

**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 :
: :
-----X

**DEBTOR AND DEBTOR-IN-POSSESSION'S
APPLICATION FOR AN ORDER PURSUANT TO
28 U.S.C. § 156(c), BANKRUPTCY RULE 2002(f) AND
LOCAL RULE 2002-1(f) AUTHORIZING THE RETENTION
OF DELAWARE CLAIMS AGENCY, LLC, AS NOTICING AND
CLAIMS AGENT AND APPROVING RELATED AGREEMENT**

The above-captioned debtor and debtor-in-possession (the “Debtor”), by and through its proposed undersigned counsel, hereby submits this application (the “Application”) for entry of an Order pursuant to 28 U.S.C. § 156(c), Bankruptcy Rule 2002(f) and Local Rule 2002-1(f) authorizing the retention of Delaware Claims Agency, LLC the (“Claims Agent”) as noticing and claims agent, and approving the related agreement, effective as of the Petition Date. In support of the Application, the Debtor relies on the Declaration of Alan Kessman, the Debtor’s Chief Executive Officer, in Support of Chapter 11 Petition and First Day Pleadings, filed concurrently herewith (the “First Day Declaration”).² In further support of the Application, the Debtor respectfully represents as follows:

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 meaning ascribed in the First Day Declaration.

JURISDICTION

1. The Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

2. The statutory predicate for the relief requested herein is 28 U.S.C. § 156(c), Bankruptcy Rule 2002(f) and Local Rule 2002-l(f).

BACKGROUND

3. On December 17, 2009 (the "Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware.

4. The Debtor continues to operate its business and manage its property as a debtor-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

5. No request for appointment of a Chapter 11 trustee or examiner has been made and, as of the date hereof, no official committee has been appointed.

6. A description of the Debtor's corporate structure and business and the events leading to the Chapter 11 case are set forth in the First Day Declaration.

RELIEF REQUESTED

7. This Application is made pursuant to 28 U.S.C. § 156(c)³ for an order appointing the Claims Agent to act as the official noticing and claims agent for the Clerk of Bankruptcy Court in order to assume full responsibility for the distribution of notices and proofs of claim, and maintenance, processing, docketing of proofs of claim, and any solicitation and

³ As administrative agent and adjunct to the Court, the Debtor does not believe that the Claims Agent is a "professional" whose retention is subject to approval under Bankruptcy Code § 327 or whose compensation is subject to approval under Bankruptcy Code §§ 330 or 331.

balloting required in the Debtor's Chapter 11 case. In support of this Application, the Debtor submits the Declaration of Joseph L. King (the "King Declaration"), annexed hereto as **Exhibit A**.

8. 28 U.S.C. § 156(c), which governs the staffing and expenses of bankruptcy courts, states in pertinent part:

Any court may utilize facilities or services, either on or off the court's premises, which pertain to the provision of notices, dockets, calendars, and other administrative information to parties in cases filed under the provisions of title 11, United States Code, where the cost of such facilities or services are paid for out of the assets of the estate and are not charged to the United States. The utilization of such facilities or services shall be subject to such conditions and limitations as the pertinent circuit council may prescribe.

28 U.S.C. § 156(c).

9. The Debtor believes that there will be many entities to be noticed in this Chapter 11 case. In view of the number of anticipated claimants, therefore, the Debtor submits that the appointment of an outside claims agent is both necessary and in the best interests of the Debtor's estate, creditors and other parties in interest.

10. The Claims Agent has acted as the official claims agent in numerous cases of comparable size. By appointing the Claims Agent as the official claims and noticing agent in this Chapter 11 case, the distribution of notices and the processing of claims will be expedited, and the clerk's office will be relieved of the administrative burden of processing what may be a large number of claims.

11. A full and complete copy of the Claims Agent's Services Agreement (the "Services Agreement") is annexed hereto as **Exhibit C**. Pursuant to the Services Agreement, the Claims Agent, will undertake, *inter alia*, the following actions and procedures:

- a. Preparing and serving required notices in this Chapter 11 case, including:
 - i. notice of the commencement of this Chapter 11 case and the initial meeting of creditors under Bankruptcy Code § 341(a);
 - ii. a notice of the claims bar date;
 - iii. notices of objections to claims and objections to transfers of claims;
 - iv. notices of hearings on motions filed by the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”);
 - v. notices of transfers of claims;
 - vi. notices of any hearings on a disclosure statement and confirmation of the Debtor’s plan of reorganization, if any; and
 - vii. such other miscellaneous notices as the Debtor or Court may deem necessary or appropriate for an orderly administration of this Chapter 11 case.
- b. Within seven days after the mailing of a particular notice, filing with the Court a copy of the notice served with a certificate of service attached indicating the name and complete address of each party served.
- c. Receiving, examining, and maintaining copies of all proofs of claim and proofs of interest filed in this Chapter 11 case.
- d. Maintaining official claims registers in this Chapter 11 case by docketing all proofs of claim and proofs of interest in a claims database that includes the following information for each such claim or interest asserted:
 - i. the name and address of the claimant or interest holder and any agent thereof, if the proof of claim or proof of interest was filed by an agent;
 - ii. the date the proof of claim or proof of interest was received by the Claims Agent and/or the Court;
 - iii. the claim number assigned to the proof of claim or proof of interest;

