DIANA SHIPPING INC.
Form 424B8
February 13, 2014
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Filed Pursuant to Rule 424(b)(5)/Rule 424(b)(8)
Registration No. 333-181540

PROSPECTUS SUPPLEMENT

(To Prospectus dated July 6, 2012)

2,400,000 Shares

DIANA SHIPPING INC.

8.875% Series B Cumulative Redeemable Perpetual

Preferred Shares

We are selling 2,400,000 of our 8.875% Series B Cumulative Redeemable Perpetual Preferred Shares, par value $0.01 per share, liquidation preference $25.00 per share (the Series B Preferred Shares).

Dividends on the Series B Preferred Shares are cumulative from the date of original issue and will be payable quarterly in arrears on the 15th day of January, April, July and October of each year, when, as and if declared by our board of directors. The initial dividend on the Series B Preferred Shares offered hereby will be payable on April 15, 2014. Dividends will be payable out of amounts legally available therefor at a rate equal to 8.875% per annum of the stated liquidation preference.

At any time on or after February 14, 2019, the Series B Preferred Shares may be redeemed, in whole or in part, out of amounts available therefor, at a redemption price of $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared.

We have applied to have the Series B Preferred Shares listed on the New York Stock Exchange (the NYSE) under the symbol DSXPRB. If the application is approved, trading of the Series B Preferred Shares on the NYSE is expected to commence within 30 days after their original issuance date. Currently, there is no public market for the Series B Preferred Shares.

Investing in our Series B Preferred Shares involves risks. Our Series B Preferred Shares have not been rated. See Risk Factors beginning on page S-14 of this prospectus supplement and page 6 of our Annual Report on Form 20-F filed with the Securities and Exchange Commission on March 22, 2013 and incorporated by reference herein.

	Per Share	***Total***
Public offering price	*$25.0000*	*$60,000,000*
Underwriting discounts and commissions[(1)]	*$0.7875*	*$1,890,000*
Proceeds, before expenses, to Diana Shipping Inc.	*$24.2125*	*$58,110,000*

(1) See Underwriting.

We have granted the underwriters an option to purchase up to an additional 360,000 Series B Preferred Shares solely to cover over-allotments, if any. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by us will be $2,173,500, and total proceeds to us before expenses will be $66,826,500.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the Series B Preferred Shares on or about February 14, 2014.

Joint Bookrunners

Morgan Stanley *UBS Investment Bank* *Deutsche Bank Securities*

The date of this prospectus February 10, 2014.

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Prospectus Supplement

Prospectus

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying base prospectus and the documents incorporated by reference into this prospectus supplement and the base prospectus. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which may not apply to this offering. Generally, when we refer only to the prospectus, we are referring to both parts combined, and when we refer to the accompanying prospectus, we are referring to the base prospectus.

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. This prospectus supplement, the accompanying prospectus and the documents incorporated into each by reference include important information about us, our Series B Preferred Shares being offered and other information you should know before investing. You should read this prospectus supplement and the accompanying prospectus together with additional information described under the heading Where You Can Find Additional Information before investing in our Series B Preferred Shares.

Unless otherwise indicated, all references to dollars and $ in this prospectus supplement are to, and amounts presented in, United States dollars and financial information presented in this prospectus supplement that is derived from financial statements incorporated by reference is prepared in accordance with accounting principles generally accepted in the United States.

We have authorized only the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus, and any free writing prospectus prepared by or on behalf of us or to which we have referred you. We have not, and any underwriters have not, authorized anyone to provide you with information other than as set forth in this prospectus supplement and the accompanying prospectus. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. We are offering to sell, and seeking offers to buy, our Series B Preferred Shares only in jurisdictions where offers and sales are permitted. The information contained in or incorporated by reference in this document is accurate only as of the date such information was issued, regardless of the time of delivery of this prospectus supplement or any sale of our Series B Preferred Shares.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Matters discussed in this document 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.

We desire to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and are including this cautionary statement in connection with this safe harbor legislation. This document and any other written or oral statements made by us or on our behalf may include forward-looking statements which reflect our current views with respect to future events and financial performance. The words believe, anticipate, intend, estimate forecast, project, plan, potential, may, should, expect and similar expressions identify forward-looking stat

The forward-looking statements in this document are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, 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 and matters discussed elsewhere herein, 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, fluctuations in currencies and interest rates, general market conditions, including fluctuations in charter hire rates and vessel values, changes in demand in the dry-bulk shipping industry, changes in our operating expenses, including bunker prices, crew costs, drydocking and insurance costs, 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, and other important factors described from time to time in the reports filed by us with the Securities and Exchange Commission (the SEC). We caution readers of this prospectus supplement and the documents incorporated by reference in this prospectus supplement not to place undue reliance on these forward-looking statements, which speak only as of their dates. We undertake no obligation to update or revise any forward-looking statements. These forward looking statements are not guarantees of our future performance, and actual results and future developments may vary materially from those projected in the forward looking statements.

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PROSPECTUS SUPPLEMENT SUMMARY

This section summarizes some of the information that is contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. As an investor or prospective investor, you should review carefully the entire prospectus supplement and the accompanying prospectus, any free writing prospectus that may be provided to you in connection with the offering of the Series B Preferred Shares and the information incorporated by reference in this prospectus supplement and the accompanying prospectus, including the sections entitled Risk Factors beginning on page S-14 of this prospectus supplement, on page 6 of the accompanying prospectus and in our Annual Report on Form 20-F for the year ended December 31, 2012, filed with the SEC on March 22, 2013 and incorporated by reference herein.

Unless the context otherwise requires, when used in this prospectus, the terms the Company, we, our and us refer t Diana Shipping Inc. and its subsidiaries. Diana Shipping Inc. refers only to Diana Shipping Inc. and not its subsidiaries. The financial information included in this prospectus represents our financial information and the operations of our subsidiaries.

OUR COMPANY

We are a global provider of shipping transportation services through our ownership of dry bulk vessels. We specialize in transporting dry bulk cargoes, including such commodities as iron ore, coal, grain and other materials along worldwide shipping routes. Currently, our operating fleet consists of 36 dry bulk vessels, of which two are Newcastlemax, ten are Capesize, three are Post-Panamax, three are Kamsarmax and 18 are Panamax. We also expect to take delivery of two newbuilding Ice Class Panamax dry bulk vessels during the first and second quarters of 2014 as well as two newbuilding Newcastlemax dry bulk vessels and one Kamsarmax dry bulk vessel during the second quarter of 2016. As of the date of this prospectus supplement, the combined carrying capacity of our fleet, excluding the five vessels not yet delivered, is approximately 4.1 million deadweight tons (dwt) with a weighted average age of 6.6 years. Our in-house fleet manager, Diana Shipping Services S.A. (DSS), performs the commercial and technical management of our vessels.

We intend to continue to grow our fleet through timely and selective acquisitions of vessels. We expect to focus future vessel acquisitions on dry bulk carriers with capacity of 70,000 dwt and above. However, we will also consider purchasing other classes of dry bulk vessels, if we determine that those vessels would, in our view, present favorable investment opportunities.

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OUR FLEET

The following table presents certain information concerning our fleet as of the date of this prospectus supplement:

	Vessel Year Built	DWT	Sister Ships*	Gross Rate (USD Per Day)	Commission**	Charterer	Delivery Date to Charterer	Redelivery Date to Owners***	Notes
						Panamax Bulk Carriers			
1	DANAE 2001	75,106	A	$ 8,250	5.00%	Intermare Transport GmbH, Hamburg	10-Mar-13	10-Sep-14 - 10-Jan-15	
2	DIONE 2001	75,172	A	$ 9,700	5.00%	EDF Trading Limited, UK	19-Jul-12	19-Jul-14 - 19-Dec-14	
3	NIREFS 2001	75,311	A	$ 8,000	5.00%	Intermare Transport GmbH, Hamburg	29-Jan-13	29-Jul-14 - 29-Jan-15	
4	ALCYON 2001	75,247	A	$ 7,750	5.00%	EDF Trading Limited, UK	21-Dec-12	21-Nov-14 - 21-May-15	
5	TRITON 2001	75,336	A	$ 19,500	4.75%	Resource Marine Pte., Ltd, Singapore	11-Dec-10	8-Nov-13	1,2
				$ 11,500	5.00%	CCX Shipping Co., Ltd, Hong Kong	11-Nov-13	16-Dec-13	3
				$ 11,000	5.00%	Bunge S.A., Geneva	16-Dec-13	1-Sep-14 - 31-Oct-14	
6	OCEANIS 2001	75,211	A	$ 9,250	5.00%	Ultrabulk A/S, Copenhagen, Denmark	14-Aug-12	20-Feb-14 - 14-Jul-14	4
7	THETIS 2004	73,583	B	$ 8,300	5.00%	EDF Trading Limited, UK	1-Sep-13	1-Jul-15 - 1-Dec-15	
8	PROTEFS 2004	73,630	B	$ 9,000	5.00%	Cargill International S.A., Geneva	14-Sep-12	14-Sep-14 - 14-Feb-15	
9	CALIPSO 2005	73,691	B	$ 8,100	4.75%	Cargill International S.A., Geneva	29-Jul-13	29-Apr-15 - 29-Aug-15	
10	CLIO 2005	73,691	B	$ 8,600	4.75%	Cargill International S.A., Geneva	22-Aug-13	22-May-15 - 22-Aug-15	5
11	NAIAS 2006	73,546	B	$ 9,250	5.00%	Ultrabulk A/S, Copenhagen, Denmark	2-Sep-12	28-Feb-14 - 2-Aug-14	4
12	ARETHUSA 2007	73,593	B	$ 7,300	5.00%	Cargill International S.A., Geneva	22-Nov-12	22-May-14 - 22-Nov-14	
13	ERATO 2004	74,444	C	$ 6,500	5.00%	Cargill International S.A., Geneva	9-Jan-13	9-Jul-14 - 9-Jan-15	6
14	CORONIS 2006	74,381	C	$ 10,600	5.00%	EDF Trading Limited, UK	12-Mar-12	1-Mar-14 - 27-Jun-14	4

15	MELITE 2004 76,436	D	$ 7,750	5.00%	Cargill International S.A., Geneva	28-Dec-12	1-Jul-14 - 1-Jan-15	
16	MELIA 2005 76,225	D	$ 9,700	3.75%	Rio Tinto Shipping Pty, Ltd., Melbourne	17-Apr-13	2-Mar-14 - 17-May-14	
17	ARTEMIS 2006 76,942		$ 9,375	3.75%	Rio Tinto Shipping Pty, Ltd., Melbourne	26-Aug-13	26-Jun-15 - 26-Oct-15	
18	LETO 2010 81,297		$ 12,900	5.00%	EDF Trading Limited, UK	17-Jan-12	20-Feb-14 - 17-Nov-14	4

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	Vessel Year Built DWT	Sister Ships*	Gross Rate (USD Per Day)	Commission**	Charterer	Delivery Date to Charterer	Redelivery Date to Owners***	Notes
				Kamsarmax Bulk Carriers				
19	MAIA 2009 82,193	E	$ 10,900	5.00%	Glencore Grain B.V., Rotterdam	27-Feb-13	12-Aug-14 - 27-Feb-15	
20	MYRSINI 2010 82,117	E	$ 15,500	4.75%	Clearlake Shipping Pte. Ltd., Singapore	12-Oct-13 12-Feb-14	12-Feb-14 15-Feb-15 - 10-May-15	7,8
21	MYRTO 2013 82,131	E	$ 9,000	5.00%	Cargill International S.A., Geneva	25-Jan-13	25-Jul-14 - 25-Jan-15	
				Post-Panamax Bulk Carriers				
22	ALCMENE 2010 93,193		$ 7,250	5.00%	ADM International Sarl, Rolle, Switzerland	22-Feb-13	7-Aug-14 - 22-Feb-15	
23	AMPHITRITE 2012 98,697		$ 10,000	5.00%	Bunge S.A., Geneva	15-Aug-12	31-May-14 - 30-Oct-14	9
24	POLYMNIA 2012 98,704		$ 7,600	5.00%	Bunge S.A., Geneva	16-Jan-13	16-Jul-14 - 16-Jan-15	10,11
				Capesize Bulk Carriers				
25	NORFOLK 2002 164,218		$ 10,700	4.50%	Clearlake Shipping Pte. Ltd., Singapore	16-Jan-13	16-Jul-14 - 16-Jan-15	7
26	ALIKI 2005 180,235		$ 26,500	5.00%	Minmetals Logistics Group Co. Ltd., Beijing	1-Mar-11	1-Feb-16 - 1-Apr-16	
27	BALTIMORE 2005 177,243		$ 15,000	5.00%	RWE Supply & Trading GmbH, Essen	8-Jul-13	8-Jul-16 - 8-Jan-17	12
28	SALT LAKE CITY 2005 171,810		$ 13,000	5.00%	Morgan Stanley Capital Group Inc.	11-Aug-12	11-Jun-14 - 11-Dec-14	
29	SIDERIS GS 2006 174,186	F	$ 13,500	4.75%	Cargill International S.A., Geneva	14-Mar-13	14-Dec-14 - 14-Jun-15	
30	SEMIRIO 2007 174,261	F	$ 14,000	4.75%	Cargill International S.A., Geneva	19-Mar-13	19-Jan-15 - 19-Jun-15	
31	BOSTON 2007 177,828	F	$ 14,250	4.75%	Clearlake Shipping Pte. Ltd., Singapore	24-Aug-13	9-Aug-15 - 8-Feb-16	7
32	HOUSTON 2009 177,729	F	$ 55,000	4.75%	Shagang Shipping Co.	3-Nov-09	26-Nov-13	13
			$ 20,500	4.75%	Clearlake Shipping Pte. Ltd., Singapore	3-Dec-13	19-Oct-14 - 18-Feb-15	7

33	NEW YORK 2010 177,773	F	$ 48,000	3.75%	Nippon Yusen Kaisha, Tokyo (NYK)	3-Mar-10	3-Jan-15 - 3-May-15
34	P. S. PALIOS 2013 179,134		$ 18,350	5.00%	RWE Supply & Trading GmbH, Essen	3-Dec-13	18-Sep-15 - 31-Dec-15

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	Vessel Year Built DWT	Sister Ships*	Gross Rate (USD Per Day)	Commission**	Charterer	Delivery Date to Charterer	Redelivery Date to Owners***	Notes
					Newcastlemax Bulk Carriers			
35	LOS ANGELES 2012 206,104	G	$ 18,000	5.00%	EDF Trading Limited, UK	9-Feb-12	9-Dec-15 - 9-Apr-16	
36	PHILADELPHIA 2012 206,040	G	$ 18,000	5.00%	EDF Trading Limited, UK	17-May-12	17-Jan-16 - 17-Jul-16	
					Vessels Under Construction			
37	HULL H2528 (tbn CRYSTALIA) 2014 77,525	H	$ 15,800	5.00%	Glencore Grain B.V., Rotterdam	21-Feb-14	21-Aug-15 - 21-Nov-15	14,15
38	HULL H2529 (tbn ATALANDI) 2014 76,000	H						14
39	HULL DY6006 2016 82,000							16
40	HULL H2548 2016 208,500	I						16
41	HULL H2549 2016 208,500	I						16

* 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.
*** Charterers optional period to redeliver the vessel to owners. Charterers have the right to add the off hire days, if any, and therefore the optional period may be extended.
1 Resource Marine Pte., Ltd, Singapore is a guaranteed nominee of Macquarie Bank Limited.
2 Resource Marine Pte., Ltd, Singapore has agreed to compensate the owners for the early redelivery of the vessel on November 8, 2013 till the minimum agreed redelivery date, November 11, 2013.
3 Charterers exercised their option to redeliver the vessel back to owners at CJK area and will now have to pay US$11,500 per day for the entire period instead of US$11,000 per day previously announced.
4 Based on latest information.
5 Vessel off-hire for drydocking from December 12, 2013 to January 2, 2014.
6 Vessel off-hire from October 20, 2013 to October 21, 2013.
7 Clearlake Shipping Pte. Ltd., Singapore is a member of the Gunvor Group.
8 February 12, 2014 is the estimated date of redelivery.
9 The charterer has the option to employ the vessel for a further 11 to 14 month period at a gross charter rate of US$11,300 per day. The optional period, if exercised, must be declared on or before the end of the 21st month of employment and will only commence at the end of the 24th month.
10 The charterer has the option to further employ the vessel for about 11 to a maximum 13 months at a gross charter rate of US$11,000 per day. The optional period, if exercised, must be declared on or before the 22nd month of

employment and will only commence at the end of the 24th month.

