

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In Re DVI, Inc. Securities Litigation	X : : : X	Case No. 2:03-CV-5336-LDD
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**NOTICE OF HEARING ON PROPOSED PARTIAL SETTLEMENT,
PLAN OF ALLOCATION, AND ATTORNEYS' FEES AND EXPENSES ("NOTICE")**

TO: All persons and entities who purchased or otherwise acquired the securities of DVI, Inc. (including its common stock and 9%% Senior Notes) between August 10, 1999 and August 13, 2003, inclusive, and who were thereby damaged. Excluded from the class are the defendants; any entity in which a Defendant has a controlling interest or is a part or subsidiary of, or is controlled by a Defendant; the officers, directors, legal representatives, heirs, predecessors, successors and assigns of any of the defendants; and Lead Plaintiffs named in *WM High Yield Fund, et al. v. O'Hanlon, et al.*, No. 04-CV-3423 (E.D. Pa.) [hereinafter referred to separately and interchangeably as the "Class," "Class Members," and "Members of the Class"].

This Notice serves to inform all Class Members of a settlement that will affect all Class Members' rights and under which they may be entitled to recovery. Specifically, Class Members may be entitled to share in a settlement of \$4,000,000 cash received from Defendant Gerald Cohn, in settlement of all pending or potential claims against him, less court approved attorneys fees and costs.

To claim benefits that may be due to you, you must submit a Proof of Claim on the form
attached to this Notice postmarked on or
before August 31, 2011

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. IF YOU ARE A CLASS MEMBER, YOU ULTIMATELY MAY BE ENTITLED TO RECEIVE BENEFITS PURSUANT TO THE PROPOSED SETTLEMENT DESCRIBED HEREIN. ADDITIONALLY, PARTICULARLY SINCE CAPITALIZED TERMS NOT DEFINED HEREIN THAT ARE DEFINED IN THE STIPULATION HAVE THE MEANING SET FORTH THEREIN, YOU SHOULD REVIEW THAT STIPULATION CAREFULLY.

CLAIMS DEADLINE: FOR THOSE MEMBERS OF THE CLASS WHO DID NOT SUBMIT A PROOF OF CLAIM FORM IN THE SETTLEMENT WITH DEFENDANTS ONCURE MEDICAL CORP., DOLPHIN MEDICAL, INC. AND PRESGAR IMAGING LC, APPROVED BY THE COURT ON NOVEMBER 17, 2006 (HEREINAFTER REFERRED TO AS THE "NOVEMBER 17, 2006 SETTLEMENT") OR IN THE SETTLEMENT WITH DEFENDANTS NATHAN SHAPIRO, WILLIAM GOLDBERG AND JOHN McHUGH, APPROVED BY THE COURT ON NOVEMBER 5, 2007 (HEREINAFTER REFERRED TO AS THE "NOVEMBER 5, 2007 SETTLEMENT"), OR IN THE SETTLEMENT WITH DEFENDANT MERRILL LYNCH & CO., INC., APPROVED BY THE COURT ON APRIL 30, 2008 (HEREINAFTER REFERRED TO AS THE "APRIL 30, 2008 SETTLEMENT"), OR IN THE SETTLEMENT WITH THOMAS J. PRITZKER AND THE PRITZKER ORGANIZATION LLC, APPROVED BY THE COURT ON APRIL 15, 2009 AND AMENDED ON AUGUST 28, 2009 (HEREINAFTER REFERRED TO AS THE "AUGUST 28, 2009 SETTLEMENT") YOU MUST SUBMIT A PROOF OF CLAIM, ON THE FORM ACCOMPANYING THIS NOTICE, POSTMARKED ON OR **BEFORE AUGUST 31, 2011**, TO BE ENTITLED TO RECOVERY IN THIS SETTLEMENT.

