

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

_____ X
In Re DVI, Inc. Securities Litigation: : Case No. 2:03-CV-5336-LDD
_____ X

**NOTICE OF PENDENCY OF CLASS ACTION, HEARING ON PROPOSED PARTIAL
SETTLEMENTS, PLAN OF ALLOCATION AND ATTORNEYS' FEES AND EXPENSES ("NOTICE")**

TO: All persons and entities who purchased or otherwise acquired the securities of DVI, Inc. ("DVI") between August 10, 1999 and August 13, 2003, both dates inclusive (the "Class Period").

If you purchased or otherwise acquired any DVI securities (common stock and 9⁷/₈% Senior Notes) during the Class Period and you lost money on the securities, you may be entitled to share in a settlement.

To claim benefits that may be due to you, you must submit a Proof of Claim and Release form attached to this Notice postmarked on or before January 3, 2007.

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY PROCEEDINGS IN THIS ACTION. IF YOU ARE A CLASS MEMBER, YOU ULTIMATELY MAY BE ENTITLED TO RECEIVE BENEFITS PURSUANT TO THE PROPOSED PARTIAL SETTLEMENTS DESCRIBED HEREIN.

CLAIMS DEADLINE: CLAIMANTS MUST SUBMIT PROOFS OF CLAIM, ON THE FORM ACCOMPANYING THIS NOTICE, POSTMARKED ON OR BEFORE JANUARY 3, 2007.

I. PURPOSE OF THIS NOTICE

The purpose of this Notice is to inform you of this Action, and the proposed Partial Settlements that will affect all Class Members' rights. This Notice describes rights you may have under the proposed Partial Settlements and what steps you may take in relation to this Action. 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 Action, or the fairness or adequacy of the proposed Partial Settlements.

You are receiving this Notice because you may have purchased a security issued by DVI, Inc. during the Class Period.

The above captioned lawsuit is a class action lawsuit (the "Action") in which the Court has certified a Settlement Class (the "Settlement Class"), described more fully below.

The proposed Partial Settlements create a fund in the amount of \$2,885,000 in cash (the "Partial Settlements Amount") and will include interest that accrues on the fund prior to distribution.

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:

THE COURT HAS CERTIFIED THE SETTLEMENT CLASS ON BEHALF OF THE CLASS DEFINED IN SECTION III BELOW.

PARTIAL SETTLEMENTS OF THE ACTION HAVE BEEN REACHED, SUBJECT TO COURT APPROVAL. THESE PARTIAL SETTLEMENTS ARE WITH ONLY CERTAIN DEFENDANTS, AND THE ACTION IS CONTINUING AGAINST OTHER DEFENDANTS. THE TERMS OF THE PARTIAL SETTLEMENTS ARE DESCRIBED IN SECTION IV BELOW.

IF YOU MEET THE CLASS DEFINITION, YOU ARE A MEMBER OF THE CLASS AND YOU WILL BE BOUND BY THE PARTIAL SETTLEMENTS AND THE RELEASES THAT ARE GIVEN PURSUANT THERETO, UNLESS YOU ACT TO EXCLUDE YOURSELF PURSUANT TO THE INSTRUCTIONS IN SECTION VII BELOW. IF YOU WISH TO REMAIN A MEMBER OF THE CLASS AND TO BE BOUND BY THE PARTIAL SETTLEMENTS AND RELEASES, YOU DO NOT NEED TO TAKE ANY ACTION IN RESPONSE TO THIS NOTICE OTHER THAN WHAT IS OUTLINED IN SECTION VIII BELOW TO ESTABLISH THE DOLLAR AMOUNT OF YOUR CLAIM.

NO DETERMINATION HAS BEEN MADE ON THE MERITS OF THE CASE. ANY FINAL JUDGMENT WILL BIND ALL MEMBERS OF THE CLASS EXCEPT THOSE MEMBERS WHO ACT TO EXCLUDE THEMSELVES PURSUANT TO THE DEADLINES SET HEREIN.

YOU MAY OBTAIN MORE DETAILED INFORMATION ABOUT THE ACTION BY ACCESSING THE COURT FILE.