11 Prior to October 12, 2013, chartered to Augustea Bunge Maritime Limited, Malta.

12 Vessel delivered to the Company on June 13, 2013. Due to scheduled maintenance, the vessel was delivered to the charterers on July 8, 2013.

13 From November 3, 2009 the vessel was chartered to Shagang Shipping Co. (a guaranteed nominee of the Jiangsu Shagang Group Co.), (Shagang) with an initial termination date of October 3, 2014. On November 26, 2013, Gala Properties Inc., a wholly-owned subsidiary of Diana Shipping Inc. and owner of the vessel, received a notice from Shagang claiming that they were entitled to terminate the charter effective November 26, 2013 for purported breaches by the owners. The owners believe they have fully performed under the terms of the charter since its inception and that Shagang has no basis for the purported termination of the charter. The owners have commenced arbitration proceedings seeking to mitigate their losses as a result of Shagang s early termination.

14 Based on latest information received by the yard.

15 Estimated date of delivery to the charterers.

16 Year of delivery and dwt are based on shipbuilding contract.

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CHARTERING OF OUR FLEET

We charter our dry bulk carriers to customers primarily pursuant to time charters. Under our time charters, the charterer typically pays us a fixed daily charter hire rate and bears all voyage expenses, including the cost of bunkers (fuel oil) and canal and port charges. We remain responsible for paying the chartered vessel s operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel. We currently pay commissions ranging from 3.75% to 5.00% of the total daily charter hire rate of each charter to unaffiliated ship brokers and to in-house brokers associated with the charterer, depending on the number of brokers involved with arranging the charter.

We strategically monitor developments in the dry bulk shipping industry on a regular basis and, subject to market demand, seek to adjust the charter hire periods for our vessels according to prevailing market conditions. In order to take advantage of the relatively stable cash flow and high utilization rates associated with long-term time charters, we have fixed 32 of our vessels, covering approximately 90% of our combined carrying capacity, on long-term time charters ranging in duration from 17 months to 62 months. Our vessels on short-term time charters provide us with flexibility in responding to market developments. We will continue to evaluate our balance of short- and long-term charters and may extend or reduce the charter hire periods of the vessels in our fleet according to the developments in the dry bulk shipping industry.

Our vessels are subject to periodic off-hire periods for scheduled drydockings. Drydocking costs are expected to increase in 2014, as compared to 2013, as a greater number of our vessels are scheduled to undergo drydocking in 2014. See the section entitled Item 4. Information on the Company B. Business Overview Inspection by Classification Societies in our Annual Report on Form 20-F for the year ended December 31, 2012, filed with the SEC on March 22, 2013 and incorporated by reference herein.

OUR KEY STRENGTHS

We own a modern, high quality fleet of dry bulk carriers. We believe that owning a modern, high quality fleet reduces operating costs, improves safety and provides us with a competitive advantage in securing favorable time charters. We maintain the quality of our vessels by carrying out regular inspections, both while in port and at sea, and adopting a comprehensive maintenance program for each vessel.

Our fleet includes nine groups of sister ships. We believe that maintaining a fleet that includes sister ships enhances the revenue generating potential of our fleet by providing us with operational and scheduling flexibility. The uniform nature of sister ships also improves our operating efficiency by allowing our fleet manager to apply the technical knowledge of one vessel to all vessels of the same series and creates economies of scale that enable us to realize cost savings when maintaining, supplying and crewing our vessels.

We have an experienced management team. Our management team consists of experienced executives who each have, on average, more than 27 years of operating experience in the shipping industry and has demonstrated ability in managing the commercial, technical and financial areas of our business. Our management team is led by Mr. Simeon Palios, a qualified naval architect and engineer who has more than 40 years of experience in the shipping industry.

Internal management of vessel operations. We conduct all of the commercial and technical management of our vessels in-house through DSS. We believe having in-house commercial and technical management provides us with a competitive advantage over many of our competitors by allowing us to more closely monitor our operations and to offer higher quality performance, reliability and efficiency in arranging charters and the maintenance of our vessels.

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We benefit from strong relationships with members of the shipping and financial industries**.** We have developed strong relationships with major international charterers, shipbuilders and financial institutions that we believe are the result of the quality of our operations, the strength of our management team and our reputation for dependability.

We have a strong balance sheet and a relatively low level of indebtedness. We believe that our strong balance sheet and relatively low level of indebtedness provide us with the flexibility to increase the amount of funds that we may draw under our loan facilities in connection with future acquisitions and enable us to use cash flow that would otherwise be dedicated to debt service for other purposes.

OUR BUSINESS STRATEGY

Continue to operate a high quality fleet. We intend to limit our acquisition of ships to vessels that meet rigorous industry standards and that are capable of meeting charterer certification requirements. We intend to preserve the quality of our fleet through regular inspections of our vessels and a comprehensive maintenance program.

Strategically expand the size of our fleet. We intend to grow our fleet through timely and selective acquisitions of vessels. We expect to focus our dry bulk carrier acquisitions primarily on dry bulk carriers with capacity of 70,000 dwt and above, although we will also consider acquisitions of other classes of dry bulk vessels that would, in our view, provide favorable investment opportunities. We may also acquire other vessel-owning companies to expand the size of our fleet. We intend to continue to regularly monitor developments in market conditions and expect to acquire vessels in the future when those acquisitions would, in our view, present favorable investment opportunities.

Pursue an appropriate balance of short-term and long-term time charters. We strategically monitor developments in the dry bulk shipping industry on a regular basis and, subject to market demand, seek to adjust the charter hire periods for our vessels according to prevailing market conditions. In order to take advantage of the relatively stable cash flow and high utilization rates associated with long-term time charters, we have entered into long-term time charters, ranging in duration from 17 months to 62 months, with respect to 32 of our vessels covering 90% of our combined carrying capacity. Our vessels on short-term time charters provide us with flexibility in responding to market developments. We will continue to evaluate our balance of short- and long-term charters and may extend or reduce the charter hire periods of the vessels in our fleet according to the developments in the dry bulk shipping industry.

Maintain a strong balance sheet with conservative leverage in high market periods and increased leverage in low market periods. In the future, we expect to draw funds under our credit facilities to partially fund vessel acquisitions and the construction of newbuildings. Our current policy is to gradually increase our debt during low market periods of the dry bulk industry to facilitate vessel expansion. In addition, from time to time we may use the net proceeds from equity offerings to finance vessel acquisitions or other uses. As of September 30, 2013, we had total debt outstanding, net of deferred financing costs, of $450.3 million.

Maintain low cost, highly efficient operations. We intend to actively monitor and control vessel operating expenses without compromising the quality of our vessel management by utilizing regular inspection and maintenance programs, employing and retaining qualified crew members and taking advantage of the economies of scale that result from operating sister ships.

Capitalize on our established reputation. We intend to capitalize on our reputation for maintaining high standards of performance, reliability and safety in establishing and maintaining relationships with major international charterers who consider the reputation of a vessel owner and operator when entering into time charters and with shipyards and financial institutions who consider reputation to be an indicator of creditworthiness.

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RECENT DEVELOPMENTS

On May 17, 2013, we entered, through two separate wholly owned subsidiaries, into two shipbuilding contracts with China Shipbuilding Trading Company, Limited and Jiangnan Shipyard (Group) Co., Ltd. for the construction of two Newcastlemax dry bulk vessels of approximately 208,500 dwt for a contract price of $48.7 million each. We expect to take delivery of the two vessels during the second quarter of 2016.

On May 20, 2013, we entered into a loan agreement with Eluk Shipping Company Inc., a subsidiary of Diana Containerships Inc., to provide to it an unsecured loan of up to $50.0 million, the drawdown of which was completed on August 20, 2013.

On May 24, 2013, we signed, through two separate wholly-owned subsidiaries, a term loan facility for up to $30 million with The Export-Import Bank of China having a majority interest and DNB Bank ASA, as agent, to partly finance, after delivery, the acquisition cost of our two newbuilding Ice Class Panamax dry bulk carriers of approximately 76,000 dwt each.

On June 13, 2013, we took delivery of the M/V *Baltimore*, a 2005 built Capesize dry bulk carrier of 177,243 dwt, which we acquired for $26.8 million.

On June 18, 2013, we signed, through two separate wholly-owned subsidiaries, a term loan facility for up to $18.0 million with Deutsche Bank Aktiengesellschaft Filiale Deutschlandgeschäft, and on June 20, 2013, we completed the drawdown of $18.0 million in order to partially finance the acquisition costs of the two Kamsarmax dry bulk carriers, the M/V *Myrto* and the M/V *Maia*, which were delivered on January 25, 2013 and February 19, 2013, respectively.

On August 26, 2013, we took delivery of the M/V *Artemis*, a 2006 built Panamax dry bulk carrier of 76,942 dwt, which we acquired for $20.3 million.

On October 10, 2013, we took delivery of the M/V *Myrsini*, a 2010 built Kamsarmax dry bulk vessel of 82,117 dwt, which we acquired in a bid offer for $22.7 million.

On November 26, 2013, the charterers of the M/V *Houston* terminated the charter agreement prior to the expiration date of the charter. We have commenced arbitration proceedings against the charterers for damages resulting from the early termination of the charter. This termination has resulted in the full amortization of prepaid charter revenue in the fourth quarter of 2013, amounting to $3.0 million, which would otherwise be amortized to revenue over the remaining period of the charter.

We expect that the amortization of prepaid charter revenue in connection with the early termination of the charter of the M/V *Houston* in the fourth quarter of 2013 will reduce our reported earnings per share, basic and diluted, by $0.03 for the fiscal quarter ended December 31, 2013, based on the weighted average number of shares outstanding for the three months ended December 31, 2013.

On December 2, 2013, we took delivery of the M/V *P. S. Palios*, a 2013 built Capesize dry bulk vessel of 179,134 dwt, which we acquired for $52.0 million.

On August 8, 2013, DSS was found guilty on felony counts and on December 5, 2013 was sentenced by the United States District Court in Norfolk, Virginia to a fine of $1.1 million, of which $850,000 has been paid with the balance due to be paid within six months of the date of the sentence, and a period of probation of three years and six months, as a result of a conviction in which DSS was held vicariously liable for the actions of the chief engineer and second assistant engineer of the M/V *Thetis*, who were found guilty by the Court of violating several U.S. statutes and regulations in failing to properly handle waste oils, maintain required records and for obstruction of justice. In addition, the sentence includes a requirement for the duration of the probation period to maintain an enhanced system subject to independent audit for managing waste oils on each vessel managed by DSS. We expect that the implementation of the enhanced monitoring system will result in additional costs of approximately $70 per vessel per day during the probation period of three years and six months.

On January 8, 2014, we entered, through a separate wholly owned subsidiary, into a shipbuilding contract with Yangzhou Dayang Shipbuilding Co., Ltd. and Shanghai Sinopacific International Trade Co., Ltd., for the construction of a Kamsarmax dry bulk vessel of approximately 82,000 dwt for a contract price of $28.8 million. We expect to take delivery of the vessel during the second quarter of 2016.

On January 9, 2014, we signed, through two separate wholly-owned subsidiaries, a term loan facility for up to $18.0 million with Commonwealth Bank of Australia to partially finance the acquisition costs of two Panamax dry bulk vessels, the M/V *Melite* and the M/V *Artemis*, which were delivered on January 28, 2010 and August 26, 2013, respectively, and we completed the drawdown of $18.0 million on January 13, 2014.

As of the date of this prospectus supplement, the aggregate contract price of our newbuilding vessels under construction is $184.2 million, of which we have made total payments in the amount of $37.8 million, and we have remaining yard installments in the amount of $146.4 million before we take delivery of the vessels.

CORPORATE INFORMATION

We are a corporation incorporated under the laws of Liberia in March 1999 as Diana Shipping Investments Corp. In February 2005, our articles of incorporation were amended. Under the amended and restated articles of incorporation, we were renamed Diana Shipping Inc. and redomiciled from the Republic of Liberia to the Marshall Islands. Our executive offices are located at Pendelis 16, 175 64 Palaio Faliro, Athens, Greece. Our telephone number at this address is +30-210-947-0100. Our website is www.dianashippinginc.com. The information on our website shall not be deemed a part of this prospectus.

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THE OFFERING

Issuer	Diana Shipping Inc.
Securities offered by us	2,400,000 of our 8.875% Series B Cumulative Redeemable Perpetual Preferred Shares, par value \$0.01 per share, liquidation preference \$25.00 per share. For a detailed description of the Series B Preferred Shares, see the section entitled Description of Series B Preferred Shares.
Over-allotment option	We have granted the underwriters an option to purchase up to an additional 360,000 of our Series B Preferred Shares at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions, to cover over-allotments.
Price per share	\$25.00
Conversion; exchange and preemptive rights	The Series B Preferred Shares will not have any conversion or exchange rights or be subject to preemptive rights.
Dividends	Dividends on our Series B Preferred Shares will accrue and be cumulative from the date the Series B Preferred Shares are originally issued and will be payable on each Dividend Payment Date (as defined below) when, as and if declared by our board of directors or any authorized committee thereof out of legally available funds for such purpose.
Dividend payment dates	January 15, April 15, July 15 and October 15 (each, a Dividend Payment Date). If any Dividend Payment Date would otherwise fall on a date that is not a Business Day, declared dividends will be payable on the immediately succeeding Business Day without the accumulation of additional dividends. Dividends will not bear interest.
Dividend rate	The dividend rate for the Series B Preferred Shares will be 8.875% per annum per \$25.00 of liquidation preference per share (equal to \$2.21875 per annum per share). The dividend rate is not subject to adjustment.
No Maturity, Sinking Fund or Mandatory Redemption	The Series B Preferred Shares have no stated maturity and will not be subject to any sinking fund or mandatory redemption. Series B Preferred Shares will remain outstanding indefinitely unless we decide to redeem or otherwise repurchase them. We are not

required to set aside funds to redeem Series B Preferred Shares.

