

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

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:
In re: : Chapter 11
:
VION PHARMACEUTICALS, INC.,¹ : Case No. 09-14429 (CSS)
:
Debtor. : **Hearing date: 2/18/2010 at 1:00 p.m. (ET)**
: **Objections Deadline: 2/11/2010 at 4:00 p.m. (ET)**
:
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NOTICE OF APPLICATION

PLEASE TAKE NOTICE that, on January 4, 2010, the above-captioned debtor and debtor-in-possession (the “Debtor”) filed the *Debtor and Debtor-in-Possession’s Application for an Order Authorizing Employment and Retention of Ernst & Young LLP Nunc Pro Tunc to the Petition Date as Financial Advisor for the Debtor and Debtor-in-Possession* (the “Application”) with the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801 (the “Bankruptcy Court”).

PLEASE TAKE FURTHER NOTICE that any responses or objections to the Application must be in writing, filed with the Clerk of the Bankruptcy Court, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801, and served upon and received by the undersigned proposed counsel at a date on or before **4:00 p.m. on February 11, 2010 (EST)**.


PLEASE TAKE FURTHER NOTICE that if any objections or responses are received, a hearing with respect to the Motion will be held on **February 18, 2010 at 1:00 p.m. (EST)** before The Honorable Christopher S. Sontchi at the United States Bankruptcy Court, 824 Market Street, 5th Floor, Courtroom #6, Wilmington, Delaware 19801.

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.

IF NO OBJECTIONS TO THE MOTION ARE TIMELY FILED, SERVED,
AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY
GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER
NOTICE OR HEARING.

Dated: January 4, 2010
Wilmington, Delaware

Respectfully submitted,



John H. Knight, Esq. (No. 3848)
Christopher M. Samis (No. 4909)
Julie A. Finocchiaro, Esq. (No. 5303)
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*Proposed Attorneys for the Debtor and
Debtor in Possession*

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

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: *In re:* : Chapter 11
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: **VION PHARMACEUTICALS, INC.,** : Case No. 09-14429 (CSS)
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: Debtor.¹ : Hearing date: February 18, 2010 at 1:00 p.m. (ET)
: : Objections due: February 11, 2010 at 4:00 p.m. (ET)
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**DEBTOR AND DEBTOR-IN-POSSESSION’S APPLICATION
FOR AN ORDER AUTHORIZING EMPLOYMENT AND RETENTION OF
ERNST & YOUNG LLP *NUNC PRO TUNC* TO THE PETITION DATE AS FINANCIAL
ADVISOR FOR THE DEBTOR AND DEBTOR-IN-POSSESSION**

Vion Pharmaceuticals, Inc., as debtor and debtor-in-possession (the “Debtor”), hereby files this application (the “Application”) seeking (i) authority to employ and retain Ernst & Young LLP (“E&Y LLP”) as financial advisor to the Debtor in the above-captioned chapter 11 case, *nunc pro tunc* to the Petition Date (defined herein), and in support thereof, the Debtor respectfully represents as follows:

JURISDICTION

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

2. The statutory bases for the relief requested herein are §§ 327 and 328 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2014 of the Federal Rules of Bankruptcy

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.

Procedure (the “Bankruptcy Rules”), and Rule 2014-1 of the Local Rules for the United States Bankruptcy Court for the District of Delaware (the “Local Rules”).

BACKGROUND

3. On December 17, 2009 (the “Petition Date”), the Debtor filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code.

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 this chapter 11 case are set forth in the Declaration of Alan Kessman in Support of Chapter 11 Petition and First Day Pleadings (the “First Day Declaration”), which was filed on the Petition Date and incorporated herein by reference, thus constituting, in part, the evidentiary support for the Application.²

RELIEF REQUESTED

7. The Debtor seeks the entry of an order substantially in the form attached hereto as **Exhibit B** authorizing the employment and retention of E&Y LLP as the Debtor’s financial advisor in this chapter 11 case and all related matters, effective as of the Petition Date, pursuant to the terms of the Engagement Letters, dated December 14, 2009, and related statement of work (“SOW”) and attachments thereto between E&Y LLP and the Debtor (together, the “Engagement Letters”), copies of which are attached as Exhibits A to the Affidavit in Support of Application

² Capitalized terms not defined herein shall have the meaning ascribed in the First Day Declaration.

for Order Authorizing Retention and Employment of Ernst & Young LLP as Financial Advisor for the Debtor-in-Possession and Statement Pursuant to Federal Rule of Bankruptcy Procedure 2014(a) and Section 327(a) of the Bankruptcy Code *Nunc Pro Tunc* to the Petition Date by John Llewellyn (the "Llewellyn Affidavit"), attached hereto as **Exhibit A**.

BASIS FOR RELIEF REQUESTED

8. The Debtor proposes to retain and employ E&Y LLP as financial advisor in this chapter 11 case pursuant to §§ 327(a) and 328(a) of the Bankruptcy Code.

9. Section 327 provides in relevant part: "the trustee, with the court's approval, may employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the trustee in carrying out the trustee's duties under this title." 11 U.S.C. § 327(a). Section 328 provides, in pertinent part, that under section 327 of the Bankruptcy Code a professional may be employed "on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, on a fixed percentage fee basis, or on a contingent basis." 11 U.S.C. § 328(a).

10. Bankruptcy Rule 2014(a) requires that an application for retention include:

[S]pecific facts showing the necessity for the employment, the name of the person to be employed, the reasons for the selection, the professional services to be rendered, any proposed arrangement for compensation, and, to the best of the applicant's knowledge, all of the person's connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee.

FED. R. BANK. P. 2014(a).

SCOPE OF SERVICES

11. The services of E&Y LLP are necessary and essential to enable the Debtor to execute faithfully its duties as a debtor-in-possession. Subject to an order of this Court, E&Y LLP will render various services to the Debtor (the “Services”), as set forth fully in the Engagement Letters (and the attachments thereto). The proposed scope of E&Y LLP’s services under the SOW can be summarized as follows:³

- a. Assist in the preparation of the Statements of Assets & Liabilities and the Statement of Financial Affairs, supporting the Debtor and its bankruptcy counsel; and
- b. Advise on the composition and content of the Monthly Operation Reports and required templates to be used for bankruptcy court filing purposes, supporting the Debtor and its bankruptcy counsel.

12. E&Y LLP has indicated a willingness to act on behalf of the Debtor to render the foregoing professional Services.

13. The Debtor requests approval of the employment of E&Y LLP *nunc pro tunc* to the Petition Date. Such relief is warranted by the extraordinary circumstances presented by this case. The Third Circuit has identified “time pressure to begin service” and absence of prejudice as factors favoring *nunc pro tunc* retention. See Matter of Arkansas Co., 798 F.2d 645, 650 (3d Cir. 1986); see also In re Indian River Homes, Inc., 108 B.R. 46, 52 (D. Del. 1989), app. dismissed, 909 F.2d 1406 (3d Cir. 1990). The complexity, intense activity, and speed that has characterized this case has necessitated the Debtor’s request that E&Y LLP focus its immediate attention on time-sensitive matters and promptly devote the requisite resources to the affairs of the Debtor pending submission and approval of this Application.

³ To the extent that any summary herein differs from the terms of the Engagement Letters, the terms of the Engagement Letters shall control.

QUALIFICATIONS OF E&Y LLP

14. The Debtor seeks to retain E&Y LLP because of the firm's extensive experience and international reputation. E&Y LLP is a leader in providing auditing and tax accounting services and has extensive experience providing these services in connection with complex chapter 11 cases. E&Y LLP also has familiarity with the Debtor's books and records, in particular its financial issues and needs, as E&Y LLP has served as the Debtor's auditor for approximately fifteen (15) years.

15. The Debtor wishes to retain E&Y LLP to render its professional services for the benefit of the estate pursuant to the terms of the Engagement Letters, which were negotiated at arms' length between the Debtor and E&Y LLP and reflect the Debtor's evaluation of the work to be performed by E&Y LLP.

16. For the reasons stated above, the Debtor believes that E&Y LLP is both well qualified and uniquely able to assist the Debtor in this chapter 11 case in an efficient and timely manner. The Debtor believes that E&Y LLP's employment by the Debtor will avoid the time and expense necessarily required for another financial advisor to familiarize themselves with the intricacies of the Debtor's business, operations, and capital structure, resulting in gains in efficiency and economy throughout the Debtor's restructuring process.

E&Y LLP'S DISINTERESTEDNESS

17. To the best of the Debtor's knowledge, based upon Debtor's review of the Llewellyn Affidavit, the Debtor believes that E&Y LLP does not hold or represent any interest adverse to the Debtor or its estate, and E&Y LLP is a "disinterested person" as that phrase is defined in § 101(14) of the Bankruptcy Code, as modified by § 1107(b) of the Bankruptcy Code, thus rendering E&Y LLP eligible for employment and retention in this Chapter 11 case.

18. E&Y LLP's employment and retention is necessary and in the best interests of the Debtor and its estate. The proposed employment of E&Y LLP is not prohibited by or improper under Bankruptcy Rule 5002.

PROFESSIONAL COMPENSATION

19. The terms of E&Y LLP's proposed compensation are fully set forth in the Engagement Letters, and the Debtor respectfully refers this Court to the same for a full recitation of such terms. In summary and subject to approval of the Court, E&Y LLP has agreed to provide its services at a blended hourly rate of \$310 per hour per person, plus reimbursement of actual, necessary expenses incurred by E&Y LLP.

20. The Debtor understands that E&Y LLP intends to apply to the Court for allowance of compensation and reimbursement of fees and expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and orders of the Court.⁴

21. E&Y LLP has no agreement to share with any person or firm the compensation to be paid for professional services rendered in connection with this case.


