

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

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In re:

VION PHARMACEUTICALS, INC.,

Debtor.¹
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: Chapter 11
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: Case No. 09-14429 (CSS)
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: Re: Docket No. 109
:
: X

**ORDER APPROVING THE DISCLOSURE STATEMENT AND
(I) ESTABLISHING PROCEDURES FOR SOLICITATION AND TABULATION
OF VOTES TO ACCEPT OR REJECT THE DEBTOR'S PLAN OF LIQUIDATION
INCLUDING (A) FIXING THE VOTING RECORD DATE, (B) APPROVING
SOLICITATION PACKAGES AND PROCEDURES FOR DISTRIBUTION THEREOF,
AND (C) APPROVING FORMS OF BALLOTS AND ESTABLISHING PROCEDURES
FOR VOTING ON THE PLAN; (II) SCHEDULING A CONFIRMATION HEARING
AND ESTABLISHING NOTICE AND OBJECTION PROCEDURES IN RESPECT OF
CONFIRMATION OF THE PLAN; AND (III) GRANTING RELATED RELIEF**

Upon the motion (the "Motion")² of the above-captioned debtor and debtor-in-possession (the "Debtor") for entry of an order, pursuant to sections 105, 1125, 1126 and 1128 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), Rules 2002, 3003, 3017, 3018 and 3020 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 3017-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), for entry of an order (i) approving the proposed Disclosure Statement for Debtor's Plan of Liquidation (the "Disclosure Statement"); (ii) approving notice and objection procedures for the Disclosure Statement Hearing; (iii) establishing procedures for the solicitation and tabulation of votes to accept or

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 not defined herein shall have the meanings ascribed to terms in the Motion or Plan (as defined in the Motion), as appropriate.

reject the Debtor's Plan of Liquidation, as the same may be amended, (the "Plan"), including: (a) fixing the voting record date for purposes of determining which holders of Claims against the Debtor are entitled to vote on the Plan, (b) approving solicitation packages and procedures for distribution in connection with the solicitation of votes on the Plan as the same may be amended and (c) approving forms of ballots and establishing procedures for voting on the Plan; (iv) scheduling a confirmation hearing and establishing notice and objection procedures in respect of confirmation of the Plan; and (v) granting related relief and it appearing that adequate and sufficient notice of the Motion has been given under the circumstances; and the Court having jurisdiction over this matter; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of this proceeding and the Motion is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and due, adequate and sufficient notice of the Motion having been given; and it appearing that no other notice need be given; and after due deliberation and sufficient cause appearing therefor,

THE COURT HEREBY FINDS AND DETERMINES THAT:

- A. Service of the Notice of the Disclosure Statement Hearing comports with the requirements of Bankruptcy Rules 2002 and 3017.
- B. The Disclosure Statement contains adequate information within the meaning of Section 1125 of the Bankruptcy Code.
- C. The Ballot annexed hereto as Exhibit 2 is sufficiently consistent with Official Form No. 14, adequately addresses the particular needs of this chapter 11 case, and is appropriate for the class of Claims entitled, under the Plan, to vote to accept or reject the Plan.

D. Ballots need not be provided to holders of Claims or Equity Interests in Classes 1, 2, and 4. The Plan provides that holders of Claims in Classes 1 and 2 are not Impaired under the Plan and are not entitled to vote to accept or reject the Plan. The Plan further provides that holders of Interests and Interest Related Claims in Class 4 shall not receive nor retain any property on account of such interests, are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

E. Ballots need not be provided to holders of Administrative Expense Claims or Priority Tax Claims because such claims are not classified under the Plan.

F. The solicitation procedures in the Motion, which are incorporated by reference herein, and the voting instructions and procedures attached to the Ballot, provide for a fair and equitable voting process and are consistent with section 1126 of the Bankruptcy Code and the Bankruptcy Rules.

G. The contents of the Solicitation Packages, as set forth in the Motion and this Order, comply with Bankruptcy Rules 2002 and 3017 and constitute sufficient notice to all interested parties including, without limitation, holders of Claims against, and interests in, the Debtor.

H. The direct notice of the Disclosure Statement Hearing and the combination of direct and published notice of the Confirmation Hearing, as set forth in the Motion and this Order, satisfies the requirements of due process with respect to all known and unknown creditors of the Debtor and other parties in interest.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. Disposition. The Motion is GRANTED.

2. Disclosure Statement. The Disclosure Statement complies with all aspects of section 1125 of the Bankruptcy Code, and is hereby approved as containing adequate information, as defined by section 1125(a) of the Bankruptcy Code. Any objections to the Disclosure Statement that have not been previously settled or withdrawn are hereby overruled.

3. Record Date. The record date for purposes of determining which holders of Claims and Equity Interests are entitled to receive the Solicitation Packages and/or to vote on the Plan, as applicable, shall be March 1, 2010 (the "Record Date"). Each holder of a Claim in the Voting Class shall only be entitled to vote to accept or reject the Plan in the amount and Class as is held as of the Record Date or as otherwise ordered by the Court.

4. Solicitation Packages. Upon the Solicitation Commencement Date, or as reasonably practicable thereafter, but no later than March 3, 2010, the Debtor is authorized and directed to distribute, or cause to be distributed, the Solicitation Packages, by first class mail, to all holders of Claims in Voting Classes and all holders of claims or interests in the Non-Voting Classes, in each case as of the Record Date. Such Solicitation Packages shall contain:

- (a) the Disclosure Statement, together with the Plan and other exhibits annexed thereto;
- (b) this Order, excluding exhibits annexed thereto;
- (c) the Confirmation Hearing Notice;
- (d) the Committee Letter in support of the Plan;
- (e) either:
 - i. the appropriate Ballot, together with a return envelope or
 - ii. a Notice of Non-Voting Status; and
- (f) such other materials as the Court may direct or approve, including supplemental solicitation materials the Debtor may file with the Court.

5. To the extent that the following parties are not otherwise entitled to receive a Solicitation Package, on the Solicitation Commencement Date, the Debtor shall commence distribution of (a) the Disclosure Statement, together with the Plan and other exhibits annexed thereto, (b) this Order, excluding exhibits annexed thereto and (c) the Confirmation Hearing Notice to: (a) the Office of the United States Trustee for the District of Delaware; (b) counsel to the Official Committee of Unsecured Creditors; (c) the Securities and Exchange Commission and (d) those parties who have requested notice pursuant to Bankruptcy Rule 2002.

6. To the extent that holders of Administrative Expense Claims and Priority Tax Claims are not otherwise entitled to receive a Solicitation Package, on the Solicitation Commencement Date, the Debtor shall commence distribution of (a) the Disclosure Statement, together with the Plan and other exhibits annexed thereto, (b) this Order, excluding exhibits annexed thereto and (c) the Confirmation Hearing Notice, to all holders of such Claims.

7. A transferee of any transferred Claim shall be entitled to receive a Solicitation Package and cast a Ballot on account of a transferred Claim only if: (a) all actions necessary to effect the transfer of such Claim pursuant to Bankruptcy Rule 3001(e) have been completed on or before the Record Date; or (b) no later than the Record Date, the transferee files (i) the documentation required by Bankruptcy Rule 3001(e) to evidence the transfer of such Claim and (ii) a sworn statement of the transferor supporting the validity of such transfer.

8. To the extent practicable, holders who hold more than one claim or interest in more than one class entitled to receive a Solicitation Package shall only receive one (1) Solicitation Package containing all necessary Ballots.

9. The Solicitation Package and the manner and service thereof satisfy the requirements of Bankruptcy Rule 3017(d).

10. Transferred Claims. If a Claim is transferred after the transferor has completed and returned a Ballot, the transferee of such Claim shall be bound by any vote made on the Ballot.

11. Delivery to Holders of Non-Voting Claims. The Notices of Non-Voting Status, substantially in the form annexed hereto as Exhibit 1, are hereby approved. The Debtor shall distribute, or cause to be distributed, Solicitation Packages, which shall include an Notice of Non-Voting Status instead of a Ballot, to holders, as of the Record Date, of claims or interests, as applicable, in Classes 1, 2, and 4.

12. Undeliverable or Returned Notices and Solicitation Packages. The Debtor shall be excused from giving notice or providing service of any kind upon any person or entity to whom the Debtor mailed a Notice of the Disclosure Statement Hearing or any other notices or materials approved for distribution pursuant to this Order and received any of such notices returned by the United States Postal Service or other carrier marked "undeliverable as addressed", "moved – left no forwarding address", or "forwarding order expired", or similar reason, unless the Debtor has been informed in writing by such person or entity of that person's or entity's new address; and (b) the Debtor shall be excused from re-mailing the Solicitation Package, or other notices, as the case may be, to those persons or entities whose addresses differ from the addresses in the claims register or the Debtor's records as of the Record Date. If a creditor has changed its mailing address after the Petition Date, the burden shall be on the creditor or party-in-interest, not the Debtor, to advise the Voting Agent or the Debtor of its new address.

13. Approving Forms of Ballots, Distribution Thereof. The Ballot, substantially in the form annexed hereto as Exhibit 2, is hereby approved.

14. Voting Deadline. For a Ballot to be counted, the original Ballot must be properly executed, completed, delivered to, and received by the Voting Agent on or before March 30, 2010 at 4:00 p.m. (prevailing Eastern time) (the "Voting Deadline").

15. No later than 15 days prior to the Voting Deadline, the Debtor shall file the proposed Liquidating Trust Agreement with the Court.

16. Appointment of Delaware Claims Agency, LLC as Voting Agent. Delaware Claims Agency, LLC is authorized to perform all Balloting Services and all services incidental thereto.

17. Ballot Tabulation. All original Ballots must be delivered to the Voting Agent by first class mail postage prepaid in the return envelope provided with the Ballot, by personal delivery, or by overnight courier, addressed to the address set forth on such Ballot.

18. If, for purposes of voting on the Plan, (a) any party wishes to have its Claim allowed in a manner that is inconsistent with the Ballot it received; or (b) any party that did not receive a Ballot wishes to have its Claim temporarily allowed for voting purposes only, such party must serve on the Debtor and file with the Court, on or before the later of (i) fifteen (15) days after service of the Confirmation Hearing Notice (defined below) or (ii) fifteen (15) days after the date of service of notice of objection on such party to any of such party's underlying claims, a motion for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such Claim for purposes of voting (a "3018 Motion"). A 3018 Motion must set forth with particularity the amount and classification such party believes its Claim should be allowed for voting purposes, and supporting evidence.

19. In respect of any timely-filed 3018 Motion, the Ballot in question shall be counted (a) in the amount established by the Court in an order entered on or before the Voting Deadline

or (b) if such an order has not been entered by the Voting Deadline and unless the Debtor and the party have come to an agreement as to the relief requested in the 3018 Motion, in an amount equal to the preprinted amount on the Ballot or in the event a party did not receive a Ballot, such party shall not have a Ballot counted at all. The Court shall hear any timely-filed 3018 motion on _____, 20__ at __:__.m (prevailing Eastern time).

20. Unless a 3018 motion is timely-filed in accordance with the procedures set forth above, if a Claim in the Voting Class is identified as contingent, unliquidated, or disputed, or if a Claim is otherwise deemed disputed under the Plan, such Claim shall be temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, at \$1.00.

21. Except as otherwise provided by the express terms of this Order, any Ballot received after the Voting Deadline shall not be counted.

22. If a party casts more than one Ballot voting the same Claim(s) before the Voting Deadline, the last Ballot received before the Voting Deadline shall be deemed to reflect the voter's intent and superseded any prior Ballots. If a holder of Claims casts Ballots that are received by the Voting Agent on the same day, but which are voted inconsistently, such Ballots shall not be counted.

23. Creditors with multiple Claims within a particular Class under the Plan shall vote all of their Claims within such Class either to accept or reject the Plan and may not split their vote(s). Accordingly, an individual Ballot that partially rejects and partially accepts the Plan shall not be counted. On account of this, to the extent that a party asserts numerous Claims in the voting Class against the Debtor, each such party shall be allowed only one (1) vote for that Class, and only be allowed to submit a single Ballot representing its vote to accept or reject the

Plan. Notwithstanding the foregoing, a holder of Claims in more than one Voting Class under the Plan must submit a separate Ballot for each Class of Claims.

24. Holders of multiple Claims within a particular Class must vote all of their Claims within such Class to either accept or reject the Plan and may not split their vote(s).

25. In addition to the foregoing, the following types of Ballots will not be counted in determining whether the Plan has been accepted or rejected:

- (a) any Ballot that is otherwise properly completed, executed, and timely returned to the Voting Agent, but does not indicate an acceptance or rejection of the Plan, or that indicates both an acceptance and rejection of the Plan;
- (b) any Ballot received after the Voting Deadline, unless the Debtor extends or waives such deadline;
- (c) any Ballot containing a vote that this Court determines, after notice and a hearing, was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code;
- (d) any Ballot that is illegible or contains insufficient information to permit the identification of the claimant;
- (e) any Ballot cast by a person or entity that does not hold a Claim in a Voting Class;
- (f) any unsigned or non-original Ballot; and
- (g) any Ballot transmitted to the Voting Agent by facsimile or other electronic means.

26. In addition, the following voting procedures and standard assumptions shall be used in tabulating the Ballots:

- (a) The method of delivery of Ballots to be sent to the Voting Agent is at the election and risk of each creditor, but such delivery will be deemed made only when the original, executed Ballot is actually received by the Voting Agent;
- (b) The Debtor, in its sole discretion, subject to contrary order of the Court, may waive any defect in any Ballot at any time including failure to timely file such Ballot, either before or after the Voting Deadline, and without notice or further order of the Court. Notwithstanding the foregoing and

except as provided below, the Debtor may, in its sole discretion, reject any defective Ballot as invalid and, therefore, decline to utilize it in connection with confirmation of the Plan;

- (c) After the Voting Deadline, no vote may be withdrawn or modified without the prior consent of the Debtor;
- (d) Subject to any contrary order of the Court, the Debtor reserves the absolute right to reject any and all Ballots not proper in form;
- (e) Unless waived by the Debtor or as ordered by the Court, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtor (or the Court) determines, and unless otherwise ordered by the Court, delivery of such ballots will not be deemed to have been made until such irregularities have been cured or waived; and
- (f) None of the Debtor, the Voting Agent or any other person or entity, will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots, nor will any of them incur any liabilities for failure to provide such notification. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will not be counted.

27. Except as otherwise provided herein, each holder of a Claim in the Voting Class shall be entitled to vote the amount of such Claim as is held as of the Record Date.

28. Plan Confirmation. The Confirmation Hearing shall be held before this Court on April 6, 2010 at 11:30 a.m. (prevailing Eastern time) (the "Confirmation Hearing"), to consider confirmation of the Plan. The Confirmation Hearing may be continued from time to time by the Court without further notice.

29. Objections, if any, to confirmation of the Plan shall: (i) be made in writing; (ii) conform to the Bankruptcy Rules and Local Rules; (iii) state the name and address of the objecting party and the amount and nature of the Claim or interest of such party; (iv) state with particularity the legal and factual basis and nature of any objection to the Plan and, if practicable, provide a proposed modification to the Plan that would resolve such objections; and (v) be filed with the Court, together with proof of service, and served so that they are received on or before

March 30, 2010 at 4:00 p.m. (prevailing Eastern time) (the "Plan Objection Deadline") by the following parties: (i) counsel for the Debtor: Richards, Layton & Finger, P.A., One Rodney Square, 920 North Market Street, Wilmington, Delaware 19801 (Attn: John H. Knight, Esq.); Fulbright & Jaworski L.L.P., 666 Fifth Ave., New York, New York 10103 (Attn: David L. Barrack, Esq.); (ii) counsel for the Official Committee of Unsecured Creditors: Potter Anderson & Corroon LLP, 1313 North Market Street, P.O. Box 951, Wilmington, Delaware 19899 (Attn: Jeremy W. Ryan, Esq.) and Olshan Grundman Frome Rosenzweig & Wolosky LLP, Park Avenue Tower, 65 East 55th Street, New York, New York 10022 (Attn: Adam H. Friedman, Esq.); and (iii) the United States Trustee, J. Caleb Boggs Federal Building, 844 King Street, Suite 2207, Lock Box 35, Wilmington, DE 19801.

30. The Court shall consider only timely filed written objections. All objections not timely filed and served in accordance herewith by the Plan Objection Deadline shall be deemed overruled.

31. The Debtor may file a reply to any timely-filed objections to the Plan by no later than 4:00 p.m. (prevailing Eastern time) April 5, 2010 at Noon.