Plaintiffs' Lead Counsel have not received any payment for their services in prosecuting the Action on behalf of Plaintiffs and the members of the Class, nor have they been reimbursed for their out-of-pocket expenditures. If the Partial Settlements are approved by the Court, Plaintiffs' Lead Counsel will apply to the Court for attorneys' fees not to exceed 30% of the Settlement Amount, or up to \$865,500, and reimbursement of out-of-pocket expenses not to exceed \$90,000, both of which shall be paid to Plaintiffs' Lead Counsel from the Class Settlement Fund with interest from the date such Class Settlement Fund was funded to the date of payment at the same net rate that the Class Settlement Fund earns. The average cost per share and per note will vary depending on the number of shares and notes for which claims are filed.

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

The Third Amended Consolidated Class Action Complaint (the "Complaint"), filed on September 20, 2004, alleges that during the Class Period the 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 dire financial position, in order to artificially inflate the prices of DVI's publicly-traded securities.

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 the bankruptcy proceedings, a Bankruptcy Court-appointed Examiner conducted an investigation of DVI's demise and, on or about April 8, 2004, issued a 188-page report, which described numerous misstatements related to DVI's revenue recognition and loan loss reserves, among other items.

In this case, the Complaint, which derives in part from the Examiner's findings and conclusions, alleges that Defendants' misconduct violated federal securities laws and damaged investors who purchased or otherwise acquired the artificially inflated securities during the Class Period.

This Action is pending against:

- (1) individuals and entities who allegedly intentionally or recklessly made materially false and misleading statements to the investing public regarding DVI, including DVI's Officers and Directors (Michael A. O'Hanlon ("O'Hanlon"), Steven R. Garfinkel ("Garfinkel"), John P. Boyle ("Boyle"), Gerald Cohn ("Cohn"), Nathan Shapiro ("Shapiro"), William S. Goldberg ("Goldberg"), Harry T.J. Roberts ("Roberts"), John E. McHugh ("McHugh")), its Auditor, Deloitte & Touche, LLP, and one of its Underwriter's/Lender's, Merrill Lynch & Co., Inc.; these claims were brought under Section 10(b) of the Securities & Exchange Act of 1934, 15 U.S.C. '78j(b), and Rule 10b-5(b), 17 C.F.R. '240.10b-5(b), promulgated by the Securities and Exchange Commission;
- (2) certain "special relationship" entities — Dolphin Medical, Inc. ("Dolphin"), OnCure Medical Corp., f/k/a OnCure Technologies Corp. ("OnCure"), PresGar Imaging, LC ("PresGar"), and Radnet Management, Inc. ("Radnet"), who Plaintiffs allege were closely associated with DVI and participated in DVI's scheme of avoiding substantial specific loss recognition on delinquent loan and lease receivables; these claims were brought under Section 10(b) and Rule 10b-5(a) and (c);
- (3) individuals and entities who engaged in a scheme or device to conceal DVI's financial irregularities from the investing public, specifically Richard E. Miller, Anthony J. Turek, Terry Cady, and all individuals and entities in paragraph (1); these claims were brought under Section 10(b) and Rule 10b-5(a) and (c); and
- (4) individuals and entities who allegedly knew or were recklessly indifferent to the fact that DVI's financial statements were materially false and had control over DVI, specifically including O'Hanlon, Garfinkel, Boyle, Cohn, Shapiro, Goldberg, Roberts, McHugh, Miller, Turek, Cady (collectively, "the Individual Officer and Director Defendants"); these claims were brought under Section 20(a) of the Securities & Exchange Act of 1934, 15 U.S.C. '78t(a).

On or about November 1, 2004, each of the aforementioned named Defendants, as well as Canadian Imperial Bank of Commerce Trust Company (Bahamas) Limited ("CIBC"), the trustee of certain trusts for the benefit of certain Pritzker family members and against whom Plaintiffs filed a Section 20(a) claim, filed motions to dismiss the Complaint (the "Motions"). On May 31, 2005, the Court granted in part and denied in part Defendants' Motions to Dismiss. Specifically, the Court denied all motions to dismiss except as to CIBC, claims under Rule 10b-5(b) asserted against Defendants Turek, Cady and Miller, and the claims under Rule 10b-5(a) and (c) against OnCure for purchasers who bought prior to July 30, 1999. It further held that OnCure, Dolphin and PresGar were "not alleged to have made any misstatements or omissions and [are] too far removed from the statements at issue to be held liable therefore." The Court, on February 16, 2006, denied Defendants' motions for reconsideration and for certi-

fication for interlocutory appeal of the Court's May 31, 2005 decision. Motions to dismiss are not decisions on the merits and merely determine whether the complaint alleges facts sufficient to state a claim. OnCure, Dolphin and PresGar deny that they engaged in any wrongdoing, deny that they violated Section 10(b) and Rule 10b-5 promulgated thereunder by the SEC, and deny that the Complaint sets forth a valid claim against them.

