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**DIANA SHIPPING INC. REPORTS FINANCIAL RESULTS  
FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2006  
AND  
DECLARES CASH DIVIDEND OF 46 CENTS PER SHARE  
FOR THE FOURTH QUARTER OF 2006**

ATHENS, GREECE, February 21, 2007 – Diana Shipping Inc. (NYSE: DSX), a global shipping transportation company specializing in dry bulk cargoes, today reported net income of \$19.4 million for the fourth quarter of 2006, compared to net income of \$13.9 million reported for the same period of 2005.

Voyage and time charter revenues were \$35.2 million for the fourth quarter of 2006, compared to \$24.0 million for the same period of 2005. This increase was due to the growth in the number of vessels in the Company's fleet and to increased time charter rates.

Net income for the year ended December 31, 2006, amounted to \$61.1 million compared to net income of \$65.0 million for the same period of 2005. Net income available to common stockholders during the period, after the non-recurring preferential deemed dividend of \$20.3 million relating to the purchase of Diana Shipping Services S.A. on April 1, 2006, was \$40.8 million. Voyage and time charter revenues were \$116.1 million for the year ended December 31, 2006, compared to \$103.1 million for the same period of 2005.

**Dividend Declaration**

The Company has declared a cash dividend on its common stock of \$0.46 per share, based on its cash from operations during the fourth quarter of 2006. The cash dividend will be payable on or about March 14, 2007 to shareholders of record as of March 7, 2007. The Company has 53.05 million shares of common stock outstanding.

“We are pleased that our earnings per share performance has continued its positive sequential trend during the year 2006. EPS rose during 2006 to US\$0.37 in the fourth quarter, up from US\$0.32 in the third quarter, US\$0.28 in the second quarter (before the non-recurring preferential deemed dividend), and US\$0.26 in the first quarter. We believe that our strategy of expanding our fleet, while maintaining a flexible chartering policy that permits the Company to benefit from the dynamic nature of the freight market, has driven our strong results and enabled us to continue increasing our dividend for the fourth quarter of 2006 to 46 cents per share,” said Simeon Palios, Chairman and Chief Executive Officer of Diana Shipping Inc.

## Fleet Employment Profile

Currently Diana's fleet is employed as follows:

Name	Sister ships <sup>3</sup>	Year Built	DWT	Employment <sup>1</sup>	Charter Expiration <sup>2</sup>
Nirefs	A	2001	75,311	4TCs Average <sup>4</sup> + 4.5%	Oct 23, 2007 – Jan 23, 2008
Alcyon	A	2001	75,247	\$22,582	Oct 15, 2007 – Feb 15, 2008
Triton	A	2001	75,336	\$24,400	Oct. 17, 2009 – Jan 17, 2010 <sup>5</sup>
Oceanis	A	2001	75,211	\$17,000	Apr 19, 2007 – Jun 19, 2007
Dione	A	2001	75,172	\$28,500	Nov 7, 2007 – Jan 17, 2008
Danae	A	2001	75,106	\$30,000	Apr 5, 2007 – Apr 24, 2007
Protefs	B	2004	73,630	4TCs Average <sup>4</sup>	Jan 04, 2007 – Mar 4, 2007
Calipso	B	2005	73,691	\$26,750	Dec 21, 2007 – Feb 21, 2008
Clio	B	2005	73,691	4TCs Average <sup>4</sup> + \$850	Feb 28, 2007
Thetis	B	2004	73,583	\$25,000	Aug 3, 2007 – Oct 18, 2007
Naias	B	2006	73,546	\$21,000	Jun 28, 2007 – Sep 28, 2007
Erato	C	2004	74,444	\$30,500	Nov 9, 2007 – Jan 9, 2008
Coronis	C	2006	74,381	\$27,500	Jan 18, 2009 – Mar 18, 2009
Pantelis SP	-	1999	169,883	\$47,500	Jan 25, 2008 – Mar 25, 2008 <sup>6</sup>
Sideris GS	D	2006	174,186	\$41,000 <sup>7</sup>	Oct 17, 2010 – Jan 16, 2011 <sup>8</sup>
Semirio	D	2007	175,000	\$41,000 <sup>9</sup>	Apr 30, 2011 – Jul 30, 2011 <sup>8</sup>
Hull H1107 <sup>10</sup>	D	2010	177,000	-	-
Hull H1108 <sup>10</sup>	D	2010	177,000	-	-
<b>Total:</b>			<b>1,841,418</b>		

<sup>1</sup> Gross time charter rate per day.

<sup>2</sup> Charterers' optional period to redeliver the vessel to owners.

<sup>3</sup> Each vessel is a sister ship of the other vessels that have the same letter.

<sup>4</sup> Adjustable every 15 days based on the average of four main pre-determined time charter routes, as published by the Baltic Exchange.

<sup>5</sup> 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 30<sup>th</sup> month of employment and can only commence at the end of the 36<sup>th</sup> month.

<sup>6</sup> The vessel has been sold and is expected to be delivered to its new owners in July 2007.

<sup>7</sup> The daily time charter rate will be \$46,000 during the first year; \$43,000 during the second year; \$39,000 during the third year and \$36,000 during the fourth year.

<sup>8</sup> The charterer has the option to employ the vessel for a further 11-13 month period, counting from the end of the 48<sup>th</sup> month, at the daily time charter rate of \$48,500.

<sup>9</sup> The daily time charter rate will be \$51,000 for the first and second year and \$31,000 for the third and fourth year. The vessel is expected to be delivered to the Company in June 2007.

<sup>10</sup> Expected to be delivered in the second quarter of 2010.

## Summary of Selected Financials & Other Data

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>INCOME STATEMENT DATA (in thousands of US Dollars):</b>				
Voyage and time charter revenues	\$ 35,184	\$ 24,005	\$ 116,101	\$ 103,104
Voyage expenses	1,732	1,291	6,059	6,480
Vessel operating expenses	6,226	4,287	22,489	14,955
Net income	19,425	13,875	61,063	64,990
Net income available to common stockholders	19,425	13,875	40,796	64,990
<b>FLEET DATA</b>				
Average number of vessels	14.4	10.8	13.4	9.6
Number of vessels	15.0	12.0	15.0	12.0
Weighted average age of fleet (in years)	3.7	3.8	3.7	3.8
Ownership days	1,321	995	4,897	3,510
Available days	1,321	984	4,856	3,471
Operating days	1,319	980	4,849	3,460
Fleet utilization	99.8%	99.6%	99.9%	99.7%
<b>AVERAGE DAILY RESULTS</b>				
Time charter equivalent (TCE) rate (1)	\$ 25,323	\$ 23,083	\$ 22,661	\$ 27,838
Daily vessel operating expenses (2)	\$ 4,713	\$ 4,309	\$ 4,592	\$ 4,261

- (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 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 Time) on Thursday, February 22, 2007. Investors may access the webcast by visiting the Company's website at [www.dianashippinginc.com](http://www.dianashippinginc.com), and clicking on the webcast link. The webcast also is accessible at [www.viavid.net](http://www.viavid.net), by clicking on the Diana Shipping link under "Events". The conference call also may be accessed by telephone by dialing 1-877-692-2086 (for U.S.-based callers) or 1-973-935-8599 (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](http://www.dianashippinginc.com) and [www.viavid.net](http://www.viavid.net). A telephone replay will be available by dialing 1-877-519-4471 (for U.S.-based callers) or 1-973-341-3080 (for international callers); callers must use the PIN number 8431680.

## **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," "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.

(See financial tables attached)

**DIANA SHIPPING INC.**

**FINANCIAL TABLES**

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

**CONSOLIDATED STATEMENTS OF INCOME**

	<b>Three Months Ended December 31,</b>		<b>Year Ended December 31,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	(unaudited)	(unaudited)	(unaudited)	
<b>REVENUES:</b>				
Voyage and time charter revenues	\$ 35,184	\$ 24,005	\$ 116,101	\$ 103,104
<b>EXPENSES:</b>				
Voyage expenses	1,732	1,291	6,059	6,480
Vessel operating expenses	6,226	4,287	22,489	14,955
Depreciation and amortization of deferred charges	4,728	2,976	16,709	9,943
Management fees	-	486	573	1,731
Executive management services and rent	-	38	76	455
General and administrative expenses	1,932	841	6,331	2,871
Foreign currency losses (gains)	26	(1)	(52)	(30)
<b>Operating income</b>	<u>20,540</u>	<u>14,087</u>	<u>63,916</u>	<u>66,699</u>
<b>OTHER INCOME (EXPENSES):</b>				
Interest and finance costs	(1,317)	(569)	(3,886)	(2,731)
Interest Income	202	357	1,033	1,022
<b>Total other income (expenses), net</b>	<u>(1,115)</u>	<u>(212)</u>	<u>(2,853)</u>	<u>(1,709)</u>
<b>Net Income</b>	\$ <u>19,425</u>	\$ <u>13,875</u>	\$ <u>61,063</u>	\$ <u>64,990</u>
Preferential deemed dividend	-	-	(20,267)	-
<b>Net income/(loss) available to common stockholders</b>	\$ <u>19,425</u>	\$ <u>13,875</u>	\$ <u>40,796</u>	\$ <u>64,990</u>
<b>Earnings/(losses) per common share, basic and diluted</b>	\$ <u>0.37</u>	\$ <u>0.34</u>	\$ <u>0.82</u>	\$ <u>1.72</u>
<b>Weighted average number of common shares, basic and diluted</b>	<u>53,050,000</u>	<u>41,358,696</u>	<u>49,528,904</u>	<u>37,765,753</u>

**BALANCE SHEET DATA**

	<b>December 31,</b>	
	<b>2006</b>	<b>2005</b>
	(unaudited)	
<b><u>ASSETS</u></b>		
Cash and cash equivalents	14,511	21,230
Other current assets	4,551	5,367
Advances for vessels under construction and acquisitions and other vessel costs	24,347	4,221
Vessels' net book value	464,439	307,305
Other fixed assets, net	897	-
Other non-current assets	1,930	3,826
<b>Total assets</b>	<b>510,675</b>	<b>341,949</b>
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<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current liabilities, including current portion of long term debt	7,636	4,667
Long-term debt, net of current portion	138,239	12,859
Other non-current liabilities	1,697	265
Total stockholders' equity	363,103	324,158
<b>Total liabilities and stockholders' equity</b>	<b>510,675</b>	<b>341,949</b>
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**OTHER FINANCIAL DATA**

	<b>Three Months Ended</b>		<b>Year Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	(unaudited)	(unaudited)	(unaudited)	
Net cash from operating activities	\$ 25,547	\$ 11,592	\$ 82,370	\$ 69,256
Net cash used in investing activities	(97,306)	(77,754)	(193,096)	(169,241)
Net cash from financing activities	77,860	57,408	104,007	119,457