

Adventure Ten S.A.
Form F-3/A
May 13, 2008

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As filed with the Securities and Exchange Commission on May 13, 2008

Registration Statement No. 333-149916

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**AMENDMENT NO. 1 TO
FORM F-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

FREESEAS INC.

(Exact name of Registrant as specified in its charter)

**Republic of the
Marshall Islands**

4412

Not Applicable

*(State or other jurisdiction of
incorporation)*

*Primary Standard Industrial
Classification Code Number*

*(I.R.S. Employer
Identification No.)*

**89 Akti Miaouli & 4 Mavrokordatou Street, 18538, Piraeus, Greece
011-30-210-452-8770**

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

**Broad and Cassel
Attention: A. Jeffry Robinson, P.A.
2 S. Biscayne Boulevard, 21st Floor
Miami, Florida 33131
Telephone: (305) 373-9400
Facsimile: (305) 995-6402**

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

**Copies to:
A. Jeffry Robinson, P.A.
2 S. Biscayne Boulevard, 21st Floor
Miami, Florida 33131
Telephone: (305) 373-9400
Facsimile: (305) 995-6402**

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box:

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If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.:

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box:

(cover continued on the following page)

Table of Contents**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to Be Registered(1)	Amount to Be Registered(2)	Proposed Maximum Offering Price Per Share(3)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Primary Offering:				
Common Stock, par value US\$0.001 per share(4)				
Preferred Stock, par value US\$0.001 per share				
Debt Securities(5)				
Warrants				
Rights				
Purchase Contracts				
Units				
Total Primary Offering			\$ 300,000,000.00(4)	\$ 11,790.00(6)
Secondary Offering:				
Common Stock, par value US\$0.001 per share	4,880,193 Shares	\$ 5.435	\$ 26,523,848.96	\$ 1,042.39(6)
Total			\$ 326,523,848.96	\$ 12,832.39(6)

(1) These offered securities may be sold separately, together or as units with other offered securities.

(2) Such indeterminate number or amount of Registrant's common stock, preferred stock, debt securities, warrants, rights, purchase contracts or units as may, from time to time, be issued at indeterminate prices, in U.S. dollars or the

equivalent thereof
denominated in
foreign currencies
or units of two or
more foreign
currencies or
composite
currencies (such
as European
Currency Units).
In no event will
the aggregate
maximum
offering price of
all securities
issued pursuant to
this registration
statement exceed
\$300,000,000.00,
or if any debt
securities are
issued with
original issue
discount, such
greater amount as
will result in an
aggregate
offering price of
\$300,000,000.00.
In addition, up to
4,880,193 shares
of our common
stock may be sold
from time to time
pursuant to this
registration
statement by the
selling
shareholders
named herein.

- (3) Estimated solely
for the purpose of
calculating the
registration fee in
accordance with
Rule 457 under
the Securities
Act.

(4)

Pursuant to Rule 457(o) under the Securities Act of 1933, which permits the registration fee to be calculated on the basis of the maximum offering price of all the securities listed, the table does not specify by each class information as to the amount to be registered, proposed maximum offering price per unit or proposed maximum aggregate offering price. The aggregate public offering price of securities sold will not exceed \$300,000,000.00 (see Note 2 above). Unless otherwise indicated in an amendment to this filing, separate consideration will be received for common stock or debt securities that are issued upon conversion or exchange of debt securities or preferred stock registered hereunder. Subject to Note 2, includes such determinate

amount of debt securities and common stock as may be issued upon conversion or exchange of any other securities registered hereunder that provide for conversion or exchange into debt securities or common stock.

- (5) Subject to Note 2, such indeterminate principal amount of debt securities (which may be senior or subordinated).
- (6) Registration fees of \$7,860.00 for the primary offering and \$1,031.74 for the secondary offering have been previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents**ADDITIONAL REGISTRANTS**

Name of Additional Registrants	Country of Incorporation	Primary Standard Industrial Classification Code No.
Adventure Two S.A.	Republic of the Marshall Islands	4412
Adventure Three S.A.	Republic of the Marshall Islands	4412
Adventure Four S.A.	Republic of the Marshall Islands	4412
Adventure Five S.A.	Republic of the Marshall Islands	4412
Adventure Six S.A.	Republic of the Marshall Islands	4412
Adventure Seven S.A.	Republic of the Marshall Islands	4412
Adventure Eight S.A.	Republic of the Marshall Islands	4412
Adventure Nine S.A.	Republic of the Marshall Islands	4412
Adventure Ten S.A.	Republic of the Marshall Islands	4412

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 13, 2008

**PROSPECTUS
FREESEAS INC.**

Through this prospectus, we may periodically offer:

- (1) our common stock,
- (2) our preferred stock,
- (3) our debt securities, which may be guaranteed by one or more of our subsidiaries,
- (4) our warrants,
- (5) our rights,
- (6) our purchase contracts, and
- (7) our units.