Plaintiffs, on September 30, 2005, amended the Complaint to add Section 20(a) claims against Thomas Pritzker, the Pritzker Organization LLC and certain unnamed Pritzker family members (collectively, the "Pritzker Defendants") as controlling parties. In addition, Plaintiffs, on April 7, 2006, added Section 10(b) and Rule 10b-5(a) and (c) claims against DVI's former lead legal counsel, Clifford Chance LLP and Clifford Chance (US) LLP.

The Court's denial, in part, of Defendants' motions to dismiss Plaintiffs' Complaint only addressed the sufficiency of Plaintiffs' pleadings and did not determine the merits of Plaintiffs' claims. The Settling Defendants, OnCure, Dolphin and PresGar, deny that they engaged in any wrongdoing or violated any federal securities laws.

The Settling Defendants, in order to resolve this litigation with respect to each of them, have agreed to settlement terms with Plaintiffs. Any final judgment made by the Court will be binding on all Class Members as to these three defendants excepting only those class members who exclude themselves as provided herein.

III. THE SETTLEMENT CLASS

The Court has certified the Settlement Class as consisting of all persons or entities, other than defendants in the Litigation, who purchased or otherwise acquired the DVI securities (its common stock and 9⁷/₈% Senior Notes) between August 10, 1999 and August 13, 2003, both dates inclusive (the "Class Period"). Excluded from this Settlement Class are Defendants, plaintiffs named in a related action titled WM High Yield Fund, et al. v. O'Hanlon et al., No. 04-CV-3423 (E.D. Pa.), and those who timely and validly request exclusion from the Class pursuant to this Notice.

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 Action pursuant to the Private Securities Litigation Reform Act of 1995, 15 U.S.C. '78u-4 & 772-1 ("PSLRA"). The Court has also certified, for settlement purposes, 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 for the Class. The Court has also certified, for purposes of the settlement class, Krislov & Associates, Ltd. as class counsel.

IV. THE PARTIAL SETTLEMENTS

A. Reasons The Parties Settled

On October 10, 2005, December 13, 2005 and April 19, 2006, the Lead Plaintiffs, by their counsel, signed Stipulations of Settlement (the "Stipulations") with Defendants OnCure, Dolphin and PresGar, respectively. The Stipulations provide for settlement of this Action as against these three defendants only (the "Partial Settlements"), and do not constitute settlements of any claims by Lead Plaintiffs or the Class against any other Defendants named or who may be named in the Action in the future.

OnCure, Dolphin and PresGar are three of the four "special relationship" entities that are alleged to have participated in the scheme to improperly conceal unrecoverable loan and lease losses at DVI. Specifically, OnCure, Dolphin and PresGar were alleged to have been involved with transactions that DVI engaged in to cover-up uncollectible loans and leases by a variety of devices.

OnCure, Dolphin and PresGar deny all allegations of wrongdoing, fault, liability or damage to the Lead Plaintiffs or the Class, deny that they engaged in any wrongdoing, deny that they committed any violation of law, deny that they acted improperly in any way and believe that they acted properly at all times. OnCure, Dolphin and PresGar recognize, however, the uncertainty and risk inherent in any litigation, especially complex securities litigation, and the difficulties and substantial expense and length of time necessary to defend this action through trial and any appeal. To eliminate the burden and expense of further litigation and the risk of a judgment at trial, OnCure, Dolphin and PresGar wish to settle the litigation against them on the terms and conditions stated in the Stipulations, and to put the claims alleged in this Action to rest finally and forever.

