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**DIANA SHIPPING INC. ANNOUNCES AGREEMENT TO ACQUIRE
THREE PANAMAX VESSELS**

ATHENS, GREECE, February 4, 2016 – Diana Shipping Inc. (NYSE: [DSX](#)), (the “Company”), a global shipping company specializing in the ownership of dry bulk vessels, today announced that it has signed, through three separate wholly-owned subsidiaries, three Memoranda of Agreement to acquire from a related party three Panamax vessels for an aggregate purchase price of US\$39.8 million. These vessels are the m/v *Sunshine*, a 2010 built Panamax dry bulk vessel of 75,700 dwt, the m/v *Manzoni*, a 2013 built Panamax dry bulk vessel of 75,403 dwt and the m/v *Infinity 9*, a 2013 built Panamax dry bulk vessel of 77,901 dwt, all built by Jiangnan Shipyard (Group) Co., Ltd. The delivery of the vessels to the buyers is expected by the end of March 2016.

The Company has agreed to acquire the vessels from entities affiliated with Mrs. Semiramis Paliou and Mrs. Aliko Paliou, each of whom is a family member of the Company’s Chairman and Chief Executive Officer. Mrs. Semiramis Paliou is also a director of the Company. The transaction was approved unanimously by a committee of the Board of Directors established for the purpose of considering the transaction and consisting of the Company’s independent directors and each of its executive directors other than Mrs. Semiramis Paliou and Mr. Simeon Palios. The agreed upon purchase price of the vessels was based, among other factors, on independent third party broker valuations obtained by the Company. Consummation of the purchases is subject to the Company obtaining bank financing from the sellers’ existing lenders for substantially all of the purchase price of the vessels, thereby resulting in little or no current cash outlay on the part of the Company.

The President of the Company, Mr. Anastasios Margaronis, commented: “The Company is excited about the opportunity to acquire these modern, high quality vessels on very attractive terms. Not only has the Company been able to negotiate the purchase of these vessels at “distressed” prices not seen during the past 15 years, but we believe that our strong balance sheet and attractive credit risk will enable us to negotiate extremely favorable financing terms with the current lenders to finance 100% of the purchase price that will be non-amortizing for two years. By preserving available cash, the Company will maintain its strong balance sheet to weather the

continuing downturn in the dry bulk market and to fund future vessel acquisitions throughout the eventual market recovery, consistent with the Company's long term strategy."

Excluding the three aforementioned vessels, as well as one new-building Newcastlemax dry bulk vessel expected to be delivered to the Company during the third quarter of 2016 and one new-building Newcastlemax dry bulk vessel and one new-building Kamsarmax dry bulk vessel expected to be delivered to the Company during the fourth quarter of 2016, Diana Shipping Inc.'s fleet currently consists of 43 dry bulk vessels (2 Newcastlemax, 14 Capesize, 3 Post-Panamax, 4 Kamsarmax and 20 Panamax). As of today, the combined carrying capacity of the Company's fleet, excluding the six vessels not yet delivered, is approximately 5.0 million dwt with a weighted average age of 7.44 years. A table describing the current Diana Shipping Inc. fleet can be found on the Company's website, www.dianashippinginc.com. Information contained on the Company's website does not constitute a part of this press release.

About the Company

Diana Shipping Inc. is a global provider of shipping transportation services through its ownership of dry bulk vessels. The Company's vessels are employed primarily on medium to long-term time charters and transport a range of 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.