FOR THOSE MEMBERS OF THE CLASS WHO SUBMITTED A VALID PROOF OF CLAIM FORM IN THE NOVEMBER 17, 2006 SETTLEMENT, THE NOVEMBER 5, 2007 SETTLEMENT, THE APRIL 30, 2008 SETTLEMENT, OR IN THE AUGUST 28, 2009 SETTLEMENT, THAT PROOF OF CLAIM FORM WILL SERVE AS YOUR PROOF OF CLAIM FORM IN THIS SETTLEMENT AND YOU ARE AUTOMATICALLY ELIGIBLE FOR A RECOVERY IN THIS SETTLEMENT WITHOUT NEEDING TO SUBMIT ANOTHER PROOF OF CLAIM FORM.

FOR THOSE MEMBERS OF THE CLASS WHO DID NOT SUBMIT A VALID PROOF OF CLAIM FORM IN THE NOVEMBER 17, 2006 SETTLEMENT, THE NOVEMBER 5, 2007 SETTLEMENT, THE APRIL 30, 2008 SETTLEMENT, OR IN THE AUGUST 28, 2009 SETTLEMENT, SUBMITTING A PROOF OF CLAIM FORM IN THIS SETTLEMENT DOES NOT ENTITLE YOU TO RECOVERY IN THE NOVEMBER 17, 2006 SETTLEMENT, THE NOVEMBER 5, 2007 SETTLEMENT, THE APRIL 30, 2008 SETTLEMENT OR IN THE AUGUST 28, 2009 SETTLEMENT.

I. PURPOSE OF THIS NOTICE

The purpose of this Notice is to inform you of a proposed Settlement that will affect all Class Members' rights. This Notice describes rights you may have under the proposed Settlement and what steps you may take in relation to this Litigation. This Notice is not an expression of any opinion by the Court as to the merits of any claims or any defenses asserted by any party in this Litigation, or the fairness or adequacy of the proposed Settlement.

The proposed Settlement creates a fund (the “Settlement Fund”) in the amount of \$4,000,000 in cash (the “Settlement Amount”) and will include interest that accrues on the fund prior to distribution. The average cost per share and per note will vary depending on the number of shares and notes for which claims are filed.

By Order of the Court, this Notice is being sent to you in the belief that you may be a Member of the Class, to inform you as follows:

- A SETTLEMENT OF THE LITIGATION HAS BEEN REACHED, SUBJECT TO COURT APPROVAL. THIS SETTLEMENT IS WITH ONLY DEFENDANT GERALD COHN, AND INCLUDES A RELEASE OF CLAIMS AGAINST MR. COHN. THE LITIGATION IS CONTINUING AGAINST OTHER DEFENDANTS. THE TERMS OF THE SETTLEMENT ARE DESCRIBED IN SECTION IV BELOW.
- IF YOU MEET THE DEFINITION OF THE CLASS AS OF THE EFFECTIVE DATE, YOU ARE A MEMBER OF THE CLASS AND YOU WILL BE BOUND BY THE SETTLEMENT AND THE RELEASES THAT ARE GIVEN PURSUANT THERETO, UNLESS YOU ACT TO EXCLUDE YOURSELF PURSUANT TO THE INSTRUCTIONS IN SECTION VI BELOW. IF YOU WISH TO REMAIN A MEMBER OF THE CLASS AND TO BE BOUND BY THE SETTLEMENT AND RELEASES, YOU DO NOT NEED TO TAKE ANY ACTION IN RESPONSE TO THIS NOTICE OTHER THAN WHAT IS OUTLINED IN SECTION VII BELOW TO ESTABLISH THE DOLLAR AMOUNT OF YOUR CLAIM.
- YOU MAY OBTAIN MORE DETAILED INFORMATION ABOUT THE LITIGATION BY ACCESSING THE COURT FILE.

Plaintiffs’ Lead Counsel have not received any payment for their services in prosecuting the Litigation against Gerald Cohn on behalf of Plaintiffs and the Members of the Class, nor have they been reimbursed for certain out-of-pocket expenditures. If the Settlement is approved by the Court, Plaintiffs’ Lead Counsel will apply to the Court for attorneys’ fees not to exceed 33⅓% of the Settlement Amount, or up to \$1,333,333, and reimbursement of out-of-pocket expenses incurred of up to \$650,000 both of which shall be paid to Plaintiffs’ Lead Counsel from the Settlement Fund with interest from the date such Settlement Fund was funded to the date of payment at the same interest rate that the Settlement Fund earns.

