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**DIANA SHIPPING INC. ANNOUNCES ENTRY INTO LOAN AGREEMENT
WITH THE EXPORT-IMPORT BANK OF CHINA**

ATHENS, GREECE, October 4, 2010 - Diana Shipping Inc. (NYSE:DSX), a global shipping transportation company specializing in dry bulk cargoes, today announced that on October 2, 2010 it entered into a 10 year term loan agreement for US\$82.6 million with The Export-Import Bank of China (“China Eximbank”) having a majority interest and DNB NOR Bank ASA as agent. The purpose of this facility is to partly finance, after delivery, the acquisition cost of the two newbuilding dry bulk carriers of approximately 206,000 dwt each, as previously announced by the Company on April 13, 2010.

Diana Shipping Chairman and Chief Executive Officer, Simeon Palios, commented: “This new loan facility is a breakthrough for the future of Diana Shipping Inc. since it is the beginning of a long-term relationship with China Eximbank, which is fully owned by the Chinese government and under the direct leadership of the State Council. China Eximbank provides credit to foreign borrowers to finance their purchases of Chinese products, technologies and services. The specific Bank has the same international credit ratings as China's sovereign ratings and is the largest Chinese ship lending bank. The Company believes that the presence of the Chinese Prime Minister, Mr. Wen Jiabao, at the signing demonstrates the Bank's commitment to well-established shipping companies such as Diana Shipping.”

As previously announced, the Company expects to take delivery of the two Newcastlemax dry bulk carriers, for a contract price of US\$59 million per vessel, during the second and third quarters of 2012, respectively.

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.