

October 16, 1996

Asensio & Company serves demand on Diana.

Asensio & Company, Inc.'s attorneys have served Diana with a demand to produce a copy the letter referred to in their press release. Asensio & Company has never offered any cash, any fee or any percentage of any trading profits to any analyst, advisor or consultant for any negatively biased or untruthful report on The Diana Corporation or any other company.

Asensio & Company is an institutional New York based full service investment banking firm engaged in principle trading, securities analysis and underwriting. The firm only sells short the stock of companies it believes to be grossly overvalued, with no future prospects and very poor management. The firm only shorts stock based on in-depth due diligence and highly factual analysis.

Asensio & Company, Inc. confirms that it has determined that the Sattel switch does not have SS7 capabilities, a hard drive or any other mass storage device, line card processing capabilities, an Ethernet or TCP-IPC port, or graphical interface, and has a centralized matrix, uses a standard unmodified CPU board and Assembly language. All of these shortcomings make the switch slower and less scalable than its competitors, and incompatible with most modern telecommunication equipment.

The Diana Corporation (NYSE Symbol: DNA) (Price: \$35.75)

Short selling involves a risk not associated with the purchase of stock including, but not only limited to, unlimited loss and stock borrowing risks. Additional information is available upon request.