- iv. the asserted amount and classification of the claim; and
- e. Recording all transfers of claims pursuant to Bankruptcy Rule 3001(e).
- f. Revising the creditor matrix after the objection period expires.
- g. Recording any order entered by the Court which may affect a claim by making a notation on the claims register.
- h. Monitoring the Court's docket for any claims related pleading filed and making necessary notations on the claims register.
- i. Filing a quarterly updated claims register with the Court in alphabetical and numerical order. If there was no claims activity, a certification of no claim activity may be filed.
- j. Maintaining an up-to-date mailing list of all creditors and all entities who have filed proofs of claim or proofs of interest and/or request for notices in the case and providing such list to the Court or any interested party upon request (within 48 hours).
- k. Providing access to the public for examination of claims and the claims register at no charge.
- l. Forwarding all claims, an updated claims register and an updated mailing list to the Court within 10 days of entry of an order converting a case or within 30 days of entry of a final decree. The claims register and mailing list will be provided in both paper and on disc and in alphabetical and numerical order. The mailing list disc will be in .txt format.
- m. Implementing necessary security measures to ensure the completeness and integrity of the claims register.
- n. Complying with applicable federal, state, municipal and local statutes, ordinances, rules, regulations, orders and other requirements.
- o. Providing temporary employees to process claims as necessary.
- p. Promptly complying with such further conditions and requirements as the Clerk's Office or the Court may at any time prescribe.
- q. Providing such other claims processing, noticing, and administrative services as may be requested from time to time by the Debtor.

- r. Assisting with plan solicitation and balloting.
- s. Providing assistance relating to disbursements under the Debtor's plan.

12. In addition to the foregoing, the Claims Agent will assist with, among other things: (a) maintaining and updating the master mailing lists of creditors; (b) tracking and administration of claims; and (c) performing other administrative tasks pertaining to the administration of this Chapter 11 case, as may be requested by the Debtor or the Clerk's Office. The Claims Agent will follow the notice and claim procedures that conform to the guidelines promulgated by the Clerk of the Court and the Judicial Conference of the United States and as may be entered by the Court's order.

13. The Claims Agent also has agreed to provide noticing services in this case to the U.S. Trustee.

14. Pursuant to the Services Agreement, the Claims Agent will bill the Debtor in six-minute increments on a monthly basis according to the Claims Agent's fee schedule, attached as **Exhibit A** to the Services Agreement. The Debtor agrees to pay the Claims Agent for any necessarily incurred reasonable out-of-pocket expenses for, among other things, long distance charges, postage, supplies, transportation, lodging, meals and related items.

15. The Debtor requests that the fees and expenses of the Claims Agent incurred in the performance of the above-described services be treated as an administrative expense of the Debtor's Chapter 11 estate and be paid by the Debtor in the ordinary course of business, without the need to file any fee applications or otherwise seek Court approval for the compensation of its services and reimbursement of its expenses.

16. In the event this case is converted to a case under Chapter 7 of the Bankruptcy Code, the Debtor requests that the Claims Agent continue to be paid for its services

until the claims filed in this case have been completely processed, and that if claims agent representation is necessary in the converted Chapter 7 case, the Claims Agent would continue to be paid in accordance with 28 U.S.C. § 156(c).

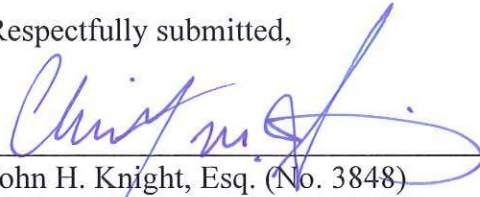
17. The Debtor has many creditors and, accordingly, the Claims Agent may have rendered and may continue to render services to certain of these creditors. The Claims Agent has not and will not represent the separate interests of any such creditor in this case. Additionally, the Claims Agent's employees may, in the ordinary course of their personal affairs, have relationships with certain creditors of the Debtor.

18. Although the Debtor does not propose to retain the Claims Agent under § 327 of the Bankruptcy Code, to the best of the Debtor's knowledge, information, and belief, and except as disclosed in the King Declaration, the employees of the Claims Agent have no material relationship to the Debtor, its creditors, or the United States Trustee for the District of Delaware. In the King Declaration, the Claims Agent has represented that it neither holds nor represents any interest materially adverse to the Debtor's estate and that it is a "disinterested person," as referenced in Bankruptcy Code § 327(a) and as defined in Bankruptcy Code § 101(14), as modified by Bankruptcy Code § 1107(b).

WHEREFORE, the Debtor requests entry of an order, substantially in the form attached hereto as **Exhibit B**, (1) authorizing the Claims Agent to act as official noticing and claims agent for the maintenance and processing of claims; and (2) granting the relief requested herein and for such other and further relief as this Court may deem just and proper.

Dated: December 17, 2009
Wilmington, Delaware

Respectfully submitted,



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-and-

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Proposed Counsel to the Debtor and Debtor-In-Possession

EXHIBIT A

**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 :
: :
-----X

**DECLARATION OF JOSEPH L. KING IN SUPPORT
OF DEBTOR’S APPLICATION FOR AN ORDER PURSUANT TO
28 U.S.C. § 156(c), BANKRUPTCY RULE 2002(f) AND LOCAL RULE 2002-1(f)
AUTHORIZING THE RETENTION OF DELAWARE CLAIMS AGENCY, LLC,
AS NOTICING AND CLAIMS AGENT AND APPROVING RELATED AGREEMENT**

1. I, Joseph L. King, being duly sworn, state the following under penalty of perjury:

2. I am the Vice President of Delaware Claims Agency, LLC (the “Claims Agent”), a company specializing in the administration of large bankruptcy cases.

