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**DIANA SHIPPING INC. ANNOUNCES INTENTION TO PARTICIPATE IN  
NEW CONTAINERSHIP PROJECT**

Athens, Greece, January 15, 2010 – Diana Shipping Inc. (NYSE:DSX), a global shipping company specializing in the transportation of dry bulk cargoes, today announced its intention to participate in a new project involving the formation of a company expected to invest in containerships over the next 12-18 months. Diana Shipping intends to invest \$50 million for a minority stake in the project, with the balance being raised in a private offering to institutional and accredited investors. Diana Shipping's wholly-owned management company would also enter into administrative and vessel management agreements with the new company, and certain Diana Shipping executives would also hold positions as executives of the new company. In addition, Diana Shipping would agree with the new company, as long as the administrative agreement or any of the vessel management agreements remain in effect, not to invest in containerships via other entities, while the new company would agree not to invest in dry bulk carriers. The proposed investment is subject to the completion of fundraising on acceptable terms.

The shares of the company involved in the project described in this press release have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States or to U.S. persons (as such term is defined in Regulation S under the Securities Act) in the absence of an effective registration statement or exemption from registration. This press release is not an offer to sell or the solicitation of an offer to buy such shares.

**About Diana Shipping Inc.**

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 and container 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, willingness of investors to invest in container shipping projects 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.