II. A DESCRIPTION OF THE LAWSUIT AND STATUS OF THE PROCEEDINGS

The Fifth Amended Consolidated Class Action Complaint (the “Complaint”) alleges that during the Class Period certain defendants prepared and disseminated to the investing public materially false and misleading information about DVI’s financial condition and results of operations, and/or engaged in deceptive schemes to conceal DVI’s financial position, in order to artificially inflate the prices of DVI’s publicly-traded securities.

It is further alleged that the culmination of this alleged misconduct resulted in DVI publicly disclosing its intention, on August 13, 2003, to petition for Chapter 11 bankruptcy protection based on the “discovery of apparent improprieties in its prior dealings with lenders involving misrepresentations as to the amount and nature of collateral pledged to lenders.” On August 25, 2003, DVI filed for bankruptcy protection and, thereafter, liquidated.

In this case, the Complaint alleged that certain defendants’ misconduct violated federal securities laws and damaged investors who purchased or otherwise acquired the artificially inflated DVI securities during the Class Period.

This Litigation is pending against certain officers and directors (Michael A. O’Hanlon, Steven R. Garfinkel, John P. Boyle, Harry T.J. Roberts, Richard E. Miller, Anthony J. Turek and Terry Cady), DVI’s auditor, Deloitte & Touche, LLP (“Deloitte”), and its SEC counsel, Clifford Chance LLP and Clifford Chance (U.S.) LLP (collectively, “Clifford Chance”); raising claims under Section 10(b) of the Securities & Exchange Act of 1934, 15 U.S.C. § 78j(b) (“Exchange Act”), and Rule 10b-5, 17 C.F.R. § 240.10b-5, promulgated by the Securities and Exchange Commission; and under Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a).

Motions to Dismiss Plaintiffs’ claims filed by Defendants were addressed by the Court and denied in large part on May 31, 2005 and August 11, 2006. Motions for reconsideration and for interlocutory appeal of the May 31, 2005 ruling were also denied by the Court on February 16, 2006.

The parties engaged in extensive document discovery and conducted numerous depositions of fact and expert witnesses. After discovery was completed, certain defendants filed Motions for Summary Judgment, including Defendants Cohn and Deloitte. On September 3, 2010, the Court denied Cohn’s motion and denied, in part, Deloitte’s motion.

III. THE CERTIFIED CLASS

On April 29, 2008 (as amended on April 30, 2008 and December 30, 2008), the Court certified a Class as consisting of: All persons or entities who purchased or otherwise acquired the securities of DVI, Inc. (including its common

stock and 9% Senior Notes) between August 10, 1999 and August 13, 2003, inclusive, and who were thereby damaged. Excluded from the class are defendants; any entity in which a defendant has a controlling interest or is a part or subsidiary of, or is controlled by a defendant; the officers, directors, legal representatives, heirs, predecessors, successors and assigns of any of the Defendants; and Plaintiffs named in *WM High Yield Fund, et al. v. O'Hanlon et al.*, No. 04-CV-3423 (E.D. Pa.).

Lead Plaintiff/Class Representative. The Court appointed Kenneth Grossman, the Cedar Street Fund and the Cedar Street Offshore Fund (collectively, "Cedar Street Group") as Lead Plaintiffs in the Litigation pursuant to the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4 & 772-1. The Court has also certified the Cedar Street Group as Class representatives.

Lead Counsel/Class Counsel. The Court has appointed the law firm of Krislov & Associates, Ltd., 20 N. Wacker Drive, Chicago, IL 60606, (312) 606-0500, to serve as Lead Counsel. The Court has also certified Krislov & Associates, Ltd. as Class Counsel.

Deloitte appealed the Court's class certification decision on various grounds and Lead Plaintiffs appealed the Court's denial of class certification of Plaintiffs' claims against Clifford Chance. The cross-appeals have been briefed and argued to the Third Circuit Court of Appeals, and a decision is pending.

