

Vion Pharmaceuticals, Inc.

Audit Committee Charter

General Statements of Policy

This charter governs the operations of the audit committee (the “Audit Committee”) of the Board of Directors (the “Board”) of Vion Pharmaceuticals, Inc. (the “Company”). The Audit Committee shall review and reassess this Charter and obtain annually its reapproval, or the approval as to any changes, as the case may be, of the Board.

Purpose

The Audit Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and reporting practices of the Company, and such other duties as directed by the Board. The committee relies on the expertise and knowledge of management, the internal auditors and the independent auditors in carrying out its oversight responsibilities. Management of the Company is responsible for determining the Company’s financial statements are complete, accurate and in accordance with generally accepted accounting principles. The independent auditors are responsible for auditing the Company’s financial statements. It is not the duty of the Audit Committee to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles, or to assure compliance with laws and regulations or the Company’s internal policies, procedures or controls.

Audit Committee Membership

- The Audit Committee shall be comprised of at least three directors, each of whom shall have no relationship with the Company, which in the opinion of the Board, would interfere with the exercise of his or her independent judgement in carrying out his or her responsibilities as a director and shall otherwise satisfy the requirements of independence as required by law, as required by the Securities and Exchange Commission, or the Nasdaq Market.
- A non-independent director may serve on the Audit Committee pursuant to “exceptional and limited circumstances” up to two years if the Board determines it to be in the best interests of the Company and its stockholders; provided, that such non-independent director does not serve as the chair of the Audit Committee and the Board discloses the reasons for the determination in the Company’s next annual proxy statement.
- All members of the Audit Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Audit Committee shall have sophisticated accounting or related

financial management experience. Audit Committee members shall be appointed by the Board on recommendation of the Nominating Committee.

Duties and Responsibilities

The Audit Committee shall be directly responsible for the appointment, compensation and oversight of the work of the outside auditor employed by the Company for the purpose of preparing or issuing an audit report or related work. The outside auditor shall report directly to the Audit Committee. Accordingly, the Audit Committee shall:

- Appoint, determine the compensation of, and oversee the work of, the Company's internal auditor, if any, and independent auditor.
- Review the internal audit functions and annual independent audit of the Company's financial statements.
- Review the adequacy and effectiveness of the Company's systems of internal accounting and financial controls.
- Monitor the integrity of the Company's financial reporting processes.
- Ensure the Company's compliance with legal and regulatory requirements.
- Provide an avenue for open communication among the independent auditor, management and the Board of Directors.

Meetings

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate in such a format as the committee deems appropriate. The Audit Committee chairman shall approve an agenda in advance of each meeting and has the power to call a committee meeting whenever he or she thinks there is a need. An Audit Committee member should not vote on any matter in which he or she is not independent. The Audit Committee may ask members of management or others to attend the meeting and is authorized to receive all pertinent information from anyone in the organization, including management. The Audit Committee shall meet with the independent auditor and management in separate executive sessions to discuss any matters the committee or these groups believe should be discussed privately with the Audit Committee.

Annual Audit

1. Oversight of Independent Auditors. The Audit Committee shall:
 - Review annually the qualifications and proposed audit fees for the next fiscal year of the independent auditor for Company audits. Upon completion of the review, the Audit Committee shall retain an independent auditor on behalf of the Company, shall approve the fees for the audit, and shall recommend the selection of the independent auditor to the Company's stockholders for ratification.

- Confirm and assure the objectivity and independence of the independent auditor, including a review of the matters included in the written disclosures required by the Independence Standards Board.

- Review with the independent auditor, its audit scope, staffing, reliance upon management, general work and procedural plans.

- Pre-approve all audit and non-audit services provided by the independent auditor to the Company and shall assure that the independent auditor is not engaged to perform the specific non-audit services proscribed by law or regulation. The Audit Committee may delegate pre-approval authority to a member or members of the Audit Committee. The decisions of any Audit Committee member or members to whom pre-approval authority is delegated must be presented to the full Audit Committee at its next scheduled meeting.