3. I submit this Declaration in support of the application (the “Application”) of the Debtor² for authorization pursuant to 28 U.S.C. § 156(c) to employ and retain Delaware Claims Agency, LLC as noticing and claims agent in connection with this Chapter 11 case. Except as otherwise noted, I have personal knowledge of the matters set forth herein.

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 All capitalized terms used but otherwise not defined herein shall have the same meanings set forth in the Application.

Delaware Claims Agency, LLC's Qualifications

4. The Claims Agent is a bankruptcy administrator that specializes in providing comprehensive Chapter 11 administrative services including noticing, claims processing, balloting and other related services critical to the effective administration of Chapter 11 cases. Indeed, the Claims Agent has developed efficient and cost-effective methods to handle properly the voluminous mailings associated with the noticing, claims processing and balloting portions of Chapter 11 cases to ensure the orderly and fair treatment of creditors, equity security holders and all parties in interest. Further, the Claims Agent will work with the Clerk's Office to ensure that such methodology conforms with all of the Court's procedures, the Local Rules and the provisions of any orders entered by this Court.

5. The Claims Agent has substantial experience in matters of this size and complexity and has acted as the official notice, claims and solicitation agent in many large bankruptcy cases in this District and other districts nationwide. See, e.g., In re deCode genetics, Inc., Case No. 09-14063 (PJW) (Bankr. D. Del. Nov. 18, 2009); In re DynAmerica Mfg., LLC, Case No. 08-11515 (KG) (Bankr. D. Del. Aug. 15, 2008); In re Nexpak Corp., et al., Case No. 09-11244 (PJW) (Bankr. D. Del. Apr. 15, 2009); In re Opus South Corp., 09-11390 (MFW) (Bankr. D. Del. Apr. 27, 2009); In re Reliant Energy Channelview LP, et al., Case No. 07-11160 (MFW) (Bankr. D. Del. Aug. 22, 2007).

Services to be Provided

6. Specifically, the Debtor seeks to engage the Claims Agent to provide certain noticing, claims processing and balloting administration services, including, without limitation:

- a. Preparing and serving required notices in this Chapter 11 case, including:

- i. notice of the commencement of this Chapter 11 case and the initial meeting of creditors under Bankruptcy Code § 341(a);
 - ii. a notice of the claims bar date;
 - iii. notices of objections to claims and objections to transfers of claims;
 - iv. notices of hearings on motions filed by the Office of the United States Trustee for the District of Delaware (the “United States Trustee”);
 - v. notices of transfers of claims;
 - vi. notices of any hearings on a disclosure statement and confirmation of the Debtor’s plan of reorganization, if any; and
 - vii. such other miscellaneous notices as the Debtor or Court may deem necessary or appropriate for an orderly administration of this Chapter 11 case.
- b. Within seven days after the mailing of a particular notice, filing with the Court a copy of the notice served with a certificate of service attached indicating the name and complete address of each party served.
 - c. Receiving, examining, and maintaining copies of all proofs of claim and proofs of interest filed in this Chapter 11 case.
 - d. Maintaining official claims registers in this Chapter 11 case by docketing all proofs of claim and proofs of interest in a claims database that includes the following information for each such claim or interest asserted:
 - i. the name and address of the claimant or interest holder and any agent thereof, if the proof of claim or proof of interest was filed by an agent;
 - ii. the date the proof of claim or proof of interest was received by the Claims Agent and/or the Court;
 - iii. the claim number assigned to the proof of claim or proof of interest;
 - iv. the asserted amount and classification of the claim; and

- e. Recording all transfers of claims pursuant to Bankruptcy Rule 3001(e).
- f. Revising the creditor matrix after the objection period expires.
- g. Recording any order entered by the Court which may affect a claim by making a notation on the claims register.
- h. Monitoring the Court's docket for any claims related pleading filed and making necessary notations on the claims register,
- i. Filing a quarterly updated claims register with the Court in alphabetical and numerical order. If there was no claims activity, a certification of no claim activity may be filed.
- j. Maintaining an up-to-date mailing list of all creditors and all entities who have filed proofs of claim or proofs of interest and/or request for notices in the case and providing such list to the Court or any interested party upon request (within 48 hours).
- k. Providing access to the public for examination of claims and the claims register at no charge.
- l. Forwarding all claims, an updated claims register and an updated mailing list to the Court within 10 days of entry of an order converting a case or within 30 days of entry of a final decree. The claims register and mailing list will be provided in both paper and on disc and in alphabetical and numerical order. The mailing list disc will be in .txt format
- m. Implementing necessary security measures to ensure the completeness and integrity of the claims register.
- n. Complying with applicable federal, state, municipal and local statutes, ordinances, rules, regulations, orders, and other requirements.
- o. Providing temporary employees to process claims as necessary.
- p. Promptly complying with such further conditions and requirements as the Clerk's Office or the Court may at any time prescribe.
- q. Providing such other claims processing, noticing, and administrative services as may be requested from time to time by the Debtor.
- r. Assisting with plan solicitation and balloting.

s. Providing assistance relating to disbursements under the Debtor's plan.

7. In addition to the foregoing, the Claims Agent will assist with, among other things: (a) maintaining and updating the master mailing lists of creditors; (b) tracking and administration of claims; and (c) performing other administrative tasks pertaining to the administration of this Chapter 11 case, as may be requested by the Debtor or the Clerk's Office. the Claims Agent will follow the notice and claim procedures that conform to the guidelines promulgated by the Clerk of the Court and the Judicial Conference of the United States and as may be entered by the Court's order.

