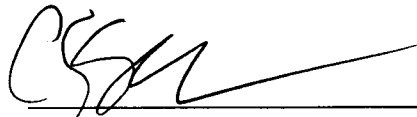
ORDERED, that the relief requested in the Motion and granted hereby is necessary to avoid immediate and irreparable harm to the Debtor and its estate and thus the requirements of Federal Bankruptcy Rule 6003(b) have been satisfied; and it is further

ORDERED, that no payments authorized herein will be made in violation of 11 U.S.C. § 503(c); and it is further

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

ORDERED, that this Court shall retain exclusive jurisdiction to hear and decide any and all disputes related to or arising from this Order.

Dated: December 21, 2009
Wilmington, Delaware



THE HONORABLE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE