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**DIANA SHIPPING INC. ANNOUNCES TIME CHARTER CONTRACTS FOR
M/V LOS ANGELES AND M/V PHILADELPHIA**

**DRAWDOWN OF US\$15 MILLION FROM A LOAN FACILITY WITH
EMPORIKI BANK OF GREECE S.A.**

ATHENS, GREECE September 22, 2011 – Diana Shipping Inc. (NYSE: DSX), a global shipping company specializing in the transportation of dry bulk cargoes, today announced that it has entered into two time charter contracts with EDF Trading Limited, London, for its two Newcastlemax dry bulk carriers, the m/v Los Angeles and the m/v Philadelphia, which are currently under construction. Both charters will be at a gross rate of US\$18,000 per day, minus a 5% commission paid to third parties, for a minimum forty-six (46) to a maximum fifty (50) month period for the Los Angeles and a minimum forty-four (44) to a maximum fifty (50) month period for the Philadelphia.

As previously announced, the above mentioned vessels are Newcastlemax dry bulk carriers of approximately 206,000 dwt each that were contracted in April 2010. The charters are expected to commence upon delivery of the Los Angeles and the Philadelphia to the Company from the shipbuilding yard, which is expected to occur in February 2012 and in April 2012, respectively.

The time charter contracts of the two vessels are expected to generate approximately US\$48.6 million of gross revenues for the minimum scheduled period of the charters.

Separately, the Company also announced today that it has completed the drawdown of US\$15 million from a loan facility with Emporiki Bank of Greece S.A. through a wholly owned subsidiary. The purpose of this facility is to partly finance the acquisition cost of the m/v Arethusa which was delivered to the Company on July 7, 2011.

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.