IV. THE SETTLEMENT

A. Reasons The Parties Settled

On February 18, 2011, Lead Plaintiffs, by their counsel, signed a Stipulation of Settlement (the "Stipulation" or "Settlement") with Gerald Cohn. The Stipulation provides for settlement of this Litigation as against Gerald Cohn and the release of all Released Claims by all Releasers against all Released Parties (as those phrases are defined in the Stipulation), and does not constitute settlements of any claims by Lead Plaintiffs or the Class against any other named defendants or non-released parties who may be named in the Litigation in the future.

Lead Plaintiffs purportedly allege that Gerald Cohn participated in the dissemination of false and misleading financial statements by DVI and controlled DVI and its officers and directors, and purportedly was aware of DVI issuing materially false and misleading statements to the investing public.

Gerald Cohn vigorously denies that he had any involvement in the operations, management or decisions of DVI; denies that he participated in, or was aware of, any unlawful or improper conduct on the part of DVI or its management; denies that he violated Sections 10(b) or 20(a); denies that the Complaint sets forth a valid claim against him; denies all allegations of wrongdoing, fault, liability or damage to Lead Plaintiffs or the Class; denies that he engaged in any wrongdoing; denies that he made, or participated in the making of, any false or misleading statements; denies that he committed any violation of law; denies that he acted improperly in any way; and believes that he acted properly at all times. Gerald Cohn, recognizes, however, the substantial expense and length of time necessary to defend this Litigation through trial and any appeal. To eliminate the burden and expense of further litigation, Cohn wishes to settle the litigation against him on the terms and conditions stated in the Stipulation.

Based on the investigations of Lead Counsel, Lead Plaintiffs have concluded that the terms and conditions of the Settlement are fair, reasonable and adequate to the Class' interests, and have agreed to settle the claims raised in the Litigation as against Gerald Cohn pursuant to the terms and provisions of the Stipulation. The Lead Plaintiffs made this decision after considering (a) the substantial benefits that the Class will receive from the Settlement, (b) the attendant risks of litigation, and (c) the desirability of permitting the Settlement to be consummated as provided by the terms of the Stipulation. From the perspective of the Lead Plaintiffs, the principal reason for the Settlement is the substantial monetary benefits to be provided to the Class now. These benefits must be compared to the risk that the Litigation might be dismissed following a trial on the merits, or on appeal. Moreover, any recovery would only be achieved after a contested trial and appeal — possibly years into the future. If the Lead Plaintiffs won at trial, they anticipated that Gerald Cohn would have appealed the verdict which would have created further uncertainty and delay. From the perspective of Gerald Cohn, the principal reason for the Settlement is to eliminate the burden and expense of further litigation and possible appeals, without in any way acknowledging any fault or liability.

B. Releases Exchanged By The Parties

Pursuant to the Stipulation, if the Settlement is approved by the Court, all Releasers (which includes Lead Plaintiffs and all other Class Members, whether or not any such Person submits a Proof of Claim and Release or shares in the Settlement Fund, on behalf of themselves and each of their present or past subsidiaries and affiliates, and their respective heirs, executors, estates, administrators, predecessors, successors, assigns, parents, subsidiaries, associates, affiliates, employers, employees, agents, consultants, insurers, directors, managing directors, officers, partners, principals, members, attorneys, accountants, financial and other advisors, investment bankers, underwriters, lend-

ers, and any other representatives of any of these Persons and entities, as well as anyone claiming through or on behalf of any of the foregoing) will be deemed to have released the claims described below against Gerald Cohn, and all other Released Parties:

all claims, demands, rights, liabilities and causes of action of any nature whatsoever, whether known or unknown, including, without limitation, any claims, whether direct, derivative, representative or in any other capacity, arising under federal, state, local, statutory or common law or any other law, rule or regulation, including the law of any jurisdiction within or outside of the United States that are based upon, arise out of, or relate, directly or indirectly, to the purchase, other acquisition, sale or other disposition of any of the securities of DVI, including common stock and debt securities, during the Class Period, and all facts, statements or omissions that were or could have been alleged in the Litigation, including all claims that any Releasor does not know or suspect to exist, which, if known by him, her or it, might affect his, her or its agreement to release the Released Parties and the Released Claims, or might affect his, her or its decision to object or not to object to the Settlement.