8. The Claims Agent also has agreed to provide noticing services in this case to the U.S. Trustee.

Professional Compensation

9. The Services Agreement sets forth the fees the Claims Agent charges for the services it will provide to the Debtor. The proposed compensation arrangement is consistent with, and typical of, arrangements of the Claims Agent and its competitor firms to provide claims and noticing agent services in Chapter 11 cases.

10. The Claims Agent requests that the Debtor pay its fees and expenses in accordance with the terms of the Services Agreement. The Claims Agent will submit invoices summarizing, in reasonable detail, the services and expenses for which compensation is sought.

The Claims Agent's Disinterestedness

11. To the best of my knowledge, the Claims Agent neither holds nor represents an interest materially adverse to the Debtor's estate nor has a material connection to the Debtor, its creditors or its related parties with respect to any matter for which the Claims Agent will be employed. The Claims Agent may have relationships with certain of the Debtor's

creditors as vendors or in connection with cases in which the Claims Agent serves or has served in a neutral capacity as claims and noticing agent for another Chapter 11 debtor. To the best of my knowledge, such relationships are materially unrelated to this Chapter 11 case. In addition, the Claims Agent personnel may have relationships with some of the Debtor's creditors or other parties in interest. However, to the best of my knowledge, such relationships, to the extent they exist, are materially unrelated to this Chapter 11 case. The Claims Agent has and will continue to represent clients in matters unrelated to this Chapter 11 case. In addition, the Claims Agent has had and will continue to have relationships in the ordinary course of its business with certain vendors, professionals and other parties in interest that may be involved in the Debtor's case in matters unrelated to this case.

12. To the best of my knowledge and except as disclosed herein, the Claims Agent neither holds nor represents any interest materially adverse to the Debtor's estate in connection with any matter on which it would be employed and that it is a "disinterested person" within the meaning of § 101(14) of the Bankruptcy Code, 11 U.S.C. §§ 101–1532 as referred to in § 327(a) of the Bankruptcy Code. The Claims Agent will supplement its disclosure to the Court if any facts or circumstances are discovered that would require disclosure.

13. The Claims Agent represents, among other things, that:
- a. it will not consider itself employed by the United States government and shall not seek any compensation from the United States government in its capacity as Agent;
 - b. by accepting employment in this bankruptcy case, the Claims Agent waives any right to receive compensation from the United States government;
 - c. in its capacity as Agent, the Claims Agent will not be an agent of the United States and will not act on behalf of the United States; and

d. the Claims Agent will not employ any past or present employees of the Debtor in connection with its work as Agent.

14. Should the Claims Agent discover any new relevant facts or relationships bearing on the matters described herein during the period of its retention, the Claims Agent will use reasonable efforts to file promptly a supplemental Declaration.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: December 17, 2009

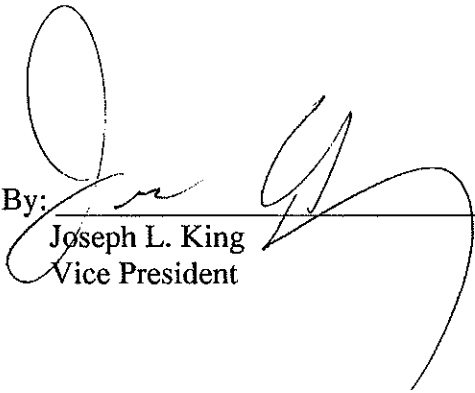
By:  _____
Joseph L. King
Vice President

EXHIBIT B

**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. :
:
-----X

**ORDER AUTHORIZING THE RETENTION
OF DELAWARE CLAIMS AGENCY, LLC AS NOTICING
AND CLAIMS AGENT, AND APPROVING RELATED AGREEMENT**

Upon consideration of the Application¹ of Vion Pharmaceuticals, Inc. (the “Debtor”), for entry of an Order authorizing the retention of Delaware Claims Agency, LLC (the “Claims Agent”) to serve as official noticing and claims agent for the Clerk of the Bankruptcy Court (“Clerk”), under 28 U.S.C. § 156(c), Bankruptcy Rule 2002(f) and Local Rule 2002-1(f) pursuant to the terms of the Services Agreement² annexed to the Application as **Exhibit C**; and upon the Declaration of Joseph L. King in support of the Application; and the Debtor having estimated that there are hundreds of creditors in this Chapter 11 case, many of which are expected to file proofs of claims; and it appearing that the receiving, docketing and maintaining of proofs of claim would be unduly time consuming and burdensome for the Clerk; and the Court being authorized under 28 U.S.C. § 156(c), Bankruptcy Rule 2002(f) and Local Rule 2002-1(f) to utilize, at the Debtor’s expense, outside agents and facilities to provide notices to parties in

¹ Capitalized terms shall have the meanings ascribed to them in the Application unless otherwise defined herein.