In addition, the selling shareholders named in the section **Selling Shareholders** may sell in one or more offerings pursuant to this registration statement up to 4,880,193 shares of our common stock that were previously acquired by them in private transactions. We will not receive any of the proceeds from the sale of our common stock by the selling shareholders.

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 NASDAQ Global Market under the symbol **FREE**.

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 risks. See the section entitled **Risk Factors on page 4.**

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is _____, 2008

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You should rely only on the information contained or incorporated by reference in this prospectus and any prospectus supplement. We have not authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering securities and soliciting offers to buy securities only in jurisdictions where offers and sales are permitted. You should assume that the information appearing in this prospectus and information incorporated by reference into this prospectus is accurate

only as of the date of the documents containing the information.

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FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. These forward-looking statements include information about possible or assumed future results of our operations or our performance. Words such as expects, intends, plans, believes, anticipates, estimates, and variations of such words and similar expressions are intended to identify the forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. Actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements include, but are not limited to, statements regarding:

our future operating or financial results;

future, pending or recent acquisitions, business strategy, areas of possible expansion, and expected capital spending or operating expenses;

drybulk shipping industry trends, including charter rates and factors affecting vessel supply and demand;

our financial condition and liquidity, including our ability to obtain additional financing in the future to fund capital expenditures, acquisitions and other general corporate activities;

our ability to pay dividends in the future;

availability of crew, number of off-hire days, dry-docking requirements and insurance costs;

our expectations about the availability of vessels to purchase or the useful lives of our vessels;

our ability to leverage to our advantage our manager's relationships and reputation in the drybulk shipping industry;

changes in seaborne and other transportation patterns;

changes in governmental rules and regulations or actions taken by regulatory authorities;

potential liability from future litigation and incidents involving our vessels;

global and regional political conditions;

acts of terrorism and other hostilities; and

other factors discussed in the section titled Risk Factors.

We undertake no obligation to publicly update or revise any forward-looking statements contained in this prospectus, or the documents to which we refer you in this prospectus, to reflect any change in our expectations with respect to such statements or any change in events, conditions or circumstances on which any statement is based.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, utilizing a shelf registration process, relating to the common stock, preferred stock, debt securities, warrants, rights, purchase contracts, and units described in this prospectus. Certain selling shareholders referred to in this prospectus and identified in supplements to this prospectus may also offer and sell shares of our common stock under this prospectus. Under this shelf process, we may sell the securities described in this prospectus in one or more offerings up to a total initial offering price of \$300,000,000.00. The selling shareholders may sell up to 4,880,193 shares of common stock in one or more offerings.

This prospectus provides you with a general description of the securities we may offer and those offered by our selling shareholders. This prospectus does not contain all of the information set forth in the registration statement as permitted by the rules and regulations of the SEC. For additional information regarding us and the offered securities, please refer to the registration statement of which this prospectus forms a part.

Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading **Where You Can Find More Information** and **Incorporation of Certain Documents by Reference**.

Unless the context otherwise requires, the term(s) **FreeSeas**, **Company**, **we**, **us** and **our** refer to FreeSeas Inc. and our subsidiaries.

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

We use the term **deadweight tons**, or **dwt**, in describing the capacity of our drybulk carriers. Dwt, expressed in metric tons, each of which is equivalent to 1,000 kilograms, refers to the maximum weight of cargo and supplies that a vessel can carry. For the definition of certain shipping terms used in this prospectus, see the **Glossary of Shipping Terms** on page 26 of this prospectus. Drybulk carriers are categorized as **Handysize**, **Handymax**, **Panamax** and **Capesize**. The carrying capacity of a **Handysize** drybulk carrier ranges from 10,000 to 39,999 dwt and that of a **Handymax** drybulk carrier ranges from 40,000 to 59,999 dwt. By comparison, the carrying capacity of a **Panamax** drybulk carrier ranges from 60,000 to 79,999 dwt and the carrying capacity of a **Capesize** drybulk carrier is 80,000 dwt and above.

Neither FreeSeas website, www.freeseas.gr, nor any of the information contained therein are to be considered incorporated into or otherwise part of this prospectus.

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ABOUT OUR COMPANY

Our Company

We are an international drybulk shipping company incorporated on April 23, 2004 under the laws of the Republic of the Marshall Islands with headquarters in Piraeus, Greece. We are currently focusing on the Handysize and Handymax sectors, which we believe will enable us to transport a wider variety of cargoes and pursue a greater number of chartering opportunities than if we owned larger vessels. We may, however, acquire larger drybulk vessels if market conditions warrant.