NOTICE

22. No trustee or examiner has been appointed in the Debtor's chapter 11 case. Notice of this Application will be given to, among others, (i) the United States Trustee for this District; (ii) the Debtor's (20) largest unsecured creditors; and (iii) all parties-in-interest who have requested notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested herein, the Debtor submits that no other or further notice is required.

⁴ Including, but not limited to, the requirements set forth in Local Rule 2016 -2(e).

WHEREFORE, the Debtor respectfully requests that this Court, pursuant to §§ 327(a), and 328(a) of the Bankruptcy Code, Rule 2014 of the Bankruptcy Rules and Rule 2014-1 of the Local Rules, enter an order, substantially in the form attached hereto as **Exhibit B**, authorizing the employment of E&Y LLP as financial advisor to the Debtor under the terms and conditions contained in the Engagement Letters, *nunc pro tunc*, to the Petition Date and granting such other and further relief the Court deems just and proper.

Dated: January 4, 2009
New Haven, Connecticut



By: Alan Kessman
Title: Chief Executive Officer,
Vion Pharmaceuticals, Inc.
4 Science Park
New Haven, Connecticut 06511

For the Debtor and Debtor-in-Possession

EXHIBIT A

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

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

**AFFIDAVIT PURSUANT TO FEDERAL RULE OF BANKRUPTCY PROCEDURE
2014(A) IN SUPPORT OF DEBTOR AND DEBTOR-IN-POSSESSION'S
APPLICATION FOR AN ORDER AUTHORIZING EMPLOYMENT AND RETENTION
OF ERNST & YOUNG LLP *NUNC PRO TUNC* TO THE PETITION DATE AS
FINANCIAL ADVISOR FOR THE DEBTOR AND DEBTOR-IN-POSSESSION**

Pursuant to Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), John S. Llewellyn, III, being duly sworn, deposes and says:

1. I am a principal of Ernst & Young LLP (“E&Y LLP”). I provide this Affidavit on behalf of E&Y LLP in support of the Application (the “Application”) of Vion Pharmaceuticals, Inc., as debtor in possession herein (the “Debtor”) to retain E&Y LLP as financial advisor to the Debtor, *nunc pro tunc* to December 17, 2009 (the “Petition Date”), pursuant to the terms and conditions set forth in the agreement and related statement of work (the “SOW,” and together with the agreement, the “Engagement Letter” attached hereto as Exhibit A) between the Debtor and E&Y LLP. Unless otherwise defined, all capitalized terms used herein shall have the meanings given to them in the Application.

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. The facts set forth in my affidavit are based upon my personal knowledge, upon information and belief, and upon client matter records kept in the ordinary course of business that were reviewed by me or other employees of E&Y LLP under my supervision and direction. The procedures pursuant to which E&Y LLP determined whether there were any connections between E&Y LLP and interested parties in these cases is described below. The results of that investigation are set forth herein and in Exhibit B appended hereto.

3. As set forth in further detail in the Engagement Letter, E&Y LLP has agreed to provide certain advisory services (the "Services") to the Debtor in connection with this Chapter 11 case upon approval of the Court, a summary description of which Services is set forth below and fully described in the SOW:²

- Assist in the preparation of the Statements of Assets & Liabilities (SOALs) and the Statement of Financial Affairs (SOFAs), supporting the Debtor and Debtor's counsel
- Advise on the composition and content of the Monthly Operation Reports (MORs) and required templates to be used for bankruptcy court filing purposes, supporting the Debtor and the Debtor's counsel

4. Subject to the Court's approval and pursuant to the terms and conditions of the Engagement Letter, E&Y LLP intends to charge the Debtor for the Services rendered in this Chapter 11 case based on a blended hourly rate of \$310 per hour per person.

5. In addition to the blended hourly rate set forth above, the Debtor shall reimburse E&Y LLP for any direct expenses incurred in connection with E&Y LLP's retention in these cases and the performance of the Services set forth in the Engagement Letter. E&Y LLP's direct expenses shall include, but not be limited to, reasonable and customary out-of-pocket expenses

² To the extent that this Affidavit and the terms of the Engagement Letter are inconsistent, the terms of the Engagement Letter shall control.

for items such as travel, meals, accommodations, telephone, facsimile, overnight mail, messenger services and other expenses specifically related to this engagement.

6. The Debtor or E&Y LLP may terminate the Engagement Letter at any time, but in any event the Engagement Letter will terminate upon the completion of the Services, and in any event the Engagement Letter including the SOW will expire upon the effective date of the Debtor's confirmed plan or reorganization, or liquidation of the Debtor's assets under Chapter 11 or 7 of the Bankruptcy Code, or otherwise. Upon any such termination of the Engagement Letter, the Debtor will remain obligated to pay all accrued fees and expenses as of the effective date of such termination.

7. A copy of the Engagement Letter is submitted with this Affidavit for approval.³ E&Y LLP's provision of Services to the Debtor is contingent upon the Court's approval of each term and condition set forth in the Engagement Letter. Included among the terms and conditions set forth in the General Terms and Conditions (the "GTAC") section of the Engagement Letter, at paragraph 37, is language substantially similar to the following:

Any controversy or claim with respect to, in connection with, arising out of, or in any way related to this Agreement or the services provided hereunder (including any such matter involving any parent, subsidiary, affiliate, successor in interest or agent of Client or its subsidiaries or of EY) shall be brought in the Bankruptcy Court or the applicable district court (if such district court withdraws the reference) and the parties to this Agreement, and any and all successors and assigns thereof, consent to the jurisdiction and venue of such court as the sole and exclusive forum (unless such court does not have jurisdiction and venue of such claims or controversies) for the resolution of such claims, causes of action or lawsuits. The parties to this Agreement, and any and all successors and assigns thereof, hereby waive trial by jury, such waiver being informed and freely made. If the Bankruptcy Court, or the district court upon withdrawal of the

³ To the extent that this Affidavit and the terms of the Engagement Letter are inconsistent, the terms of the Engagement Letter shall control.

reference, does not have or retain jurisdiction over the foregoing claims or controversies, the parties to this Agreement and any and all successors and assigns thereof, agree to submit first to nonbinding mediation; and, if mediation is not successful, then to binding arbitration, in accordance with the dispute resolution procedures as set forth in Appendix 1 to these Terms and Conditions. Judgment on any arbitration award may be entered in any court having proper jurisdiction. The foregoing is binding upon Client, EY and any all successors and assigns thereof.

8. The GTAC, at paragraph 31, also includes language substantially similar to the following:

If we are required by applicable law, legal process or government action to produce information or personnel as witnesses with respect to the Services or this Agreement, you shall reimburse us for any professional time and expenses (including reasonable external and internal legal costs) incurred to respond to the request, unless we are a party to the proceeding or the subject of the investigation.

9. The SOW, on page 3, also includes language substantially similar to the following:

In addition, if the Client requests EY, or if EY is required by government regulation, subpoena or other legal process, to produce documents or personnel as witnesses with respect to the Services or this Agreement, the Client shall, so long as EY is not a party to the proceeding in which the information is sought, reimburse EY at its standard billing rates for its professional time and expenses, as well as reasonable attorneys' fees and expenses, incurred in responding to such requests. EY may receive rebates in connection with certain purchases, which are used to reduce charges that EY would otherwise pass on to its clients. The Client shall also pay all applicable taxes incurred in connection with the delivery of the Services (except for taxes imposed on EY's income).

10. In addition, included among the terms and conditions set forth in the Engagement Letter is indemnification language substantially similar to the following:

To the fullest extent permitted by applicable law and professional regulations, you shall indemnify us, the other EY Firms and the

EY Persons against all claims by third parties (including your affiliates) and resulting liabilities, losses, damages, costs and expenses (including reasonable external and internal legal costs) arising out of the disclosure of any Report (other than Tax Advice), or a third party's use of or reliance on any Report (including Tax Advice).

11. In addition, included among the terms and conditions set forth in the GTAC at paragraphs 16-19 is limitation of liability language substantially similar to the following:

16. You (and any others for whom Services are provided) may not recover from us, in contract or tort, under statute or otherwise, any amount with respect to loss of profit, data or goodwill, or any other consequential, incidental, indirect, punitive or special damages in connection with claims arising out of this Agreement or otherwise relating to the Services, whether or not the likelihood of such loss or damage was contemplated.

17. You (and any others for whom Services are provided) may not recover from us, in contract or tort, under statute or otherwise, aggregate damages in excess of the fees actually paid for the Services that directly caused the loss in connection with claims arising out of this Agreement or otherwise relating to the Services. This limitation will not apply to losses caused by our fraud or willful misconduct or to the extent prohibited by applicable law or professional regulations.

18. You shall make any claim relating to the Services or otherwise under this Agreement no later than one year after you became aware (or ought reasonably to have become aware) of the facts giving rise to any alleged such claim and in any event, no later than two years after the completion of the particular Services. This limitation will not apply to the extent prohibited by applicable law or professional regulations.

19. You may not make a claim or bring proceedings relating to the Services or otherwise under this Agreement against any other EY Firm or our or its subcontractors, members, shareholders, directors, officers, partners, principals or employees ("**EY Persons**"). You shall make any claim or bring proceedings only against us. The limitations in Sections 16 through 18 and this Section 19 are intended to benefit the other EY Firms and all EY Persons, who shall be entitled to enforce them.

12. In connection with E&Y LLP's proposed retention by the Debtor, E&Y LLP has requested and obtained from counsel to the Debtor or the record in these cases, the names of the following entities:

- (a) Debtor;
- (b) Debtor' Attorneys (general counsel and special bankruptcy counsel);
- (c) Debtor's Other Professionals retained in connection with the Chapter 11 proceeding;
- (d) Debtor' Affiliates;
- (e) Debtor' Affiliates Attorneys;
- (f) Debtor' Affiliates Other Professionals retained in connection with the Chapter 11 proceedings;
- (g) Debtor' Officers;
- (h) Debtor' Officers Attorneys retained in connection with the Chapter 11 proceeding
- (i) Debtor' Officers Other Business Affiliations
- (j) Debtor' Directors
- (k) Debtor' Directors' Attorneys retained in connection with the Chapter 11 proceeding;
- (l) Debtor' Directors' Other Business Affiliations
- (m) Debtor' Major Shareholders (5% or more);
- (n) Debtor' Major Shareholders' Attorneys retained in connection with the Chapter 11 proceeding;
- (o) All Secured Lenders, including DIP lenders;
- (p) All Secured Lenders' Attorneys retained in connection with the Chapter 11 proceeding;
- (q) All Substantial Unsecured Bondholders or Lenders;
- (r) All Substantial Unsecured Bondholders' or Lenders' Attorneys retained in connection with the Chapter 11 proceeding;
- (s) All Indenture Trustees;
- (t) All Indenture Trustees' Attorneys retained in connection with the Chapter 11 proceeding;
- (u) Official Statutory Committees Members (All Committees);
- (v) Official Statutory Committees' Attorneys (for each Official Committee)
- (w) Official Statutory Committees' Other Professionals retained by each Official Committee;
- (x) Official Statutory Committee Members' Attorneys retained in connection with the Chapter 11 proceeding;
- (y) Thirty Largest Unsecured Creditors (as of the date of filing);
- (z) Thirty Largest Unsecured Creditors' Attorneys retained in connection with the Chapter 11 proceeding;
- (aa) Parties to the Debtor' Significant Executory Contracts and Leases;
- (ab) Parties to the Debtor' Significant Executory Contracts and Leases

- Attorneys retained in connection with the Chapter 11 proceeding;
- (ac) Other Significant Parties-in-Interest including parties in material litigation against the Debtor; and/or parties to potential significant transactions with the Debtor; and
- (ad) Other Significant Parties-in-Interest's Attorneys retained in connection with the Chapter 11 proceeding.

The identities of these interested parties are set forth on Exhibit B to this Affidavit.

13. E&Y LLP has not received from counsel to the Debtor, or does not know of, any persons or entities that would fall into categories e, f, h, i, k, n, o, p, r, t, u, v, w, x, z, ab and ad set forth above. As to those persons or entities identified in the remaining categories set forth above, E&Y LLP searched or caused to be searched certain databases to determine whether E&Y LLP has provided in the recent past or is currently providing services to the parties-in-interest listed in Exhibit B attached hereto. To the extent that E&Y LLP's research of relationships with parties-in-interest in these cases indicated that E&Y LLP has in the recent past, or currently has, a client relationship with such parties-in-interest in matters unrelated to this Chapter 11 case, E&Y LLP has so indicated in the attached Exhibit B to the Affidavit.

14. E&Y LLP may perform services for its clients that relate to the Debtor merely because such clients may be creditors or counterparties to transactions with the Debtor and whose assets and liabilities may thus be affected by the Debtor's status. The disclosures set forth herein do not include specific identification of such services. If such clients of E&Y LLP are potential parties in interest in these cases, Exhibit B hereto indicates that they are also clients of E&Y LLP. Should additional significant relationships with parties-in-interest become known to E&Y LLP, a supplemental affidavit will be filed by E&Y LLP with the Court.

15. The Ernst & Young global network comprises independent professional services practices conducted by separate legal entities throughout the world. Such legal entities are members of Ernst & Young Global Limited ("EYGL"), a company incorporated under the laws

of England and Wales and limited by guarantee, with no shareholders and no capital. The member firms of EYGL have agreed to operate certain of their professional practices in accordance with agreed standards, but remain separate legal entities.

16. On November 30, 2004, Ernst & Young U.S. LLP (an affiliate of E&Y LLP) transferred all of its equity ownership in Ernst & Young Corporate Finance LLC ("EYCF") to Giuliani Partners LLC (the "Transaction"). As a result, EYCF became a subsidiary of Giuliani Partners LLC ("GP") and changed its name to Giuliani Capital Advisors LLC ("GCA"). As a consequence of the Transaction, Ernst & Young U.S. LLP no longer has any direct or indirect ownership interest in EYCF, nor in GCA. Given the absence of an ownership relationship, E&Y LLP believes that it is not necessary, in performing connections checks for work performed by E&Y LLP on and after December 1, 2004, to review connections that either EYCF or GCA may have or have had, nor to search either of those entities' databases for like information, and E&Y LLP has in fact not undertaken such research.

17. As part of its practice, E&Y LLP appears in cases, proceedings and transactions involving many different attorneys, financial advisors and creditors, some of which may represent or be claimants and/or parties in interest in these cases. E&Y LLP will have no relationship with any such entity, attorney or financial advisor that would be materially adverse to the Debtor. The following professionals whom E&Y LLP believes to be closely associated with the Debtor' Chapter 11 cases have provided in the past and/or are currently providing services to E&Y LLP: Fulbright & Jaworski LLP, Richards, Layton & Finger, P.A. and Wiggin and Dana LLP.

18. E&Y LLP is currently a party or participant in certain litigation matters involving parties-in-interest in these cases. Case information and the parties-in-interest involved in these matters are provided in Exhibit C to this Affidavit.

19. E&Y LLP has thousands of professional employees. It is possible that certain employees of E&Y LLP may have business associations with parties in interest in these cases or hold securities of the Debtor or interests in mutual funds or other investment vehicles that may own securities of the Debtor.

20. To the best of my knowledge, information and belief, formed after reasonable inquiry, none of the services rendered by E&Y LLP to the entities set forth in Exhibit B hereto have been in connection with the Debtor or this Chapter 11 case. E&Y LLP believes that these relationships will not impair E&Y LLP's ability to objectively perform professional services on behalf of the Debtor. E&Y LLP will not accept any engagement that would require E&Y LLP to represent an interest materially adverse to the Debtor.

21. To the best of my knowledge, information and belief, neither the undersigned nor the E&Y LLP professionals expected to assist the Debtor in these matters are connected to the Judge, U.S. Trustee or Assistant U.S. Trustee assigned to this matter.

22. Despite the efforts described above to identify and disclose connections with parties-in-interest in these cases, because the Debtor are a large enterprise with numerous creditors and other relationships, E&Y LLP is unable to state with certainty that every client representation or other connection of E&Y LLP with parties-in-interest in these cases has been disclosed herein. If E&Y LLP discovers additional information that requires disclosure, E&Y LLP will file supplemental disclosures with the Court.

23. The following entities that are parties in interest are lenders to E&Y LLP: Citibank, NA and Metropolitan Life Insurance Company.

24. To the best of my knowledge, information and belief formed after reasonable inquiry, E&Y LLP does not hold nor represent any interest materially adverse to the Debtor in the matters for which E&Y LLP is proposed to be retained. The proposed employment of E&Y LLP is not prohibited by or improper under Bankruptcy Rule 5002. Accordingly, I believe that E&Y LLP is eligible for retention by the Debtor under Title 11 of the United States Code (the "Bankruptcy Code").

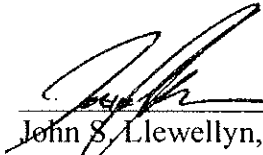
25. To the best of my knowledge, information and belief, prior to the Petition Date, E&Y LLP performed and was compensated for certain professional services for the Debtor, including tax and audit services. At the Debtor's request following the Petition Date and prior to Court approval of E&Y LLP's engagement in this case, E&Y LLP may provide in its sole discretion certain of the Services described in the Engagement Letter. Thus, E&Y LLP requests that its retention be authorized *nunc pro tunc* to December 17, 2009 (the "Petition Date").

26. The following EYGL member firm previously provided tax services to, and was paid by, one of the Debtor's non-debtor foreign affiliates: Ernst & Young (U.K).

27. During the ninety days immediately preceding the Petition Date, the Debtor paid to E&Y LLP fees totaling \$33,000.

28. Except as otherwise set forth herein, E&Y LLP has not shared or agreed to share any of its compensation in connection with this matter with any other person.

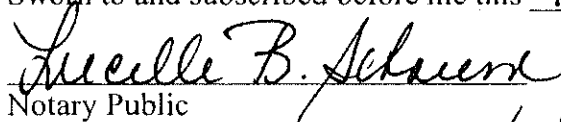
29. E&Y LLP intends to apply to the Court for payment of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules of this Court and the Engagement Letter, and pursuant to any additional procedures that may be established by the Court in these cases.



John S. Llewellyn, III
Principal/Authorized Signatory
Ernst & Young LLP

Dated: January 4, 2010

Sworn to and subscribed before me this 4 day of January, 2010.



Notary Public

My Commission Expires: 5/4/2011

LUCILLE B. SCHAUM
Notary Public, State of New York
No. 4891863
Qualified in Rockland County
Commission Expires May 4, 2011

EXHIBIT A



Ernst & Young LLP
Five Times Square
New York, NY 10036-6530
Tel: +1 212 773 3000
Fax: +1 212 773 6350
www.ey.com

December 16, 2009

Vion Pharmaceuticals Inc.
Attention: Howard Johnson, President and Chief Financial Officer
4 Science Park
New Haven, CT 06511

Dear Mr. Johnson:

Thank you for choosing Ernst & Young LLP (“we” or “EY”) to perform professional services (the “Services”) for Vion Pharmaceuticals, Inc. (“you” or “Client”). We appreciate the opportunity to assist you and look forward to working with you.

This letter, together with the attached Appendix, Terms and Conditions, and all Statements of Work executed hereunder, constitutes the Agreement (“Agreement”) between the Client and EY, for the provision of bankruptcy advisory services subsequent to the Client filing a petition under chapter 11 of the United States Bankruptcy Code (“Chapter 11”) on or about December 17, 2009 with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

We have agreed to provide such services contingent upon the Bankruptcy Court’s approval of our retention in accordance with the terms and conditions that are set forth in this Agreement.

This Agreement is effective as of the date of Client’s filing of a Chapter 11 petition in the Bankruptcy Court.

For each project, the Client and EY shall enter into a Statement of Work that describes the specific Services to be performed for a project and the applicable fees for such project, subject to the approval of the Bankruptcy Court. The Statement of Work will be executed by the parties, will be subject to the terms and conditions of this Agreement and will be deemed incorporated herein and shall be contingent upon the Bankruptcy Court approving EY’s retention in accordance with the terms and conditions that are set forth in this Agreement and the applicable Statement of Work. To the extent that the terms of a Statement of Work conflict with the terms provided herein, the separate Statement of Work will be governed by its own terms, contingent upon the Bankruptcy Court’s approval thereof.

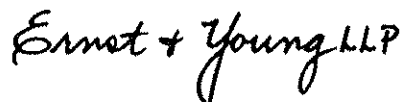
The enclosed Statement of Work describes the particular services that we will perform in this engagement (the “Services”), as well as any advice, presentations, or filings to be made, our fees therefore, and any other arrangements for this engagement. All of the Services will be subject to the terms and conditions of the Agreement.

John Llewellyn and Andres Pinter will lead the EY team in providing the Services. If either of these individuals ceases to provide Services to the Client pursuant to the Agreement, EY will so advise the Client and, if that person is replaced, provide the Client with the name of that professional's replacement. Other staff, not identified herein, may be utilized as required to conduct our work in an efficient manner.

By agreement to the provision of the Services, EY is not providing a guarantee to the Client that EY's performance of those services pursuant to the terms and conditions set forth in this Agreement will guarantee the Client's successful reorganization under Chapter 11.

Please sign this letter in the space provided below to indicate your agreement with these arrangements and return it to John Llewellyn at your earliest convenience. If you have any questions about any of these materials, please do not hesitate to contact John Llewellyn at 212-773-5596 or Andres Pinter at 212-773-4245 so that we can address any issues you identify before we begin to provide any Services.

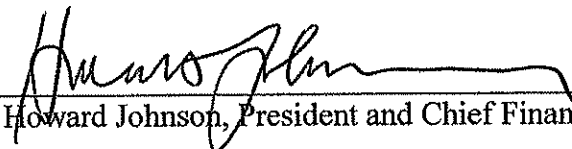
Very truly yours,



Ernst & Young LLP

AGREED:

Vion Pharmaceuticals, Inc.

By: 
Howard Johnson, President and Chief Financial Officer

GENERAL TERMS AND CONDITIONS

Our Relationship with You

1. We will perform the Services in accordance with applicable professional standards, including those established by the American Institute of Certified Public Accountants ("AICPA").
2. We are a member of the global network of Ernst & Young firms ("EY Firms"), each of which is a separate legal entity.
3. We will provide the Services to you as an independent contractor and not as your employee, agent, partner or joint venturor. Neither you nor we have any right, power or authority to bind the other.
4. Subject to Bankruptcy Court approval, we may subcontract portions of the Services to other EY Firms, who may deal with you directly. Nevertheless, we alone will be responsible to you for the Reports (as defined in Section 11), the performance of the Services, and our other obligations under this Agreement. From time to time, non-CPA personnel may perform the Services.
5. We will not assume any of your management responsibilities in connection with the Services. We will not be responsible for the use or implementation of the output of the Services, although we may otherwise provide advice and recommendations to assist you in your management functions and making decisions.

Your Responsibilities

6. You shall assign a qualified person to oversee the Services. You are responsible for all management decisions relating to the Services, the use or implementation of the output of the Services and for determining whether the Services are appropriate for your purposes.
7. You shall provide (or cause others to provide) to us, promptly, the information, resources and assistance (including access to records, systems, premises and people) that we reasonably require to perform the Services.
8. To the best of your knowledge, all information provided by you or on your behalf ("Client Information") will be accurate and complete in all material respects. The provision of Client Information to us will not infringe any copyright or other third-party rights.

9. We will rely on Client Information made available to us and, unless we expressly agree otherwise, will have no responsibility to evaluate or verify it.
10. You shall be responsible for your personnel's compliance with your obligations under this Agreement.

Our Reports

11. Any information, advice, recommendations or other content of any reports, presentations or other communications we provide under this Agreement ("Reports"), other than Client Information, are for your internal use only (consistent with the purpose of the particular Services).
12. You may not disclose a Report (or any portion or summary of a Report), or refer to us or to any other EY Firm in connection with the Services, except:
 - (a) to your lawyers (subject to these disclosure restrictions), who may use it only to give you advice relating to the Services,
 - (b) to the extent, and for the purposes, required by subpoena or similar legal process (of which you will promptly notify us),
 - (c) to other persons (including your affiliates) with our prior written consent, who have executed an access letter substantially in the form prescribed by the Statement of Work and who may use it only as we have specified in our consent, or
 - (d) to the extent it contains Tax Advice, as set forth in Section 13.

If you are permitted to disclose a Report (or a portion thereof), you shall not alter, edit or modify it from the form we provided.

13. You may disclose to anyone a Report (or any portion or summary thereof) solely to the extent that it relates to tax matters, including tax advice, tax opinions, tax returns, or the tax treatment or tax structure of any transaction to which the Services relate ("Tax Advice"). With the exception of tax authorities, you shall inform those to whom you disclose Tax Advice that they may not rely on it for any purpose without our prior written consent.
14. You may incorporate into your internal documents any summaries, calculations or tables based on Client Information contained in a Report, but not our recommendations, conclusions or findings. If you then

disclose such internal documents to anyone, you shall assume sole responsibility for their contents and you shall not refer to us or any other EY Firm in connection with them.

15. You may not rely on any draft Report. We shall not be required to update any final Report for circumstances of which we become aware, or events occurring, after its delivery.

Limitations

16. You (and any others for whom Services are provided) may not recover from us, in contract or tort, under statute or otherwise, any amount with respect to loss of profit, data or goodwill, or any other consequential, incidental, indirect, punitive or special damages in connection with claims arising out of this Agreement or otherwise relating to the Services, whether or not the likelihood of such loss or damage was contemplated.
17. You (and any others for whom Services are provided) may not recover from us, in contract or tort, under statute or otherwise, aggregate damages in excess of the fees actually paid for the Services that directly caused the loss in connection with claims arising out of this Agreement or otherwise relating to the Services. This limitation will not apply to losses caused by our fraud or willful misconduct or to the extent prohibited by applicable law or professional regulations.
18. You shall make any claim relating to the Services or otherwise under this Agreement no later than one year after you became aware (or ought reasonably to have become aware) of the facts giving rise to any alleged such claim and in any event, no later than two years after the completion of the particular Services. This limitation will not apply to the extent prohibited by applicable law or professional regulations.
19. You may not make a claim or bring proceedings relating to the Services or otherwise under this Agreement against any other EY Firm or our or its subcontractors, members, shareholders, directors, officers, partners, principals or employees ("EY Persons"). You shall make any claim or bring proceedings only against us. The limitations in Sections 16 through 18 and this Section 19 are intended to benefit the other EY Firms and all EY Persons, who shall be entitled to enforce them.

Indemnity

20. To the fullest extent permitted by applicable law and professional regulations, you shall indemnify us, the other EY Firms and the EY Persons against all claims by third parties (including your affiliates) and resulting liabilities, losses, damages, costs and expenses (including reasonable external and internal legal costs) arising out of the disclosure of any Report (other than Tax Advice), or a

third party's use of or reliance on any Report (including Tax Advice).

Intellectual Property Rights

21. We may use data, software, designs, utilities, tools, models, systems and other methodologies and know-how ("Materials") that we own or license in performing the Services. Notwithstanding the delivery of any Reports, we retain all intellectual property rights in the Materials (including any improvements or knowledge developed while performing the Services), and in any working papers compiled in connection with the Services (but not Client Information reflected in them).
22. Upon payment for particular Services, you may use any Materials included in the Reports relating to those Services, as well as the Reports themselves, as permitted by this Agreement.

Confidentiality

23. Except as otherwise permitted by this Agreement, neither of us may disclose to third parties the contents of this Agreement or any information (other than Tax Advice) provided by or on behalf of the other that ought reasonably to be treated as confidential and/or proprietary. Either of us may, however, disclose such information to the extent that it:
 - (a) is or becomes public other than through a breach of this Agreement,
 - (b) is subsequently received by the recipient from a third party who, to the recipient's knowledge, owes no obligation of confidentiality to the disclosing party with respect to that information,
 - (c) was known to the recipient at the time of disclosure or is thereafter created independently,
 - (d) is disclosed as necessary to enforce the recipient's rights under this Agreement, or
 - (e) must be disclosed under applicable law, legal process or professional regulations.
24. Either of us may use electronic media to correspond or transmit information and such use will not in itself constitute a breach of any confidentiality obligations under this Agreement.
25. Unless prohibited by applicable law, we may disclose Client Information to other EY Firms and EY Persons to facilitate performance of the Services, to comply with

regulatory requirements, to check conflicts, or for quality, risk management or financial accounting purposes.

26. With respect to any Services, if U.S. Securities and Exchange Commission auditor independence requirements apply to the relationship between you or any of your associated entities and any EY Firm, or if you (or any entity or person related to you) have any filing obligation with the U.S. Internal Revenue Service, you represent, to the best of your knowledge, as of the date of this Agreement, and as of the date of the Statement of Work, that neither you nor any of your affiliates has agreed, either orally or in writing, with any other advisor to restrict your ability to disclose to anyone the tax treatment or tax structure of any transaction to which the Services relate. An agreement of this kind could impair an EY Firm's independence as to your audit or that of any of your affiliates, or require specific tax disclosures as to those restrictions. Accordingly, you agree that the impact of any such agreement is your responsibility.