Specifically excluded from this release are all named Defendants in the Litigation other than Gerald Cohn.

Furthermore, upon the Effective Date of the Settlement, Lead Plaintiffs, all Releasors (including all Class Members) shall be deemed to have, and shall have, expressly waived and relinquished any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principals of common law, including § 1542 of the California Civil Code and any provision that is similar, comparable or equivalent to § 1542 of the California Civil Code, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS, WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

This means that, upon Court approval, all Releasors (including all Class Members) will be permanently barred from asserting any Released Claims, including any known or unknown claims related to this Litigation against Gerald Cohn and all other Released Parties. In addition, if the Court approves the Settlement, Gerald Cohn will be precluded from suing the Lead Plaintiffs, Class Members, or Lead Counsel for indemnity or contribution arising out of the Litigation, provided, however, that Gerald Cohn may assert any such claim against any party that initiates a lawsuit or claim against him.

C. The Settlement Benefits

Under the terms of the Stipulation, Gerald Cohn has paid \$4,000,000, which has been deposited into a settlement account on behalf of the Class (the "Settlement Fund"). After the Effective Date, the Settlement Fund will be distributed to eligible Class Members who send in valid Proof of Claim forms with the requested documentation, after payment of Court-approved legal fees and expenses, and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice (the "Net Settlement Fund").

D. Plan of Allocation

Your share of the Net Settlement Fund will depend upon: (a) the number of valid Proof of Claim forms that Class Members have submitted (the fewer the number of Class Members who choose to participate in the Settlement, the larger the recovery for each participant); (b) the number of shares of DVI common stock and/or DVI 9%% Senior Notes you purchased during the Class Period; and (c) when you bought and sold them.

In order to recover damages, you must have suffered an actual monetary loss on the shares of DVI common stock and/or the units of DVI 9%% Senior Notes that you purchased during the Class Period. For shares or units that you purchased and sold during the Class Period, the purchase price must have been greater than the sales price.

Recognized Loss Formula. The Net Settlement Fund shall be distributed to Authorized Claimants, which are those Class Members who file timely and valid claims. The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon a formula which takes into account which type of security was purchased (DVI common stock or DVI 9%% Senior Notes) and the amount of each security purchased, among other things (the "Recognized Loss Formula"). The Recognized Loss Formula, which provides each Authorized Claimant with his, her, or its "Recognized Loss," as defined below, is not intended to be an estimate of the amount which a Class Member would recover after trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss Formula is the basis upon which the Net Settlement Fund will be allocated to the Authorized Claimants.

The Recognized Loss Formula per DVI common share will be calculated as follows:

- (a) if Authorized Claimant purchased and sold DVI common stock at a loss during the period August 10, 1999 through the close of trading on August 13, 2003, an Authorized Claimant's "Recognized Loss" shall be the difference between the amount paid by the Authorized Claimant for his, her or its DVI common stock, excluding commissions, less the amount received after commissions from the sale of such stock;
- (b) if Authorized Claimant purchased DVI common stock during the period August 10, 1999 through the close of trading on August 13, 2003, and held those shares through the close of trading on August 13, 2003, an Authorized Claimant's "Recognized Loss" shall be the difference between the amount paid by the Authorized Claimant for his, her or its DVI common stock, excluding commissions, and \$0.12 per share, the 90-day average closing price of DVI's common stock after the Class Period.

The Recognized Loss Formula per DVI 9%% Senior Notes will be calculated as follows:

- (a) if Authorized Claimant purchased and sold DVI 9%% Senior Notes at a loss during the period August 10, 1999 through the close of trading on August 13, 2003, an Authorized Claimant's "Recognized Loss" shall be the difference between the amount paid by the Authorized Claimant for his, her or its DVI 9%% Senior Notes, excluding commissions, less the amount received after commission from the sale of such notes;
- (b) if Authorized Claimant purchased DVI 9%% Senior Notes during the period August 10, 1999 through the close of trading on August 13, 2003, and held those notes through the close of trading on August 13, 2003, an Authorized Claimant's "Recognized Loss" shall be the difference between the amount paid by the Authorized Claimant for his, her or its DVI 9%% Senior Notes, excluding commissions, and \$20.82 per note, the 90-day average closing price of DVI's 9%% Senior Notes after the Class Period.

