

**Report of Organizational Actions
 Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name DIANA SHIPPING INC.		2 Issuer's employer identification number (EIN) 98-1221439	
3 Name of contact for additional information MR. IOANNIS ZAFIRAKIS	4 Telephone No. of contact +30-210-9470-100	5 Email address of contact izafirakis@dianashippinginc.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact PENDELIS 16, PALAIO FALIRO		7 City, town, or post office, state, and ZIP code of contact ATHENS, GREECE 175 64	
8 Date of action SEE BELOW DATA IN #14	9 Classification and description COMMON SHARES		
10 CUSIP number Y2066G104	11 Serial number(s)	12 Ticker symbol DSX	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **ON NOVEMBER 17, 2022 DIANA SHIPPING INC. (DIANA SHIPPING) ANNOUNCED A SPECIAL STOCK DIVIDEND TO COMMON SHAREHOLDERS OF RECORD AS OF NOVEMBER 28, 2022 OF ALL SERIES D CONVERTIBLE PREFERRED SHARES OF OCEANPAL INC. (OP) HELD BY DIANA SHIPPING. AS PART OF THE DISTRIBUTION, DIANA SHIPPING COMMON SHAREHOLDERS WERE GIVEN THE ELECTION TO OPT OUT OF THE CONVERSION AND TO RECEIVE OP SERIES D CONVERTIBLE PREFERRED SHARES INSTEAD. AS OF THE DATE OF RECORD THERE WERE 98,687,233 OUTSTANDING DIANA SHIPPING COMMON SHARES. THE TOTAL VALUE OF THE OP SPECIAL STOCK DIVIDEND WAS DETERMINED TO BE \$18,188,710. THE TOTAL VALUE OF THE SPECIAL STOCK DIVIDEND WAS DETERMINED BASED UPON THE FAIR MARKET VALUE OF THE OP SHARES DISTRIBUTED. THE FAIR MARKET VALUE OF THE OP COMMON SHARES WAS DETERMINED TO BE \$0.157 PER SHARE AND THE FAIR MARKET VALUE OF THE SERIES D CONVERTIBLE PREFERRED SHARES WAS DETERMINED TO BE \$727.55 PER SHARE.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **DISTRIBUTIONS IN EXCESS OF CURRENT AND ACCUMULATED EARNINGS AND PROFITS OF A CORPORATION REDUCE THE BASIS OF SHARES OF A CORPORATION PURSUANT TO INTERNAL REVENUE CODE (IRC) SECTIONS 301(c)(2) AND 316(a). TO THE EXTENT A RETURN OF CAPITAL DISTRIBUTION EXCEEDS A SHAREHOLDER'S ADJUSTED COST BASIS, THE SHAREHOLDER SHOULD RECOGNIZE CAPITAL GAIN. BASED ON THE ACCUMULATED AND CURRENT EARNINGS AND PROFITS OF DIANA SHIPPING, A PORTION OF THE OP STOCK DISTRIBUTION MADE TO COMMON SHAREHOLDERS, AS OF THE DATE OF RECORD, WILL REDUCE A PORTION OF THE BASIS IN DIANA SHIPPING COMMON SHARES. SPECIFICALLY, 20.8631% OF THE DISTRIBUTION REPRESENTS A NON-DIVIDEND DISTRIBUTION. THE AMOUNT OF THE BASIS REDUCTION EXPRESSED AS A FUNCTION OF OP SHARES DISTRIBUTED IS AS FOLLOWS:**

\$0.032755 PER SHARE OF OP COMMON STOCK RECEIVED
\$151.789484 PER SHARE OF OP SERIES D CONVERTIBLE PREFERRED STOCK RECEIVED

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **BASED ON DIANA SHIPPING'S CURRENT AND ACCUMULATED EARNINGS AND PROFITS, A PORTION OF THE OP STOCK DISTRIBUTION MADE TO COMMON SHAREHOLDERS, AS OF THE DATE OF RECORD, WILL REDUCE A PORTION OF THE BASIS IN DIANA SHIPPING COMMON SHARES.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► IRC SECTIONS 301(c)(2) AND 316(a).

18 Can any resulting loss be recognized? ► FOR U.S. FEDERAL INCOME TAX PURPOSES, THE DISTRIBUTION WILL NOT RESULT IN ANY TAX LOSSES FOR DIANA SHIPPING COMMON SHAREHOLDERS.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► THE REPORTABLE YEAR IS 2022. SHAREHOLDERS OF RECORD ON NOVEMBER 28, 2022 SHOULD REDUCE THEIR BASIS IN THEIR DIANA SHIPPING COMMON SHARES HELD. SPECIFICALLY, 20.8631% OF THE DISTRIBUTION REPRESENTS A NON-DIVIDEND DISTRIBUTION. THE AMOUNT OF THE BASIS REDUCTION EXPRESSED AS A FUNCTION OF OP SHARES DISTRIBUTED IS AS FOLLOWS:

\$0.032755 PER SHARE OF OP COMMON STOCK RECEIVED
\$151.789484 PER SHARE OF OP SERIES D CONVERTIBLE PREFERRED STOCK RECEIVED

THIS BASIS REDUCTION IS IN ADDITION TO ANY BASIS REDUCTION RECOGNIZED RELATIVE TO CASH DISTRIBUTIONS MADE BY DIANA SHIPPING IN 2022 (PLEASE SEE THE SEPARATE FORM 8937 REGARDING THE DIANA SHIPPING 2022 CASH DIVIDENDS).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ►

Date ►

February 28, 2023

Print your name ► MR. IOANNIS ZAFIRAKIS

Title ► DIRECTOR, CFO, CSO, TREAS., & SEC.

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
<u>MICHAEL J MCDERMOTT</u>				<u>P00877281</u>
Firm's name ► <u>ERNST & YOUNG LLP</u>	Firm's EIN ► <u>34-6565596</u>		Phone no. <u>+1-561-955-8000</u>	
Firm's address ► <u>5100 TOWN CENTER CIR, STE 500, BOCA RATON, FL 33486</u>				