Data Protection

27. We may collect, use, transfer, store or otherwise process (collectively, "Process") Client Information that can be linked to specific individuals ("Personal Data"). We may Process Personal Data in various jurisdictions in which we and the other EY Firms operate (which are listed at www.ey.com). We will Process Personal Data in accordance with applicable law and professional regulations, including, where applicable, the European Union Safe Harbor program of the U.S. Department of Commerce, in which EY participates. We will require any service provider that Processes Personal Data on our behalf to adhere to such requirements. If any Client Information is protected health information under the Health Insurance Portability and Accountability Act, as amended, this Agreement is deemed to incorporate all of the terms otherwise required to be included in a business associate contract relating to such information.
28. You warrant that you have the authority to provide the Personal Data to us in connection with the performance of the Services and that the Personal Data provided to us has been Processed in accordance with applicable law.

Fees and Expenses Generally

29. You shall pay our professional fees and specific expenses in connection with the Services as detailed in the Statement of Work. You shall also reimburse us for other reasonable expenses incurred in performing the Services. Our fees are exclusive of taxes or similar charges, as well as customs, duties or tariffs imposed in respect of the Services, all of which you shall pay (other than taxes imposed on our income generally). We may receive rebates in connection with certain purchases, which we use to reduce charges that we would otherwise pass on to you.

30. We may charge additional professional fees if events beyond our control (including your acts or omissions) affect our ability to perform the Services as originally planned or if you ask us to perform additional tasks.
31. If we are required by applicable law, legal process or government action to produce information or personnel as witnesses with respect to the Services or this Agreement, you shall reimburse us for any professional time and expenses (including reasonable external and internal legal costs) incurred to respond to the request, unless we are a party to the proceeding or the subject of the investigation.

Force Majeure

32. Neither you nor we shall be liable for breach of this Agreement (other than payment obligations) caused by circumstances beyond your or our reasonable control.

Term and Termination

33. This Agreement applies to all Services performed at any time after the date of your filing of a Chapter 11 petition (including before the date of this Agreement).
34. This Agreement shall terminate upon the completion of the Services. This Agreement and/or any or all Statements of Work may be terminated at any time by you or us, but in any event this Agreement including all Statements of Work will expire upon the effective date of your confirmed plan of reorganization, or liquidation of the your assets under Chapter 11 or 7 of the Bankruptcy Code, or otherwise.
35. You shall pay us for all work-in-progress, Services already performed, and expenses incurred by us up to and including the effective date of the termination of this Agreement. Payment is due within 30 days following receipt of our invoice for these amounts or as quickly as the Bankruptcy Code, Bankruptcy Rules, Local Rules and any relevant orders of the Bankruptcy Court allow
36. Our respective confidentiality obligations under this Agreement shall continue for a period of three years following the termination of this Agreement. The other provisions of this Agreement that give either of us rights or obligations beyond its termination including, without limitation, paragraph 37, shall continue indefinitely following the termination of this Agreement and shall survive completion of the Client's bankruptcy whether through a confirmed plan of reorganization under Chapter 11, liquidation of the Client's assets under Chapter 7 of the Bankruptcy Code, or otherwise.

Governing Law and Dispute Resolution

37. This Agreement, and any non-contractual obligations arising out of this Agreement or the Services, shall be governed by, and construed in accordance with, the laws of New York applicable to agreements made, and fully to be performed, therein by residents thereof. Any controversy or claim with respect to, in connection with, arising out of, or in any way related to this Agreement or the services provided hereunder (including any such matter involving any parent, subsidiary, affiliate, successor in interest or agent of Client or its subsidiaries or of EY) shall be brought in the Bankruptcy Court or the applicable district court (if such district court withdraws the reference) and the parties to this Agreement, and any and all successors and assigns thereof, consent to the jurisdiction and venue of such court as the sole and exclusive forum (unless such court does not have jurisdiction and venue of such claims or controversies) for the resolution of such claims, causes of action or lawsuits. The parties to this Agreement, and any and all successors and assigns thereof, hereby waive trial by jury, such waiver being informed and freely made. If the Bankruptcy Court, or the district court upon withdrawal of the reference, does not have or retain jurisdiction over the foregoing claims or controversies, the parties to this Agreement and any and all successors and assigns thereof, agree to submit first to nonbinding mediation; and, if mediation is not successful, then to binding arbitration, in accordance with the dispute resolution procedures as set forth in Appendix 1 to these Terms and Conditions. Judgment on any arbitration award may be entered in any court having proper jurisdiction. The foregoing is binding upon Client, EY and any all successors and assigns thereof

Miscellaneous

38. This Agreement constitutes the entire agreement between us as to the Services and the other matters it covers, and supersedes all prior agreements, understandings and representations with respect thereto, including any confidentiality agreements previously delivered. Except as expressly provided otherwise herein, this Agreement does not modify the terms or provisions for other professional services executed prior to Client's filing of a Chapter 11 petition in the Bankruptcy Court.
39. Both of us may execute this Agreement (including the Statement of Work), as well as any modifications thereto, by electronic means and each of us may sign a different copy of the same document. Both of us must agree in writing to modify this Agreement or the Statement of Work and changes must be approved by the Bankruptcy Court, if required.
40. You represent that the person signing this Agreement and the Statement of Work on your behalf is expressly authorized to execute it and to bind you and any of your affiliates or others for whom Services are performed to its terms. You also represent that this Agreement has, if

necessary, been considered and approved by your Audit Committee.

41. You agree that we and the other EY Firms may, subject to professional obligations, act for other clients, including your competitors.
42. Neither of us may assign any of our rights, obligations or claims under this Agreement.
43. If any provision of this Agreement (in whole or part) is held to be illegal, invalid or otherwise unenforceable, the other provisions shall remain in full force and effect.
44. If there is any inconsistency between provisions in different parts of this Agreement, those parts shall have precedence as follows (unless expressly agreed otherwise): (a) the Cover Letter, (b) the Statement of Work and any attachments thereto, (c) these General Terms and Conditions, and (d) other attachments to this Agreement.
45. We may use your name publically to identify you as a client, but we may refer to you in connection with the Services only if it is a matter of public knowledge that we are providing them (or have provided them).
46. By agreement to the provision of the Services, we are not providing a guarantee to you that our performance of those services pursuant to the terms and conditions set forth in this Agreement will guarantee your successful reorganization under Chapter 11.

APPENDIX I

DISPUTE RESOLUTION PROCEDURES

Mediation

A party shall submit a dispute to mediation by written notice to the other party or parties. The mediator shall be selected by the parties. If the parties cannot agree on a mediator, the International Institute for Conflict Prevention and Resolution ("CPR") shall designate a mediator at the request of a party. Any mediator must be acceptable to all parties and must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or substantial equity owner of any EY audit client.

The mediator shall conduct the mediation as he/she determines, with the agreement of the parties. The parties shall discuss their differences in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute. The mediation shall be treated as a settlement discussion and shall therefore be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. The mediation proceedings shall not be recorded or transcribed.

Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.

If the parties have not resolved a dispute within 90 days after written notice beginning mediation (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute shall be settled by arbitration. In addition, if a party initiates litigation, arbitration, or other binding dispute resolution process without initiating mediation, or before the mediation process has terminated, an opposing party may deem the mediation requirement to have been waived and may proceed with arbitration.

Arbitration

The arbitration will be conducted in accordance with the procedures in this document and the CPR Rules for Non-Administered Arbitration ("Rules") as in effect on the date of the Agreement, or such other rules and procedures as the parties may agree. In the event of a conflict, the provisions of this document will control.

The arbitration will be conducted before a panel of three arbitrators, to be selected in accordance with the screened selection process provided in the Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of any of these procedures, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may be appointed unless he or she has agreed in writing to these procedures and has confirmed in writing that he or she is not, and will not become during the term of the arbitration, an employee, partner, executive officer, director, or substantial equity owner of any EY audit client.

The arbitration panel shall have no power to award non-monetary or equitable relief of any sort or to make an award or impose a remedy that (i) is inconsistent with the agreement to which these procedures are attached or any other agreement relevant to the dispute, or (ii) could not be made or imposed by a court deciding the matter in the same jurisdiction.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only in accordance with the Rules or applicable professional standards. Before making any such disclosure, a party shall give written notice to all other parties and shall afford them a reasonable opportunity to protect their interests, except to the extent such disclosure is necessary to comply with applicable law, regulatory requirements or professional standards.

The result of the arbitration shall be binding on the parties, and judgment on the arbitration award may be entered in any court having jurisdiction.

Statement of Work

This Statement of Work, dated December 16, 2009 (this "SOW"), is made by Ernst & Young LLP ("we" or "EY") and Vion Pharmaceuticals, Inc. ("you" or "Client"), pursuant to the Agreement, dated December 16, 2009 (the "Agreement"), between EY and Vion Pharmaceuticals, Inc., which was executed in connection with the Client filing a petition under chapter 11 of the United States Bankruptcy Code ("Chapter 11") on or about December 17, 2009 with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), and describes certain services that EY will perform for the Client during the Client's Chapter 11 bankruptcy proceedings

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the Agreement. The additional terms and conditions of this SOW shall apply only to the transaction advisory Services covered by this SOW and not to Services covered by any other Statement of Work pursuant to the Agreement. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings in the Agreement, and references in the Agreement to "you" or "Client" shall be deemed references to you.

Engagement Team

John Llewellyn and Andres Pinter will lead the EY team in providing the advisory services described herein (the "Services"). If either of these individuals ceases to provide services to the Client pursuant to the Agreement, EY will so advise the Client and, if that person is replaced, provide the Client with the name of that professional's replacement. Other staff, not identified herein, may be utilized as required to conduct our work in an efficient manner.

