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**DIANA SHIPPING INC. REPORTS FINANCIAL RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2016**

ANNOUNCES TERMINATION OF DISCUSSIONS WITH LENDERS

ATHENS, GREECE, November 17, 2016 – Diana Shipping Inc. (NYSE: DSX), (the “Company”), a global shipping company specializing in the ownership of dry bulk vessels, today reported a net loss of \$78.3 million and net loss attributed to common stockholders of \$79.8 million for the third quarter of 2016, of which \$50.0 million relates to loss and impairment of our investment in Diana Containerships Inc. This compares to a net loss of \$17.4 million and a net loss attributed to common stockholders of \$18.8 million for the third quarter of 2015.

Time charter revenues were \$27.1 million for the third quarter of 2016, compared to \$38.9 million for the same quarter of 2015. The decrease in time charter revenues was due to decreased average time charter rates that we achieved for our vessels during the quarter and was partly offset by revenues derived from the increase in ownership days resulting from the enlargement of our fleet.

Net loss and net loss attributed to common stockholders for the nine months ended September 30, 2016 amounted to \$141.0 million and \$145.3 million, respectively of which \$54.4 million relates to loss and impairment of our investment in Diana Containerships Inc. This compares to a net loss and net loss attributed to common stockholders of \$42.2 million and \$46.5 million, respectively, for the same period of 2015. Time charter revenues were \$86.2 million for the nine months ended September 30, 2016, compared to \$119.4 million for the same period of 2015.

Termination of Discussions with Lenders

The Company has concluded, without agreement, its previously-announced discussions with its lenders with respect to certain proposed amendments of its outstanding loan facilities which were subject to the agreement of all of the Company’s lenders on similar terms. The Company has also terminated its engagement of a financial advisor in connection with such discussions. The Company is current in all payments of principal and interest under each of its existing loan facilities. The Company does not currently anticipate resuming such discussions with its lenders.

Fleet Employment Profile (As of November 16, 2016)

Diana Shipping Inc.'s fleet is employed as follows:

	Vessel		Sister Ships*	Gross Rate (USD Per Day)	Com**	Charterers	Delivery Date to Charterers** *	Redelivery Date to Owners****	Notes
	BUILT	DWT							
23 Panamax Bulk Carriers									
1	DANAE		A	\$4,900	5.00%	Dampskibsselskabet Norden A/S, Copenhagen	9-Dec-15	26-Nov-16 - 9-Mar-17	1
	2001	75,106							
2	DIONE		A	\$4,350	5.00%	Nidera S.P.A., Roma	4-Feb-16	20-Jan-17 - 4-May-17	
	2001	75,172							
3	NIREFS		A	\$4,600	5.00%	Transgrain Shipping B.V., Rotterdam	15-Jan-16	15-Dec-16 - 30-Mar-17	
	2001	75,311							
4	ALCYON		A	\$5,000	5.00%	Dampskibsselskabet Norden A/S, Copenhagen	4-May-16	4-May-17 - 4-Sep-17	
	2001	75,247							
5	TRITON		A	\$6,800	5.00%	Glencore Grain B.V., Rotterdam	28-Oct-15	25-Oct-16	
				\$6,300	5.00%	Windrose SPS Shipping and Trading S.A., Geneva	25-Oct-16	25-Mar-17 - 9-Jun-17	
	2001	75,336							
6	OCEANIS		A	\$5,200	5.00%	Nidera S.P.A., Roma	30-Jun-16	30-Mar-17 - 30-May-17	
	2001	75,211							
7	THETIS		B	\$5,150	5.00%	Transgrain Shipping B.V., Rotterdam	19-Jun-16	19-Apr-17 - 3-Aug-17	
	2004	73,583							
8	PROTEFS		B	\$4,500	5.00%	Transgrain Shipping B.V., Rotterdam	23-Feb-16	8-Feb-17 - 23-Jun-17	
	2004	73,630							
9	CALIPSO		B	\$6,300	5.00%	Polaris Shipping Co., Ltd., Seoul	8-Apr-16	24-Aug-16	
				\$6,020	5.00%	Windrose SPS Shipping and Trading S.A., Geneva	24-Aug-16	24-Jan-17 - 8-Apr-17	
	2005	73,691							
10	CLIO		B	\$5,350	5.00%	Transgrain Shipping B.V., Rotterdam	22-May-16	22-Apr-17 - 22-Jul-17	
	2005	73,691							
11	NAIAS		B	\$5,000	5.00%	Bunge S.A., Geneva	26-May-16	25-Nov-16 - 10-Jan-17	1
	2006	73,546							
12	ARETHUSA		B	\$5,000	5.00%	United Bulk Carriers International S.A., Luxembourg	10-Jun-16	26-Nov-16 - 10-Jan-17	1
	2007	73,593							
13	ERATO		C	\$4,650	5.00%	Glencore Grain B.V., Rotterdam	26-Mar-16	11-Feb-17 - 26-May-17	
	2004	74,444							