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Ranking	The Series B Preferred Shares will represent perpetual equity interests in us and, unlike our indebtedness, will not give rise to a claim for payment of a principal amount at a particular date. The Series B Preferred Shares will rank:
	(a) senior to our common shares, our Series A Participating Preferred Stock, if issued, and to each other class or series of capital stock established after the original issue date of the Series B Preferred Shares that is expressly made junior to the Series B Preferred Shares or any Parity Stock (as defined below) as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary (Junior Stock); and
	(b) equal with any class or series of capital stock established after the original issue date of the Series B Preferred Shares that is not expressly subordinated or senior to the Series B Preferred Shares as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary (Parity Stock); and
	(c) junior to each other class or series of capital stock expressly made senior to the Series B Preferred Shares as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary (Senior Stock), and to all of our indebtedness and other liabilities, including trade payables.
Dividend Stopper	No dividend may be declared or paid or set apart for payment on any Junior Stock (other than a dividend payable solely in shares of Junior Stock) unless full cumulative dividends have been or contemporaneously are being paid or provided for on all outstanding Series B Preferred Shares and any Parity Stock for all prior and the then-ending dividend periods. In addition, common stock and any other Junior Stock may not be redeemed, repurchased or otherwise acquired unless full cumulative dividends on the Series B Preferred

	Shares and any Parity Stock for all prior and the then-ending dividend periods have been paid or declared and set apart for payment.
Payment of dividends	Accumulated dividends in arrears for any past dividend period may be declared by our board of directors and paid on any date fixed by our board of directors, whether or not a Dividend Payment Date, to holders of the Series B Preferred Shares on the record date for such payment, which may not be more than 60 days, nor less than 5 days, before such payment date. Subject to the next succeeding sentence, if all accumulated dividends in arrears on all outstanding

	Series B Preferred Shares and any Parity Stock have not been declared and paid, or sufficient funds for the payment thereof have not been set apart, payment of accumulated dividends in arrears will be made in order of their respective Dividend Payment Dates, commencing with the earliest. If less than all dividends payable with respect to all Series B Preferred Shares and any Parity Stock are paid, any partial payment will be made pro rata with respect to the Series B Preferred Shares and any Parity Stock entitled to a dividend payment at such time in proportion to the aggregate amounts remaining due in respect of such shares at such time. Holders of the Series B Preferred Shares will not be entitled to any dividend, whether payable in cash, property or stock, in excess of full cumulative dividends. The holders of Series B Preferred Shares will not receive interest on unpaid dividends.
Optional redemption	At any time on or after February 14, 2019, we may redeem, in whole or from time to time in part, the Series B Preferred Shares at a redemption price of $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared. Any such redemption would be effected out of any funds available for such purpose. We must provide not less than 30 days and not more than 60 days written notice of any such redemption.
Voting rights	Holders of the Series B Preferred Shares generally have no voting rights. However, if and whenever dividends payable on the Series B Preferred Shares are in arrears for six or more quarterly periods, whether or not consecutive, holders of Series B Preferred Shares (voting together as a class with all other classes or series of Parity Stock upon which like voting rights have been conferred and are exercisable) will be entitled to elect one additional director to serve on our board of directors, and the size of our board of directors will be increased as needed to accommodate such change. The right of such holders of Series B Preferred Shares to elect a member of our board of directors will continue until such time as all accumulated and unpaid dividends on the Series B Preferred Shares have been paid in full.

Unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series B Preferred Shares, voting as a single class, we may not adopt any amendment to our Amended and Restated Articles of Incorporation

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	(Articles of Incorporation), that adversely alters the preferences, powers or rights of the Series B Preferred Shares.
	In addition, unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series B Preferred Shares, voting as a class together with holders of any other Parity Stock upon which like voting rights have been conferred and are exercisable, we may not (i) issue any Parity Stock if the cumulative dividends payable on outstanding Series B Preferred Shares are in arrears or (ii) create or issue any Senior Stock.
	Except as noted above, no vote or consent of the holders of Series B Preferred Shares is required for (i) creation or incurrence of any indebtedness, (ii) authorization or issuance of any common stock or other Junior Stock or (iii) authorization or issuance of any preferred shares of any series.
Fixed liquidation price	In the event of any liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, holders of the Series B Preferred Shares will have the right to receive the liquidation preference of $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of payment, whether or not declared, before any payments are made to holders of our common stock or any other Junior Stock.
Use of proceeds	We estimate that we will receive net proceeds of approximately $57.7 million from this offering assuming the underwriters over-allotment option is not exercised, and approximately $66.4 million if the underwriters over-allotment option is exercised in full, in each case after deducting underwriting discounts and commissions and estimated expenses payable by us.
	We intend to use the net proceeds of this offering for general corporate purposes, which may include the repayment of debt and the acquisition of vessels.

	Please see the section of this prospectus supplement entitled Use of Proceeds.
NYSE listing	We have applied to list the Series B Preferred Shares on the NYSE under the symbol DSXPRB. If the application is approved, trading of the Series B Preferred Shares on the NYSE is expected to begin within 30 days after the original issuance date of the Series B Preferred Shares.
Tax considerations	Subject to the more comprehensive discussion under Tax Considerations U.S. Federal Income Tax Considerations United States Federal Income Taxation of U.S. Holders, any distributions with

	respect to our Series B Preferred Shares that you receive from us will constitute dividends to the extent of our current and accumulated earnings and profits, which may be taxable at ordinary income rates or taxable as qualified dividend income at preferential rates (in the case of non-corporate holders).
Rating	The Series B Preferred Shares are not expected to be rated by any Nationally Recognized Statistical Rating Organization.
Jurisdiction of organization	Republic of the Marshall Islands
Registrar and Transfer Agent	Computershare Trust Company, N.A.
Form	The Series B Preferred Shares will be issued and maintained only in book-entry form registered in the name of the nominee of The Depository Trust Company (DTC), except under limited circumstances.
Risk factors	An investment in our Series B Preferred Shares involves risks. You should carefully consider the risk factors set forth in the sections entitled Risk Factors beginning on page S-14 of this prospectus supplement, on page 6 of the accompanying prospectus and in our Annual Report on Form 20-F for the year ended December 31, 2012, filed with the SEC on March 22, 2013 and incorporated by reference herein.

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RISK FACTORS

An investment in our Series B Preferred Shares involves a high degree of risk. You should carefully consider the risks set forth below and the discussion of risks under the heading Item 3. Key Information D. Risk Factors in our Annual Report on Form 20-F for the year ended December 31, 2012, filed with the SEC on March 22, 2013 as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus before making an investment in our Series B Preferred Shares. For further details, please see the section of this prospectus supplement entitled Where You Can Find Additional Information Information Incorporated by Reference. Any of the risk factors referred to above or provided below could adversely impact our business, results of operations or financial condition. The trading price of our Series B Preferred Shares could decline due to any of these risks, and you may lose all or part of your investment.

Risk Factors Related To Our Series B Preferred Shares

We may not have sufficient cash from our operations to enable us to pay dividends on our Series B Preferred Shares following the payment of expenses and the establishment of any reserves.

We will pay quarterly dividends on our Series B Preferred Shares only from funds legally available for such purpose when, as and if declared by our board of directors. We may not have sufficient cash available each quarter to pay dividends. The amount of dividends we can pay on our Series B Preferred Shares depends upon the amount of cash we generate from and use in our operations, which may fluctuate.

The amount of cash we have available for dividends on our Series B Preferred Shares will not depend solely on our profitability.

The actual amount of cash we will have available to pay dividends on our Series B Preferred Shares will depend on many factors, including the following:

- changes in our operating cash flow, capital expenditure requirements, working capital requirements and other cash needs;
- restrictions under our existing or future credit facilities or any future debt securities on our ability to pay dividends if an event of default has occurred and is continuing or if the payment of the dividend would result in an event of default, or under certain facilities if it would result in the breach of certain financial covenants;
- the amount of any cash reserves established by our board of directors; and
- restrictions under Marshall Islands law, which generally prohibits the payment of dividends other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend.

The amount of cash we generate from our operations may differ materially from our net income or loss for the period, which will be affected by noncash items, and our board of directors in its discretion may elect not to declare any dividends. As a result of these and the other factors mentioned above, we may pay dividends during periods when we record losses and may not pay dividends during periods when we record net income.

The Series B Preferred Shares represent perpetual equity interests.

The Series B Preferred Shares represent perpetual equity interests in us and, unlike our indebtedness, will not give rise to a claim for payment of a principal amount at a particular date. As a result, holders of the Series B Preferred Shares may be required to bear the financial risks of an investment in the Series B Preferred Shares for an indefinite period of time. In addition, the Series B Preferred Shares will rank junior to all our indebtedness and other liabilities, and to any other senior securities we may issue in the future with respect to assets available to satisfy claims against us.

No established market exists for the Series B Preferred Shares.

We have applied to list the Series B Preferred Shares on the NYSE under the symbol DSXPRB. However, an active trading market on the NYSE for the shares may not develop or, even if it develops, may not last, in which case the trading price of the Series B Preferred Shares could be adversely affected and your ability to transfer your shares will be limited. If an active trading market does develop on the NYSE, our Series B Preferred Shares may trade at prices lower than the public offering price. The trading price of our Series B Preferred Shares would depend on many factors, including:

- prevailing interest rates;
- the market price of our common stock;
- the market for similar securities;
- general economic and financial market conditions;
- our subsequent issuance of debt or other preferred equity securities; and
- our financial condition, results of operations and prospects.

We have been advised by the underwriters that they intend to make a market in the shares pending any listing of the shares on the NYSE, but they are not obligated to do so and may discontinue market making at any time without notice.

The Series B Preferred Shares have not been rated.

We have not sought to obtain a rating for the Series B Preferred Shares, and the shares may never be rated. It is possible, however, that one or more rating agencies may independently determine to assign a rating to the Series B Preferred Shares or that we may elect to obtain a rating of our Series B Preferred Shares in the future. In addition, we may elect to issue other securities for which we may seek to obtain a rating. If any ratings are assigned to the Series B Preferred Shares in the future or if we issue other securities with a rating, such ratings, if they are lower than market expectations or are subsequently lowered or withdrawn, could adversely affect the market for, or the market value of, the Series B Preferred Shares. Ratings only reflect the views of the issuing rating agency or agencies and such ratings could at any time be revised downward or withdrawn entirely at the discretion of the issuing rating agency. A rating is not a recommendation to purchase, sell or hold any particular security, including the Series B Preferred Shares. Ratings do not reflect market prices or suitability of a security for a particular investor and any future rating of the Series B Preferred Shares may not reflect all risks related to us and our business, or the structure or market value of the Series B Preferred Shares.

Our Series B Preferred Shares are subordinate to our indebtedness, and your interests could be diluted by the issuance of additional preferred shares, including additional Series B Preferred Shares, and by other transactions.

Our Series B Preferred Shares are subordinated to all of our existing and future indebtedness. Therefore, our ability to pay dividends on, redeem or pay the liquidation preference on our Series B Preferred Shares in liquidation or otherwise may be subject to prior payments due to the holders of our indebtedness. Our existing indebtedness restricts, and our future indebtedness may include restrictions on, our ability to pay dividends on or redeem preferred shares. As of September 30, 2013, we had total debt outstanding, net of deferred financing costs, of $450.3 million. Our amended and restated articles of incorporation currently authorize the issuance of up to 25,000,000 preferred shares, par value $0.01 per share. Of these preferred shares, 1,000,000 shares have been designated Series A Participating Preferred Stock in connection with our adoption of a stockholder rights plan as described under Item 10. Additional Information B. Memorandum and Articles of Association Stockholder Rights Agreement of our Annual Report on Form 20-F for the year ended December 31, 2012 which is incorporated herein by reference, and 5,000,000 shares have been designated Series B Preferred Shares. The Series B Preferred Shares are senior in rank to the Series A Participating Preferred Shares. The issuance of additional Series B Preferred Shares or other preferred shares on a parity with or senior to the Series B Preferred Shares would dilute the interests of holders of our Series B Preferred Shares, and any issuance of preferred shares senior to our Series B Preferred Shares or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on our Series B Preferred Shares. The Series B Preferred Shares do not contain any provisions affording the holders of our Series B Preferred Shares protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets or business, which might adversely affect the holders of our Series B Preferred Shares, so long as the rights of our Series B Preferred Shares are not directly materially and adversely affected.

We may redeem the Series B Preferred Shares, and you may not be able to reinvest the redemption price you receive in a similar security.

On or after February 14, 2019, we may, at our option, redeem Series B Preferred Shares, in whole or in part, at any time or from time to time. We may have an incentive to redeem Series B Preferred Shares voluntarily if market conditions allow us to issue other preferred shares or debt securities at a rate that is lower than the dividend on the Series B Preferred Shares. If we redeem Series B Preferred Shares, then from and after the redemption date, your dividends will cease to accrue on your Series B Preferred Shares, your Series B Preferred Shares shall no longer be deemed outstanding and all your rights as a holder of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption.

If we redeem the Series B Preferred Shares for any reason, you may not be able to reinvest the redemption price you receive in a similar security. See Description of Series B Preferred Shares Redemption for more information on the redemption of the Series B Preferred Shares.

Market interest rates may adversely affect the value of our Series B Preferred Shares.

One of the factors that will influence the price of our Series B Preferred Shares will be the dividend yield on the Series B Preferred Shares (as a percentage of the price of our Series B Preferred Shares) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our Series B Preferred Shares to expect a higher dividend yield, and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Accordingly, higher market interest rates could cause the market price of our Series B Preferred Shares to decrease.

As a holder of Series B Preferred Shares you have extremely limited voting rights.

Your voting rights as a holder of Series B Preferred Shares will be extremely limited. Our common shares are the only outstanding class or series of our shares carrying full voting rights. Holders of Series B Preferred Shares will have no voting rights other than the ability, subject to certain exceptions, to elect one director if dividends for six quarterly dividend periods (whether or not consecutive) payable on our Series B Preferred Shares are in arrears and certain other limited protective voting rights described in this prospectus supplement under Description of Series B Preferred Shares Voting Rights.

We are a holding company, and we depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial obligations or to make dividend payments.

We are a holding company, and our subsidiaries, which are all wholly-owned by us, conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our wholly-owned subsidiaries. As a result, our ability to satisfy our financial obligations and to pay dividends

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depends on the ability of our subsidiaries to distribute funds to us. In turn, the ability of our subsidiaries to make dividend payments to us depends on them having profits available for distribution. If we are unable to obtain dividends from our subsidiaries, the discretion of our board of directors to pay or recommend the payment of dividends to holders of our Series B Preferred Shares in amounts anticipated or at all will be limited. In addition, in determining the amount of cash available for distribution after payment of our cash expenses, our board of directors determines appropriate reserves to be set aside for, among other things, contingent liabilities, liquidity needs, principal payments and other amounts required under the terms and conditions of our secured loan agreements, the requirements of Marshall Islands law, for the acquisition of additional vessels, dry-docking costs, repairs, claims and other liabilities and obligations. Beginning with the fourth quarter of 2008, our board of directors has suspended our common stock dividend. We can give no assurance that we will reinstate our dividends in the future or when such reinstatement might occur.

Our ability to pay dividends on and to redeem our Series B Preferred Shares is limited by the requirements of Marshall Islands law.

Marshall Islands law provides that we may pay dividends on and redeem the Series B Preferred Shares only to the extent that assets are legally available for such purposes. Legally available assets generally are limited to our surplus, which essentially represents our retained earnings and the excess of consideration received by us for the sale of shares above the par value of the shares. In addition, under Marshall Islands law we may not pay dividends on or redeem Series B Preferred Shares if we are insolvent or would be rendered insolvent by the payment of such a dividend or the making of such redemption.

The amount of your liquidation preference is fixed and you will have no right to receive any greater payment regardless of the circumstances.

The payment due upon a liquidation is fixed at the redemption preference of $25.00 per share plus accumulated and unpaid dividends to the date of liquidation. If, in the case of our liquidation, there are remaining assets to be distributed after payment of this amount, you will have no right to receive or to participate in these amounts. Furthermore, if the market price for your Series B Preferred Shares is greater than the liquidation preference, you will have no right to receive the market price from us upon our liquidation.