Scope of services

EY will provide the following Services under this SOW to Client, contingent upon the Bankruptcy Court's approval of our retention in accordance with the terms and conditions that are set forth in the Agreement (inclusive of this SOW) and pre-approval of the Client's Audit Committee:

Bankruptcy Reporting Services

- Assist in the preparation of the Statements of Assets & Liabilities (SOALs) and the Statement of Financial Affairs (SOFAs), supporting you and your bankruptcy counsel
- Advise on the composition and content of the Monthly Operation Reports (MORs) and required templates to be used for bankruptcy court filing purposes, supporting you and your bankruptcy counsel

The Services may be modified from time to time by our mutual written agreement and approval of the Bankruptcy Court.

Limitations on scope

You have retained us to act as your financial advisor and not in any fiduciary or agency capacity, for you, any other entity, or on your behalf.

We will not identify, address or correct any errors or defects in your computer systems (or those of the Business), other devices or components thereof ("Systems"), whether or not due to imprecise or ambiguous entry, storage, interpretation or processing or reporting of data. We will not be responsible for any defect or problem arising out of or related to data processing in any Systems.

We will not, in connection with the performance of the Services or otherwise, (i) act as a broker for the sale of any securities, (ii) solicit any potential buyer or seller (including you) to engage in any transaction, or (iii) act as a negotiator of a transaction.

Your specific obligations

You will not, and you will not permit others to, quote or refer to the Reports, any portion, summary or abstract thereof, or to EY or any other EY Firm, in any document filed or distributed in connection with (i) a purchase or sale of securities to which the United States or state securities laws ("Securities Laws") are applicable, or (ii) periodic reporting obligations under Securities Laws. You will not contend that any provisions of Securities Laws could invalidate any provision of this Agreement.

You assume full responsibility for any financial statement and tax reporting issues relating to your business or assets.

Specific additional terms and conditions

The Services are advisory in nature. EY will not render an assurance report or assurance opinion under the Agreement, nor will the Services constitute an audit, review or examination of any entity's financial statements or prospective financial statements in accordance with generally accepted auditing standards or other applicable professional standards. None of the Services or any Reports will constitute any legal opinion or advice. We will not conduct a review to detect fraud or illegal acts, nor will we render any opinion as to the fairness or advisability of the proposed transaction or any other transaction.

The provisions of this SOW that give either of us rights beyond its termination shall survive any such termination and shall survive if you reorganize, or liquidate your assets under Chapter 7 or 11 of Title 11 of the United Bankruptcy Code, or otherwise.

Notwithstanding anything to the contrary in the Agreement or this SOW, we do not assume any responsibility for any third-party products, programs or services, their performance or compliance with your specifications or otherwise.

We will base any comments or recommendations as to the functional or technical capabilities of any products in use or being considered by you solely on information provided by their vendors, directly or through you. We are not responsible for the completeness or accuracy of any such information or for confirming any of it.

Where our written consent under the Agreement is required for you to disclose to a third party any of our Reports (other than Tax Advice), we will also require that third party to execute a non-reliance and release letter acceptable to us in form and substance.

If we receive a request from a third party for any information relating to our Tax Advice, we will notify you and will not release any such information unless you have executed an appropriate written consent authorizing such disclosure and the third party has executed a non-reliance and release letter acceptable to us in form and substance.

Contacts

You have identified Howard Johnson as your contact with whom we should communicate about these Services.

Fees

The General Terms and Conditions of the Agreement address our fees and expenses generally.

Fees for the Services will be subject to Bankruptcy Court approval and billed based on hours spent at agreed-upon hourly billing rates set forth below.

For the Bankruptcy Reporting Services which are covered under this SOW, we will discount our standard Restructuring Advisory rates to the blended hourly rate of \$310 per hour per person.

The Client shall reimburse EY for its direct expenses incurred in connection with the performance of the Services which shall include reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations, telephone, facsimile, overnight mail, messenger services and other expenses specifically relating to the applicable Services. In addition, if the Client requests EY, or if EY is required by government regulation, subpoena or other legal process, to produce documents or personnel as witnesses with respect to the Services or this Agreement, the Client shall, so long as EY is not a party to the proceeding in which the information is sought, reimburse EY at its standard billing rates for its professional time and expenses, as well as reasonable attorneys' fees and expenses, incurred in responding to such requests. EY may receive rebates in connection with certain purchases, which are used to reduce charges that EY would otherwise pass on to its clients. The Client shall also pay all applicable taxes incurred in connection with the delivery of the Services (except for taxes imposed on EY's income).

We will request payment of our fees and expenses in accordance with the United States Bankruptcy Code (the "Bankruptcy Code"), the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Local Rules for the United States Bankruptcy Court for the District of Delaware ("Local Rules") and any relevant administrative orders. EY will submit its invoices as the work progresses and payment of them will be made upon receipt, or as quickly as the Bankruptcy Code, the Bankruptcy Rules, Local Rules and any relevant orders of the Bankruptcy Court allow.

EY acknowledges that payment of its fees and expenses hereunder is subject to (i) the jurisdiction and approval of the Bankruptcy Court under Sections 330 and 331 of the Bankruptcy Code and any order of the Bankruptcy Court approving the retention of EY, (ii) any applicable fee and expense guidelines and/or orders of the Bankruptcy Court and (iii) any other applicable requirements or guidelines governing interim and final fee applications in the Client's Chapter 11 proceedings, including the U.S. Trustee Guidelines.

Your obligation to pay our fees and expenses is not contingent upon the results of the Services or the consummation of any proposed transaction.

Other Matters

The Client acknowledges and agrees that EY shall not agree to perform any services pursuant to this Agreement that: (a) are prohibited under the SEC, PCAOB or AICPA rules or (b) might, in the sole opinion of EY, impair EY's independence or violate the Securities Exchange Act of 1934, as amended.

In witness whereof, the parties have executed this SOW as of the date set forth above.

Ernst & Young LLP

Ernst & Young LLP

Vion Pharmaceuticals, Inc.

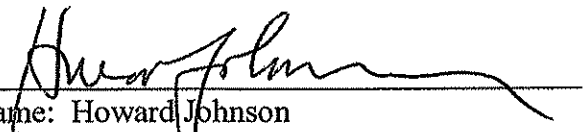
By: 
Name: Howard Johnson
Title: President and Chief Financial Officer

EXHIBIT B

Category	PIIL	No Connection	Prior Connection	Current Connection
Debtor	Vion Pharmaceuticals, Inc		x	x
Debtors Attorneys	Cooper Grace Word	x		
Debtors Attorneys	Fulbright & Jaworski LLP			x
Debtors Attorneys	Law Office of Albert Wai-Kit Chan, LLC	x		
Debtors Attorneys	Richards, Layton & Finger, P.A.		x	
Debtors Attorneys	Simmons and Simmons	x		
Debtors Attorneys	Wiggin and Dana LLP	x		
Debtors Other Professionals	Abacus Benefits Consultants	x		
Debtors Other Professionals	Checkpoint HR LLC	x		
Debtors Other Professionals	Roth Capital Partners, LLC	x		
Debtors Other Professionals	UHY International	x		
Debtors Other Professionals	UHY Advisors NE, LLC	x		
Debtors Other Professionals	Walker System Support	x		
Debtors Other Professionals	Coleman, Sudol, Saone P.C.	x		
Debtors Other Professionals	Tanya Lewis & Company, LLC	x		
Debtors Other Professionals	R.K. Hill	x		
Debtors Affiliates	Vion (UK) Limited	x		
Debtors Affiliates	Vion Australia PTY LTD	x		
Debtors Officers	Alan Kessman	x		
Debtors Officers	Ann Lee Cahill	x		
Debtors Officers	Howard B. Johnson	x		
Debtors Officers	Ivan King, Ph.D.	x		
Debtors Officers	James Tanguay, Ph.D.,	x		
Debtors Officers	Karen Schmedlin	x		
Debtors Directors	William R. Miller	x		
Debtors Directors	Alan Kessman	x		
Debtors Directors	George Bickerstaff	x		
Debtors Directors	Kevin Rakin	x		
Debtors Directors	Alan C. Sartorelli, Ph.D.	x		
Debtors Directors	Ian Williams, D. Phil.	x		
Debtors Directors	Gary Willis	x		
Debtors Directors Other Business Affiliations	Advanced BioHealing, Inc.	x		
Debtors Directors Other Business Affiliations	BMP Sunstone Corp.	x		
Debtors Directors Other Business Affiliations	Canaan Partners	x		
Debtors Directors Other Business Affiliations	Connecticut United for Research Excellence (CURE)	x		
Debtors Directors Other Business Affiliations	CRT Capital Group LLC			x
Debtors Directors Other Business Affiliations	CRT Investment Banking LLC	x		
Debtors Directors Other Business Affiliations	Ipsogen S.A.	x		
Debtors Directors Other Business Affiliations	Plug Power, Inc.		x	
Debtors Directors Other Business Affiliations	Rofin Sinar Technologies, Inc.	x		
Debtors Directors Other Business Affiliations	Yale University			x
Debtors Directors Other Business Affiliations	Yale University School of Medicine			x
Debtors Directors Other Business Affiliations	Zygo Corp.			x
Debtors Major Shareholders (5% or more)	Bruce & Co., Inc. (Bruce & Co., Inc. is the investment manager for Bruce Ford, Inc. and other clients, a holder of the Debtor's 7.75% Convertible Senior Notes due 2012; the holding corresponds to the beneficial ownership of 781,017 shares of common stock, consisting of 132,580 shares of Common Stock and 648,437 shares of Common Stock underlying convertible senior notes.)	x		
All Substantial Unsecured Bondholders or Lenders (Names listed are believed to be holders of the Debtor's 7.75% Convertible Senior Notes. Notes are held through DTC participant names and not through the names of beneficial holders.)	Baker Brothers Investments	x		