² Unless otherwise defined herein, all capitalized terms shall have the meaning ascribed to them in the Debtor’s Application.

title 11 cases and to receive, docket, maintain, photocopy and transmit proofs of claim; and the Court being satisfied the Claims Agent has the capability and experience to provide such services and that the Claims Agent does not hold an interest adverse to the Debtor or its estate respecting the matters upon which it is to be engaged; and good and sufficient notice of the Application having been given; and no other or further notice being required; and it appearing that the employment of the Claims Agent is in the best interests of the Debtor, its estate and creditors; and sufficient cause appearing therefore; it is hereby

ORDERED, that the Debtor is authorized to retain the Claims Agent effective as of the Petition Date under the terms of the Services Agreement to perform the noticing and other services set forth in the Application and to receive, maintain, record and otherwise administer the proofs of claim filed in this Chapter 11 case; and it is further

ORDERED, that the Claims Agent is appointed as the official noticing and claims agent for the Clerk and custodian of court records and, as such, is designated as the authorized repository for all proofs of claim filed in this Chapter 11 case and is authorized and directed to maintain official claims registers for the Debtor and to provide the Clerk with a certified duplicate thereof on a weekly basis unless otherwise directed by the Clerk; and it is further

ORDERED, that the Debtor and the Claims Agent are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Application; and it is further

ORDERED, that without further order of the Court, the Debtor is authorized to compensate the Claims Agent in accordance with the terms and conditions of the Services Agreement, upon the Claims Agent's submission to the Debtor of invoices summarizing in reasonable detail the services and expenses for which compensation is sought.

ORDERED, that, pursuant to § 503(b)(1)(A) of the Bankruptcy Code, the fees and expenses of the Claims Agent incurred pursuant to the Services Agreement shall be an administrative expense of the Debtor's estate; and it is further

ORDERED, that the Claims Agent may hold its retainer under the Services Agreement during this Chapter 11 case as security for the payment of expenses only under the Services Agreement; and it is further

ORDERED, that, notwithstanding any provision in the Services Agreement, the Debtor shall indemnify the Claims Agent solely to the extent set forth below:

- a. Subject to the provisions of subparagraphs (c) and (d) below, the Debtor shall indemnify the Claims Agent for any claim arising from, related to or in connection with its performance of the services described in the Services Agreement;
- b. the Claims Agent shall not be entitled to indemnification, contribution or reimbursement for services other than the services to be provided under the Services Agreement, unless such services and the indemnification, contribution or reimbursement therefore are approved by the Court;
- c. Notwithstanding anything to the contrary in the Services Agreement, the Debtor shall have no obligation to indemnify any person, or provide contribution or reimbursement to any person, for any claim or expense that is either (i) judicially determined (the determination having become final) to have arisen primarily from that person's gross negligence or willful misconduct; (ii) for a contractual dispute in which the Debtor alleges breach of the Claims Agent's contractual obligations under the Services Agreement unless the Court determines that indemnification, contribution or reimbursement would be permissible pursuant to In re United Artists Theatre Co., 315

F.3d 217 (3d Cir. 2003); or (ii) settled prior to a judicial determination as to that person's gross negligence or willful misconduct, but determined by this Court, after notice and a hearing, to be a claim or expense for which that person should not receive indemnity, contribution, or reimbursement under the terms of the Services Agreement as modified by the Application and Order;

d. If, before the earlier of (i) the entry of an order confirming a Chapter 11 plan in this case (that order having become a final order no longer subject to appeal) and (ii) the entry of an order closing this Chapter 11 case, the Claims Agent believes that it is entitled to the payment of any amounts by the Debtor on account of the Debtor's indemnification, contribution and/or reimbursement obligations under the Services Agreement (as modified by this Application Order), including without limitation the advancement of defense costs, the Claims Agent must file an application before this Court, and the Debtor may not pay any such amounts before the entry of an order by this Court approving the payment. This subparagraph (d) is intended only to specify the period of time under which the court shall have jurisdiction over any request for fees and expenses for indemnification, contribution or reimbursement, and not a provision limiting the duration of the Debtor's obligation to indemnify the Claims Agent; and it is further

ORDERED, that if this case converts to a case under Chapter 7, the Claims Agent will continue to be paid for its services until the claims filed in this Chapter 11 case has been completely processed; if claims agent representation is necessary in the converted Chapter 7 case, the Claims Agent will continue to be paid in accordance with 28 U.S.C. § 156(c) under the terms set out herein; and it is further

ORDERED, that in the event the Claims Agent is unable to provide the services set out in this Order, the Claims Agent will immediately notify the Clerk and Debtor's attorney and cause to have all original proofs of claim and computer information turned over to another claims agent with the advice and consent of the Clerk and Debtor's attorney; and it is further

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

ORDERED, that this Court shall retain jurisdiction over any and all matters arising from or related to the interpretation and implementation of this Order.

Dated: December __, 2009
Wilmington, Delaware

THE HONORABLE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT C

DCA

"Preserving the Estate"

SERVICES AGREEMENT

The following services agreement (the "Agreement") sets forth the terms and conditions upon which Delaware Claims Agency, LLC ("DCA"), a Delaware limited liability company whose address is 230 North Market Street, PO Box 515, Wilmington, DE 19801 (Telephone: 800-838-6773) and Vion Pharmaceuticals, Inc. (the "Client-Debtor") whose address is 4 Science Park, New Haven, Connecticut 06511 agrees to the engagement of DCA to provide bankruptcy administrative services, as outlined herein, to the Client-Debtor.

In consideration of the promises and provisions contained in this Agreement, the Client-Debtor agrees to compensate DCA in accordance with the attached Schedule A. Subject to the approval of the United States Bankruptcy Court for the District of Delaware, DCA and the Client-Debtor hereby agree to the following terms and conditions and hereto enter into this Agreement this 8th day of December, 2009.

Terms and Conditions

1. Definitions

"Bankruptcy administrative services" - shall mean, collectively, any tasks, projects, assignments, responsibilities, obligations, and procedures related to the management of certain records for the pending bankruptcy proceedings referred to herein.

"Bankruptcy Court" - shall mean the United States Bankruptcy Court with jurisdiction to administer the pending bankruptcy proceedings referred to herein.

"Bankruptcy Court Order" - shall mean the order of the United States Bankruptcy Court approving this Agreement.

"Client-Debtor" - shall mean Vion Pharmaceuticals, Inc. its agents, professionals, employees, licensees, subcontractors and all debtors ordered to be jointly administered in the pending bankruptcy proceedings referred to herein.

"DCA" - shall mean Delaware Claims Agency, LLC, its agents, professionals, employees, licensees and subcontractors.

"Delinquency" - shall mean sixty (60) calendar days from the date of the act, event or occurrence described herein.

2. Term

The effective date of this Agreement shall be, after its acceptance by DCA, either (i) the date of entry on the case docket of the Bankruptcy Court Order approving this Agreement, or (ii) such date as set forth by order of the Bankruptcy Court. This Agreement shall remain in force from its effective date until either (i) a party to this Agreement exercises its rights to effect suspension or termination as provided herein or (ii) by order of the Bankruptcy Court.

DCA

"Preserving the Estate"

3. Services

a. DCA agrees to provide the Client-Debtor with bankruptcy administrative services consistent with those required during pending bankruptcy proceedings. Details of the bankruptcy administrative services anticipated to be performed are described on the attached Schedule A. DCA further agrees to provide the Client-Debtor, and the Client-Debtor agrees to accept, the advising, consulting, evaluating, and programming necessary to perform bankruptcy administrative services. To the extent that Schedule A does not include services requested by the Client-Debtor, or those required by the Bankruptcy Court, DCA further agrees to render such services referenced in the DCA retention motion and declaration in support of filing that is filed with the Bankruptcy Court.

b. If the Client-Debtor is a public company with registered securities, Client-Debtor agrees that DCA may retain the services of professionals experienced in the specific field of security holder noticing, solicitation and balloting. DCA must provide the Client-Debtor with a pricing and terms proposal from any professional sought to be retained. DCA agrees not to retain such professionals without the expressed consent of the Client-Debtor. Client-Debtor agrees that all charges incurred from the services of such professionals are separate from the attached Schedule A, but hereby included in the terms of paragraph 4 herein.

4. Charges

a. Client-Debtor agrees to timely pay DCA all charges related to this Agreement for professional labor, expenses and services rendered as set forth in the attached Schedule A. DCA's hourly rate is calculated in six-minute increments for work performed. DCA agrees to issue monthly invoices to Client-Debtor for charges incurred during the proceeding month for professional labor, expenses and services rendered. Client-Debtor agrees that any and all invoices issued are due and payable upon receipt. In the event of suspension or termination of this Agreement, charges attributed to a monthly base fee shall be pro-rated based on a thirty (30) day calendar month. Client-Debtor shall remain liable for all charges incurred up to and including the date of suspension or termination. In the event any invoice remains unpaid as of thirty (30) days from the date of the invoice, Client-Debtor agrees to pay a late fee calculated as one percent (1%) per month on the remaining unpaid balance accrued from 30 days of the date of the invoice. In the event of the Client-Debtor's delinquency to remit payment for charges invoiced, DCA reserves the right to petition the Bankruptcy Court for remedies and such further relief as determined by the Bankruptcy Court.

b. In the case of a dispute of any charges appearing on any invoice, Client-Debtor shall give notice to DCA within ten (10) business days of the date of the invoice. Client-Debtor agrees to accompany the notice with a statement identifying the specific charges disputed and a reasonable account for the dispute. Charges identified by the Client-Debtor as in dispute shall not accrue late charges as described herein. Any undisputed charges remaining on an invoice shall continue to be due and payable under the terms set forth above. Any unresolved disputes related to the charges incurred for professional labor, expenses and services rendered shall be brought before the Bankruptcy Court for final determination.

c. Client-Debtor agrees to timely pay DCA for all reasonable and necessary out-of-pocket expenses incurred in performance of this Agreement. Reasonable out-of-pocket expenses may include but are not limited to those for travel, transportation, lodging, meals, communications, postage, and supplies. DCA agrees that all expenses related to travel outside of a one-hundred (100) mile radius of DCA's offices must be approved in advance by Client-Debtor. DCA's hourly rates for travel will be 50% of rates presented in Schedule A. DCA shall provide Client-Debtor with monthly invoices setting forth in reasonable detail the nature and amounts of such expenses. Upon the request of the Client-Debtor, DCA shall provide receipts, invoices and other statements to evidence the nature and amounts of expenses incurred.

d. In addition to the charges related to this Agreement for professional labor, expenses and services rendered, Client-Debtor agrees to pay or reimburse DCA for all federal, state and local taxes applicable to this Agreement however levied, which are not otherwise the obligation of DCA to collect and pay to taxing authorities.

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Such taxes specifically do not include personal property taxes or taxes based on net income, but may include without limitation, sales, use and excise taxes.

e. In addition to the charges related to this Agreement for professional labor, expenses and services rendered, Client-Debtor agrees to pay any charges incurred, subject to the attached Schedule A, related to or arising out of any error or omission created on behalf of the Client-Debtor.

f. To the extent that the attached Schedule A does not include services requested by the Client-Debtor, or those required by the Bankruptcy Court, and DCA further agrees to render such services, DCA shall apply hourly charges as set forth in Schedule A or charges consistent with Schedule A for other services.

g. Upon the effective date of this Agreement as defined in Section 2 hereof, Client-Debtor shall immediately issue DCA a retainer payment in the amount of \$5,000.00 to be held in escrow and applied against the monthly invoices issued by DCA to the Client-Debtor. In the event Client-Debtor fails to issue the retainer payment or DCA does not receive the retainer payment within fifteen (15) business days of the effective date of this Agreement, DCA reserves the right to suspend or terminate this Agreement as provided herein.

5. Suspension or Termination

a. In the event of either (i) the Client-Debtor's delinquency in payment of charges due and owing as provided in Section 4(a) herein, or (ii) the Client-Debtor's failure to remit the retainer payment as provided for in Section 4(g) herein, DCA reserves the right to request the Bankruptcy Court for immediate suspension of performance of this Agreement. In the event that performance of this Agreement has been suspended due to the occurrence of one of the above conditions, resumption of performance of this Agreement is contingent upon resolution of that condition. Any unresolved matters related to the suspension of performance of this Agreement shall be brought before the Bankruptcy Court for final determination.

b. This Agreement may be terminated by the Client-Debtor, without cause, upon written notice to DCA. The termination shall be effective thirty (30) days from the date of receipt of the written notice by DCA. Client-Debtor shall be liable for all charges incurred up to and including the date of termination.

c. DCA may terminate this Agreement only upon leave from the Bankruptcy Court. DCA reserves the right to request the Bankruptcy Court at any time for an immediate order terminating this Agreement. The effective date of the termination by DCA shall be determined by order of the Bankruptcy Court.

6. Confidentiality

a. DCA acknowledges that this Agreement may be entered into by the parties prior to the Client-Debtor's filing for relief under the United States Bankruptcy Code. In the event this Agreement is entered into prior to the filing of a petition for bankruptcy, DCA agrees not to disclose to any person or third party the nature of this Agreement, the relationship with the Client-Debtor or the Client-Debtor's corporate status.

b. DCA acknowledges its responsibility for confidentiality of the Client-Debtor's records. DCA agrees to exercise reasonable care to preserve the Client-Debtor's confidentiality regarding records. Client-Debtor acknowledges that DCA is subject to the Bankruptcy Court's request for records and other information with respect to the Client-Debtor's pending bankruptcy proceedings. Client-Debtor agrees that DCA's responsibility to preserve confidentiality does not extend to (i) information that is in the public domain at the time of the disclosure to DCA, (ii) information that is considered of public record for the purposes of administering the pending bankruptcy proceedings, (iii) information DCA receives about the Client-Debtor from third parties and (iv) information which is required to be disclosed or produced pursuant to any court order.

c. Client-Debtor agrees that the obligation of DCA to preserve confidentiality expires on three (3) years from the date of termination of this Agreement.

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d. Client-Debtor agrees to preserve the confidentiality of all systems, methods, procedures, software, applications and technology operated by DCA in the course of performing bankruptcy administrative services under the terms of this Agreement.

7. Title, Property and Rights of Ownership

a. Client-Debtor agrees that DCA reserves all title, property and rights to ownership without limitation to all materials, publications, routines, methods, systems, procedures, software, applications, programs and other proprietary interests necessary to perform bankruptcy administrative services under the terms of this Agreement.

b. Client-Debtor agrees that payments received for professional labor, expenses and services rendered do not vest Client-Debtor with any rights to the materials, publications, routines, methods, systems, procedures, software, applications, programs and other proprietary interests of DCA.

c. Client-Debtor agrees that without limitation any materials, publications, routines, methods, systems, procedures, software, applications, and programs related to bankruptcy administrative services developed or enhanced by DCA during the course of this Agreement shall be the exclusive property of DCA.

d. DCA agrees that all data, reports and other tangible work product produced by DCA specifically on behalf of, or at the request of the Client-Debtor during the course of this Agreement shall be deemed Client-Debtor's property.

8. Delivery of Data

Client-Debtor agrees that all data, records, files, reports and other information provided to DCA for performance under this Agreement shall be transported or delivered at the risk, liability and expense of the Client-Debtor. In the event the Client-Debtor fails to deliver any data, records, files, reports or other information in accordance with any proposed and agreed upon schedule, Client-Debtor agrees that DCA may extend, as necessary, the performance of the related bankruptcy administrative services. Client-Debtor further agrees that performance of bankruptcy administrative services may be extended or delayed as a result of either (i) federal holidays and other closures affecting the Bankruptcy Court or (ii) holidays, events and occasions related to the corporate operations of DCA.

9. Warranty

a. DCA agrees to provide a good faith and diligent effort to minimize charges and expenses incurred as the result of errors or omissions created by DCA. In the event DCA and/or Client-Debtor discovers errors or omissions made by DCA, DCA accordingly agrees to reasonably adjust all charges and expenses related to or arising out of such errors or omissions and to report them to the Client-Debtor.

b. Client-Debtor agrees that DCA is a repository for certain raw bankruptcy data accumulated during the course of the Client-Debtor's case. Client-Debtor agrees that any such reports of raw bankruptcy data supplied by DCA to the Client-Debtor or its counsel are done so purely as a convenience. Client-Debtor agrees that DCA is not engaged in rendering legal, accounting or other professionals services for which the reports may be relied upon.

c. Client-Debtor agrees that DCA shall not be liable for non-performance or delay of performance of this Agreement if such non-performance or delay arises out of conditions or causes beyond the control of DCA.

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Such conditions or causes include, but are not limited to, acts of God or public enemy, war, fire, flood, loss of power, mechanical failure, electrical failure, technical failure or governmental order.

d. Client-Debtor agrees that DCA provides the limited warranty contained herein in lieu of all warranties, expressed or implied, including but not limited to, any implied warranty of merchantability, fitness or adequacy for any particular purpose, use, quality, productiveness or capacity.