2. Review of Audit. Shortly after the annual audit is completed, the Audit Committee shall review and discuss the following with management and the independent auditor in collective or independent sessions as the committee deems appropriate:

- The Company's annual financial statements and related footnotes;
- The independent auditor's audit report on the financial statements;
- The management letter relating to the audit report;
- The auditor's qualitative judgments about the appropriateness of critical accounting principles and practices and financial disclosure;
- Any significant questions between management and the independent auditor that arose during the audit, together with management's responses to such questions; and
- Any other matter relating to the audit procedures or findings that the auditor are required to communicate to the committee under generally accepted accounting standards, by law, as required by the Securities and Exchange Commission, or the Nasdaq National Market.

3. Internal Audit. The Audit Committee shall discuss with management any significant findings during the year and management's responses to them and any changes to the planned scope of management's internal audit plan that the committee deems advisable.

Compliance

In accordance with its oversight responsibilities relating to legal and regulatory compliance, the Audit Committee shall review legal and regulatory matters that may have a material effect on the organization's financial statements, compliance policies and programs and reports from regulators and shall take the following actions:

1. Internal Controls. The Audit Committee shall:

- Receive regular reports from the independent auditor on, and assess, the critical accounting policies and practices of the Company and on all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.
- Discuss with management, the internal auditors, and the independent auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and manage business risk; and
- Review management's assertion on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the independent auditors' report on management's assertion.
- Ask management and the independent auditor about significant financial risk exposures and shall assess management's steps to minimize them.

2. Reporting Systems. The Audit Committee shall:

- Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters, and matters relating to the Whistleblower's Policy, and the confidential, anonymous submission by employees of concerns regarding such matters; and
- Review the Company's disclosure controls and procedures from time to time, as well as certifications of the Company officers required by law with respect thereto, to assist in assuring their effectiveness.
- Receive corporate attorneys' reports of evidence of a material violation of securities laws or breaches of fiduciary duty.

3. Investigations. The Audit Committee shall promptly investigate and address concerns or compliance failures raised by internal reporting or compliance procedures or by the Independent Auditor. The Audit Committee has the authority to retain independent counsel and other outside advisor in response to specific circumstances giving rise to a determination that such action is in the best interests of the Company and its stockholders.

Periodic Reporting and Earnings Press Releases

1. Form 10-Q. The Audit Committee shall review the interim financial reports with management and the independent auditor prior to the filing of the Company's Quarterly Report on Form 10-Q, and shall review with the Chief Executive Officer and Chief Financial Officer the contents of any required certification related to the filing of the Form 10-Q. Also, the Audit Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Audit Committee by the independent auditor under generally accepted accounting standards.

2. Form 10-K. The Audit Committee shall review with management and the independent auditor the information included in the Company's Annual Report on Form 10-K, including their judgment about the quality, not just acceptability, of the critical accounting policies and practices, the reasonableness of significant judgments, the alternatives available to the Company for applying different generally accepted accounting principles and the effect and desirability of such alternatives and the independent auditor's preferred treatment, and the clarity of the information disclosed. The committee shall also review with the Chief Executive Officer and Chief Financial Officer the contents of any required certification related to the filing of the Form 10-K.

3. Report for Proxy Statement. The Audit Committee shall prepare its report to be included in the Company's annual proxy statement, as required by the SEC regulations.

4. Earnings Press Releases. The Audit Committee shall review earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

Other Responsibilities

1. The Audit Committee shall maintain minutes of meetings and periodically report to the Board on significant results of the foregoing activities.

2. While the Audit Committee has the responsibilities and authorities set forth in this Charter, it is the duty of management and the independent auditor to plan or conduct audits and to determine that the Company's financial statements are complete and accurate in accordance with generally accepted accounting principles.

Re-affirmed: March 5, 2008