Class Members who did not suffer a Recognized Loss, as calculated above, will not be entitled to participate in the Net Settlement Fund. In the event a Class Member has more than one purchase or sale of DVI common stock or DVI 9%% Senior Notes, all purchases and sales of DVI securities shall be matched on a First In First Out ("FIFO") basis, including securities held as of the beginning of the Class Period. Any transactions resulting in a gain shall be excluded. The covering purchase of a short sale is not an eligible purchase.

The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Class Member on equitable grounds.

V. CONSEQUENCES OF CLASS MEMBERSHIP AND CLASS MEMBERS' RIGHTS

For those Members of the Class who did not submit a valid Proof of Claim form in the November 17, 2006 Settlement, the November 5, 2007 Settlement, the April 30, 2008 Settlement, or the August 28, 2009 Settlement, as described herein, and who wish to remain in the Class and participate in this Settlement, you must file your Proof of Claim attached hereto by August 31, 2011.

For those Members of the Class who submitted a valid Proof of Claim form in the November 17, 2006 Settlement, the November 5, 2007 Settlement, the April 30, 2008 Settlement, or August 28, 2009 Settlement, and who wish to remain in the Class, your Proof of Claim form in the November 17, 2006 Settlement, the November 5, 2007 Settlement, the April 30, 2008 Settlement, or the August 28, 2009 Settlement will serve as your Proof of Claim form in this Settlement and you are eligible to remain in the Class and participate in this Settlement without needing to submit another Proof of Claim form.

If you remain in the Class, then: (a) your interests in the Litigation will be represented by Lead Counsel for the Class, as identified in Section III above; (b) you will not have to pay any of Lead Counsel's attorneys' fees or expenses, except to the extent the Court may direct that such fees and expenses be paid out of any settlements or recoveries obtained for the Class (including the Settlement); (c) you may be entitled to share in the benefits of any settlements or recoveries obtained in the Litigation, and you will be bound by any such settlements (including the Settlement) and by any favorable or unfavorable judgments entered in the Litigation; (d) you will have the right to appear and be heard regarding Court approval of the Settlement and any future settlements, and any applications for payment of attorneys' fees and expenses; (e) you will have the right to receive notice of and object to any settlements (including the Settlement); and (f) you and all other Releasors will lose the right to sue any Released Party for any Released Claim (as those phrases are defined in the Stipulation).

If you elect to remain in the Class, you have the right to object to the Settlement in the manner set forth below. If your objection is rejected, you will be bound by the Settlement and the releases described herein, just as if you had not objected.

If you do not wish to have your interests represented by Lead Counsel for the purpose of appearing, objecting to, and/or otherwise being heard regarding the Settlement and/or any future settlements or applications for payment of attorneys' fees and expenses, you may enter a separate appearance through counsel of your choice, or personally, at your own expense.

In order for you to benefit from any future recoveries against other Defendants in the Litigation, should there be any, you should retain copies of all records pertaining to your ownership of, as well as all purchases and sales of, DVI common stock and DVI 9 7/8% Senior Notes during August 10, 1999 through August 13, 2003 inclusive.

VI. HOW TO EXCLUDE YOURSELF FROM THE CERTIFIED CLASS AND THE SETTLEMENT

Under the law, you have the right to exclude yourself from the Class certified by the Court. You may exclude yourself from the Class if you wish to pursue a separate lawsuit against the defendants, or for any reason at all. If you exclude yourself from the Class, you will not be entitled to participate in any recovery by such Class in the Litigation, including this Settlement, and you will not be bound by the Settlement or any settlement in the Litigation, or by any favorable or unfavorable judgment in the Litigation.