We may have to pay tax on certain shipping income, which would reduce our earnings.

Under the U.S. Internal Revenue Code of 1986 (the Code), 50% of the gross shipping income of a corporation that owns or charters vessels, such as us and our subsidiaries, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States may be subject to a 4% U.S. federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under Section 883 of the Code and the applicable Treasury Regulations promulgated thereunder.

We believe that we and our subsidiaries currently qualify for this statutory tax exemption and, assuming we continue to so qualify, we intend to take this position on our U.S. federal income tax returns. However, there are factual circumstances beyond our control that could cause us to lose the benefit of this tax exemption and thereby become subject to U.S. federal income tax on our U.S. source shipping income for future taxable years. For example, in certain circumstances we may no longer qualify for exemption under Code section 883 for a particular taxable year if shareholders with a five percent or greater interest in a class of our stock owned, in the aggregate, 50% or more of such class of stock for more than half the days during the taxable year. It is possible that the ownership threshold could be met for any taxable year. In such a case, we may not qualify for exemption unless we can establish that among the closely-held group of five percent shareholders of such class of stock, there are sufficient five percent shareholders that are qualified shareholders for purposes of Section 883 to preclude non-qualified five percent shareholders in the closely-held group from owning 50% or more of such class of stock for more than half the number of days during the taxable year. In order to establish this, sufficient five percent shareholders that are qualified shareholders would have to comply with certain documentation and certification requirements designed to substantiate their identity as qualified shareholders. These requirements are onerous and we may not be able to satisfy them. Due to the factual nature of the issues involved, there can be no assurances on the tax-exempt status of us or any of our subsidiaries.

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If we or our subsidiaries were not entitled to exemption under Section 883 for any taxable year, we could be subject for such year to an effective 2% U.S. federal income tax on the shipping income we derive during the year which is attributable to the transport of cargoes to or from the United States. The imposition of this taxation would have a negative effect on our business and would decrease our earnings available for distribution to our shareholders.

U.S. tax authorities could treat us as a passive foreign investment company, which could have certain adverse U.S. federal income tax consequences to U.S. holders.

A foreign corporation will be treated as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of passive income or (2) at least 50% of the average value of the corporation s assets produce or are held for the production of those types of passive income. For purposes of these tests, cash will be treated as an asset held for the production of passive income. For purposes of these tests, passive income generally includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than those received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute passive income. U.S. holders of stock in a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their stock in the PFIC.

Whether we will be treated as a PFIC will depend upon our method of operation. In this regard, we intend to treat the gross income we derive or are deemed to derive from time or voyage chartering activities as services income, rather than rental income. Income we derive or are deemed to have derived from time or voyage chartering activities (whether directly or through participation in a pool) should not constitute passive income, and any assets that we may own and operate in connection with the production of that income should not constitute passive assets. However, any gross income that we derive or are deemed to have derived from bareboat chartering activities will be treated as rental income and thus will constitute passive income, and any assets that we may own and operate in connection with the production of that income will constitute passive assets. There is substantial legal authority supporting this position consisting of case law and U.S. Internal Revenue Service (the IRS), pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, it should be noted that there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. Accordingly, the IRS or a court of law may not accept our position with regard to our status from time to time as a PFIC, and there is a risk that the IRS or a court of law could determine that we are or have been a PFIC for a particular taxable year.

If we are treated as a PFIC for any taxable year, U.S. holders of our Series B Preferred Shares will face certain adverse U.S. federal income tax consequences. Under the PFIC rules, unless such U.S. holders make certain elections available under the Code (which elections could themselves have certain adverse consequences for such U.S. holders, as discussed below under Tax Considerations), such U.S. holders would be liable to pay U.S. federal income tax at the then highest income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of our Series B Preferred Shares, as if the excess distribution or gain had been recognized ratably over such U.S. holder s holding period for the Series B Preferred Shares. Additionally, such U.S. holders may be subject to certain information reporting obligations. Please see Tax Considerations U.S. Federal Income Tax Considerations United States Federal Income Taxation of U.S. Holders Passive Foreign Investment Company Status and Significant Tax Consequences for a more comprehensive discussion of the U.S. federal income tax consequences to U.S. holders of our Series B Preferred Shares if we are or were to be treated as a PFIC.

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USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately $57.7 million from this offering assuming the underwriters over-allotment option is not exercised, and approximately $66.4 million if the underwriters over-allotment option is exercised in full, in each case after deducting underwriting discounts and commissions and estimated expenses payable by us.

We intend to use the net proceeds of this offering for general corporate purposes, which may include the repayment of debt and the acquisition of vessels.

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CAPITALIZATION

The following table sets forth our capitalization at September 30, 2013, on:

- an actual basis;

- an as adjusted basis to giving effect to the drawdown on January 13, 2014 of $18.0 million under our loan agreement with Commonwealth Bank of Australia to finance part of the acquisition cost of our vessels M/V *Melite* and M/V *Artemis*, and the scheduled repayment of $19.4 million of long term debt up to February 7, 2014; and

- an as further adjusted basis, giving effect to the issuance and sale of the Series B Preferred Shares offered hereby (assuming the underwriters option to purchase additional shares is not exercised) at the public offering price of $25.00 per share, resulting in net proceeds of approximately $57.7 million, after deducting estimated expenses of $0.4 million payable by us and underwriting discounts and commissions of approximately $1.9 million.

Other than these adjustments, there have been no material changes to our capitalization since September 30, 2013.

You should read the information below in connection with the section of this prospectus supplement entitled Use of Proceeds, the audited consolidated financial statements and related notes for the year ended December 31, 2012, included in our annual report on Form 20-F, filed with the SEC on March 22, 2013 and the unaudited interim consolidated financial statements and related notes as of and for the nine months ended September 30, 2013, included in our Form 6-K filed with the SEC on February 10, 2014, each as incorporated by reference herein.

	As of September 30, 2013		
	Actual	As Adjusted	As Further Adjusted
	(in thousands of U.S. dollars)		
Debt (principal balance, secured and guaranteed)	$ 451,979	$ 450,609	$ 450,609
Shareholders equity			
Preferred shares, par value $0.01 per share: 25,000,000 shares authorized, of which 1,000,000 are designated as Series A Participating Preferred Stock; none issued and outstanding on an actual, as adjusted and as further adjusted basis; and of which 5,000,000 are designated as Series B Preferred Shares, none issued or outstanding on an actual and as adjusted basis, and 2,400,000 shares issued and outstanding on an as further adjusted basis			$ 24
Common stock, $0.01 par value; 200,000,000 shares authorized; 82,841,370 issued and outstanding, actual, as adjusted, and as further adjusted	$ 828	$ 828	$ 828
Additional paid-in capital	924,136	924,136	981,822

Other comprehensive income	96	96	96
Retained earnings	335,792	335,792	335,792
Total stockholders equity	$ 1,260,852	$ 1,260,852	$ 1,318,562
Total capitalization	$ 1,712,831	$ 1,711,461	$ 1,769,171

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RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE DIVIDENDS

The following table sets forth our unaudited ratio of earnings to combined fixed charges and preference dividends for the years ended December 31, 2008, 2009, 2010, 2011 and 2012, and for the nine months ended September 20, 2013.

	For the years ended December 31,					For the nine months ended September 30,
	2008	2009	2010	2011	2012	2013
Earnings:						
	In thousands of U.S. Dollars except for ratio of earnings to combined fixed charges and preference dividends					
Net income / (loss) before adjustment for income or loss from equity investees and minority interest	$ 221,699	$ 121,498	$ 127,869	$ 106,288	$ 56,412	(7,598)
Add: Distributed income of equity investees				600	3,333	2,500
Add: Fixed charges	6,311	3,372	5,245	5,407	7,721	6,385
	$ 228,010	$ 124,870	$ 133,114	$ 112,295	$ 67,466	$ 1,287
Less: Interest capitalized	853	363	340	635	321	295
Total earnings	$ 227,157	$ 124,507	$ 132,774	$ 111,660	$ 67,145	$ 992
Fixed Charges:						
Interest expense and capitalized	$ 6,225	$ 3,307	$ 4,982	$ 5,129	$ 7,342	$ 6,033
Amortization and write-off of deferred financing fees	86	65	263	278	379	352
Total Fixed Charges	$ 6,311	$ 3,372	$ 5,245	$ 5,407	$ 7,721	$ 6,385
Preference Dividends(1)						
Ratio of Earnings to Combined Fixed Charges and Preference Dividends(2)	36.0x	36.9x	25.3x	20.7x	8.7x	0.2x
Dollar amount of the coverage deficiency	n/a	n/a	n/a	n/a	n/a	(5,393)

(1) As of September 30, 2013, we had not issued any preferred shares. Accordingly, the ratio of earnings to combined fixed charges and preference dividends is equivalent to the ratio of earnings to fixed charges.

(2) For purposes of calculating the ratios of earnings to combined fixed charges and preference dividends:

earnings consist of net income available to common stockholders, before adjustment for minority interests in consolidated subsidiaries and before income or loss from equity investees, plus distributed income of equity investees and fixed charges less interest capitalized;

fixed charges consist of interest expensed and capitalized, interest portion of rental expense and amortization and write-off of capitalized expenses relating to indebtedness; and

preference dividends refers to the amount of pre-tax earnings that is required to pay the cash dividends on outstanding preference securities and is computed as the amount of the dividend divided by the result of 1 minus the effective income tax rate applicable to continuing operations. It also includes the redemption of preferred shares.

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DESCRIPTION OF SERIES B PREFERRED SHARES

The following description of the Series B Preferred Shares does not purport to be complete and is subject to, and is qualified in its entirety by, the provisions of our Amended and Restated Articles of Incorporation, including the Statement of Designation of the Rights, Preferences and Privileges of 8.875% Series B Cumulative Redeemable Perpetual Preferred Shares (the Statement of Designation), designating the Series B Preferred Shares and setting forth the rights, preferences and limitations of the Series B Preferred Shares. Capitalized terms used in this section but not otherwise defined in this prospectus supplement have the meanings assigned to them in the Statement of Designation. A copy of the Statement of Designation may be obtained from us as described under Where You Can Find Additional Information.

General

The Series B Preferred Shares offered hereby is a new series of preferred shares. Upon completion of this offering, there will be 5,000,000 Series B Preferred Shares authorized, and 2,400,000 issued and outstanding (or 2,760,000 Series B Preferred Shares issued and outstanding if the underwriters exercise their option to purchase additional shares in full). We may, without notice to or consent of the holders of the then-outstanding Series B Preferred Shares, authorize and issue additional Series B Preferred Shares as well as Parity Stock and Junior Stock (each as defined under Summary The Offering Ranking) and, subject to the further limitations described under Voting Rights, Senior Stock (as defined under Summary The Offering Ranking).

The holders of our common stock are entitled to receive, to the extent permitted by law, such dividends as may from time to time be declared by our board of directors. Upon any liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, the holders of our common stock are entitled to receive distributions of our assets, after we have satisfied or made provision for our debts and other obligations and for payment to the holders of shares of any class or series of capital stock having preferential rights to receive distributions of our assets. See Description of Capital Stock in the accompanying prospectus.

The Series B Preferred Shares will entitle the holders thereof to receive cumulative cash dividends when, as and if declared by our board of directors out of legally available funds for such purpose. When issued and paid for in the manner described in this prospectus supplement, the Series B Preferred Shares offered hereby will be fully paid and nonassessable. Each Series B Preferred Share will have a fixed liquidation preference of $25.00 per share plus an amount equal to accumulated and unpaid dividends thereon to the date fixed for payment, whether or not declared. See Liquidation Rights.

The Series B Preferred Shares will represent perpetual equity interests in us and, unlike our indebtedness, will not give rise to a claim for payment of a principal amount at a particular date. As such, the Series B Preferred Shares will rank junior to all of our indebtedness and other liabilities with respect to assets available to satisfy claims against us.

All Series B Preferred Shares offered hereby will be represented by a single certificate issued to the Securities Depository (as defined below) and registered in the name of its nominee and, so long as a Securities Depository has been appointed and is serving, no person acquiring Series B Preferred Shares will be entitled to receive a certificate representing such shares unless applicable law otherwise requires or the Securities Depository resigns or is no longer eligible to act as such and a successor is not appointed. See Book-Entry System.

The Series B Preferred Shares will not be convertible into common stock or other of our securities and will not have exchange rights or be entitled or subject to any preemptive or similar rights. The Series B Preferred Shares will not be subject to mandatory redemption or to any sinking fund requirements. The Series B Preferred Shares will be subject to redemption, in whole or from time to time in part, at our option commencing on February 14, 2019. See Redemption.

We have engaged Computershare Trust Company, N.A. (Computershare) as the paying agent (the Paying Agent) and the registrar and transfer agent (the Registrar and Transfer Agent), for the Series B Preferred Shares. The address of the Paying Agent is Computershare Trust Company, N.A., Attn: Corporate Action Dept., 27th Fl. 480 Washington Blvd, Jersey City, NJ, 07310.

Ranking

Prior to this offering, we have established one other series of preferred shares, our Series A Participating Preferred Stock. As of September 30, 2013, there are no shares of Series A Participating Preferred Stock issued and outstanding, although 1,000,000 shares have been designated Series A Participating Preferred Stock in connection with our adoption of a stockholder rights plan.

The Series B Preferred Shares rank, with respect to dividend distributions and distributions upon the liquidation, winding-up and dissolution of our affairs:

(a) senior to our common shares, our Series A Participating Preferred Stock, if issued, and to each other class or series of capital stock established after the original issue date of the Series B Preferred Shares that is expressly made junior to the Series B Preferred Shares or any Parity Stock as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary (Junior Stock); and

(b) equal with any class or series of capital stock established after the original issue date of the Series B Preferred Shares that is not expressly subordinated or senior to the Series B Preferred Shares as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary (Parity Stock); and

(c) junior to each other class or series of capital stock expressly made senior to the Series B Preferred Shares as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary (Senior Stock), and to all of our indebtedness and other liabilities, including trade payables.

Under the Statement of Designation, we may issue Junior Securities from time to time in one or more series without the consent of the holders of the Series B Preferred Shares. Our board of directors has the authority to determine the preferences, powers, qualifications, limitations, restrictions and special or relative rights or privileges, if any, of any such series before the issuance of any shares of that series. Our board of directors will also determine the number of shares constituting each series of securities. Our ability to issue Parity Securities and additional Senior Securities is limited as described under Voting Rights.

Dividends

General

Holders of Series B Preferred Shares will be entitled to receive, when, as and if declared by our board of directors out of legally available funds for such purpose, cumulative cash dividends from February 14, 2014.

Dividend Rate

Dividends on Series B Preferred Shares will be cumulative, commencing on February 14, 2014, and payable on each Dividend Payment Date, commencing April 15, 2014, when, as and if declared by our board of directors or any authorized committee thereof out of legally available funds for such purpose. Dividends on the Series B Preferred Shares will accrue at a rate of 8.875% per annum per $25.00 stated liquidation preference per Series B Preferred

Share. The dividend rate is not subject to adjustment.

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Dividend Payment Dates

The Dividend Payment Dates for the Series B Preferred Shares will be each January 15, April 15, July 15 and October 15, commencing April 15, 2014. Dividends will accumulate in each dividend period from and including the preceding Dividend Payment Date or the initial issue date, as the case may be, to but excluding the applicable Dividend Payment Date for such dividend period. If any Dividend Payment Date otherwise would fall on a day that is not a Business Day, declared dividends will be paid on the immediately succeeding Business Day without the accumulation of additional dividends. Dividends on the Series B Preferred Shares will be payable based on a 360-day year consisting of twelve 30-day months.

Business Day means a day on which The New York Stock Exchange is open for trading and which is not a Saturday, a Sunday or other day on which banks in New York City are authorized or required by law to close.

Payment of Dividends

Not later than the close of business, New York City time, on each Dividend Payment Date, we will pay those dividends, if any, on the Series B Preferred Shares that have been declared by our board of directors to the holders of such shares as such holders names appear on our stock transfer books maintained by the Registrar and Transfer Agent on the applicable Record Date. The applicable record date (the Record Date), will be the Business Day immediately preceding the applicable Dividend Payment Date, except that in the case of payments of dividends in arrears, the Record Date with respect to a Dividend Payment Date will be such date as may be designated by our board of directors in accordance with our bylaws then in effect and the Statement of Designation.

So long as the Series B Preferred Shares are held of record by the Securities Depository or its nominee, declared dividends will be paid to the Securities Depository in same-day funds on each Dividend Payment Date. The Securities Depository will credit accounts of its participants in accordance with the Securities Depository s normal procedures. The participants will be responsible for holding or disbursing such payments to beneficial owners of the Series B Preferred Shares in accordance with the instructions of such beneficial owners.

No dividend may be declared or paid or set apart for payment on any Junior Stock (other than a dividend payable solely in shares of Junior Stock) unless full cumulative dividends have been or contemporaneously are being paid or provided for on all outstanding Series B Preferred Shares and any Parity Stock for all prior and the then-ending dividend periods. In addition, in the event that full cumulative dividends on the Series B Preferred Shares and any Parity Stock have not been paid or declared and set apart for payment, we may not repurchase, redeem or otherwise acquire, in whole or in part, any Series B Preferred Shares or Parity Stock except pursuant to a purchase or exchange offer made on the same terms to all holders of Series B Preferred Shares and any Parity Stock. Common stock and any other Junior Stock may not be redeemed, repurchased or otherwise acquired unless full cumulative dividends on the Series B Preferred Shares and any Parity Stock for all prior and the then-ending dividend periods have been paid or declared and set apart for payment.

Accumulated dividends in arrears for any past dividend period may be declared by our board of directors and paid on any date fixed by our board of directors, whether or not a Dividend Payment Date, to holders of the Series B Preferred Shares on the record date for such payment, which may not be more than 60 days, nor less than 5 days, before such payment date. Subject to the next succeeding sentence, if all accumulated dividends in arrears on all outstanding Series B Preferred Shares and any Parity Stock have not been declared and paid, or sufficient funds for the payment thereof have not been set apart, payment of accumulated dividends in arrears will be made in order of their respective Dividend Payment Dates, commencing with the earliest. If less than all dividends payable with respect to all Series B Preferred Shares and any Parity Stock are paid, any partial payment will be made pro rata with respect to the Series B

Preferred Shares and any Parity Stock entitled to a dividend payment at such time in proportion to the aggregate amounts remaining due in respect of such shares at such time. Holders of the Series B Preferred Shares will not be entitled to any dividend, whether payable in cash, property or stock, in excess of full cumulative dividends. No interest or sum of money in lieu of interest will be payable in respect of any dividend payment which may be in arrears on the Series B Preferred Shares.

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Liquidation Rights

The holders of outstanding Series B Preferred Shares will be entitled, in the event of any liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, to receive the liquidation preference of $25.00 per share in cash plus an amount equal to accumulated and unpaid dividends thereon to the date fixed for payment of such amount (whether or not declared), and no more, before any distribution will be made to the holders of our common stock or any other Junior Stock. A consolidation or merger of us with or into any other entity, individually or in a series of transactions, will not be deemed a liquidation, dissolution or winding up of our affairs for this purpose. In the event that our assets available for distribution to holders of the outstanding Series B Preferred Shares and any Parity Stock are insufficient to permit payment of all required amounts, our assets then remaining will be distributed among the Series B Preferred Shares and any Parity Stock, as applicable, ratably on the basis of their relative aggregate liquidation preferences. After payment of all required amounts to the holders of the outstanding Series B Preferred Shares and Parity Stock, our remaining assets and funds will be distributed among the holders of the common stock and any other Junior Stock then outstanding according to their respective rights.

Voting Rights

The Series B Preferred Shares will have no voting rights except as set forth below or as otherwise provided by Marshall Islands law. In the event that six quarterly dividends, whether consecutive or not, payable on the Series B Preferred Shares are in arrears, the holders of the Series B Preferred Shares, will have the right, voting as a class together with holders of any Parity Stock upon which like voting rights have been conferred and are exercisable, at the next meeting of stockholders called for the election of directors, to elect one member of our board of directors, and the size of our board of directors will be increased as needed to accommodate such change. The right of such holders of Series B Preferred Shares to elect a member of our board of directors will continue until such time as all dividends accumulated and in arrears on the Series B Preferred Shares have been paid in full, at which time such right will terminate, subject to revesting in the event of each and every subsequent failure to pay six quarterly dividends as described above. Upon any termination of the right of the holders of the Series B Preferred Shares and any other Parity Stock to vote as a class for directors, the term of office of all directors then in office elected by such holders voting as a class will terminate immediately. Any director elected by the holders of the Series B Preferred Shares and any other Parity Stock shall each be entitled to one vote on any matter before our board of directors.

Unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series B Preferred Shares, voting as a single class, we may not adopt any amendment to our Articles of Incorporation that adversely alters the preferences, powers or rights of the Series B Preferred Shares.

Under the Statement of Designation, we may issue additional common stock and other Junior Stock from time to time in one or more series without the consent of the holders of the Series B Preferred Shares. Our board of directors has the authority to determine the preferences, powers, qualifications, limitations, restrictions and special or relative rights or privileges, if any, of any such series before the issuance of any shares of that series. Our board of directors will also determine the number of shares constituting each series of securities. Our ability to issue additional Parity Stock or Senior Stock is limited as described under Voting Rights.

In addition, unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series B Preferred Shares, voting as a class together with holders of any other Parity Stock upon which like voting rights have been conferred and are exercisable, we may not:

issue any Parity Stock if the cumulative dividends payable on outstanding Series B Preferred Shares are in arrears; or

create or issue any Senior Stock.

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On any matter described above in which the holders of the Series B Preferred Shares are entitled to vote as a class, such holders will be entitled to one vote in respect of each $25.00 in liquidation preference held by them. The Series B Preferred Shares held by us or any of our subsidiaries or affiliates will not be entitled to vote.

No vote or consent of holders of Series B Preferred Shares shall be required for (i) the creation or incurrence of any indebtedness, (ii) the authorization or issuance of any common stock or other Junior Stock or (iii) except as provided above, the authorization or issuance of any preferred shares of any series of the Company.

Redemption

Optional Redemption

Commencing on February 14, 2019, we may redeem, at our option, in whole or from time to time in part, the Series B Preferred Shares at a redemption price in cash equal to $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared. Any such optional redemption shall be effected out of any funds available for such purpose.

Redemption Procedures

We will give notice of any redemption by mail, postage prepaid, not less than 30 days and not more than 60 days before the scheduled date of redemption, to the holders of any shares to be redeemed as such holders names appear on our stock transfer books maintained by the Registrar and Transfer Agent at the address of such holders shown therein. Such notice shall state: (1) the redemption date, (2) the number of Series B Preferred Shares to be redeemed and, if less than all outstanding Series B Preferred Shares are to be redeemed, the number (and the identification) of shares to be redeemed from such holder, (3) the redemption price, (4) the place where the Series B Preferred Shares are to be redeemed and shall be presented and surrendered for payment of the redemption price therefor and (5) that dividends on the shares to be redeemed will cease to accumulate from and after such redemption date.

If fewer than all of the outstanding Series B Preferred Shares are to be redeemed, the number of shares to be redeemed will be determined by us, and such shares will be redeemed pro rata or by lot as the Securities Depository shall determine, with adjustments to avoid redemption of fractional shares. So long as all Series B Preferred Shares are held of record by the Securities Depository or its nominee, we will give notice, or cause notice to be given, to the Securities Depository of the number of Series B Preferred Shares to be redeemed, and the Securities Depository will determine the number of Series B Preferred Shares to be redeemed from the account of each of its participants holding such shares in its participant account. Thereafter, each participant will select the number of shares to be redeemed from each beneficial owner for whom it acts (including the participant, to the extent it holds Series B Preferred Shares for its own account). A participant may determine to redeem Series B Preferred Shares from some beneficial owners (including the participant itself) without redeeming Series B Preferred Shares from the accounts of other beneficial owners.

So long as the Series B Preferred Shares are held of record by the Securities Depository or its nominee, the redemption price will be paid by the Paying Agent to the Securities Depository on the redemption date. The Securities Depository s normal procedures provide for it to distribute the amount of the redemption price in same-day funds to its participants who, in turn, are expected to distribute such funds to the persons for whom they are acting as agent.

If we give or cause to be given a notice of redemption, then we will deposit with the Paying Agent funds sufficient to redeem the Series B Preferred Shares as to which notice has been given by the close of business, New York City time, no later than the Business Day immediately preceding the date fixed for redemption, and will give the Paying Agent irrevocable instructions and authority to pay the redemption price to the holder or holders thereof upon surrender or deemed surrender (which will occur automatically if the certificate representing such shares is issued in the name of the Securities Depository or its nominee) of the certificates therefor. If notice of redemption shall have been given, then from and after the date fixed for redemption, unless we default in providing funds sufficient for such redemption at the time and place specified for payment pursuant to the notice, all dividends on such shares will cease to accumulate and all rights of holders of such shares as our stockholders will cease, except the right to receive the redemption price, including an amount equal to accumulated and unpaid dividends through the date fixed for redemption, whether or not declared. We will be entitled to receive from the Paying Agent the interest income, if any, earned on such funds deposited with the Paying Agent (to the extent that such interest income is not required to pay the redemption price of the shares to be redeemed), and the holders of any shares so redeemed will have no claim to any such interest income. Any funds deposited with the Paying Agent hereunder by us for any reason, including, but not limited to, redemption of Series B Preferred Shares, that remain unclaimed or unpaid after two years after the applicable redemption date or other payment date, shall be, to the extent permitted by law, repaid to us upon our written request, after which repayment the holders of the Series B Preferred Shares entitled to such redemption or other payment shall have recourse only to us.

If only a portion of the Series B Preferred Shares represented by a certificate has been called for redemption, upon surrender of the certificate to the Paying Agent (which will occur automatically if the certificate representing such shares is registered in the name of the Securities Depository or its nominee), the Paying Agent will issue to the holder of such shares a new certificate (or adjust the applicable book-entry account) representing the number of Series B Preferred Shares represented by the surrendered certificate that have not been called for redemption.

Notwithstanding any notice of redemption, there will be no redemption of any Series B Preferred Shares called for redemption until funds sufficient to pay the full redemption price of such shares, including all accumulated and unpaid dividends to the date of redemption, whether or not declared, have been deposited by us with the Paying Agent.

We and our affiliates may from time to time purchase the Series B Preferred Shares, subject to compliance with all applicable securities and other laws. Neither we nor any of our affiliates has any obligation, or any present plan or intention, to purchase any Series B Preferred Shares. Any shares repurchased and cancelled by us will revert to the status of authorized but unissued preferred shares, undesignated as to series.

No Sinking Fund

The Series B Preferred Shares will not have the benefit of any sinking fund.

Book-Entry System

All Series B Preferred Shares offered hereby will be represented by a single certificate issued to The Depository Trust Company (and its successors or assigns or any other securities depository selected by us) (the Securities Depository), and registered in the name of its nominee (initially, Cede & Co.). The Series B Preferred Shares offered hereby will continue to be represented by a single certificate registered in the name of the Securities Depository or its nominee, and no holder of the Series B Preferred Shares offered hereby will be entitled to receive a certificate evidencing such shares unless otherwise required by law or the Securities Depository gives notice of its intention to resign or is no longer eligible to act as such and we have not selected a substitute Securities Depository within 60 calendar days thereafter. Payments and communications made by us to holders of the Series B Preferred Shares will be duly made by making payments to, and communicating with, the Securities Depository. Accordingly, unless certificates are available to holders of the Series B Preferred Shares, each purchaser of Series B Preferred Shares must rely on (1) the procedures of the Securities Depository and its participants to receive dividends, distributions, any redemption price, liquidation preference and notices, and to direct the exercise of any voting or nominating rights, with respect to such Series B Preferred Shares and (2) the records of the Securities Depository and its participants to evidence its ownership of such Series B Preferred Shares.

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So long as the Securities Depository (or its nominee) is the sole holder of the Series B Preferred Shares, no beneficial holder of the Series B Preferred Shares will be deemed to be a stockholder of us. The Depository Trust Company, the initial Securities Depository, is a New York-chartered limited purpose trust company that performs services for its participants, some of whom (and/or their representatives) own The Depository Trust Company. The Securities Depository maintains lists of its participants and will maintain the positions (i.e., ownership interests) held by its participants in the Series B Preferred Shares, whether as a holder of the Series B Preferred Shares for its own account or as a nominee for another holder of the Series B Preferred Shares.

Investors in the Series B Preferred Shares who are not direct participants in The Depository Trust Company may hold their interests therein indirectly through organizations (including Euroclear System (Euroclear) and Clearstream Banking, N.A. (Clearstream)) which are direct participants. Euroclear and Clearstream will hold interests in the Series B Preferred Shares on behalf of their participants through customers securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank S.A./ N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream. All interests in the Series B Preferred Shares, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of The Depository Trust Company or any successor Securities Depository. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems.

Cross-market transfers between direct participants in The Depository Trust Company, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through The Depository Trust Company in accordance with The Depository Trust Company s rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositaries; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the Series B Preferred Shares in The Depository Trust Company, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to The Depository Trust Company. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in the single certificate representing the Series B Preferred Shares from a direct participant in The Depository Trust Company will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of The Depository Trust Company. The Depository Trust Company has advised the issuer that cash received in Euroclear or Clearstream as a result of sales of interests in the single certificate representing the Series B Preferred Shares by or through a Euroclear or Clearstream participant to a direct participant in The Depository Trust Company will be received with value on the settlement date of The Depository Trust Company but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following The Depository Trust Company s settlement date.

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TAX CONSIDERATIONS

The following is a discussion of the material Marshall Islands and U.S. federal income tax considerations relevant to a U.S. Holder and a Non-U.S. Holder, each as defined below, of our Series B Preferred Shares. This discussion does not purport to deal with the tax consequences of owning our Series B Preferred Shares to all categories of investors, some of which, such as financial institutions, regulated investment companies, real estate investment trusts, tax-exempt organizations, insurance companies, persons holding our Series B Preferred Shares as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, traders in securities that have elected the mark-to-market method of accounting for their securities, persons liable for alternative minimum tax, persons who are investors in partnerships or other pass-through entities for U.S. federal income tax purposes, dealers in securities or currencies, U.S. Holders whose functional currency is not the U.S. dollar and investors that own, actually or under applicable constructive ownership rules, 10% or more of our voting stock, may be subject to special rules. This discussion deals only with holders who purchase the Series B Preferred Shares in this offering and hold the shares as a capital asset (generally for investment purposes). You are encouraged to consult your own tax advisors concerning the overall tax consequences arising in your own particular situation under U.S. federal, state, local or foreign law of the ownership of our Series B Preferred Shares.