14	CORONIS 2006 74,381	C	\$4,750	5.00%	Narina Maritime Ltd	19-Mar-16	19-Feb-17 - 19-May-17	
15	MELITE 2004 76,436	D	\$7,250	4.75%	Cargill International S.A., Geneva	13-Oct-15	29-Nov-16 - 13-Dec-16	1,2
16	MELIA 2005 76,225	D	\$7,200	5.00%	Nidera S.P.A., Roma	24-Oct-15	24-Nov-16 - 24-Feb-17	
17	ARTEMIS 2006 76,942		\$5,350	5.00%	Bunge S.A., Geneva	7-Jun-16	7-Apr-17 - 22-Jul-17	
18	LETO 2010 81,297		\$7,100	4.75%	Cargill International S.A., Geneva	19-Jun-15	26-Nov-16 - 3-Jan-17	1
19	SELINA 2010 75,700	E	\$5,800	5.00%	Dampskibsselskabet Norden A/S, Copenhagen	24-Mar-16	26-Nov-16 - 15-Feb-17	1
20	MAERA 2013 75,403	E	\$4,500	5.00%	United Bulk Carriers International S.A., Luxembourg	10-May-16	28-Dec-16 - 28-Apr-17	
21	ISMENE 2013 77,901		\$7,825	5.00%	Glencore Grain B.V., Rotterdam	21-Mar-16	19-Jul-16	3
			\$5,850	5.00%		7-Aug-16	23-May-17 - 22-Sep-17	
22	CRYSTALIA 2014 77,525	F	\$6,250	5.00%	SwissMarine Services S.A., Geneva	28-Jun-16	28-May-17 - 28-Aug-17	
23	ATALANDI 2014 77,529	F	\$5,300	5.00%	Glencore Grain B.V., Rotterdam	26-Mar-16	26-Nov-17 - 26-Apr-18	

4 Kamsarmax Bulk Carriers

24	MAIA 2009 82,193	G	\$7,500	5.00%	RWE Supply & Trading GmbH, Essen	13-Nov-15	13-Apr-17 - 13-Jul-17	
25	MYRSINI 2010 82,117	G	\$5,550	5.00%	RWE Supply & Trading GmbH, Essen	9-Mar-16	9-Mar-17 - 24-Jun-17	
26	MEDUSA 2010 82,194	G	\$6,300	5.00%	Quadra Commodities S.A., Geneva	7-Apr-16	15-Mar-17 - 30-Jul-17	
27	MYRTO 2013 82,131	G	\$6,000	4.75%	Cargill International S.A., Geneva	24-Dec-15	25-Nov-16 - 8-Feb-17	1

3 Post-Panamax Bulk Carriers

28	ALCMENE 2010 93,193		\$6,750	5.00%	ADM International Sarl, Rolle, Switzerland	13-May-15	13-Feb-17 - 2-Jun-17	
29	AMPHITRITE 2012 98,697	H	\$7,700	5.00%	Bunge S.A., Geneva	15-Jul-15	30-Apr-17 - 30-Aug-17	