Based on the investigations of Lead Counsel and the comprehensive investigation by the Bankruptcy Court appointed Examiner, the Lead Plaintiffs have concluded that the terms and conditions of these Partial Settlements are fair, reasonable and adequate to the Class's interests, and have agreed to settle the claims raised in the Action as against OnCure, Dolphin and PresGar pursuant to the terms and provisions of the Stipulations. The Lead Plaintiffs made this decision after considering (a) the substantial benefits that the Class will receive from the Par-

tial Settlements, (b) the attendant risks of litigation, (c) the ability of the Settling Defendants to pay a materially greater amount, and (d) the desirability of permitting the Partial Settlements to be consummated as provided by the terms of the Stipulations. From the perspective of the Lead Plaintiffs, the principal reason for the Partial Settlements is the substantial monetary benefits to be provided to the Class now. These benefits must be compared to the risk that recovery might not be achieved after a contested trial and likely appeal - possibly years into the future. Assuming the Lead Plaintiffs won at trial, they anticipated that the Settling Defendants would have appealed the verdict and that would have created further uncertainty and delay. From the perspective of OnCure, Dolphin and PresGar the principal reasons for the Settlements are to settle and terminate all existing or potential claims against them, and to eliminate the risk of a judgment against them, without in any way acknowledging any fault or liability, in order to eliminate the burden and expense of further litigation and possible appeals.

B. Releases Exchanged By The Parties

Pursuant to the Stipulations, if the Partial Settlements are approved by the Court, all Class Members will be deemed to have released the following claims against OnCure, Dolphin and PresGar and certain related parties (as more fully defined in the Stipulations):

all claims, rights, demands, suits, matters, issues or causes of action, whether known or unknown, asserted or unasserted, whether under state or federal law, including the federal securities laws, and whether directly, indirectly, derivatively, representatively or in any other capacity, arising out of any losses sustained by Class Members with respect to any transaction in or related to the DVI securities at issue here (but excluding any claims to enforce the terms of the Partial Settlements).

Furthermore, upon the Effective Date of the Settlements, Lead Plaintiffs, all members of the settlement class, and all other persons and entities whose claims are being released, 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, which 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 Settlement Class Members will be permanently barred from asserting any known or unknown claims related to this Action against the Settling Defendants. In addition, if the Court approves the Partial Settlements, the Settling Defendants will be precluded from suing the Lead Plaintiffs, Class Members, or Lead Counsel in connection with the Action.

C. The Settlement Benefits

Under the terms of the Stipulations, the three settling defendants have deposited or will deposit an aggregate \$2,885,000 (the "Gross Partial Settlement Amount") into escrow on behalf of the Class. OnCure will deposit One Million One Hundred Seventy Five Thousand Dollars (\$1,175,000), Dolphin will deposit Nine Hundred Sixty Thousand Dollars (\$960,000) and PresGar will deposit Seven Hundred Fifty Thousand (\$750,000). The Partial Settlements Fund will be distributed to eligible Settlement Class Members who send in valid Proof of Claim forms with the requested documentation, after payment of Court-approved legal fees, attorney and Lead Plaintiff 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 Settlement Class Members have submitted (the fewer the number of Settlement Class members who choose to participate in the Partial Settlement, the larger the recovery for each participant); (b) the number of shares of DVI common stock and/or DVI 9⁷/₈% 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 9⁷/₈% Senior Notes that you purchased during the Class Period. For shares or units that you purchased and sold during the Settlement 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 Autho-

alized Claimant's pro rata share of the Net Settlement Fund based upon a formula which takes into account which security he, she, or it purchased (DVI common stock or DVI 97/8% Senior Notes), the amount of each security purchased, among other things (the "Recognized Loss Formula"). The Recognized Loss Formula, which provides each Claimant with his, her, or its "Recognized Loss", is not intended to be an estimate of the amount which a Settlement Class Member would recover after trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Partial Settlements. 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 before 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 97/8% Senior Notes will be calculated as follows:

- (a) if Authorized Claimant purchased and sold DVI 97/8% 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 97/8% Senior Notes, excluding commissions, less the amount received before commission from the sale of such notes;
- (b) if Authorized Claimant purchased DVI 97/8% 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 97/8% Senior Notes, excluding commissions, and \$20.82 per note, the 90-day average closing price of DVI's 97/8% 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 97/8% 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

If you fall within the Class definition and you wish to remain in the Class, you must file your Proof of Claim attached hereto by January 3, 2007.