Category	PHIL	No Connection	Prior Connection	Current Connection
All Substantial Unsecured Bondholders or Lenders (Names listed are believed to be holders of the Debtor's 7.75% Convertible Senior Notes. Notes are held through DTC participant names and not through the names of beneficial holders.)	BNP Cooper Neff	x		
All Substantial Unsecured Bondholders or Lenders (Names listed are believed to be holders of the Debtor's 7.75% Convertible Senior Notes. Notes are held through DTC participant names and not through the names of beneficial holders.)	Bruce & Co., Inc.	x		
All Substantial Unsecured Bondholders or Lenders (Names listed are believed to be holders of the Debtor's 7.75% Convertible Senior Notes. Notes are held through DTC participant names and not through the names of beneficial holders.)	Castle Creek Partners, LLC		x	
All Substantial Unsecured Bondholders or Lenders (Names listed are believed to be holders of the Debtor's 7.75% Convertible Senior Notes. Notes are held through DTC participant names and not through the names of beneficial holders.)	Deutsche Bank AG		x	x
All Substantial Unsecured Bondholders or Lenders (Names listed are believed to be holders of the Debtor's 7.75% Convertible Senior Notes. Notes are held through DTC participant names and not through the names of beneficial holders.)	Goldman Sachs & Co.		x	x
All Substantial Unsecured Bondholders or Lenders (Names listed are believed to be holders of the Debtor's 7.75% Convertible Senior Notes. Notes are held through DTC participant names and not through the names of beneficial holders.)	Hammerman Capital	x		
All Substantial Unsecured Bondholders or Lenders (Names listed are believed to be holders of the Debtor's 7.75% Convertible Senior Notes. Notes are held through DTC participant names and not through the names of beneficial holders.)	HighBridge Capital		x	x
All Substantial Unsecured Bondholders or Lenders (Names listed are believed to be holders of the Debtor's 7.75% Convertible Senior Notes. Notes are held through DTC participant names and not through the names of beneficial holders.)	Huntington National Bank	x		
All Substantial Unsecured Bondholders or Lenders (Names listed are believed to be holders of the Debtor's 7.75% Convertible Senior Notes. Notes are held through DTC participant names and not through the names of beneficial holders.)	Iroquois Capital Partners, L.L.C	x		
All Substantial Unsecured Bondholders or Lenders (Names listed are believed to be holders of the Debtor's 7.75% Convertible Senior Notes. Notes are held through DTC participant names and not through the names of beneficial holders.)	Lazard Asset Management	x		
All Substantial Unsecured Bondholders or Lenders (Names listed are believed to be holders of the Debtor's 7.75% Convertible Senior Notes. Notes are held through DTC participant names and not through the names of beneficial holders.)	Pine River Capital Management			x
All Substantial Unsecured Bondholders or Lenders (Names listed are believed to be holders of the Debtor's 7.75% Convertible Senior Notes. Notes are held through DTC participant names and not through the names of beneficial holders.)	Principal Global Investors, L.L.C./Edge Asset	x		

Category	PHIL	No Connection	Prior Connection	Current Connection
All Substantial Unsecured Bondholders or Lenders (Names listed are believed to be holders of the Debtor's 7.75% Convertible Senior Notes. Notes are held through DTC participant names and not through the names of beneficial holders.)	Professional Life & Casualty	x		
All Substantial Unsecured Bondholders or Lenders (Names listed are believed to be holders of the Debtor's 7.75% Convertible Senior Notes. Notes are held through DTC participant names and not through the names of beneficial holders.)	Tang Capital		x	
All Substantial Unsecured Bondholders or Lenders (Names listed are believed to be holders of the Debtor's 7.75% Convertible Senior Notes. Notes are held through DTC participant names and not through the names of beneficial holders.)	U.S. Trust, Bank of America Private Wealth Management		x	x
All Substantial Unsecured Bondholders or Lenders (Debtor's 5% Beneficial Owner Bondholder)	Bruce & Co., Inc.	x		
All Indenture Trustees	U.S. Bank, N.A			x
Thirty Largest Unsecured Creditors	Ala Nassar	x		
Thirty Largest Unsecured Creditors	Aimee Altemus	x		
Thirty Largest Unsecured Creditors	Christopher Carter	x		
Thirty Largest Unsecured Creditors	Colette Muenzen	x		
Thirty Largest Unsecured Creditors	Jason DeGoes	x		
Thirty Largest Unsecured Creditors	Jessica Anderson	x		
Thirty Largest Unsecured Creditors	Jing Du	x		
Thirty Largest Unsecured Creditors	John Feeney	x		
Thirty Largest Unsecured Creditors	Kurt Roinestad	x		
Thirty Largest Unsecured Creditors	Michael Belcourt	x		
Thirty Largest Unsecured Creditors	Pamela Esposito	x		
Thirty Largest Unsecured Creditors	Tracey Douglass	x		
Thirty Largest Unsecured Creditors	U.S. Bank N.A. as Indenture Trustee for the Debtor's 7.75% Convertible Senior Notes			x
Thirty Largest Unsecured Creditors	Verena Karsten	x		
Thirty Largest Unsecured Creditors	William Hahne	x		
Thirty Largest Unsecured Creditors	XuKevin Lin	x		
Thirty Largest Unsecured Creditors	Aimac Clinical Services, Inc.			x
Thirty Largest Unsecured Creditors	CHU Hopitaux de Bordeaux	x		
Thirty Largest Unsecured Creditors	Dana-Farber Cancer Institute			x
Thirty Largest Unsecured Creditors	Duke University Medical Center	x		
Thirty Largest Unsecured Creditors	Hovon Centraal Bureau	x		
Thirty Largest Unsecured Creditors	INC Research Netherlands B.V.	x		
Thirty Largest Unsecured Creditors	IngeniX division i3 Research	x		
Thirty Largest Unsecured Creditors	Institut Paoli-Calmettes	x		
Thirty Largest Unsecured Creditors	MDS Pharma Services (US) Inc.			x
Thirty Largest Unsecured Creditors	Sarah Cannon Research Institute	x		
Thirty Largest Unsecured Creditors	UCLA Division of Hematology-Oncology			
Thirty Largest Unsecured Creditors	Office of Clinical Trials	x		
Thirty Largest Unsecured Creditors	University of Texas (MD Anderson)	x		
Thirty Largest Unsecured Creditors	Weill Medical College of Cornell University	x		
Thirty Largest Unsecured Creditors	Yale University School of Medicine			x
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	ABC Laboratories		x	
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	Achillion Pharmaceuticals, Inc.	x		

Category	PIIL	No Connection	Prior Connection	Current Connection
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	Aimac Clinical Services			x
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	Anthem BCBS		x	x
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	AON Risk Services			x
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	AON Risk Services North East Inc.			x
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	Beijing Pason Pharmaceuticals, Inc.	x		
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	BenVenue Laboratories, Inc.	x		
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	Bowne Of New York City			x
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	CIBC World Markets Corp.			x
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	Covance Laboratories	x		

Category	PIIL	No Connection	Prior Connection	Current Connection
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	CRT Capital Group LLC			x
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	Division of Cancer Treatment and Diagnosis, National Cancer Institute	x		
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	HOVON, Stichting Haemoto Oncologie voor Volwassenen	x		
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	i3 Research	x		
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	Jacob A. Melnick	x		
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	Leerink Swann & Company		x	x
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	MDS Pharma Services			x
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	Mellon Trust of New England	x		
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	MetLife and Annuity Company of CT			x

Category	PIIL	No Connection	Prior Connection	Current Connection
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	Northwestern University	x		
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	Paoi Calmettes Institute	x		
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	Science Park Development Corporation	x		
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	Sigma Aldrich Fine Chemicals, Inc.	x		
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	Weill Medical College	x		
Parties to the Debtors Significant Executory Contracts (Excludes management parties to employment-related agreements. Such management personnel are listed under the caption Officers, above. Certain names are included under this heading and top 30 creditor list.)	Yale University			x
Parties to the Debtors Significant Executory Contracts (Debtor's Landlord)	Science Park Development Corporation	x		
Other Significant Parties-in-Interest (Debtor's Banks and Money Market Funds)	UBS Financial Services Inc.			x
Other Significant Parties-in-Interest (Debtor's Banks and Money Market Funds)	Citibank N.A.		x	x
Other Significant Parties-in-Interest (Utilities)	The United Illuminating Company		x	
Other Significant Parties-in-Interest (Utilities)	Avaya Financial Services	x		
Other Significant Parties-in-Interest (Utilities)	Avaya, Inc.		x	x
Other Significant Parties-in-Interest (Utilities)	A T & T			x
Other Significant Parties-in-Interest (Utilities)	A T & T Mobility			x
Other Significant Parties-in-Interest (Utilities)	Comast			x
Other Significant Parties-in-Interest (Utilities)	MegaPath Inc.	x		
Other Significant Parties-in-Interest (Utilities)	Walker Solutions, Inc.	x		
Other Significant Parties-in-Interest (Debtor's Insurers)	Axis Insurance Co.	x		
Other Significant Parties-in-Interest (Debtor's Insurers)	Chicago Underwriting Group, Inc.		x	