32. The Confirmation Hearing Notice and the Publication Notice, substantially in the forms annexed hereto as Exhibits 3 and 4, are approved in all respects. The Confirmation Notice shall be sent contemporaneously with the Solicitation Packages. In addition, the Debtor shall publish the Publication Notice, on one occasion, at least twenty-five (25) days prior to the Plan Objection Deadline, in the National Edition of the *USA Today* or similar national newspaper. The scope of such notice[s] is adequate and provides all known and unknown claimants with good and sufficient notice of the Confirmation Hearing.

33. As it relates to the subject matter of this Order, the Debtor is authorized to make any non-substantive changes to the voting procedures, Ballots, Plan, Disclosure Statement, Notices of Unimpaired Non-Voting Status, the Notice of the Disclosure Statement Hearing, and/or forms of the mailed and published notices of the Confirmation Hearing, without further order of this Court, including, without limitation, changes to correct typographical, grammatical, formatting errors or omissions, prior to the mailing or re-mailing to parties-in-interest.

34. The Debtor is authorized to take or refrain from taking any action necessary or appropriate to implement the terms of and the relief granted in this Order without seeking further order of the Court.

35. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

36. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: 3/1, 2010
Wilmington, Delaware



THE HONORABLE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

(Notice of Non-Voting Status)

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

-----X		
<i>In re:</i>	:	Chapter 11
	:	
VION PHARMACEUTICALS, INC.,	:	Case No. 09-14429 (CSS)
	:	
Debtor. ¹	:	
	:	
-----X		

**NOTICE OF NON-VOTING STATUS WITH RESPECT TO
CLASSES DEEMED TO ACCEPT OR REJECT THE PLAN**

TO: Holders of Allowed Claims, Interests, or Interest Related Claims in Classes 1 and 2 (collectively, the "Unimpaired Classes") and Class 4 (the "Rejecting Class")

1. On February 11, 2010, the above-captioned debtor and debtor-in-possession (the "Debtor") filed the Debtor's Plan of Liquidation (including all exhibits thereto and as the same may be further amended, modified or supplemented from time to time, the "Plan") with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

2. On _____, 2010, the Bankruptcy Court entered an order (the "Solicitation Order") approving the Disclosure Statement for the Debtor's Plan of Liquidation (the "Disclosure Statement") and the procedures for the solicitation and tabulation of votes to accept or reject the Plan. Capitalized terms under herein but otherwise not defined shall have the meanings ascribed to them in the Solicitation Order or the Plan, as applicable.

3. Pursuant to the Solicitation Order, you received a Solicitation Package, except, instead of receiving a Ballot, you received this Notice of Non-Voting Status. You received this Notice of Non-Voting Status because you have been identified as a holder of a Claim in one of the following classes: Class 1 (Priority Claims); Class 2 (Secured Claims); or Class 4 (Interests and Interest Related Claims). In accordance with the Plan and the Bankruptcy Code, holders of Claims in Classes 1 and 2 are unimpaired and therefore, pursuant to section 1126(f) of the Bankruptcy Code, are conclusively presumed to accept the Plan and are not entitled to vote on the Plan. Holders of Interests in Class 4 shall not receive or retain any distribution on account of their Interests and, therefore, are conclusively presumed to have rejected the Plan. Thus holders of Claims in the Unimpaired Class and the Rejecting Class are not permitted to vote on the Plan. The Solicitation Package, including this Notice of Non-Voting Status, has been provided to you for informational purposes only. Copies of the documents included in the Solicitation Package can also be obtained by contacting the Debtor's claims and voting agent (the "Claims and Voting Agent") at P.O. Box 515, Wilmington, DE 19899.

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.

EXHIBIT 2

(Ballot)

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

-----X
In re: : Chapter 11
: :
VION PHARMACEUTICALS, INC., : Case No. 09-14429 (CSS)
: :
Debtor.¹ : :
: :
-----X

**BALLOT FOR ACCEPTING OR REJECTING DEBTOR'S PLAN OF
LIQUIDATION**

CLASS 3: GENERAL UNSECURED CLAIMS

**THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS ON
_____, 2010 AT 4:00 P.M. (PREVAILING EASTERN TIME). YOUR
BALLOT MUST BE ACTUALLY RECEIVED BY THIS DEADLINE IN ORDER TO
BE COUNTED.**

This ballot ("Ballot") is submitted to you to solicit your vote to accept or reject the Debtor's Plan of Liquidation (including all exhibits thereto and as the same may be further amended, modified or supplemented from time to time, the "Plan"). On February 11, 2010, the above-captioned debtor and debtor-in-possession (the "Debtor") filed the Plan with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The Plan was filed with the Bankruptcy Court in conjunction with the related Disclosure Statement for the Debtor's Plan of Liquidation (the "Disclosure Statement"), which was approved by order of the Bankruptcy Court on _____, 2010 (the "Solicitation Procedures Order"). The Disclosure Statement provides information to assist you in deciding how to vote your Ballot. The Solicitation Procedures Order, the Plan and the Disclosure Statement were included in the Solicitation Package, along with this Ballot.²

If you do not have a Disclosure Statement or a Plan or any of the other documents in the Solicitation Package, these documents are available by contacting the Debtor's claims and voting agent (the "Claims and Voting Agent") Delaware Claims Agency, LLC, P.O. Box 515, Wilmington, DE 19899 (the "Claims and Voting Agent"), or by contacting Debtor's counsel, Christopher M. Samis, by telephone at (302) 651-7845 or by email Mr. Samis at samis@rlf.com.

You are receiving this Ballot because our records indicate that you are the holder of one or more General Unsecured Claims (Class 3) as of the Record Date. Accordingly, you have a right to vote accept or reject the Plan. You should carefully review the Disclosure Statement and the Plan and the other documents in the Solicitation Package before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. The Plan may be confirmed by the Bankruptcy Court and thereby made binding on you if it is accepted by the holders of at least two-thirds in amount and more than one-half in number of the Claims in each impaired Class who vote on the Plan and if the Plan otherwise satisfies the applicable requirements of section 1129(a) under title 11 of

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² Capitalized terms under herein but otherwise not defined shall have the meanings ascribed to them in the Solicitation Procedures Order or the Plan, as applicable.

the United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code"). If the requisite acceptances are not obtained, the Bankruptcy Court nonetheless may confirm the Plan if it finds that the Plan (a) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan and (b) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

PLEASE READ THE ATTACHED VOTING INFORMATION AND INSTRUCTIONS BEFORE COMPLETING THIS BALLOT.

PLEASE CAREFULLY READ THE IMPORTANT INFORMATION REGARDING RELEASES, INJUNCTIONS AND STAYS IN THE PLAN AND COMPLETE ITEMS 1, 2, 3 AND 5. IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN CAST. YOU MAY NOT SPLIT YOUR VOTE ON THE PLAN, YOU MUST VOTE ALL CLASS 3 GENERAL UNSECURED CLAIMS OF WHICH YOU ARE A HOLDER EITHER TO ACCEPT OR REJECT THE PLAN.

IMPORTANT INFORMATION REGARDING RELEASES, INJUNCTIONS AND STAYS IN THE PLAN

The Plan contains the following injunction and release provisions:

A. Injunctions

Except as otherwise expressly provided in this Plan or in the Confirmation Order, and except in connection with the enforcement of the terms of this Plan or any documents provided for or contemplated in this Plan, all entities who have held, hold or may hold Claims against or Interests in the Debtor or the Estate that arose prior to the Effective Date are permanently enjoined from: (i) commencing or continuing in any manner, directly or indirectly, any action or other proceeding of any kind against the Debtor, the Vion Liquidating Trust, the Liquidating Trustee or any property of the Debtor, the Vion Liquidating Trust or the Liquidating Trustee with respect to any such Claim or Interest; (ii) the enforcement, attachment, collection or recovery by any manner or means, directly or indirectly, of any judgment, award, decree or order against the Debtor, the Vion Liquidating Trust, the Liquidating Trustee, or any property of the Debtor, the Vion Liquidating Trust or the Liquidating Trustee with respect to any such Claim or Interest; (iii) creating, perfecting or enforcing, directly or indirectly, any lien or encumbrance of any kind against the Debtor, the Vion Liquidating Trust, the Liquidating Trustee or any property of the Debtor, the Vion Liquidating Trust or the Liquidating Trustee with respect to any such Claim or Interest; (iv) effecting, directly or indirectly, any setoff or recoupment of any kind against any obligation due to the Debtor, the Vion Liquidating Trust, the Liquidating Trustee or any property of the Debtor, the Vion Liquidating Trust or the Liquidating Trustee with respect to any such Claim or Interest, unless approved by the Bankruptcy Court; and (v) any act, in any manner, in any place whatsoever, that does not conform to or comply with the provisions of this Plan with respect to such Claim or Interest. Nothing contained in this Article VII.A shall prohibit the Holder of a Disputed Claim from litigating its right to seek to have such Disputed Claim declared an Allowed Claim and paid in accordance with the distribution provisions of this Plan, or enjoin or prohibit the interpretation or enforcement by the Holder of such Disputed Claim of any of the obligations of the Debtor, the Liquidating Trustee or the Vion Liquidating Trust under this Plan. The Confirmation Order shall also constitute an injunction enjoining any Person from enforcing or attempting to enforce any claim or cause of action against the Debtor or any property of the Debtor based on, arising from or related to any failure to pay, or make provision for payment of, any amount payable with respect to any Priority Tax Claim on which the payments due under Article VI.K of this Plan have been made or are not yet due under Article VI.K of this Plan.

B. Release by Debtor

On the Effective Date, for good and valuable consideration, to the fullest extent permissible under applicable law, (a) the Debtor and any entity seeking to exercise the rights of the Debtor or their Estate, including, without limitation, any successor to the Debtor including the Liquidating Trust and Trustee, shall completely, conclusively, absolutely, unconditionally, irrevocably, and forever release, waive and discharge the Protected Parties, and (b) the Debtor's directors, officers shall completely, conclusively, absolutely, unconditionally, irrevocably, and forever release, waive and discharge the Debtor, from any and all Claims, liens, encumbrances, obligations, damages, demands, debts, suits, Causes of Action, judgments, liabilities or rights whatsoever (other than the rights of the Debtor or their successors to enforce this Plan and contracts, instruments, releases, indentures, agreements and other documents delivered hereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or in part upon any act, omission, transaction, agreement, event or occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Chapter 11 Case, the formulation, preparation, negotiation, dissemination, implementation, administration, confirmation or consummation of this Plan, the business or contractual arrangements between the Debtor and any Protected Party, or any other act or omission in connection with the Debtor's bankruptcy, without further notice to or action by the Bankruptcy Court, or act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any entity, provided, however, that the foregoing shall not operate as a waiver or release of Claims or Causes of Action, if any, against any current employee of the Debtor arising out of the fraud, misappropriation, willful misconduct, gross negligence or criminal conduct of such employee; provided further, however, that the foregoing shall not limit the liability of the Debtor's professionals to their client or the Debtor's Estate contrary to the requirements of the law; provided further, however, that the foregoing shall not preclude, waive, expunge, or otherwise eliminate any director's or officer's filed or scheduled Claims against the Debtor. This release, waiver and discharge will be in addition to the discharge of Claims and termination of Interests provided herein and under the Bankruptcy Code. Notwithstanding anything to the contrary herein, nothing in the Plan or Confirmation Order shall release or waive any right of the Estate or the Liquidating Trustee to object to any filed or scheduled Claims of any Protected Party and nothing shall in this Plan shall be construed as or constitute a waiver of any defense to any claim or right to payment asserted by any party.