If you do not wish to remain a Member of the Class, then you must timely request in writing to be excluded from the Class. Your request for exclusion must legibly set forth your name and address, and must include a statement that you wish to be excluded from the Class in the DVI, Inc. Securities Litigation. Your request for exclusion must be **received** by the Claims Administrator at the address below no later than April 22, 2011:

DVI, Inc. Securities Litigation
c/o Strategic Claims Services
Exclusions
Claims Administrator
P.O. Box 230
600 N. Jackson Street, Suite 3
Media, PA 19063
www.strategicclaims.net
(610) 565-9202

If you request exclusion from the Class on behalf of any person, entity, or individual other than yourself (such as, for example, a trust, a minor, or a pension fund), you also must state the basis of your legal authority to make a request for exclusion on behalf of that person, entity, or other individual.

In order to ensure proper processing of your request for exclusion, please include with the request the Social Security Number or Taxpayer Identification Number of the person, entity, or individual requesting exclusion from the Class, as well as a list stating the DVI, Inc. securities purchased and/or sold during the Class Period, and the date or dates of each such purchase and sale.

VII. SUBMISSION AND PROCESSING OF PROOFS OF CLAIM

For those Members of the Class who did not submit a valid and timely Proof of Claim form in the November 17, 2006 Settlement, the November 5, 2007 Settlement, the April 30, 2008 Settlement, or in the August 28, 2009 Settlement, as described herein, in order to be eligible to receive any distribution from this Settlement, you must complete and sign the accompanying Proof of Claim and Release form and send it by first class mail postmarked on or before August 31, 2011, addressed as follows:

DVI, Inc. Securities Litigation
c/o Strategic Claims Services
Claims Administrator
P.O. Box 230
600 N. Jackson Street, Suite 3
Media, PA 19063
www.strategicclaims.net
(610) 565-9202

If you do not timely submit a proper Proof of Claim form, you will not be entitled to any share of the Net Settlement Fund.

For those Members of the Class who submitted a valid and timely Proof of Claim form in the November 17, 2006 Settlement, the November 5, 2007 Settlement, the April 30, 2008 Settlement, or in the August 28, 2009 Settlement, that Proof of Claim form will serve as your Proof of Claim form in this Settlement and you are automatically eligible for recovery in this Settlement without needing to submit another Proof of Claim form.

Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Eastern District of Pennsylvania with respect to his, her or its Proof of Claim. The Court has reserved jurisdiction to allow, disallow, or adjust any claim on equitable grounds.

Nominees who purchased or acquired DVI common stock or DVI 9% Senior Notes for the benefit of another person or entity during the Class Period are requested to send the Notice and the Proof of Claim to all such beneficial owners of those securities within ten (10) days after receipt thereof, or send a list of the names and addresses of such beneficial owners to the Claims Administrator within ten (10) days of receipt thereof in which event the Claims Administrator shall promptly mail the Notice and Proof of Claim to such beneficial owners.

VIII. REQUEST FOR ATTORNEYS' FEES AND COSTS

Lead Counsel has expended considerable time and effort in the prosecution of this litigation on a contingent fee basis and has advanced substantial expenses for the litigation, in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. Plaintiffs' Lead Counsel intends to apply to the Court for an award of attorneys' fees in the amount of \$1,333,333, which represents 33⅓% of the Settlement Amount, and for reimbursement of expenses incurred in connection with the prosecution of this Litigation, of not more than \$650,000, both of which shall be paid to Plaintiffs' Lead Counsel from the Settlement Fund with interest from the date such Settlement Fund was funded to the date of payment at the same interest rate that the Settlement Fund earns. Lead Counsel has incurred substantial costs in litigating this case, including costs associated with numerous depositions and retentions of experts. The amount of cost reimbursement requested, \$650,000, represents less than the amount of unreimbursed costs Lead Counsel has incurred through February 28, 2011. Gerald Cohn and his counsel do not oppose the request for attorneys' fees and the request for reimbursement of expenses. Lead Counsel, without further notice to the Class, may subsequently apply to the Court for expenses incurred in connection with administering and distributing the proceeds of the Settlement to the Class Members.