Marshall Islands Tax Considerations

The following are the material Marshall Islands tax consequences to us and our shareholders. We are incorporated in the Marshall Islands. Under current Marshall Islands law, we are not subject to tax on income or capital gains, and no Marshall Islands withholding tax will be imposed upon payments of dividends by us to our shareholders or upon a disposition of Series B Preferred Shares by a holder thereof.

U.S. Federal Income Tax Considerations

The following are the material U.S. federal income tax consequences to us of our activities and to U.S. Holders and Non-U.S Holders, each as defined below, of the ownership of our Series B Preferred Shares. The following discussion of U.S. federal income tax matters is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, judicial decisions, administrative pronouncements, and existing and proposed regulations issued by the U.S. Department of the Treasury, all of which are subject to change, possibly with retroactive effect.

Taxation of Operating Income

Unless exempt from U.S. federal income taxation under the rules discussed below, a foreign corporation is subject to U.S. federal income taxation in respect of any income that is derived from the use of vessels, from the hiring or leasing of vessels for use on a time, voyage or bareboat charter basis, from the participation in a pool, partnership, strategic alliance, joint operating agreement, code sharing arrangements or other joint venture it directly or indirectly owns or participates in that generates such income, or from the performance of services directly related to those uses, which we refer to as shipping income, to the extent that the shipping income is derived from sources within the United States. For these purposes, 50% of shipping income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States constitutes income from sources within the United States, which we refer to as U.S.-source shipping income.

Shipping income attributable to transportation that both begins and ends in the United States is considered to be 100% from sources within the United States. We are not permitted by law to engage in transportation that produces income which is considered to be 100% from sources within the United States.

Shipping income attributable to transportation exclusively between non-U.S. ports will be considered to be 100% derived from sources outside the United States. Shipping income derived from sources outside the United States will not be subject to any U.S. federal income tax.

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In the absence of exemption from tax under Section 883 of the Code, we anticipate that our gross U.S.-source shipping income would be subject to a 4% tax imposed without allowance for deductions as described below.

Exemption of Operating Income from U.S. Federal Income Taxation

Under Section 883 of the Code, we will be exempt from U.S. federal income taxation on our U.S.-source shipping income if:

(1) we are organized in a foreign country that grants an equivalent exemption to corporations organized in the United States, which we refer to as United States corporations; and

(2) either:

- more than 50% of the value of our outstanding stock is owned, directly or indirectly, by qualified shareholders, as described in more detail below, which we refer to as the 50% Ownership Test, or

- one or more classes of our stock are primarily and regularly traded on an established securities market in a country that grants an equivalent exemption to United States corporations or in the United States, which we refer to as the Publicly-Traded Test.

The Marshall Islands, the jurisdiction where we are incorporated, grant an equivalent exemption to United States corporations. The Marshall Islands, Hong Kong and Liberia, the jurisdictions in which our vessel-owning subsidiaries are incorporated, each provides an equivalent exemption to U.S. corporations. Therefore, we will be exempt from U.S. federal income taxation with respect to our U.S.-source shipping income if either the 50% Ownership Test or the Publicly-Traded Test is met.

Due to the widely held nature of our stock we do not currently anticipate a circumstance where we would be able to satisfy the 50% Ownership Test.

Our ability to qualify for exemption hinges solely on our ability to satisfy the Publicly-Traded Test.

The regulations under Section 883 of the Code provide, in pertinent part, that the stock of a foreign corporation will be considered to be primarily traded on an established securities market in a country if the number of shares of each class of stock that are traded during any taxable year on all established securities markets in that country exceeds the number of shares in each such class that are traded during that year on established securities markets in any other single country. Our common stock is primarily traded on the NYSE and we expect our Series B Preferred Shares to be primarily traded on the NYSE after the offering.

Under the regulations, stock of a foreign corporation will be considered to be regularly traded on an established securities market if one or more classes of stock representing more than 50% of the outstanding stock, by both total combined voting power of all classes of shares entitled to vote and total value, are listed on such market, to which we refer as the listing threshold. Since all shares of our common stock are, and all shares of our Series B Preferred Shares will be, listed on the NYSE, we believe that we will satisfy the listing threshold after the offering.

It is further required that with respect to each class of stock relied upon to meet the listing threshold, (i) such class of stock is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or one-sixth of the days in a short taxable year, or the trading frequency test, and (ii) the aggregate number of shares of such class of stock traded on such market during the taxable year is at least 10% of the average number of shares of such class of stock outstanding during such year or as appropriately adjusted in the case of a short taxable year, or the trading volume test. We believe that shares of our common stock have satisfied and will continue to satisfy the trading frequency and trading volume tests. Even if these tests are not satisfied, the regulations provide that such trading frequency and trading volume tests will be deemed satisfied if, as is expected to be the case with shares of our common stock and shares of our Series B Preferred Shares, such class of stock is traded on an established securities market in the United States and such shares are regularly quoted by dealers making a market in such shares.

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Notwithstanding the foregoing, the regulations provide, in pertinent part, that a class of stock will not be considered to be regularly traded on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class are owned, actually or constructively under specified share attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the vote and value of the outstanding shares of such class, to which we refer as the 5% Override Rule.

For purposes of being able to determine the persons who actually or constructively own 5% or more of the vote and value of a class of our stock, or our 5% Shareholders, the regulations permit us to rely on those persons that are identified on Schedule 13G and Schedule 13D filings with the Securities and Exchange Commission, as owning 5% or more of a class of our stock. The regulations further provide that an investment company which is registered under the Investment Company Act of 1940, as amended, will not be treated as a 5% Shareholder for such purposes.

In the event the 5% Override Rule is triggered, the regulations provide that the 5% Override Rule will nevertheless not apply if we can establish that within the group of 5% Shareholders, there are sufficient qualified shareholders for purposes of Section 883 of the Code to preclude non-qualified shareholders in such group from owning 50% or more of such class of stock for more than half the number of days during the taxable year.

We do not believe that we are currently subject to the 5% Override Rule and therefore, we believe that we satisfy the Publicly-Traded Test. However, in any future taxable year, it is possible that our 5% Shareholders may own 50% or more of our common stock or our Series B Preferred Shares. Therefore, we may be subject to the 5% Override Rule for such year unless we can establish that among the closely-held group of 5% Shareholders, there are sufficient 5% Shareholders that are qualified shareholders for purposes of Section 883 to preclude non-qualified 5% Shareholders in the closely-held group from owning 50% or more of such class of stock for more than half the number of days during the taxable year. In order to establish this, sufficient 5% Shareholders that are qualified shareholders would have to comply with certain documentation and certification requirements designed to substantiate their identity as qualified shareholders. These requirements are onerous and there is no assurance that we would be able to satisfy them.

Taxation In Absence of Exemption

To the extent the benefits of Section 883 of the Code are unavailable, our U.S.-source shipping income, to the extent not considered to be effectively connected with the conduct of a U.S. trade or business, as described below, would be subject to a 4% tax imposed by Section 887 of the Code on a gross basis, without the benefit of deductions. Since under the sourcing rules described above, no more than 50% of our shipping income would be treated as being derived from U.S. sources, the maximum effective rate of U.S. federal income tax on our shipping income would never exceed 2% under the 4% gross basis tax regime.

To the extent the benefits of the Section 883 of the Code exemption are unavailable and our U.S.-source shipping income is considered to be effectively connected with the conduct of a U.S. trade or business, as described below, any such effectively connected U.S.-source shipping income, net of applicable deductions, would be subject to the U.S. federal corporate income tax currently imposed at rates of up to 35%. In addition, we may be subject to an additional 30% branch profits tax on earnings effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of our U.S. trade or business.

Our U.S.-source shipping income would be considered effectively connected with the conduct of a U.S. trade or business only if:

we have, or are considered to have, a fixed place of business in the United States involved in the earning of shipping income; and

substantially all of our U.S.-source shipping income is attributable to regularly scheduled transportation, such as the operation of a vessel that follows a published schedule with repeated sailings at regular intervals between the same points for voyages that begin or end in the United States (or, in the case of income from the bareboat chartering of a vessel, is attributable to a fixed place of business in the United States).

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We do not anticipate that we will have a fixed place of business in the United States involved in earning of shipping income. Based on the foregoing, we do not anticipate that any of our U.S.-source shipping income will be effectively connected with the conduct of a U.S. trade or business.

United States Federal Income Taxation of Gain on Sale of Vessels

Regardless of whether we qualify for exemption under Section 883 of the Code, we will not be subject to U.S. federal income tax with respect to gain realized on a sale of a vessel, provided the sale is considered to occur outside of the United States under U.S. federal income tax principles. In general, a sale of a vessel will be considered to occur outside of the United States for this purpose if title to the vessel, and risk of loss with respect to the vessel, pass to the buyer outside of the United States. It is expected that any sale of a vessel by us will be considered to occur outside of the United States.

United States Federal Income Taxation of U.S. Holders

As used herein, the term U.S. Holder means a beneficial owner of our Series B Preferred Shares that is an individual U.S. citizen or resident, a U.S. corporation or other U.S. entity taxable as a corporation, an estate the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

If a partnership holds Series B Preferred Shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner in a partnership holding Series B Preferred Shares you are encouraged to consult your tax advisor.

Distributions

Subject to the discussion of the passive foreign investment company rules below, distributions made by us with respect to Series B Preferred Shares to a U.S. Holder will generally constitute dividends, which may be taxable as ordinary income or qualified dividend income as described in more detail below, to the extent of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our current and accumulated earnings and profits will be treated first as a nontaxable return of capital to the extent of the U.S. Holder s tax basis in its Series B Preferred Shares on a dollar-for-dollar basis and thereafter as capital gain. Our earnings and profits will be allocated first to distributions we make on the Series B Preferred Shares and only thereafter to distributions we make on our common stock. Because we are not a United States corporation, U.S. Holders that are corporations will not be entitled to claim a dividends-received deduction with respect to any distributions they receive from us. Dividends paid with respect to our Series B Preferred Shares will generally be treated as income from sources outside the United States and will generally constitute passive category income or, in the case of certain types of U.S. Holders, general category income for purposes of computing allowable foreign tax credits for U.S. foreign tax credit purposes.

Dividends paid on our Series B Preferred Shares to a U.S. Holder who is an individual, trust or estate, which we refer to as a U.S. Individual Holder, will generally be treated as qualified dividend income that is taxable to such U.S. Individual Holders at preferential tax rates provided that (1) the Series B Preferred Shares are readily tradable on an established securities market in the United States (such as the NYSE on which we expect our Series B Preferred Shares to be traded); (2) we are not a passive foreign investment company for the taxable year during which the dividend is paid or the immediately preceding taxable year (as discussed below); and (3) certain holding period and other requirements are met. There is no assurance that any dividends paid on our Series B Preferred Shares will be treated as qualified dividend income. Any dividends paid by us which are not eligible for these preferential rates will be taxed as ordinary dividend income to a U.S. Individual Holder.

Special rules may apply to any extraordinary dividend, generally, a dividend paid by us in an amount which is equal to or in excess of 5% of a U.S. Holder s adjusted tax basis (or fair market value in certain circumstances) in the Series B Preferred Shares. If we pay an extraordinary dividend on our Series B Preferred Shares that is treated as qualified dividend income, then any loss derived by a U.S. Individual Holder from the sale or exchange of such shares will be treated as long-term capital loss to the extent of such dividend.

Sale, Exchange or other Disposition of Series B Preferred Shares

Subject to the discussion of the passive foreign investment company rules below, a U.S. Holder generally will recognize capital gain or loss upon a sale, exchange or other disposition of our Series B Preferred Shares in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder s tax basis in such shares. A U.S. Holder s tax basis in our Series B Preferred Shares generally will equal the U.S. Holder s acquisition cost less any prior return of capital. Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder s holding period is greater than one year at the time of the sale, exchange or other disposition and will generally be treated as U.S.-source income or loss, as applicable, for U.S. foreign tax credit purposes. A U.S. Holder s ability to deduct capital losses is subject to certain limitations.

Redemption of Series B Preferred Shares

A redemption of Series B Preferred Shares by a U.S. Holder will be a taxable event. If the redemption is treated as a sale or exchange, a U.S. Holder will generally be subject to tax in the manner described above under Sale, Exchange or other Disposition of Series B Preferred Shares , except to the extent that any cash received is attributable to declared but unpaid dividends on the Series B Preferred Shares, which generally will be subject to the rules discussed above in Distributions.

A redemption of Series B Preferred Shares will be treated as a sale or exchange by a U.S. Holder if the redemption either (i) results in a complete redemption of the U.S. Holder s stock interest in us; (ii) is a substantially disproportionate redemption with respect to the U.S. Holder; or (iii) is not essentially equivalent to a dividend with respect to the U.S. Holder.

In determining whether any of these tests has been met, a U.S. Holder must take into account not only Series B Preferred Shares and common shares that the U.S. Holder actually owns, but also shares that are constructively owned by the U.S. Holder within the meaning of Section 318 of the Code.

A redemption will be treated as not essentially equivalent to a dividend if it results in a meaningful reduction in the U.S. Holder s stock interest in us, which will depend on the particular facts and circumstances at such time. If the U.S. Holder s relative stock interest in us is minimal, the U.S. Holder exercises no control over our corporate affairs, and as a result of the redemption the U.S. Holder suffers a reduction in his proportionate interest in us, including any stock constructively owned by the U.S. Holder, the U.S. Holder generally should be regarded as having suffered a meaningful reduction in its interest in us.

Satisfaction of the complete redemption and substantially disproportionate exceptions is dependent upon compliance with certain objective tests. A redemption will result in a complete redemption if either all of our stock actually and constructively owned by the U.S. Holder is exchanged in the redemption or all of our stock actually owned by the U.S. Holder is exchanged in the redemption and the U.S. Holder is eligible to waive, and effectively waives, the attribution of our stock constructively owned by the U.S. Holder in accordance with the procedures described in Section 302(c)(2) of the Code.

A redemption will not qualify for the substantially disproportionate exception if the stock redeemed is only non-voting stock, such as our Series B Preferred Shares. Accordingly, any redemption of Series B Preferred Shares is unlikely to qualify for the substantially disproportionate exception.

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If the redemption does not constitute a sale or exchange, a U.S. Holder s receipt of cash will be treated as a taxable distribution, as described above under Distributions. If a redemption is treated as a distribution, a U.S. Holder s tax basis in any Series B Preferred Shares which are redeemed will generally be added to the basis of any other shares of our stock actually or constructively owned by the U.S. Holder.

Passive Foreign Investment Company Status and Significant Tax Consequences

Special U.S. federal income tax rules apply to a U.S. Holder that holds stock in a foreign corporation classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. In general, we will be treated as a PFIC with respect to a U.S. Holder if, for any taxable year in which such U.S. Holder held Series B Preferred Shares, either:

- at least 75% of our gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business), which we refer to as the income test; or

- at least 50% of the average value of our assets during such taxable year produce, or are held for the production of, passive income, which we refer to as the asset test.

For purposes of determining whether we are a PFIC, cash will be treated as passive assets. In addition, we will be treated as earning and owning our proportionate share of the income and assets, respectively, of any of our subsidiary corporations in which we own at least 25% of the value of the subsidiary s stock. Income earned, or deemed earned, by us in connection with the performance of services would not constitute passive income. By contrast, rental income would generally constitute passive income unless we were treated under specific rules as deriving our rental income in the active conduct of a trade or business.