Category	PIIL	No Connection	Prior Connection	Current Connection
Other Significant Parties-in-Interest (Debtor's Insurers)	CNA	x		
Other Significant Parties-in-Interest (Debtor's Insurers)	Federal Insurance Company			x
Other Significant Parties-in-Interest (Debtor's Insurers)	Gerling	x		
Other Significant Parties-in-Interest (Debtor's Insurers)	Old Republic Insurance Co.	x		
Other Significant Parties-in-Interest (Debtor's Insurers)	Illinois National Insurance Company	x		
Other Significant Parties-in-Interest (Debtor's Insurers)	Vigilant Insurance Company	x		
Other Significant Parties-in-Interest (Debtor's Group Benefit Insurer)	AC Newman & Co	x		
Other Significant Parties-in-Interest (Debtor's Group Benefit Insurer)	Anthem BCBS		x	x
Other Significant Parties-in-Interest (Debtor's Group Benefit Insurer)	Guardian	x		
Other Significant Parties-in-Interest (Debtor's Group Benefit Insurer)	Metropolitan Life			x
Other Significant Parties-in-Interest (Debtor's Group Benefit Insurer)	Security Mutual Life Insurance			x
Other Significant Parties-in-Interest (Debtor's Group Benefit Insurer)	UNUM Life Insurance Co. of America		x	x
Other Significant Parties-in-Interest (Governmental Authorities)	Environmental Protection Agency	x		
Other Significant Parties-in-Interest (Governmental Authorities)	Environmental Protection Agency	x		
Other Significant Parties-in-Interest (Governmental Authorities)	Environmental Protection Agency	x		
Other Significant Parties-in-Interest (Governmental Authorities)	Environmental Protection Agency	x		
Other Significant Parties-in-Interest (Governmental Authorities)	Environmental Protection Agency	x		
Other Significant Parties-in-Interest (Taxing Authorities)	Internal Revenue Service			x
Other Significant Parties-in-Interest (Taxing Authorities)	Internal Revenue Service			x
Other Significant Parties-in-Interest (Taxing Authorities)	Internal Revenue Service			x
Other Significant Parties-in-Interest (Taxing Authorities)	Connecticut Department of Revenue Services	x		
Other Significant Parties-in-Interest	Almac Clinical Services LTD			x
Other Significant Parties-in-Interest	Bruce Ford, Inc.	x		
Other Significant Parties-in-Interest	Cardiff University	x		
Other Significant Parties-in-Interest	Cleveland Clinic Foundation			x
Other Significant Parties-in-Interest	Clinsys, Inc.	x		
Other Significant Parties-in-Interest	Dennis Dingee	x		
Other Significant Parties-in-Interest	Doloers Fabian	x		
Other Significant Parties-in-Interest	Francis J. Giles	x		
Other Significant Parties-in-Interest	INC Research, Inc.			x
Other Significant Parties-in-Interest	Johns Hopkins University			x
Other Significant Parties-in-Interest	Karen Buccini	x		
Other Significant Parties-in-Interest	New York Medical College	x		
Other Significant Parties-in-Interest	Northwestern University Office for Sponsored Research	x		
Other Significant Parties-in-Interest	Prologue Research Intel, Inc.	x		
Other Significant Parties-in-Interest	Regents of University of Minnesota	x		
Other Significant Parties-in-Interest	St. Francis Hospital & Health Centers			x
Other Significant Parties-in-Interest	University Hospitals of Cleveland		x	
Other Significant Parties-in-Interest	Xcenda, LLC	x		

EXHIBIT C

1. **Citigroup**: Citigroup Global Markets Inc. and Citigroup Inc. are co-defendants with, among others, E&Y LLP in litigation pending in: the State of New Mexico County of Santa Fe First Judicial District Court (No: D-101-CV-2008-01895); the United States District Court Southern District of New York (Civil Action No: 09-3161); the United States District Court Northern District of Georgia (Case No: 1-09-CV-01185); the United States District Court Southern District of New York (Case No: 09-CV-3976); the United States District Court Southern District of New York (Civ. No. 09-2363); the United States District Court Southern District of New York (1:09-cv-6041); the United States District Court Southern District of New York (1:09-cv-3478); the United States District Court Southern District of New York (Civ. No: 09-1946); the United States District Court Southern District of New York (Civ. No: 09-9793); and the United States District Court Southern District of New York (Civ. No: 09-7878).
2. **Deutsche Bank**: Deutsche Bank is a co-defendant with, among others, E&Y LLP in an Arbitration matter before the American Arbitration Association; and is a co-defendant with, among others, E&Y LLP in an action pending in District Court of Harris County, Texas 113th Judicial District (No: 2004-14400).
3. **Richards Layton & Finger**: Richard Layton & Finger is a co-defendant with, among others, E&Y LLP in litigation pending in the State of New Mexico, County of Santa Fe, First Judicial District Court (No: D-101-CV-2008-01895).
4. **UBS Securities LLC, and UBS Investment Bank**: UBS Securities LLC and/or UBS Investment Bank is a co-defendant with, among others, E&Y LLP in litigation pending in: the State of New Mexico, County of Santa Fe, First Judicial District Court (No: D-101-CV-2008-01895); the United States District Court Southern District of New York (Civil Action No: 09-3161); the United States District Court Southern District of New York (Case No: 09-CV-3976); the United States District Court Southern District of New York (1:09-cv-2363); the United States District Court Southern District of New York (1:09-cv-9793); and the United States District Court Northern District of Georgia (Case No: 1-09-CV-01185).
5. **Fulbright & Jaworski LLP**: Fulbright & Jaworski LLP is a co-defendant with, among others, E&Y LLP in litigation pending in the United States District Court for the United States Virgin Islands (1:08-cv-00107-RLF-GWC).

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.¹ : :
: :
----- X

**ORDER PURSUANT TO §§ 327(A) AND 328(A) OF THE BANKRUPTCY CODE AND
RULE 2014 OF THE BANKRUPTCY RULES AUTHORIZING THE EMPLOYMENT
AND RETENTION OF ERNST & YOUNG LLP *NUNC PRO TUNC* TO THE PETITION
DATE AS FINANCIAL ADVISOR TO THE DEBTOR AND DEBTOR-IN-POSSESSION**

Upon consideration of the Application² (the “Application”) of Vion Pharmaceuticals, Inc. (the “Debtor”) for entry of an Order pursuant to §§ 327(a) and 328(a) of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2014 of the Federal Rules of Bankruptcy Procedures (the “Bankruptcy Rules”) authorizing the retention and employment of Ernst & Young LLP (“E&Y LLP”), effective as of the Petition Date, as financial advisor to the Debtor; and upon consideration of the Affidavit of John Llewellyn in support of the Application; and the Court being satisfied that E&Y LLP represents no interest adverse to the Debtor in the matters with respect to which E&Y LLP is to be employed and that E&Y LLP is a “disinterested person” as set forth in § 327(e) of the Bankruptcy Code; and notice of the Application being sufficient; and sufficient cause appearing therefor; it is hereby:

ORDERED that the Application is approved; and it is further

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

ORDERED that, pursuant to §§ 327(a) and 328(a) of the Bankruptcy Code, the Debtor is authorized to employ and retain E&Y LLP *nunc pro tunc* to the Petition Date to serve as the Debtor's financial advisor in the above-captioned case; and it is further

ORDERED that E&Y LLP shall be compensated in accordance with the procedures set forth in §§ 330 and 331 of the Bankruptcy Code, the applicable Bankruptcy Rules, the rules of this Court, and such other procedures as may be fixed by order of this Court; and it is further

ORDERED that E&Y LLP shall apply for compensation for professional services rendered and reimbursement of expenses incurred in connection with the Debtor's chapter 11 case in compliance with the Bankruptcy Code, the Bankruptcy Rules, the rules of this Court, and such other procedures as may be fixed by order of this Court; and it is further

ORDERED that the indemnification provisions of the Engagement Letter are approved, subject during the pendency of this chapter 11 case to the following:

- a. E&Y LLP shall not be entitled to indemnification or reimbursement of expenses pursuant to the Engagement Letter unless such indemnification or reimbursement of expenses are approved by the Court;

- b. Notwithstanding any provision of the Engagement Letter to the contrary, the Debtors shall have no obligation to indemnify or provide reimbursement of expenses to E&Y LLP for any claim or expense that is either (i) judicially determined (the determination having become final) to have arisen from E&Y LLP's gross negligence or willful misconduct, (ii) for a contractual dispute in which the Debtor alleges the breach of E&Y LLP's contractual obligations, unless the Court determines that indemnification or reimbursement of expenses would be permissible pursuant to In re United Artists Theatre Company, et al., 315 F.3d 217 (3d Cir. 2003); or (iii) settled prior to a judicial determination as to E&Y LLP's gross negligence or willful misconduct, but determined by this Court, after notice and a hearing, to be a claim or expense for which E&Y LLP should not receive indemnity or reimbursement of expenses under the terms of the Engagement Letter, as modified by this Order;
- c. 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 the chapter 11 case, E&Y LLP believes that it is entitled to the payment of any amounts by the Debtor on account of the Debtor's indemnification or expense reimbursement obligations under the Engagement Letter (as modified by this Order), including without limitation any advancement of defense costs, E&Y LLP must file an application therefor in this Court, and the Debtor may not pay any such amounts to E&Y LLP before the entry of an order by this Court approving any such payment. This subparagraph (c) is intended only to specify the period of time under which the Court shall have jurisdiction over any request by E&Y LLP for indemnification or reimbursement of expenses, and is not intended to limit the duration of the Debtor's obligations to indemnify or reimburse expenses of E&Y LLP; and it is further

ORDERED that notwithstanding any provision in the Bankruptcy Rules to the contrary, (i) the terms of this Order shall be immediately effective and enforceable upon its entry; (ii) the Debtor is not subject to any stay in the implementation, enforcement, or realization of the relief granted in this Order; and (iii) the Debtor may, in its discretion and without further delay, take any action and perform any act authorized under this Order; and it is further

ORDERED that the Court shall retain jurisdiction to hear and determine all matters rising from the implementation of this Order.

Dated: _____, 2010
Wilmington, Delaware

HONORABLE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE