

June 27, 1996

Asensio & Company, Inc. reconfirmed its Strong Sell recommendation on the Diana Corporation ("DNA") after its stock most recent drop.

Diana's stock fell 18% after CEO's poor earnings forecast and the announcement of Sattel's Concentric order. Mr. Fiedler failed to show products are exclusive .

Diana's shares continued to drop after James J. Fiedler, Chief Executive Officer of its Sattel Communications subsidiary, was interviewed on CNBC. Mr. Fiedler refused to estimate future earnings. Diana had earlier claimed it would earn over \$1 per share this year. Mr. Fiedler also announced that Sattel will ship 21 of its DataNet units to Concentric Network Corporation.

We believe that Mr. Fiedler has grossly overstated Diana's potential. In fact, based on earlier but strikingly similar events, it is our belief that Mr. Fiedler's history is being repeated. Mr. Fiedler joined Summa Four, Inc., a telecommunication company, as President in July 1993 and served until July 1994. During his first eight months Summa's stock rose 250%. In his last four months it fell to 41% below where it all begun. Unlike Diana, Summa had sales, earnings, and manufacturing and research & development capacity, which may have limited its mystery value. Mr. Fiedler joined Diana in September 1995.

We believe Diana has made false product claims. We believe that Diana did not invent a process or product, nor does it have an exclusive on any of the features its products provides. There is nothing proprietary in any of Diana's products. We see no legitimate reason for the stock's current value and believe the shares will give back most or all of their 52 week gain. On June 26, 1995, after Diana's Sattel purchase and DataNet's full "development", its stock traded below \$6 per share.

The Diana Corporation (NYSE Symbol "DNA") (Price: \$39.25)

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.