Based on our current and anticipated operations, we do not believe that we are currently a PFIC or will be treated a PFIC for any future taxable year. However, our status as a PFIC will depend upon the operations of our vessels. Therefore, we can give no assurances as to whether we will be a PFIC with respect to any taxable year. In making the determination as to whether we are a PFIC, we intend to treat the gross income we derive or are deemed to derive from the time chartering and voyage chartering activities (whether conducted directly or through participation in a pool) of us or any of our wholly-owned subsidiaries as services income, rather than rental income. Correspondingly, we believe such income should not constitute passive income, and the assets that we or our wholly-owned subsidiaries own and operate in connection with the production of such income, should not constitute passive assets for purposes of determining whether we are a PFIC. We believe there is substantial legal authority supporting our position consisting of case law and Internal Revenue Service, or IRS, pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. In the absence of any legal authority specifically relating to the statutory provisions governing PFICs, the IRS or a court could disagree with our position. On the other hand, any income we derive from bareboat chartering activities will likely be treated as passive income for purposes of the income test. Likewise, any assets utilized in the performance of bareboat chartering activities will likely be treated as generating passive income for purposes of the asset test.

As discussed more fully below, if we were to be treated as a PFIC for any taxable year, a U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat us as a Qualified

Electing Fund, which election we refer to as a QEF election or makes a mark-to-market election with respect to our Series B Preferred Shares. In addition, a U.S. Holder would be required to file an annual information return on IRS Form 8621 containing information regarding us as required by applicable regulations.

Taxation of U.S. Holders Making a Timely QEF Election

If a U.S. Holder makes a timely QEF election, which U.S. Holder we refer to as an Electing Holder, the Electing Holder must report each year for U.S. federal income tax purposes his pro rata share of our ordinary earnings and our net capital gain, if any, for our taxable year that ends with or within the taxable year of the

Electing Holder, regardless of whether or not distributions were received from us by the Electing Holder. The Electing Holder s adjusted tax basis in our Series B Preferred Shares will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in our Series B Preferred Shares and will not be taxed again once distributed. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of our Series B Preferred Shares. A U.S. Holder would make a QEF election with respect to any year that we are a PFIC by filing IRS Form 8621 with his U.S. federal income tax return. After the end of each taxable year, we will determine whether we were a PFIC for such taxable year. If we determine or otherwise become aware that we are a PFIC for any taxable year, we will provide each U.S. Holder with all necessary information (including a PFIC annual information statement) in order to allow such holder to make a QEF election for such taxable year.

Taxation of U.S. Holders Making a Mark-to-Market Election

Alternatively, if we were to be treated as a PFIC for any taxable year and our Series B Preferred Shares were treated as marketable stock, a U.S. Holder would be allowed to make a mark-to-market election with respect to our Series B Preferred Shares, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related regulations. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of our Series B Preferred Shares at the end of the taxable year over such holder s adjusted tax basis in our Series B Preferred Shares. The U.S. Holder would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder s adjusted tax basis in our Series B Preferred Shares over their fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder s tax basis in our Series B Preferred Shares would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of our Series B Preferred Shares would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of our Series B Preferred Shares would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the U.S. Holder.

Taxation of U.S. Holders Not Making a Timely QEF Election or Mark-to-Market Election

Finally, if we were to be treated as a PFIC for any taxable year, a U.S. Holder who has not timely made a QEF election or mark-to-market election for the first taxable year in which it holds our Series B Preferred Shares and during which we are treated as PFIC, whom we refer to as a Non-Electing Holder, would be subject to special rules with respect to (1) any excess distribution (*i.e.*, the portion of any distributions received by the Non-Electing Holder on our Series B Preferred Shares in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder s holding period for our Series B Preferred Shares), and (2) any gain realized on the sale, exchange or other disposition of our Series B Preferred Shares. Under these special rules:

- the excess distribution or gain would be allocated ratably to each day over the Non-Electing Holder s aggregate holding period for our Series B Preferred Shares;

- the amount allocated to the current taxable year and any taxable year before we became a PFIC would be taxed as ordinary income; and the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed tax deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

If a Non-Electing Holder who is an individual dies while owning Series B Preferred Shares, such holder s successor generally would not receive a step-up in tax basis with respect to such Series B Preferred Shares. These

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adverse tax consequences would not apply to a pension or profit sharing trust or other tax-exempt organization that did not borrow funds or otherwise utilize leverage in connection with its acquisition of our Series B Preferred Shares.

U.S. Federal Income Taxation of Non-U.S. Holders

A beneficial owner of our Series B Preferred Shares (other than a partnership or entity treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder is referred to herein as a Non-U.S. Holder.

Dividends

Non-U.S. Holders generally will not be subject to U.S. federal income tax or withholding tax on dividends received from us with respect to our Series B Preferred Shares, unless that income is effectively connected with the Non-U.S. Holder s conduct of a trade or business in the United States. In general, if the Non-U.S. Holder is entitled to the benefits of certain U.S. income tax treaties with respect to those dividends, such dividends are taxable only if attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States.

Sale, Exchange or Other Disposition of Series B Preferred Shares

Non-U.S. Holders generally will not be subject to U.S. federal income tax or withholding tax on any gain realized upon the sale, exchange or other disposition of our Series B Preferred Shares, unless:

- the gain is effectively connected with the Non-U.S. Holder s conduct of a trade or business in the United States. In general, if the Non-U.S. Holder is entitled to the benefits of certain income tax treaties with respect to that gain, that gain is taxable only if attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States; or

- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition and other conditions are met.

If the Non-U.S. Holder is engaged in a U.S. trade or business for U.S. federal income tax purposes, the income from our Series B Preferred Shares, including dividends and the gain from the sale, exchange or other disposition of the shares, that is effectively connected with the conduct of that trade or business will generally be subject to regular U.S. federal income tax in the same manner as discussed in the previous section relating to the taxation of U.S. Holders. In addition, if you are a corporate Non-U.S. Holder, your earnings and profits that are attributable to the effectively connected income, which are subject to certain adjustments, may be subject to an additional branch profits tax at a rate of 30%, or at a lower rate as may be specified by an applicable U.S. income tax treaty.

Backup Withholding and Information Reporting

In general, dividend payments, or other taxable distributions, made within the United States to you will be subject to information reporting requirements. Such payments will also be subject to backup withholding tax if you are a non-corporate U.S. Holder and you:

- fail to provide an accurate taxpayer identification number;

- are notified by the IRS that you have failed to report all interest or dividends required to be shown on your U.S. federal income tax returns; or

- in certain circumstances, fail to comply with applicable certification requirements.

Non-U.S. Holders may be required to establish their exemption from information reporting and backup withholding by certifying their status on an applicable IRS Form W-8.

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If you sell your Series B Preferred Shares through a U.S. office or broker, the payment of the proceeds is subject to both U.S. backup withholding and information reporting unless you certify that you are a non-U.S. person, under penalties of perjury, or you otherwise establish an exemption. If you sell your Series B Preferred Shares through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to you outside the United States then information reporting and backup withholding generally will not apply to that payment. However, U.S. information reporting requirements, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made to you outside the United States, if you sell your Series B Preferred Shares through a non-U.S. office of a broker that is a U.S. person or has certain other contacts with the United States, unless you certify, under penalties of perjury, that you are a non-U.S. person, or you otherwise establish an exemption from such U.S. information reporting requirements.

Backup withholding is not an additional tax. Rather, you generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your U.S. federal income tax liability by timely filing a refund claim with the IRS.

Individuals who are U.S. Holders (and to the extent specified in applicable regulations, Non-U.S. Holders and certain U.S. entities) who hold specified foreign financial assets (as defined in Section 6038D of the Code) are required to file IRS Form 8938 with information relating to the assets for each taxable year in which the aggregate value of all such assets exceeds $75,000 at any time during the taxable year or $50,000 on the last day of the taxable year (or such higher dollar amount as prescribed by applicable regulations). Specified foreign financial assets would include, among other assets, our Series B Preferred Shares, unless the shares are held through an account maintained with a U.S. financial institution. Substantial penalties apply to any failure to timely file IRS Form 8938, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Additionally, in the event an individual U.S. Holder (and to the extent specified in applicable regulations, a Non-U.S. Holder or a U.S. entity) that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of U.S. federal income taxes of such holder for the related tax year may not close until three years after the date that the required information is filed. U.S. Holders (including U.S. entities) and Non-U.S. Holders are encouraged consult their own tax advisors regarding their reporting obligations with respect to the Series B Preferred Shares.

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UNDERWRITING

Under the terms and subject to the conditions in an underwriting agreement dated February 10, 2014, the underwriters named below, for whom Morgan Stanley & Co. LLC, UBS Securities LLC and Deutsche Bank Securities Inc. are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of the Series B Preferred Shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. LLC	936,000
UBS Securities LLC	936,000
Deutsche Bank Securities Inc.	432,000
BB&T Capital Markets, a division of BB&T Securities, LLC	48,000
Raymond James & Associates, Inc.	48,000
Total:	2,400,000

The underwriters and the representatives are collectively referred to as the underwriters and the representatives, respectively. The underwriters are offering the Series B Preferred Shares subject to their acceptance of the shares from us. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the Series B Preferred Shares offered by this prospectus supplement are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the Series B Preferred Shares offered by this prospectus supplement if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters option to purchase additional shares described below.

The underwriters initially propose to offer part of the Series B Preferred Shares directly to the public at the offering price listed on the cover page of this prospectus supplement and part to certain dealers. After the initial offering of the Series B Preferred Shares, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 360,000 additional Series B Preferred Shares at the public offering price listed on the cover page of this prospectus supplement, less underwriting discounts and commissions. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional Series B Preferred Shares as the number listed next to the underwriter s name in the preceding table bears to the total number of Series B Preferred Shares listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters option to purchase up to an additional Series B Preferred Shares.

Total

	Per Share	No Exercise	Full Exercise
Public offering price	$ 25.00	$ 60,000,000	$ 69,000,000
Underwriting discounts and commissions to be paid by us	$ 0.7875	$ 1,890,000	$ 2,173,500
Proceeds, before expenses, to us	$ 24.2125	$ 58,110,000	$ 66,826,500

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $400,000.

We have agreed that, without the prior written consent of the representatives on behalf of the underwriters, we will not, during the period ending 30 days after the date of this prospectus supplement (the restricted period), offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any securities of the Company that are substantially similar to the Series B Preferred Shares or any securities convertible into or exercisable or exchangeable for securities of the Company that are substantially similar to the Series B Preferred Shares; provided, however, that such restrictions do not apply to the sale of Series B Preferred Shares to the underwriters.

The restricted period described in the preceding paragraph will be extended if:

- during the last 17 days of the restricted period we issue an earnings release or material news event relating to us occurs, or

- prior to the expiration of the restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the restricted period or provide notification to the representatives of any earnings release or material news or material event that may give rise to an extension of the initial restricted period,

in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

The representatives, in their sole discretion, may release the Series B Preferred Shares and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice.

The Series B Preferred Shares is a new issue of securities with no established trading market. We have applied to list the Series B Preferred Shares on the NYSE under the symbol DSXPRB. If the application is approved, trading of the Series B Preferred Shares on the NYSE is expected to begin within 30 days after the date of initial delivery of the Series B Preferred Shares. The underwriters have advised us that they intend to make a market in the Series B Preferred Shares before commencement of trading on the NYSE. They will have no obligation to make a market in the Series B Preferred Shares, however, and may cease market-making activities, if commenced, at any time. Accordingly, an active trading market on the NYSE for the Series B Preferred Shares may not develop or, even if one develops, may not last, in which case the liquidity and market price of the Series B Preferred Shares could be adversely affected, the difference between bid and asked prices could be substantial and your ability to transfer the Series B Preferred Shares at the time and price desired will be limited.

In order to facilitate the offering of the Series B Preferred Shares, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Series B Preferred Shares. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the option to purchase additional shares. The underwriters can close out a covered short sale by exercising the option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the option. The underwriters may also sell shares in excess of the option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Series B Preferred Shares in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, Series B Preferred Shares in the open market to stabilize the price of the Series B Preferred Shares. These activities may raise or maintain the market price of the Series B Preferred Shares above independent market levels or prevent or retard a decline in the market price of the Series B Preferred Shares. The underwriters are not required to engage in these activities and may end any of these activities at any time.

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We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus supplement in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of the Series B Preferred Shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full-service financial institutions and have, from time to time, performed, and may in the future perform, various financial advisory, commercial banking and investment banking services for us, for which they received or will receive customary fees and commissions. Affiliates of Deutsche Bank Securities Inc. are lenders under two of our loan facilities. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State it has not made and will not make an offer of the Series B Preferred Shares which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Company for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Series B Preferred Shares in relation to any Series B Preferred Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Series B Preferred Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Series B Preferred Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are qualified investors (as defined in the Prospectus

Directive) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Order), and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

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EXPENSES

The following are the estimated expenses of the issuance and distribution of the Series B Preferred Shares in this offering, other than the underwriting discount, all of which will be paid by us.

SEC registration fee	$ 7,907*
Legal fees and expenses	$ 200,000
Accounting fees and expenses	$ 75,000
Printing and engraving expenses	$ 80,000
Miscellaneous	$ 37,093
Total	$ 400,000

* The SEC registration fee of $57,300 covering all of the securities being offered under the registration statement on Form F-3 (File No. 333-181540) filed with the SEC with an effective date of July 6, 2012, of which this prospectus supplement forms a part, was previously paid. We allocate the cost of this fee on an approximately pro-rata basis with each offering.

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LEGAL MATTERS

The validity of the Series B Preferred Shares offered hereby with respect to Marshall Islands law and certain other legal matters relating to United States and Marshall Islands law will be passed upon for us by Seward & Kissel LLP, New York, New York. The underwriters have been represented in connection with this offering by Simpson Thacher & Bartlett LLP, New York, New York.

EXPERTS

The consolidated financial statements of Diana Shipping Inc., appearing in Diana Shipping Inc. s Annual Report on Form 20-F for the year ended December 31, 2012, and the effectiveness of Diana Shipping Inc. s internal control over financial reporting as of December 31, 2012, have been audited by Ernst & Young (Hellas) Certified Auditors Accountants S.A., independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing. The address of Ernst & Young (Hellas) Certified Auditors Accountants S.A. is 11th km National Road Athens-Lamia, 14451, Metamorphosi Athens, Greece.

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WHERE YOU CAN FIND ADDITIONAL INFORMATION

As required by the Securities Act, we filed a registration statement relating to the securities offered by this prospectus with the SEC. This prospectus supplement and the accompanying prospectus is a part of that registration statement, which includes additional information.

Government Filings

We file annual and special reports with the Commission. You may read and copy any document that we file and obtain copies at prescribed rates from the Commission s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling 1 (800) SEC-0330. The Commission maintains a website (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission. Further information about our company is available on our website at http://www.dianashippinginc.com. The information on our website does not constitute a part of this prospectus.

Information Incorporated by Reference

The SEC allows us to incorporate by reference information that we file with it. This means that we can disclose important information to you by referring you to those filed documents. The information incorporated by reference is considered to be a part of this prospectus, and information that we file later with the SEC prior to the termination of this offering will also be considered to be part of this prospectus and will automatically update and supersede previously filed information, including information contained in this document.