10. Limitations of Liability and Indemnification

a. Client-Debtor agrees that it is solely responsible for, without limitation, the accuracy of all data, records, files, and materials submitted to DCA for bankruptcy administrative services performed under this Agreement.

b. Client-Debtor agrees to indemnify and hold harmless DCA from and against any losses, claims, damages, judgments, liabilities and expenses (including reasonable attorney's fees and expenses) other than willful misconduct, gross negligence and bad faith which Client-Debtor may incur as a result of (i) any error in data, records, files, reports, materials or information furnished to DCA, on behalf of the Client-Debtor, required or necessary to perform under this Agreement or (ii) action taken by DCA in good faith or with reliance upon instructions received from the Client-Debtor, for services in connection with, related to or arising out of this Agreement.

11. Governing Law

This Agreement shall be governed and construed in accordance with the laws of the state of Delaware.

12. General

a. This Agreement may not be amended, altered, or modified without the express written consent of an authorized representative of both parties.

b. This Agreement, together with all of the rights and duties provided for herein shall not be assigned without the express written consent of an authorized representative of both parties.

c. This Agreement shall be subject to the approval of the United States Bankruptcy Court for the District of Delaware.

13. Notices

All notices in connection with, related to or arising under this Agreement shall be given or made upon the respective parties in writing and forwarded to the appropriate addresses that follow:

If to DCA:

Delaware Claims Agency, LLC
Attn: Joseph L. King
230 North Market Street, 2nd Floor
PO Box 515
Wilmington, DE 19899-0575
Phone - (302) 658-1067
Fax - (302) 658-9167

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If to Client-Debtor:

Vion Pharmaceuticals, Inc.
Attn: Howard B. Johnson
4 Science Park
New Haven, CT 06511
Phone - (203) 498-4210
Fax - (203) 498-4211

The parties do hereby acknowledge that they have examined this Agreement, understand it and agree to be bound by its terms and conditions. The parties further agree that this Agreement exists as their exclusive and superseding statement regarding the engagement of Delaware Claims Agency, LLC to provide bankruptcy administration services to Vion Pharmaceuticals, Inc.

IN WITNESS WHEREOF, the parties have hereto executed this Agreement.

DELAWARE CLAIMS AGENCY, LLC

By:


JOSEPH L. KING


Title:

VICE PRESIDENT

Date:

12/9/19

By:


HOWARD B. JOHNSON

Title:

PRESIDENT & CFO

Date:

12/8/09

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SCHEDULE A

FEES FOR CLAIMS AGENT SERVICES

INTAKE, PROCESSING AND MAINTENANCE:

*	Set-up Fee	\$	None
*	Creation of Creditor Database by Import		.10/per creditor
*	Creation of Creditor Database by Manual Input		hourly rates
*	Creditor Database Security & Maintenance		.07/per creditor/per month
*	Claims Intake, Examination & Processing		.75/per claim + hourly rates
*	Claims Imaging (PDF) for Viewing via Internet		.25/per claim
*	Access to Imaged (PDF) Claims via Internet ¹		Waived
*	Claims Database/Internet Security & Maintenance		500.00/per month
*	Format/Update Claims Registry & Service Lists		hourly rates
*	Ballot Intake, Examination & Processing		1.00/per ballot + hourly rates
*	Original Document Storage & Security		market rate

SUPPORT SERVICES:

*	Service of Notices & Pleadings	\$	Quoted ²
*	Electronic Filing of Court Documents (ECF)		.10/per page
*	Claim Acknowledgement Notices		.10/per notice + postage
*	Assist in Formatting Schedules		hourly rates
*	Assist in Claim Objections		hourly rates
*	Assist in Claims Analysis and Classification		hourly rates
*	Assist in Distribution		hourly rates
*	Transfer of Claims		.50/per claim + hourly rates
*	Generate Any Report, List, Registry or Schedule		.10/per page + hourly rates

¹ Inclusive to the services offered by DCA is the imaging of claims for 24-hour access and viewing through cooperation with Virtual Docket, LLC at www.virtualdocket.com. Counsel to the Debtors is not charged for access to imaged claims.

² To provide the most effective method for bulk services, DCA will quote each service in relation to its requirements.

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* Coordinate Legal Publications as Requested	hourly rates + market rate
* Tabulation and Verification of Plan Voting	hourly rates
* Disbursements	1.00/per release

OTHER:

* Photocopying/Printing/Scanning	\$.10/per page
* Misc. Envelopes	.25/per item
* Misc. Labels	.05/per item
* Facsimiles - outgoing	.50/per page
* Travel by Personal Vehicle	.55/per mile
* Travel Expenses	market rate
* Postage, Delivery, etc.	market rate
* Long Distance and Incoming 800 Calls	market rate

PROFESSIONAL RATES:

The following hourly rates apply to all services performed by DCA professionals. At the discretion of DCA, and when possible and appropriate, all services incurring hourly charges will be delegated to professionals with a lower hourly rate.

* Senior Consultants	\$ 175.00/per hour
* Technical Consultants	150.00/per hour
* Associate Consultants	125.00/per hour
* Processors and Coordinators	65.00/per hour

In the event that services are requested for and performed outside normal business hours (8:00 a.m. to 5:00 p.m., Monday through Friday), rates will be adjusted upward by twenty percent (20%).

EXPENSES:

Any additional expenses not covered in the fee schedule quoted above will be billed at market cost.