C. Release by Holders of Claims and Protected Parties

On the Effective Date, for good and valuable consideration, to the fullest extent permissible under applicable law, each Holder of Claims against the Debtor and/or the Protected Parties that does not affirmatively indicate its unwillingness to consent to the releases contained in this paragraph by checking the appropriate box on its form of ballot shall be deemed to completely, conclusively, absolutely, unconditionally, irrevocably, and forever release, waive and discharge the Debtor and/or Protected Parties from any and all Claims, liens, encumbrances, obligations, damages, demands, debts, suits, Causes of Action, judgments, liabilities or rights whatsoever (other than the right to enforce the Debtor's obligations under the Plan and the contracts, instruments, releases, indentures, agreements and other documents delivered hereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise, based in whole or in part on any act, omission, transaction, agreement, event or occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the formulation, preparation, negotiation, dissemination, implementation, administration, confirmation or consummation of the Plan, or any other contract, instrument, release, agreement, settlement or document created, modified, amended terminated or entered into in connection with the Plan, the restructuring of any Claims against the Debtor, the property to be distributed under this Plan, or any other act or omission in connection with the Debtor's bankruptcy, without further notice to or action by the Bankruptcy Court, or act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any entity; provided, however, that the foregoing shall not limit the liability of the Debtor's professionals to their client or

the Debtor's Estate contrary to the law or operate as a waiver or release of any Claims or Causes of Action, if any, arising from gross negligence or willful misconduct.

Item 1. Amount of Claims Voted. You are entitled to vote the Claim set forth below. The Debtor reserves the right to object to such Claim for purposes of distribution under the Plan.

\$ _____

Item 2. Vote. The holder of the Class 3 General Unsecured Claim(s) identified in Item 1 votes as follows (check one box only – if you do not check a box, or if you check both boxes, your vote will not be counted):

to ACCEPT the Plan. OR to REJECT the Plan.

Item 3. Release by Holders of Claims and Protected Parties. As set forth at "C" above, the Plan provides that you will waive, release and forever discharge certain claims against the Debtor and the Protected Parties. If you do not wish to agree to such releases in the Plan, you must affirmatively indicate so by checking the box below:

I do not consent to the releases at "C" above and I do not release any claims I may have against the Debtor or the Protected Parties.

Item 4. Acknowledgements and Certification. By signing this Ballot, the undersigned acknowledges receipt of the Disclosure Statement, the Plan, and the other items contained in the Solicitation Package and certifies that the undersigned is the claimant or has the power and authority to vote to accept or reject the Plan on behalf of such claimant.³ The undersigned understands that an otherwise properly completed, executed and timely returned Ballot that does not indicate either acceptance or rejection of the Plan or indicates both acceptance and rejection of the Plan will not be counted and furthermore that failure to complete Item 3 properly will result in his/her/its having elected to receive a distribution on account of its Claim in the form of cash.

³ As indicated in the Voting Instructions, evidence of authority must be included with this Ballot unless the creditor is a natural person and the signatory to this Ballot is such natural person.

Item 5. Holder Information and Signature.

Name of Creditor: _____
(Print or Type)

Social Security or Federal Tax ID. No.: _____
(Optional)

Signature: _____

Print Name: _____

Title: _____
(If Appropriate)

Street Address: _____

City, State, Zip Code: _____

Telephone Number (____) _____

Date Completed: _____

No fees, commissions or other remuneration will be payable to any broker, dealer, or other person or entity for soliciting votes on the Plan. This Ballot is not a letter of transmittal and may not be used for any purpose other than to cast votes to accept or reject the Plan. Holders should not surrender, at this time, certificates representing their securities. The Claims and Voting Agent will not accept delivery of any such certificates surrendered together with a Ballot. Moreover, this Ballot shall not constitute or be deemed to be a proof of claim or equity interest or an assertion of a claim or equity interest.

YOUR VOTE MUST BE FORWARDED IN AMPLE TIME TO BE RECEIVED BY THE CLAIMS AND VOTING AGENT, BY 4:00 P.M. PREVAILING EASTERN TIME ON MARCH 30, 2010, OR YOUR VOTE WILL NOT BE COUNTED. FACSIMILE TRANSMISSION OF THIS BALLOT WILL NOT BE ACCEPTED.

IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE SOLICITATION PROCEDURES, OR IF YOU NEED AN ADDITIONAL BALLOT, COPIES OF THE DISCLOSURE STATEMENT OR PLAN OR OTHER ENCLOSED MATERIALS, PLEASE CONTACT COUNSEL TO THE DEBTOR OR THE VOTING AGENT.

VOTING INSTRUCTIONS

1. All capitalized terms used in this Ballot or these instructions but not otherwise defined herein or therein shall have the meanings ascribed to them in the Plan or the Solicitation Procedures Order, as applicable.

2. Please read and follow these instructions carefully. Your Ballot must be received by Delaware Claims Agency, LLC the Debtor's claims and voting agent (the "Claims and Voting Agent") by (a) first class mail postage prepaid in the return envelope provided with the Ballot, or (b) by personal delivery or overnight courier addressed to Delaware Claims Agency, LLC, P.O. Box 515, Wilmington, DE 19899, no later than 4:00 p.m. (prevailing Eastern time) on March 30, 2010, unless such time is extended (the "Voting Deadline") or your Ballot will not be counted.

3. Prior to voting to accept or reject the Plan in accordance with these instructions, please carefully read the Important Information Regarding Releases, Injunctions and Stays in the Plan.

4. In order for your vote to count, you must:

- (a) Cast ONE vote to accept or reject the Plan by checking the proper box in Item 2 above;
- (b) Review the acknowledgements and certification in Item 4;
- (c) Sign the Ballot – Your original signature is required on the Ballot in order for your vote to count;
- (d) If you are signing the Ballot in your capacity as trustee, executor, administrator, guardian, attorney in fact, officer or otherwise acting in a fiduciary or representative capacity, you must indicate the capacity in which you are signing and provide proof of your authorization to so sign. In addition, please provide your name and mailing address if different from that set forth on the attached mailing label or if no such mailing label is attached to the Ballot; and
- (e) Return the completed Ballot to the Claims and Voting Agent in the postage prepaid, preaddressed stamped envelope enclosed with this Ballot.

5. If you believe you received the wrong form of Ballot, or if you need additional Ballots, please immediately contact the Claims and Voting Agent.

6. If you wish to have your Claims allowed for purposes of voting on the Plan in a manner that is inconsistent with this Ballot or you did not receive a Ballot and wish to have your Claims temporarily allowed for voting purposes only, you must serve on the Debtor and file with the Bankruptcy Court, on or before the later of (i) fifteen (15) days after service of the Confirmation Hearing Notice or (ii) fifteen (15) days after the date of service of notice of objection on such party to any of such party's underlying claims, a motion for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such Claim for the purposes of voting (a "3018 Motion"). A 3018 Motion must set forth with particularity the amount and classification of which you believe your Claims should be allowed for voting purposes, and the evidence in support of your belief. In respect of any timely-filed 3018 Motion, the Ballot in question shall be counted (a) in the amount established by the Bankruptcy Court in an order entered on or before the Voting Deadline or (b) if such order has not been entered by the Voting Deadline and unless the Debtor and you have come to an agreement as to the relief requested in the 3018 Motion, in an amount equal to the preprinted amount on the Ballot or in the event you did not receive a Ballot, you shall not have a Ballot counted at all.

7. If multiple Ballots are received from the same person or entity with respect to the same Claims prior to the Voting Deadline, the last Ballot timely received will supersede and revoke any earlier received Ballot.

8. Any Ballot (i) attempting to receive distributions partially in the form of cash and partially in the form of conversion to stock or (ii) for which Item 3 is otherwise improperly completed will be deemed as an election to receive cash in the amount of the claimant's Allowed Claim.

9. Any Ballot that is illegible or that contains insufficient information to permit the identification of the claimant will not be counted and such claimant shall be deemed to have elected to receive cash in the amount of his/her/its Allowed Claim.

10. Properly executed Ballots that attempt to partially accept and partially reject the Plan will not be counted and such claimant shall be deemed to have elected to receive cash in the amount of his/her/its Allowed Claim.

11. After the Voting Deadline, no Ballot may be withdrawn or modified without the prior consent of the Debtors.

12. This Ballot does not constitute, and shall not be deemed to be, a proof of claim or an assertion or admission of a Claim.

13. If you hold Claims in more than one Class under the Plan, you may not receive more than one Ballot for each different Class. Each Ballot votes only your Claims indicated on that Ballot. Please complete and return each Ballot you receive.

THE ADDRESS OF THE CLAIMS AND VOTING AGENT IS:

**DELAWARE CLAIMS AGENCY, LLC
P.O. BOX 515
WILMINGTON, DE 19899**

EXHIBIT 3

(Confirmation Hearing Notice)

Deadline). Objections to the confirmation of the Plan (each a "**Plan Objection**") must: (i) be made in writing; (ii) conform to the Federal Rules of Bankruptcy Procedure and Local Rules of Bankruptcy Practice and Procedure of the Bankruptcy Court; (iii) state the name and address of the objecting party and the nature and amount of the claim or interest of such party; (iv) state with particularity the legal and factual basis and nature of any objection to the Plan and, if practicable, provide a proposed modification to the Plan that would resolve such objection; and (v) be filed with the Bankruptcy Court, together with proof of service, and served so that they are received on or before the Plan Objection Deadline by the following parties: (i) counsel for the Debtor: Richards, Layton & Finger, P.A., One Rodney Square, 920 North Market Street, Wilmington, Delaware 19801 (Attn: John H. Knight, Esq.); Fulbright & Jaworski L.L.P., 666 Fifth Ave., New York, New York 10103 (Attn: David L. Barrack, Esq.); (ii) counsel for the Official Committee of Unsecured Creditors: Potter Anderson & Corroon LLP, 1313 North Market Street, P.O. Box 951, Wilmington, Delaware 19899 (Attn: Jeremy W. Ryan, Esq.) and Olshan Grundman Frome Rosenzweig & Wolosky LLP, Park Avenue Tower, 65 East 55th Street, New York, New York 10022 (Attn: Adam H. Friedman, Esq.); and (iii) the United States Trustee, J. Caleb Boggs Federal Building, 844 King Street, Suite 2207, Lock Box 35, Wilmington, DE 19801 (Attn: Joseph J. McMahon, Esq.). Plan Objections not timely filed and served shall be overruled and not considered.

VOTING RECORD DATE. **March 1, 2010** is the record date for purposes of determining which parties are entitled to vote on the Plan.

VOTING DEADLINE. **March 30, 2010 at 4:00 p.m. (prevailing Eastern time)** is the voting deadline ("**Voting Deadline**"). All ballots must be received by the Claims and Voting Agent by the Voting Deadline.

TEMPORARY ALLOWANCE OF CLAIMS FOR VOTING PURPOSES. If, for purposes of voting on the Plan, (a) any party wishes to have its claim allowed in a manner that is inconsistent with the ballot it received; or (b) any party that did not receive a ballot wishes to have its claim temporarily allowed for voting purposes only, such party must serve on the Debtors and file with the Bankruptcy Court, on or before the later of (i) fifteen (15) days after service of this notice or (ii) fifteen (15) days after the date of service of notice of objection on such party to any of such party's underlying claims, a motion for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such claim for the purposes of voting (a "**3018 Motion**"). A 3018 Motion must set forth with particularity the amount and classification such party believes its claim should be allowed for voting purposes, and supporting evidence. The Bankruptcy Court will hold a hearing to consider all timely-filed 3018 Motions prior to the Voting Deadline.

[remainder of page left intentionally blank]

RELEASE, EXCULPATION AND INJUNCTION LANGUAGE IN THE PLAN. PLEASE BE ADVISED THAT THE PLAN CONTAINS CERTAIN RELEASE, EXCULPATION AND INJUNCTION PROVISIONS. YOU ARE ADVISED TO CAREFULLY REVIEW AND CONSIDER SUCH PROVISIONS AS SUCH PROVISIONS MIGHT AFFECT YOUR RIGHTS.

Dated: _____, 2010
Wilmington, Delaware

RICHARDS, LAYTON & FINGER, P.A.

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- and -

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Facsimile: (212) 318-3400

Counsel for the Debtor and Debtor-in-Possession

EXHIBIT 4

(Publication Notice)

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

-----X	:	
	:	
<i>In re:</i>	:	Chapter 11
	:	
VION PHARMACEUTICALS, INC.,	:	Case No. 09-14429 (CSS)
	:	
Debtor. ¹	:	
	:	
-----X	:	

**NOTICE OF (A) OBJECTION AND VOTING DEADLINES,
(B) SOLICITATION AND VOTING PROCEDURES, (C) HEARING TO CONFIRM THE
DEBTOR'S PLAN OF LIQUIDATING AND (D) CERTAIN OTHER INFORMATION**

On _____, 2010, the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") entered an order (the "Solicitation Order") approving the *Disclosure Statement for Debtor's Plan of Liquidation* (as may be amended from time to time and including all exhibits and supplements attached thereto, the "Disclosure Statement") for the *Debtor's Plan of Liquidation* (as may be amended from time to time and including all exhibits and supplements attached thereto, the "Plan"). Pursuant to the Solicitation Order, the Bankruptcy Court also authorized the Debtor to solicit acceptances of the Plan.

The Plan, the Disclosure Statement, the Solicitation Order, and all other relevant materials may be obtained by: requesting a copy from Delaware Claims Agency, LLC, the Debtor's claims and voting agent (the "Claims and Voting Agent"), (i) by first-class mail, at P.O. Box 515, Wilmington, Delaware, 19899 or by calling Debtor's counsel, Christopher M. Samis at 302.651.7845.

A hearing to confirm the Plan (the "Confirmation Hearing") will commence on **April 6, 2010 at 11:30 a.m.** (prevailing Eastern time), before The Honorable Christopher S. Sontchi at the Bankruptcy Court, 824 Market Street, 5th Floor, Courtroom 6, Wilmington, Delaware 19801. The Confirmation Hearing may be continued from time to time by announcing such continuance in open court or otherwise, without further notice to parties-in-interest.

The Bankruptcy Court has established **March 30, 2010 at 4:00 p.m. (prevailing Eastern time)** as the last date and time for filing and serving objections to the confirmation of the Plan (the "Plan Objection Deadline"). Objections to the confirmation of the Plan (each a "Plan Objection") must: (i) be made in writing; (ii) conform to the Federal Rules of Bankruptcy Procedure and Local Rules of Bankruptcy Practice and Procedure of the Bankruptcy Court; (iii) state the name and address of the objecting party and the nature and amount of the claim or interest of such party; (iv) state with particularity the legal and factual basis and nature of any objection to the Plan and, if practicable, provide a proposed modification to the Plan that would resolve such objection; and (v) be filed with the Bankruptcy Court, together with proof of service, and served so that they are received on or before the Plan Objection Deadline by the following parties: (i) counsel for the Debtor: Richards, Layton & Finger, P.A., One Rodney Square, 920 North Market Street, Wilmington, Delaware 19801 (Attn: John H. Knight, Esq.); Fulbright & Jaworski L.L.P., 666 Fifth Ave., New York, New York 10103 (Attn: David L. Barrack, Esq.); (ii) counsel for the Official Committee of Unsecured Creditors: Potter Anderson & Corroon LLP, 1313 North Market Street, P.O. Box 951, Wilmington, Delaware 19899 (Attn: Jeremy W. Ryan, Esq.) and Olshan Grundman Frome Rosenzweig & Wolosky LLP, Park Avenue Tower, 65 East 55th Street, New York, New York 10022 (Attn: Adam H. Friedman, Esq.); and (iii) the United States Trustee, J. Caleb Boggs Federal Building, 844 King Street, Suite 2207, Lock Box

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.

35, Wilmington, DE 19801 (Attn: Joseph J. McMahon, Esq.). Plan Objections not timely filed and served shall be overruled and not considered.

March 30, 2010 at 4:00 p.m. (prevailing Eastern time) is the voting deadline ("Voting Deadline"). All ballots must be received by the Claims and Voting Agent by the Voting Deadline.

RICHARDS, LAYTON & FINGER, P.A.

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