

**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. 30
: :
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**ORDER GRANTING DEBTOR AND DEBTOR-IN-POSSESSION'S MOTION FOR
ORDER AUTHORIZING PAYMENT OF (I) RETENTION PAY TO CERTAIN
EMPLOYEES AND (II) CHAPTER 11 PLAN/SALE-RELATED PERFORMANCE PAY
TO SENIOR MANAGEMENT PURSUANT TO
SECTIONS 105(A) AND 363 OF THE BANKRUPTCY CODE**

Upon the Debtor's Motion (the "Motion") for Order Authorizing Payment of (i) Retention Pay to Certain Employees (the "Key Employee Retention Plan") and (ii) Chapter 11 Plan/Sale-Related Performance Pay to Senior Management (the "Management Performance Plan") Pursuant to Sections 105(a) and 363 of the Bankruptcy Code [Docket No. 30]; 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;² (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, good and sufficient cause exists for the granting of the relief as set forth herein; the Motion is hereby GRANTED, solely as provided herein; it is therefor:

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 otherwise defined herein shall have the meanings ascribed in the Motion.

ORDERED, that the Key Employee Retention Plan is approved; and it is further
 ORDERED, that the Debtor is authorized, but not directed, to fund the Retention
 Pool in the aggregate amount of \$225,999.00; and it is further

ORDERED, that the Debtor is authorized to pay, upon termination of employment
 out of the Retention Pool, each Key Employee a Retention Payment, as follows:

ANTICIPATED KEY EMPLOYEE RETENTION	AGGREGATE PREPETITION BASE SALARY (DURING RETENTION PERIOD)	ANTICIPATED RETENTION PAYMENTS	SALARY EQUIVALENT PER PERSON
One (1) Key Employee to be employed through January 31, 2010	\$8,450	\$4,225	75% of 1 month salary
Four (4) Key Employees to be employed through February 28, 2010	\$85,761	\$51,457	1.5 months salary
Eight (8) Key Employees to be employed beyond February 28, 2010 to April 30, 2010	\$255,476	\$170,317	3 months salary
		\$225,999	

Except that Key Employees terminated by the Debtor with cause, according to the Debtor's
 business judgment, shall not be entitled to any Retention Payment; and it is further

ORDERED that the Key Employee Retention Plan shall replace any prepetition
 incentive compensation plan, retention plan of and/or employment agreement from the Debtor in
 respect of the Key Employees (collectively, the "Prepetition Plans"), and all employees
 accepting a Retention Payment shall be deemed to have waived any claim under or against any
 Prepetition Plans; and it is further

ORDERED, that the provision of post-petition payments pursuant to the Key Employee Retention Plan as authorized herein shall be administrative expenses of the estate pursuant to Bankruptcy Code section 503(b); and it is further

ORDERED, that the Key Employee Retention Plan complies with section 503(c) of the Bankruptcy Code; and it is further

ORDERED, that the Debtor is authorized and directed to take any actions that are necessary or appropriate in the exercise of the Debtor's business judgment to implement the Key Employee Retention Plan; and it is further

ORDERED, that this Court shall retain jurisdiction over all matters arising from or related to the interpretation and implementation of this Order; and it is further

ORDERED, that this Order is effective immediately upon entry.

Dated: January 20, 2010
Wilmington, Delaware



THE HONORABLE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE