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**DIANA SHIPPING INC. REPORTS FINANCIAL RESULTS
FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2008**

ATHENS, GREECE, February 19, 2009 – Diana Shipping Inc. (NYSE: DSX), a global shipping company specializing in the transportation of dry bulk cargoes, today reported net income of \$54.2 million for the fourth quarter of 2008. This compared to net income of \$36.4 million reported in the fourth quarter of 2007.

Voyage and time charter revenues were \$84.3 million for the fourth quarter of 2008, compared to \$58.9 million for the same period of 2007, due to an increase in prevailing time charter rates and the increase in operating days due to the enlargement of the Company's fleet.

Net income for the year ended December 31, 2008 amounted to \$221.7 million, compared to net income of \$134.2 million for the same period of 2007. Voyage and time charter revenues were \$337.4 million for 2008, compared to \$190.5 million for the same period of 2007.

Chairman and Chief Executive Officer's Comments

“In a challenging economic environment, Diana Shipping achieved solid growth in revenues and earnings for the fourth quarter and full year 2008. While business conditions remain unsettled, we are well-positioned to operate our business successfully and to seize upon opportunities that may emerge in the coming year. We have cultivated and expanded our relationships with some of the strongest charterers in the industry. Our balance sheet is healthy and not over-leveraged. And our young, efficient fleet provides a significant competitive advantage. We believe the current dislocations in the dry bulk marketplace will offer many opportunities for companies with good revenue visibility, strong capital and liquidity, and management teams with a disciplined approach to managing risk and creating value. We fully intend to take advantage of those opportunities for the long-term benefit of our shareholders,” said Simeon Palios, Chairman and Chief Executive Officer of Diana Shipping.

Fleet Employment Profile (As of February 18, 2009)

Currently Diana's fleet is employed as follows:

| Name | Sister ships ¹ | Year Built | DWT | Charterer | Employment ² | Charter Expiration ³ |
|--------------------------|---------------------------|------------|------------------|---|-------------------------|--|
| Nirefs | A | 2001 | 75,311 | Cosco Bulk Carrier Co. Ltd. | \$60,500 | Feb 3, 2010 – Apr 3, 2010 |
| Alcyon | A | 2001 | 75,247 | Cargill International S.A., Geneva | \$34,500 | Nov 21, 2012 – Feb 21, 2013 |
| Triton | A | 2001 | 75,336 | Cargill International S.A., Geneva | \$24,400 | Oct. 17, 2009 – Jan 17, 2010 ⁴ |
| Oceanis | A | 2001 | 75,211 | Hanjin Shipping Co. Ltd., Seoul | \$40,000 | Jul 29, 2009 – Oct 29, 2009 |
| Dione | A | 2001 | 75,172 | Louis Dreyfus Commodities S.A., Geneva | \$12,000 | Jun 1, 2010 – Sep 1, 2010 |
| Danae | A | 2001 | 75,106 | Hanjin Shipping Co. Ltd., Seoul | \$29,400 | Apr 10, 2009 ¹⁰ – May 18, 2009 |
| Protefs | B | 2004 | 73,630 | Hanjin Shipping Co. Ltd., Seoul | \$59,000 | Aug 18, 2011 – Nov 18, 2011 |
| Calipso | B | 2005 | 73,691 | Cargill International S.A., Geneva | \$9,400 | Dec 24, 2009 – Mar 24, 2010 |
| Clio | B | 2005 | 73,691 | Cargill International S.A., Geneva | \$6,000 \$11,000 | Feb 26, 2009 Dec 26, 2009 – Mar 26, 2010 |
| Thetis | B | 2004 | 73,583 | Cargill International S.A., Geneva | \$10,500 | Dec 12, 2009 – Mar 12, 2010 |
| Naias | B | 2006 | 73,546 | Constellation Energy Commodities Group, Baltimore | \$34,000 | Aug 24, 2009 – Oct 24, 2009 |
| Erato | C | 2004 | 74,444 | Cargill International S.A., Geneva | \$15,000 | Nov 27, 2009 – Feb 27, 2010 |
| Coronis | C | 2006 | 74,381 | Bottiglieri Di Navigazione S.p.A. | \$27,500 | Mar 15, 2009 ¹⁰ – Apr 9, 2009 |
| Sideris GS | D | 2006 | 174,186 | BHP Billiton Marketing AG | \$39,000 \$36,000 | Nov 30, 2009 Oct 15, 2010 – Jan 15, 2011 ⁵ |
| Aliki | - | 2005 | 180,235 | Cargill International S.A., Geneva | \$52,000 \$45,000 | May 1, 2009 Mar 1, 2011 – Jun 1, 2011 ⁵ |
| Semirio | D | 2007 | 174,261 | BHP Billiton Marketing AG | \$51,000 \$31,000 | Jun 15, 2009 Apr 30, 2011 – Jul 30, 2011 ⁵ |
| Boston | D | 2007 | 177,828 | BHP Billiton Marketing AG | \$52,000 | Sep 28, 2011 – Dec 28, 2011 ⁶ |
| Salt Lake City | - | 2005 | 171,810 | Refined Success Limited | \$55,800 | Aug 28, 2012 – Oct 28, 2012 |
| Norfolk | - | 2002 | 164,218 | Corus UK Limited | \$74,750 | Jan 12, 2013 – Mar 12, 2013 |
| New York ^{7, 8} | D | 2010 | 177,000 | Nippon Yusen Kaisha, Tokyo (NYK) | \$48,000 ⁹ | Feb 28, 2015 – Jun 30, 2015 ⁹ |
| Los Angeles ⁷ | D | 2010 | 177,000 | - | - | - |
| Total: | | | 2,364,887 | | | |

- ¹ Each vessel is a sister ship of the other vessels that have the same letter.
- ² Gross time charter rate per day.
- ³ Charterers' optional period to redeliver the vessel to us. Charterers have the right to add the off-hire days, if any, and therefore the optional period may be extended.
- ⁴ The charterer has the option to employ the vessel for a further 11-13 month period at a daily rate based on the average rate of four pre-determined time charter routes as published by the Baltic Exchange. The optional period, if exercised, must be declared on or before the end of the 30th month of employment and can only commence at the end of the 36th month.
- ⁵ The charterer has the option to employ the vessel for a further 11-13 month period. The optional period, if exercised, must be declared on or before the end of the 42nd month of employment and can only commence at the end of the 48th month, at the daily time charter rate of \$48,500.
- ⁶ The charterer has the option to employ the vessel for a further 11-13 month period. The optional period, if exercised, must be declared on or before the end of the 42nd month of employment and can only commence at the end of the 48th month, at the daily time charter rate of \$52,000.
- ⁷ Expected to be delivered to owners in the second quarter of 2010.
- ⁸ The gross rate will vary as follows: US\$50,000 per day for delivery between October 1, 2009 and January 31, 2010 or US\$48,000 per day for delivery between February 1, 2010 and April 30, 2010.
- ⁹ The time charter rate of \$48,000 per day is based on the latest possible date of delivery to the charterer (see also Note 8).
- ¹⁰ Based on latest information received by charterers

Summary of Selected Financial & Other Data

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|-------------|----------------------------|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| INCOME STATEMENT DATA (in thousands of US Dollars): | | | | |
| Voyage and time charter revenues | \$ 84,339 | \$ 58,889 | \$ 337,391 | \$ 190,480 |
| Voyage expenses | 4,835 | 2,669 | 15,003 | 8,697 |
| Vessel operating expenses | 9,919 | 8,506 | 39,899 | 29,332 |
| Net income | 54,160 | 36,373 | 221,699 | 134,220 |
| FLEET DATA | | | | |
| Average number of vessels | 19.0 | 16.8 | 18.9 | 15.9 |
| Number of vessels | 19.0 | 18.0 | 19.0 | 18.0 |
| Weighted average age of fleet (in years) | 4.3 | 3.4 | 4.3 | 3.4 |
| Ownership days | 1,748 | 1,542 | 6,913 | 5,813 |
| Available days | 1,735 | 1,542 | 6,892 | 5,813 |
| Operating days | 1,711 | 1,531 | 6,862 | 5,771 |
| Fleet utilization | 98.6% | 99.3% | 99.6% | 99.3% |
| AVERAGE DAILY RESULTS | | | | |
| Time charter equivalent (TCE) rate (1) | \$ 45,824 | \$ 36,459 | \$ 46,777 | \$ 31,272 |
| Daily vessel operating expenses (2) | \$ 5,675 | \$ 5,516 | \$ 5,772 | \$ 5,046 |

- (1) Time charter equivalent rates, or TCE rates, are defined as our voyage and time charter revenues less voyage expenses during a period divided by the number of our available days during the period, which is consistent with industry standards. Voyage expenses include port charges, bunker (fuel) expenses, canal charges and commissions. TCE is a non-GAAP measure. TCE rate is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per day amounts while charter hire rates for vessels on time charters are generally expressed in such amounts.
- (2) Daily vessel operating expenses, which include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses, are calculated by dividing vessel operating expenses by ownership days for the relevant period.

Conference Call and Webcast Information

Diana Shipping Inc. will conduct a conference call and simultaneous Internet webcast to review these results at 9:00 A.M. (Eastern Standard Time) on Thursday, February 19, 2009.

Investors may access the webcast by visiting the Company's website at www.dianashippinginc.com, and clicking on the webcast link. The webcast also is accessible at www.viavid.net, by clicking on the Diana Shipping link under "Events". The conference call also may be accessed by telephone by dialing 1-800-762-8795 (for U.S.-based callers) or 1-480-248-5081 (for international callers).

A replay of the webcast will be available soon after the completion of the call and will be accessible on both www.dianashippinginc.com and www.viavid.net. A telephone replay will be available by dialing 1-800-406-7325 (for U.S.-based callers) or 1-303-590-3030 (for international callers); callers must use the PIN number 3970157.

About the Company

Diana Shipping Inc. is a global provider of shipping transportation services. The Company specializes in transporting dry bulk cargoes, including such commodities as iron ore, coal, grain and other materials along worldwide shipping routes.

Cautionary Statement Regarding Forward-Looking Statements

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words "believe," "anticipate," "intends," "estimate," "forecast," "project," "plan," "potential," "may," "should," "expect," "pending" and similar expressions identify forward-looking statements.

The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, our management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

In addition to these important factors, other important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, general market conditions, including fluctuations in charter rates and vessel values, changes in demand for dry bulk shipping capacity, changes in our operating expenses, including bunker prices, drydocking and insurance costs, the market for our vessels, availability of financing and refinancing, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, vessels breakdowns and instances of off-hires and other factors. Please see our filings with the Securities and Exchange Commission for a more complete discussion of these and other risks and uncertainties.

(See financial tables attached)

DIANA SHIPPING INC.
FINANCIAL TABLES

Expressed in thousands of U.S. Dollars, except share and per share data

CONSOLIDATED STATEMENTS OF INCOME

| | Three Months Ended | | Year Ended | |
|--|---------------------------|-------------------|---------------------|-------------------|
| | December 31, | | December 31, | |
| | 2008 | 2007 | 2008 | 2007 |
| | (unaudited) | (unaudited) | (unaudited) | |
| REVENUES: | | | | |
| Voyage and time charter revenues | \$ 84,339 | \$ 58,889 | \$ 337,391 | \$ 190,480 |
| EXPENSES: | | | | |
| Voyage expenses | 4,835 | 2,669 | 15,003 | 8,697 |
| Vessel operating expenses | 9,919 | 8,506 | 39,899 | 29,332 |
| Depreciation and amortization of deferred charges | 11,016 | 7,595 | 43,259 | 24,443 |
| General and administrative expenses | 3,106 | 5,082 | 13,831 | 11,718 |
| Gain on vessel sale | - | - | - | (21,504) |
| Foreign currency losses (gains) | (84) | 14 | (438) | (144) |
| Operating income | <u>55,547</u> | <u>35,023</u> | <u>225,837</u> | <u>137,938</u> |
| OTHER INCOME (EXPENSES): | | | | |
| Interest and finance costs | (1,451) | (627) | (5,851) | (6,394) |
| Interest Income | 64 | 1,977 | 768 | 2,676 |
| Insurance settlement for vessel un-repaired damages | - | - | 945 | - |
| Total other income (expenses), net | <u>(1,387)</u> | <u>1,350</u> | <u>(4,138)</u> | <u>(3718)</u> |
| Net Income | <u>\$ 54,160</u> | <u>\$ 36,373</u> | <u>\$ 221,699</u> | <u>\$ 134,220</u> |
| Earnings/(losses) per common share, basic and diluted | <u>\$ 0.72</u> | <u>\$ 0.49</u> | <u>\$ 2.97</u> | <u>\$ 2.11</u> |
| Weighted average number of common shares, basic | <u>74,377,731</u> | <u>74,375,000</u> | <u>74,375,686</u> | <u>63,748,973</u> |
| Weighted average number of common shares, diluted | <u>74,377,731</u> | <u>74,375,000</u> | <u>74,558,254</u> | <u>63,748,973</u> |

BALANCE SHEET DATA

| | December 31, | |
|---|---------------------|----------------|
| | 2008 | 2007 |
| | (unaudited) | |
| <u>ASSETS</u> | | |
| Cash and cash equivalents | 62,033 | 16,726 |
| Other current assets | 6,521 | 4,788 |
| Advances for vessels under construction and acquisitions and other vessel costs | 27,199 | 53,104 |
| Vessels' net book value | 960,431 | 867,632 |
| Other fixed assets, net | 136 | 956 |
| Other non-current assets | 886 | 1,136 |
| Total assets | 1,057,206 | 944,342 |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|---|------------------|----------------|
| Current liabilities | 20,012 | 20,964 |
| Long-term debt | 238,094 | 98,819 |
| Deferred revenue, non-current portion | 22,502 | 23,965 |
| Other non-current liabilities | 1,122 | 1,120 |
| Total stockholders' equity | 775,476 | 799,474 |
| Total liabilities and stockholders' equity | 1,057,206 | 944,342 |

OTHER FINANCIAL DATA

| | Three Months Ended | | Year Ended | |
|--|---------------------------|-------------|---------------------|-------------|
| | December 31, | | December 31, | |
| | 2008 | 2007 | 2008 | 2007 |
| | (unaudited) | (unaudited) | (unaudited) | |
| Net cash from operating activities | \$ 63,024 | \$ 50,562 | \$ 261,151 | \$ 148,959 |
| Net cash used in investing activities | (273) | (256,120) | (108,662) | (409,085) |
| Net cash from / (used in) financing activities | (5,479) | 31,862 | (107,182) | 262,341 |