30	POLYMNIA	H	\$5,650	4.75%	Cargill International S.A., Geneva	15-Dec-15	30-Nov-16 - 15-Mar-17	
	2012	98,704						
14 Capesize Bulk Carriers								
31	NORFOLK		\$4,350	5.00%	SwissMarine Services S.A., Geneva	28-Mar-16	28-Dec-16 - 28-Mar-17	
	2002	164,218						
32	ALIKI		\$5,300	5.00%	SwissMarine Services S.A., Geneva	16-Jan-16	16-Dec-16 - 16-Mar-17	
	2005	180,235						
33	BALTIMORE		\$15,000	5.00%	RWE Supply & Trading GmbH, Essen	8-Jul-13	29-Jul-16	
			\$7,750	4.75%	Cargill International S.A., Geneva	29-Jul-16	29-Dec-16 - 29-Mar-17	
	2005	177,243						
34	SALT LAKE CITY		BCI 4TCs AVG + 3.5%	5.00%	K Noble Hong Kong Ltd., Hong Kong	7-Feb-15	25-Nov-16 - 7-Feb-17	1
	2005	171,810						
35	SIDERIS GS	I	\$6,500	5.00%	Rio Tinto Shipping (Asia) Pte., Ltd., Singapore	22-Dec-15	22-Jan-17 - 7-Jul-17	4
	2006	174,186						
36	SEMIRIO	I	\$4,800	5.00%	SwissMarine Services S.A., Geneva	6-Feb-16	6-Jan-17 - 6-May-17	
	2007	174,261						
37	BOSTON	I	\$13,000	4.75%	Clearlake Shipping Pte. Ltd., Singapore	9-Aug-15	25-May-17 - 24-Oct-17	5
	2007	177,828						
38	HOUSTON	I	\$5,150	5.00%	SwissMarine Services S.A., Geneva	29-Jan-16	29-Dec-16 - 29-Mar-17	
	2009	177,729						
39	NEW YORK	I	\$5,200	5.00%	Rio Tinto Shipping (Asia) Pte., Ltd., Singapore	3-Feb-16	3-Jan-17 - 18-May-17	
	2010	177,773						
40	SEATTLE	J	\$7,300	4.75%	SwissMarine Services S.A., Geneva	9-Dec-15	25-Nov-16 - 9-Feb-17	1
	2011	179,362						
41	P. S. PALIOS	J	\$13,000	5.00%	RWE Supply & Trading GmbH, Essen	18-Sep-15	31-Dec-16 - 31-Mar-17	
	2013	179,134						
42	G. P. ZAFIRAKIS	K	\$6,500	5.00%	RWE Supply & Trading GmbH, Essen	14-Feb-16	14-May-17 - 14-Aug-17	
	2014	179,492						
43	SANTA BARBARA	K	\$7,500	5.00%	RWE Supply & Trading GmbH, Essen	18-Dec-15	18-Dec-16 - 18-Mar-17	
	2015	179,426						
44	NEW ORLEANS		\$11,650	5.00%	SwissMarine Services S.A., Geneva	11-Nov-15	30-Nov-16 - 15-Dec-16	1
	2015	180,960						

2 Newcastlemax Bulk Carriers

45	LOS ANGELES	L	\$7,750	5.00%	SwissMarine Services S.A., Geneva	9-Dec-15	24-Nov-16 - 24-Mar-17
	2012		206,104				
46	PHILADELPHIA	L	\$6,450	5.00%	RWE Supply & Trading GmbH, Essen	20-Jan-16	20-Dec-16 - 20-Mar-17
	2012		206,040				

2 Vessels Under Construction

47	HULL No. H2548 (tbn. SAN FRANCISCO) 2016	M	-	-	-	-	- - -	6
48	HULL No. H2549 (tbn. NEWPORT NEWS) 2017	M	-	-	-	-	- - -	6

* Each dry bulk carrier is a "sister ship", or closely similar, to other dry bulk carriers that have the same letter.

** Total commission percentage paid to third parties.

*** In case of newly acquired vessel with time charter attached, this date refers to the expected/actual date of delivery of the vessel to the Company.

**** Range of redelivery dates, with the actual date of redelivery being at the Charterers' option, but subject to the terms, conditions, and exceptions of the particular charterparty.

1 Based on latest information.

2 As per addendum dated September 23, 2016, charterers have the option to extend the initially agreed maximum redelivery date and pay the "P2A_03" route as published by the Baltic Exchange on December 13, 2016, but in any case not below the US\$7,250 initially agreed.

3 Vessel on scheduled drydocking from July 19, 2016 to July 23, 2016.

4 Vessel off-hire for drydocking from October 24, 2016 to November 11, 2016.

5 Clearlake Shipping Pte. Ltd., Singapore is a member of the Gunvor Group.

6 Year of delivery and dwt are based on shipbuilding contract and the relevant addenda.

Summary of Selected Financial & Other Data (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
STATEMENT OF OPERATIONS DATA (in thousands of US Dollars)				
Time charter revenues	\$ 27,122	\$ 38,852	\$ 86,240	\$ 119,427
Voyage expenses	2,122	3,053	12,439	12,105
Vessel operating expenses	21,218	21,573	65,093	64,695
Net loss	(78,312)	(17,396)	(140,981)	(42,216)
Net loss attributed to common stockholders	(79,754)	(18,838)	(145,308)	(46,543)
FLEET DATA				
Average number of vessels	46.0	41.0	44.9	40.4
Number of vessels	46.0	41.0	46.0	41.0
Weighted average age of vessels	7.9	7.5	7.9	7.5
Ownership days	4,232	3,772	12,310	11,030
Available days	4,227	3,695	12,232	10,798
Operating days	4,201	3,691	12,144	10,697
Fleet utilization	99.4%	99.9%	99.3%	99.1%
AVERAGE DAILY RESULTS				
Time charter equivalent (TCE) rate (1)	\$ 5,914	\$ 9,688	\$ 6,033	\$ 9,939
Daily vessel operating expenses (2)	\$ 5,014	\$ 5,719	\$ 5,288	\$ 5,865

(1) Time charter equivalent rates, or TCE rates, are defined as our 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 is a non-GAAP measure. 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

The Company's management will conduct a conference call and simultaneous Internet webcast to review these results at 9:00 A.M. (Eastern Time) on Tuesday, November 29, 2016.