IX. NOTICE OF SETTLEMENT HEARING

A hearing on the proposed Settlement (the "Settlement Hearing") will be held on May 19, 2011 at 11:00 a.m. before the Honorable Legrome D. Davis in the U.S. District Court for the Eastern District of Pennsylvania, 601 Market Street, Room #6614, Philadelphia, Pennsylvania 19102. The purpose of the Settlement Hearing will be to consider and/or determine: (a) whether the Stipulation is fair, reasonable and adequate and in the best interests of the Class and should be finally approved; (b) whether a Class shall be certified for purposes of the Settlement; (c) whether the Order of Final Judgment and Dismissal, as provided in the Stipulation, should be approved and entered; (d) whether the Plan of Allocation proposed by Lead Counsel or some other allocation methodology is fair, reasonable, adequate and in the best interests of the Class and should be approved; (e) applications for any award of attorneys' fees, costs and expenses; and (f) such of these and such other matters as the Court may deem appropriate.

Any member of the Class who has not requested exclusion may appear at the Settlement Hearing to show cause why the proposed Settlement should not be approved, why the Litigation should not be dismissed with prejudice as against Gerald Cohn, or why Lead Counsel should not be awarded attorneys' fees and reimbursement of expenses; provided, however, that no such person shall be heard, unless his, her or its objection or opposition is made in writing and filed, together with copies of any and all supporting papers and briefs, with the Court no later than April 22, 2011, with copies sent to:

Attorneys for Lead Plaintiffs:

KRISLOV & ASSOCIATES, Ltd.
Clinton A. Krislov
Michael R. Karnuth
Civic Opera Building
20 N. Wacker Dr., Suite 1350
Chicago, IL 60606

Attorneys for Gerald Cohn:

STILLMAN, FRIEDMAN &
SHECHTMAN, P.C.
Julian W. Friedman
425 Park Avenue
New York, New York 10022

and to

OBERMAYER REBMANN MAXWELL
& HIPPEL LLP
One Penn Center, 19th Floor
1617 John F. Kennedy Boulevard
Philadelphia, Pennsylvania 19103-1895

The Claims Administrator:

STRATEGIC CLAIMS SERVICES
P.O. Box 230
600 N. Jackson Street
Suite 3
Media, PA 19063

Once an objection to the proposed Settlement is made, it cannot be withdrawn without the Court's approval. Unless otherwise ordered by the Court, any Member of the Class who does not make his, her, or its objection or opposition in the manner provided above shall be deemed to have waived all objections and opposition to the fairness, reasonableness and adequacy of the proposed Settlement.

X. MULTIPLE MAILINGS AND CHANGE OF ADDRESS

If you receive multiple copies of this Notice, it may be because you had multiple brokerage accounts, holdings or transactions in DVI, Inc. securities.

If this Notice was sent to a wrong address, or if your address changes in the future, please send prompt written notification of your correct address to the Claims Administrator at the address stated at the end of this Notice.

FOR MORE INFORMATION

This Notice contains only a summary of the Litigation and the terms of the proposed Settlement. Anyone interested in more detail regarding the Litigation is invited to: (1) visit the Office of the Clerk of the United States District Court for the Eastern District of Pennsylvania at 601 Market Street, Philadelphia, PA, during regular business hours, to inspect the Stipulation, the pleadings, and the other papers maintained there in Case No. 2:03-CV-05336-LDD; and/or (2) contact the Claims Administrator at the following address:

DVI, Inc. Securities Litigation
c/o Strategic Claims Services
Claims Administrator
P.O. Box 230
600 N. Jackson St., Suite 3
Media, PA 19063
www.strategicclaims.net
(610) 565-9202

ALL INQUIRIES CONCERNING THIS NOTICE OF PENDENCY AND OF SETTLEMENT OR THE PROOF OF CLAIM FORM BY CLASS MEMBERS SHOULD BE MADE TO THE CLAIMS ADMINISTRATOR IN WRITING AT THE ADDRESS INDICATED IMMEDIATELY ABOVE.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

Dated: March 3, 2011

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT FOR
THE EASTERN DISTRICT OF PENNSYLVANIA