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DIANA SHIPPING INC. ANNOUNCES EXERCISE OF OVER-ALLOTMENT OPTION IN SECONDARY OFFERING

ATHENS, GREECE, January 29, 2007 – Diana Shipping Inc. (NYSE: DSX) today announced that the underwriters of its secondary offering of 5,000,000 common shares, which was priced on January 23, 2007, exercised in full an over-allotment option granted to the underwriters by the selling shareholders. The selling shareholders have sold an additional 750,000 common shares as a result of the over-allotment exercise. The Company did not receive any proceeds from the sale.

Bear, Stearns & Co. Inc. and Wachovia Capital Markets, LLC were the joint global coordinators and joint book-running managers for the offering.

The offering has been made only by means of a prospectus and related prospectus supplement, which have been filed with the Securities and Exchange Commission. Copies of the prospectus and prospectus supplement may be obtained from Bear, Stearns & Co. Inc. at 383 Madison Avenue, New York, New York 10179, telephone: (866) 803-9204 and from Wachovia Capital Markets, LLC at 375 Park Avenue, New York, New York 10152, telephone: (800) 326-5897.

About the Company

Diana Shipping Inc. (NYSE: DSX) 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 Statement

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," "except," "anticipate," "intends," "estimate," "forecast," "project," "plan," "potential," "will," "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.

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