This prospectus incorporates by reference the following documents:

- our Annual Report on Form 20-F for the year ended December 31, 2012, filed with the SEC on March 22, 2013, containing our audited consolidated financial statements for the most recent fiscal year for which those statements have been filed;
- our Report on Form 6-K filed with the SEC on March 25, 2013;
- our Report on Form 6-K filed with the SEC on April 5, 2013;
- our Report on Form 6-K filed with the SEC on April 9, 2013;
- our Report on Form 6-K filed with the SEC on April 10, 2013;
- our Report on Form 6-K filed with the SEC on May 10, 2013;

our Report on Form 6-K filed with the SEC on May 20, 2013;

our Report on Form 6-K filed with the SEC on May 21, 2013;

our Report on Form 6-K filed with the SEC on May 29, 2013;

our Report on Form 6-K filed with the SEC on June 13, 2013;

our Report on Form 6-K filed with the SEC on June 25, 2013;

our Report on Form 6-K filed with the SEC on June 28, 2013;

our Report on Form 6-K filed with the SEC on July 8, 2013;

our Report on Form 6-K filed with the SEC on July 18, 2013;

our Report on Form 6-K filed with the SEC on August 2, 2013;

our Report on Form 6-K filed with the SEC on August 16, 2013;

our Report on Form 6-K filed with the SEC on August 26, 2013;

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- our Report on Form 6-K filed with the SEC on September 23, 2013;
- our Report on Form 6-K filed with the SEC on October 9, 2013;
- our Report on Form 6-K filed with the SEC on October 11, 2013;
- our Report on Form 6-K filed with the SEC on November 19, 2013, announcing the entry into a time charter contract for the M/V *P.S. Palios*;
- our Report on Form 6-K filed with the SEC on November 27, 2013;
- our Report on Form 6-K filed with the SEC on December 2, 2013;
- our Report on Form 6-K filed with the SEC on December 3, 2013;
- our Reports on Form 6-K filed with the SEC on December 5, 2013;
- our Report on Form 6-K filed with the SEC on January 8, 2014;
- our Report on Form 6-K filed with the SEC on January 16, 2014 announcing the completion of a drawdown of a US$18 million term loan facility with Commonwealth Bank of Australia and the entry into a time charter contract for the M/V *Crystalia* with Glencore Grain B.V., Rotterdam;
- our Report on Form 6-K filed with the SEC on January 27, 2014; and
- our Report on Form 6-K filed with the SEC on February 10, 2014.

We are also incorporating by reference all subsequent annual reports on Form 20-F that we file with the SEC and certain reports on Form 6-K that we furnish to the SEC after the date of this prospectus (if they state that they are incorporated by reference into this prospectus) until we file a post-effective amendment indicating that the offering of the securities made by this prospectus has been terminated. In all cases, you should rely on the later information over different information included in this prospectus or the prospectus supplement.

The following reports on Form 6-K previously incorporated by reference in the Registration Statement on Form F-3 (File No. 333-181540) shall no longer be incorporated by reference for purposes of this prospectus:

- our Report on Form 6-K filed with the SEC on May 22, 2013;

- our Report on Form 6-K filed with the SEC on July 31, 2013; and

- our Report on Form 6-K filed with the SEC on November 19, 2013, reporting our financial results for the third quarter and nine months ended September 30, 2013.

You should rely only on the information contained or incorporated by reference in this prospectus and any accompanying prospectus supplement. We have not, and any underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and any underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and any accompanying prospectus supplement as well as the information we previously filed with the SEC and incorporated by reference, is accurate as of the dates on the front cover of those documents only. Our business, financial condition and results of operations and prospects may have changed since those dates.

You may request a free copy of the above mentioned filing or any subsequent filing we incorporated by reference to this prospectus by writing or telephoning us at the following address:

Diana Shipping Inc.

Pendelis 16

175 64 Palaio Faliro

Athens, Greece

+ 30-210-9470-100

Attn: Mr. Ioannis Zafirakis

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Information Provided by the Company

We will furnish holders of our equity securities, including our Series B Preferred Shares, with Annual Reports containing audited financial statements and a report by our independent registered public accounting firm. The audited financial statements will be prepared in accordance with U.S. generally accepted accounting principles. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements to shareholders. While we furnish proxy statements to shareholders in accordance with the rules of the New York Stock Exchange, those proxy statements do not conform to Schedule 14A of the proxy rules promulgated under the Exchange Act. In addition, as a foreign private issuer, our officers and directors are exempt from the rules under the Exchange Act relating to short swing profit reporting and liability.

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PROSPECTUS

$500,000,000

DIANA SHIPPING INC.

Common Stock, Preferred Stock Purchase Rights, Preferred Stock,

Debt Securities, Warrants, Purchase Contracts, Rights and Units

Through this prospectus, we may periodically offer:

(1) our common stock (including preferred stock purchase rights);

(2) our preferred stock;

(3) our debt securities;

(4) our warrants;

(5) our purchase contracts;

(6) our rights; and

(7) our units.

The aggregate offering price of all securities issued under this prospectus may not exceed $500,000,000.

The prices and other terms of the securities that we will offer will be determined at the time of their offering and will be described in a supplement to this prospectus.

Our common stock is currently listed on the New York Stock Exchange under the symbol DSX.

The securities issued under this prospectus may be offered directly or through underwriters, agents or dealers. The names of any underwriters, agents or dealers will be included in a supplement to this prospectus.

An investment in these securities involves a high degree of risk. See the section entitled "Risk Factors" on page 6 of this prospectus, and other risk factors contained in the applicable prospectus supplement and in the documents incorporated by reference herein and therein.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 6, 2012.

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We prepare our financial statements, including all of the financial statements included or incorporated by reference in this prospectus, in U.S. dollars and in conformity with U.S. generally accepted accounting principles, or U.S. GAAP. We have a fiscal year end of December 31.

This prospectus is part of a registration statement that we filed with the U.S. Securities and Exchange Commission, or the Commission, using a shelf registration process. Under the shelf registration process, we may sell our common stock (including preferred stock purchase rights), preferred stock, debt securities, warrants, purchase contracts, rights and units described in this prospectus in one or more offerings. This prospectus provides you with a general description of the securities we may offer. Each time we offer securities, we will provide you with a prospectus supplement that will describe the specific amounts, prices and terms of the offered securities. We may file a prospectus supplement in the future that may also add, update or change the information contained in this prospectus. You should read carefully both this prospectus and any prospectus supplement, together with the additional information described below.

This prospectus does not contain all the information provided in the registration statement that we filed with the Commission. For further information about us or the securities offered hereby, you should refer to that registration statement, which you can obtain from the Commission as described below under Where You Can Find More Information.

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PROSPECTUS SUMMARY

This summary provides an overview of our company and our business. This summary is not complete and does not contain all of the information you should consider before purchasing our securities. You should carefully read all of the information contained or incorporated by reference in this prospectus and any accompanying prospectus supplement, including the Risk factors and our financial statements and related notes contained herein and therein, before making an investment decision. Unless we specify otherwise, all references in this prospectus to we, our, us and the Company refer to Diana Shipping Inc. and its subsidiaries. Unless otherwise indicated, all references to currency amounts in this prospectus are in U.S. dollars.

OUR COMPANY

We are Diana Shipping Inc., a Marshall Islands company and a global provider of shipping transportation services. We specialize in transporting dry bulk cargoes, including such commodities as iron ore, coal, grain and other materials along worldwide shipping routes. Currently, our operating fleet consists of 28 dry bulk carriers, of which 17 are Panamax, one is Post-Panamax, eight are Capesize and two are Newcastlemax dry bulk carriers, having a combined carrying capacity of approximately 3.2 million dwt. In addition, we expect to take delivery of two additional Panamax dry bulk carriers, currently under construction, in the fourth quarter of 2013. The commercial and technical management of our fleet is carried out by our wholly-owned subsidiary, Diana Shipping Services S.A.

We charter our dry bulk carriers to customers primarily pursuant to time charters. Under our time charters, the charterer typically pays us a fixed daily charter hire rate and bears all voyage expenses, including the cost of bunkers (fuel oil) and canal and port charges. We remain responsible for paying the chartered vessel s operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel. We strategically monitor developments in the dry bulk shipping industry on a regular basis and, subject to market demand, seek to adjust the charter hire periods for our vessels according to prevailing market conditions. In order to take advantage of the relatively stable cash flow and high utilization rates associated with long-term time charters, we have fixed 25 of our vessels on long-term time charters ranging in duration from 13 months to 62 months. Those of our vessels on short-term time charters provide us with flexibility in responding to market developments. We will continue to evaluate our balance of short- and long-term charters and may extend or reduce the charter hire periods of the vessels in our fleet according to developments in the dry bulk shipping industry.

We intend to continue to grow our fleet through timely and selective acquisitions of vessels in a manner that is accretive to earnings per share. We expect to focus future vessel acquisitions primarily on Panamax and Capesize dry bulk carriers. However, we will also consider purchasing other classes of dry cargo vessels if we determine that those vessels would, in our view, present favorable investment opportunities.

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OUR FLEET

The following table presents certain information concerning the dry bulk carriers in our fleet as of May 18, 2012:

	Vessel BUILT	DWT	Sister Ships*	Gross Rate (USD Per Day)	Com**	Charterer	Delivery Date to Charterer	Redelivery Date to Owners***	Notes
						Panamax Bulk Carriers			
1	CORONIS 2006	74,381	C	$ 10,600	5.00%	EDF Trading Limited, London	12-Mar-12	27-Nov-13 - 27-Jun-14	
2	ERATO 2004	74,444	C	$ 12,200	5.00%	Hyundai Merchant Marine Co., Ltd., Seoul, South Korea	26-Nov-11	26-Dec-12 - 10-Apr-13	
3	ARETHUSA 2007	73,593	B	$ 13,250	5.00%	Cargill International S.A., Geneva	8-Jul-11	17-May-12	1
				$ 9,250	5.00%	DS Norden A/S, Copenhagen	17-May-12	2-Oct-12 - 1-Jan-13	
4	NAIAS 2006	73,546	B	$ 19,750	5.00%	J. Aron & Company, New York	24-Sep-10	24-Aug-12 - 24-Oct-12	
5	CLIO 2005	73,691	B	$ 10,750	5.00%	Cargill International S.A., Geneva	22-Feb-12	22-Aug-13 - 22-Feb-14	2
6	CALIPSO 2005	73,691	B	$ 12,250	5.00%	Louis Dreyfus Commodities Suisse S.A., Geneva	11-Oct-11	11-Aug-13 - 11-Dec-13	3
7	PROTEFS 2004	73,630	B	$ 11,750	4.75%	Cargill International S.A., Geneva	6-Aug-11	6-Jul-12 - 6-Oct-12	
8	THETIS 2004	73,583	B	$ 10,500	5.00%	EDF Trading Limited, London	22-Feb-12	22-Aug-13 - 22-Jun-14	4
9	DIONE 2001	75,172	A	$ 20,500	5.00%	Louis Dreyfus Commodities Suisse S.A., Geneva	26-Sep-10	26-Jul-12 - 26-Nov-12	
10	DANAE		A	$ 15,600	5.00%	Hyundai Merchant Marine Co., Ltd., Seoul, South Korea	18-Apr-11	18-Mar-13 - 18-May-13	5

	2001	75,106							
11	OCEANIS 2001	75,211	A	$ 19,750	5.00%	China National Chartering Co. Ltd. (Sinochart BJ), Beijing	17-Sep-10	17-Aug-12 - 1-Nov-12	
12	TRITON 2001	75,336	A	$ 19,500	4.75%	Resource Marine Pte., Ltd, Singapore	11-Dec-10	11-Nov-13 - 11-Feb-14	6
13	ALCYON 2001	75,247	A	$ 34,500	4.75%	Cargill International S.A., Geneva	21-Feb-08	21-Nov-12 - 21-Feb-13	
14	NIREFS 2001	75,311	A	$ 12,250	5.00%	Morgan Stanley Capital Group Inc.	18-Dec-11	18-Jan-13 - 18-Apr-13	
15	MELIA 2005	76,225	G	$ 10,900	5.00%	STX Panocean Co., Ltd., Seoul	2-May-12	2-Apr-13 - 2-Jul-13	

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	Vessel BUILT	DWT	Sister Ships*	Gross Rate (USD Per Day)	Com**	Charterer	Delivery Date to Charterer	Redelivery Date to Owners***	Notes
16	MELITE 2004	76,436	G	$ 16,500	5.00%	Cargill International S.A., Geneva	1-Feb-11	1-Jan-13 - 1-Mar-13	
17	LETO 2010	81,297		$ 12,900	5.00%	EDF Trading Limited, London	17-Jan-12	17-Jan-14 - 17-Nov-14	
						Post-Panamax Bulk Carrier			
18	ALCMENE 2010	93,193		$ 20,250	5.00%	Cargill International S.A., Geneva	20-Nov-10	5-Oct-12 - 4-Jan-13	
						Capesize Bulk Carriers			
19	NORFOLK 2002	164,218		$ 74,750	3.75%	Corus UK Limited	12-Feb-08	12-Jan-13 - 12-Mar-13	7
20	ALIKI 2005	180,235		$ 26,500	5.00%	Minmetals Logistics Group Co. Ltd., Beijing	1-Mar-11	1-Feb-16 - 1-Apr-16	
21	SALT LAKE CITY 2005	171,810		$ 55,800	5.00%	Refined Success Limited	28-Sep-07	28-Aug-12 - 28-Oct-12	
22	SIDERIS GS 2006	174,186	D	$ 30,500	5.00%	BHP Billiton Marketing AG	16-Oct-10	16-Feb-13 - 16-Jun-13	
23	SEMIRIO 2007	174,261	D	$ 17,350	5.00%	Cargill International S.A., Geneva	30-May-11	15-Mar-13 - 14-Aug-13	
24	BOSTON 2007	177,828	D	$ 14,000	5.00%	Morgan Stanley Capital Group Inc.	29-Oct-11	29-Aug-13 - 29-Dec-13	8
25	HOUSTON 2009	177,729	D	$ 55,000	4.75%	Shagang Shipping Co.	3-Nov-09	3-Oct-14 - 3-Jan-15	9
26	NEW YORK 2010	177,773	D	$ 48,000	3.75%	Nippon Yusen Kaisha, Tokyo (NYK)	3-Mar-10	3-Jan-15 - 3-May-15	
						Newcastlemax Bulk Carriers			
27	LOS ANGELES 2012	206,104	E	$ 18,000	5.00%	EDF Trading Limited, London	9-Feb-12	9-Dec-15 - 9-Apr-16	
28	PHILADELPHIA 2012	206,040	E	$ 18,000	5.00%	EDF Trading Limited, London	17-May-12	17-Jan-16 - 17-Jul-16	
						Vessels Under Construction			
29	HULL H2528 2013	76,000	F						10
30	HULL H2529 2013	76,000	F						10

* 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.

*** Charterers optional period to redeliver the vessel to owners. Charterers have the right to add the off hire days, if any, and therefore the optional period may be extended.

1 The previous charterers, Cargill International S.A., Geneva have agreed to compensate the Owners for the difference between the new rate and the previous rate from May 17, 2012 to May 24, 2012.

2 The previous charterers, Daelim Corporation, Seoul, have agreed to compensate the owners for the early redelivery of the Clio by paying US$17,000 gross per day, minus 5% commission paid to third parties, starting from the date of redelivery to owners, on February 22, 2012, to the minimum agreed redelivery date, April 8, 2012.

3 Vessel off-hire for drydocking from March 27, 2012 to April 17, 2012.

4 Vessel off-hire for drydocking from January 28, 2012 to February 22, 2012.

5 Vessel off-hire for unscheduled maintenance from May 5, 2012 to May 9, 2012.

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6 Resource Marine Pte., Ltd, Singapore is a guaranteed no