

June 06, 1996

***Diana fails to deny its stock is "grossly over-inflated" or that it "possesses no valuable technology".***

Yesterday The Diana Corporation issued a press release in response to Asensio & Company, Inc.'s Strong Sell recommendation. The Company's release failed to in any way whatsoever refute Asensio's findings that Diana's products were "easily duplicated", and that the Company "possesses no technical research or manufacturing capabilities." Furthermore, Diana failed to deny that it had made misstatements in calling a "leader" or "manufacturer" in the telecommunications industry.

Asensio's release was a summary of the conclusions of an institutional equity research report published on June 4, 1996. Prior to issuing its opinion, Asensio conducted extensive due diligence including, but not limited to, meetings with competitors and potential customers. The release dealt only with Asensio's findings concerning Diana's technology claims and concluded that there was "no legitimate reason" for Diana's current stock price. Asensio believes that the only explanation for Diana's stock price is the Company's promotional activity, which is illustrated in by its present action. This includes 16 press releases so far this year and a promotional Internet site. Furthermore, we believe that such blatant and unprofessional conduct only adds to the risk of owning a grossly over-inflated stock with no analyst following or available earnings estimates.

Investors attempting to justify Diana's 20 fold stock price increase refer to its investment in Sattel. The following is the actual history of this business. Diana's Form 8K-A (Amendment No. 1) filed with the Securities and Exchange Commission dated January 16, 1996 contains an audited financial statement for its Sattel Communications Company, including a balance sheet showing its total investment in equipment to be \$43,962. Footnote 1 to this audited statement also states that on November 23, 1994 Diana purchased a 50% interest in Sattel for \$200,000. Its Form 10-K dated April 1, 1995 stated that "Satcom recently completed development of DataNet." Again, according to its audited financial statement, during the 166 days between Diana's purchase of Sattel and the announcement of the conclusion of its "development" of DataNet, Sattel's total expenditures were \$124,000. Sattel hired its managers one year after it developed "its DataNet product.

The Diana Corporation (NYSE Symbol: DNA) (Price: \$87.875)

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.