If you remain in the Class, then: (a) your interests in the Action 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 Partial Settlements); (c) you may be entitled to share in the benefits of any settlements or recoveries obtained in the Action, and you will be bound by any such settlements (including the Partial Settlements) and by any favorable or unfavorable judgments entered in the Action; (d) you will have the right to appear and be heard regarding Court approval of the Partial Settlements and any future settlements, and any applications for payment of attorneys' fees and expenses; and (e) you will have the right to receive notice of and object to any settlements (including the Partial Settlements).

If you elect to remain in the Class, you have the right to object to the Partial Settlements in the manner set forth below. If your objection is rejected, you will be bound by the Partial Settlements 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 Partial Settlements 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 Action, 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 9⁷/₈% Senior Notes during August 10, 1999 through August 13, 2003.

VI. HOW TO EXCLUDE YOURSELF FROM THE CLASS

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 Action, and you will not be bound by the Partial Settlements or any settlement in the Action, or by any favorable or unfavorable judgment in the Action.

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 sent by United States mail, postmarked no later than October 12, 2006 to the Claims Administrator.

DVI, Inc. Securities Litigation
c/o Strategic Claims Services
Exclusions
Claims Administrator
2710 Concord Road, Suite 5
Aston, PA 19014
www.strategicclaims.net
(610) 364-2693

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

In order to be eligible to receive any distribution from the Partial Settlements, you must complete and sign the accompanying Proof of Claim and Release form and send it by first class mail postmarked on or before January 3, 2007, addressed as follows:

DVI Inc. Securities Litigation
c/o Strategic Claims Services
Claims Administrator
2710 Concord Road, Suite 5
Aston, PA 19014
www.strategicclaims.net
(610) 364-2693

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

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 9⁷/₈% 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. STATEMENT OF ATTORNEYS' FEES AND COSTS SOUGHT

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 \$865,500, which represents 30% of the Gross Partial Settlement Amount, and for reimbursement of expenses incurred in connection with the prosecution of this Action against the Settling Defendants of not more than \$90,000, both of which shall be paid to Plaintiffs' Lead Counsel from the Class Settlement Fund with interest from the date such Class Settlement Fund was funded to the date of payment at the same net rate that the Class Settlement Fund earns. The Settling Defendants and their counsel do not oppose these requests. 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 Partial Settlements to the Class Members.

IX. NOTICE OF PARTIAL SETTLEMENTS HEARING

A hearing on the proposed Partial Settlements (the "Partial Settlements Hearing") will be held on November 9, 2006 at 10:00 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, 19106. The purpose of the Partial Settlements Hearing will be to determine: (1) whether the Partial Settlements should be finally approved as fair, just and reasonable; (2) whether the Action should be dismissed with prejudice as against the Settling Defendants; and (3) to consider the proposed Plan of Allocation for the proceeds of the Partial Settlements and the application of Lead Counsel for attorneys' fees and reimbursement of expenses.

Any member of the Class who has not requested exclusion may appear at the Partial Settlements Hearing to show cause why the proposed Partial Settlements should not be approved, why the Action should not be dismissed with prejudice as against the Settling Defendants, 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 October 12, 2006, with copies sent to:

Attorneys for Lead Plaintiffs:

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

Attorneys for the Settling Defendants:

David Hoffner
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Dechert, LLP
30 Rockefeller Plaza
New York, NY 10112
Attorney for OnCure Medical Corp.

Robert L. Hickok
Christopher J. Huber
Pepper Hamilton, LLP
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103
Attorney for PresGar Imaging LC

Richard Levan
Levan Friedman, LLP
Two Penn Center Plaza
Suite 1422
1500 John F. Kennedy Blvd.
Philadelphia, PA 19102
Attorney for Dolphin Medical, Inc.

The Claims Administrator:
Strategic Claims Services
Concord Plaza
2710 Concord Road
Suite 5
Aston, PA 19014

Once an objection to the proposed Partial Settlements 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/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 Partial Settlements.

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 Action and the terms of the proposed Partial Settlements. Anyone interested in more detail regarding the Action 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 Stipulations, 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
2710 Concord Road, Suite 5
Aston, PA 19014
www.strategicclaims.net
(610) 364-2693

ALL INQUIRIES CONCERNING THIS PARTIAL SETTLEMENTS NOTICE 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: August 18, 2006

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