Investors may access the webcast by visiting the Company's website at www.dianashippinginc.com, and clicking on the webcast link. The conference call also may be accessed by telephone by dialing 1-877-407-8291 (for U.S.-based callers) or 1-201-689-8345 (for international callers), and asking the operator for the Diana Shipping Inc. conference call.

A replay of the webcast will be available soon after the completion of the call and will be accessible for 30 days on www.dianashippinginc.com. A telephone replay also will be available for 30 days by dialing 1-877-660-6853 (for U.S.-based callers) or 1-201-612-7415 (for international callers), and providing the Replay ID number 13646687.

About the Company

Diana Shipping Inc. is a global provider of shipping transportation services through its ownership of dry bulk vessels. The Company's vessels are employed primarily on medium to long-term time charters and transport a range of 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, vessel 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 and per share data

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
REVENUES:				
Time charter revenues	\$ 27,122	\$ 38,852	\$ 86,240	\$ 119,427
EXPENSES:				
Voyage expenses	2,122	3,053	12,439	12,105
Vessel operating expenses	21,218	21,573	65,093	64,695
Depreciation and amortization of deferred charges	20,626	19,274	60,940	56,538
General and administrative expenses	5,975	5,977	18,718	17,874
Management fees to related party	360	85	1,080	85
Foreign currency loss / (gain)	(53)	(77)	22	(558)
Operating loss	(23,126)	(11,033)	(72,052)	(31,312)
OTHER INCOME / (EXPENSES):				
Interest and finance costs	(5,698)	(4,791)	(16,309)	(10,684)
Interest and other income	540	834	1,637	2,635
Loss from equity method investments	(50,028)	(2,406)	(54,257)	(2,855)
Total other expenses, net	(55,186)	(6,363)	(68,929)	(10,904)
Net loss	\$ (78,312)	\$ (17,396)	\$ (140,981)	\$ (42,216)
Dividends on series B preferred shares	(1,442)	(1,442)	(4,327)	(4,327)
Net loss attributed to common stockholders	(79,754)	(18,838)	(145,308)	(46,543)
Loss per common share, basic and diluted	\$ (0.99)	\$ (0.24)	\$ (1.81)	\$ (0.59)
Weighted average number of common shares, basic and diluted	80,534,351	79,562,705	80,370,383	79,462,836
	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net loss	\$ (78,312)	\$ (17,396)	\$ (140,981)	\$ (42,216)
Other comprehensive loss (Actuarial loss)	(8)	-	(23)	-
Comprehensive loss	\$ (78,320)	\$ (17,396)	\$ (141,004)	\$ (42,216)

CONDENSED CONSOLIDATED BALANCE SHEET DATA

(in thousands of U.S. Dollars)

	<u>September 30, 2016</u> (unaudited)	<u>December 31, 2015</u> *
ASSETS		
Cash and cash equivalents	\$ 108,382	\$ 171,718
Other current assets	13,476	21,795
Advances for vessels under construction and acquisitions and other vessel costs	51,287	44,514
Vessels' net book value	1,423,190	1,440,803
Other fixed assets, net	23,242	23,489
Compensating cash balance	23,000	21,500
Due from related parties, non-current	45,417	43,750
Equity method investments	8,134	62,487
Other non-current assets	5,636	6,909
Total assets	<u>\$ 1,701,764</u>	<u>\$ 1,836,965</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Long-term debt, net of deferred financing costs	\$ 608,975	\$ 600,071
Other liabilities	13,506	18,528
Total stockholders' equity	1,079,283	1,218,366
Total liabilities and stockholders' equity	<u>\$ 1,701,764</u>	<u>\$ 1,836,965</u>

* The balance sheet data as of December 31, 2015 has been derived from the audited consolidated financial statements at that date.

OTHER FINANCIAL DATA (unaudited)

	<u>Three months ended September 30,</u> <u>2016</u>		<u>Nine months ended September 30,</u> <u>2016</u>		<u>2015</u>	
Net Cash provided by/(used in) operating activities	\$	(4,981)	\$	8,186	\$	(18,606)
Net Cash used in investing activities		(737)		(551)		(46,295)
Net Cash provided by/(used in) financing activities	\$	(11,538)	\$	(39,866)	\$	1,565
					\$	22,452
						(77,418)
						77,585