We have contracted the management of our fleet to Free Bulkers, S.A., or Free Bulkers, a company owned by Ion G. Varouxakis, our chairman, chief executive officer and president. Free Bulkers provides technical management of our fleet, accounting services and office space and has subcontracted the charter and post-charter management of our fleet to Safbulk Pty Ltd., or Safbulk, a company controlled by the Restis family. We believe that Safbulk has achieved a strong reputation in the international shipping industry for efficiency and reliability that creates new employment opportunities for us with a variety of well known charterers. While Safbulk is responsible for finding and arranging charters for our vessels, the final decision to charter our vessels remains with us.

Our Corporate History

We were incorporated on April 23, 2004 by Ion G. Varouxakis, our chairman, chief executive officer and president, and two other co-founding shareholders under the name Adventure Holdings S.A. pursuant to the laws of the Republic of the Marshall Islands to serve as the parent holding company of our ship-owning entities. On April 27, 2005, we changed our name to FreeSeas Inc.

On December 15, 2005, we completed a merger with Trinity Partners Acquisition Company Inc., a blank check company formed to serve as a vehicle to complete a business combination with an operating business. At the time of the merger we owned three drybulk carriers, the M/V *Free Destiny*, the M/V *Free Envoy* and the M/V *Free Fighter*. Under the terms of the merger, we were the surviving corporation. Each outstanding share of Trinity's common stock and Class B common stock was converted into the right to receive an equal number of shares of our common stock, and each Trinity Class W warrant and Class Z warrant was converted into the right to receive an equal number of our Class W warrants and Class Z warrants.

Our common stock, Class W warrants and Class Z warrants currently trade on the NASDAQ Global Market under the trading symbols FREE, FREEW and FREEZ, respectively.

In January 2007, Mr. Varouxakis purchased all of the shares of common stock owned by the two other co-founding shareholders. He simultaneously sold shares of common stock owned by him to FS Holdings Limited, an entity controlled by the Restis family, and to certain other investors. Immediately following these transactions, our board of directors appointed Mr. Varouxakis chairman of the board and president, the two other co-founding shareholders and one other director resigned from the board, and two new directors were appointed to fill the vacancies.

Our executive offices are located at 89 Akti Miaouli & 4 Mavrokordatou Street, 185 38, Piraeus, Greece and our telephone number is 011-30-210-452-8770.

Table of Contents**RISK FACTORS**

We have identified a number of risk factors which you should consider before buying shares of our common stock. These risk factors are incorporated by reference into this registration statement from the Company's Annual Report on Form 20-F filed on May 12, 2008 and from our subsequent annual reports on Form 20-F and certain reports on Form 6-K that we file with or furnish to the SEC after the date of this prospectus. Please see "Incorporation of Certain Documents by Reference." In addition, you should also consider carefully the risks set forth under the heading "Risk Factors" in any prospectus supplement before investing in the shares of common stock offered by this prospectus. The occurrence of one or more of those risk factors could adversely impact our results of operations or financial condition.

USE OF PROCEEDS

Unless we specify otherwise in any prospectus supplement, we intend to use the net proceeds from the sale of securities by us offered by this prospectus to make vessel acquisitions and for capital expenditures, repayment of indebtedness, working capital, and general corporate purposes. We will not receive any of the proceeds from the sale of our common stock by the selling shareholders.

RATIO OF EARNINGS TO FIXED CHARGES

The following table shows our consolidated ratio of earnings to fixed charges for the periods indicated. This ratio is provided to assist investors in evaluating our ability to meet the interest requirements of debt securities. For purposes of these calculations, earnings consist of income before taking into consideration income tax expense and fixed charges, where fixed charges consist of interest expense, amortization of debt issuance costs and cost on early extinguishment of debt.

	December 31,			From Inception (April 23, 2004) to December 31, 2004
	2007	2006	2005	2004
Ratio of Earnings to Fixed Charges	*	*	1.14	2.96

* The earnings were inadequate to cover fixed charges. The amount required to obtain a ratio of one-to-one is \$ 156,000 and \$3,324,000 for the years ended December 31, 2007 and 2006, respectively.

SELLING SHAREHOLDERS

The following table shows certain information as of the date of this prospectus regarding the number of shares of our common stock beneficially owned by the selling shareholders and that are included for sale in this prospectus. The table assumes that all shares of our common stock offered for sale in the prospectus are sold.

Selling Shareholder	Common stock owned before the offering		Number offered by selling shareholders	Common stock owned after the offering	
	Number	Percent(1)		Number(2)	Percent(1)(2)

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Ion G. Varouxakis	2,394,890 ⁽³⁾	11.4%	2,444,890 ⁽⁴⁾	0	*
FS Holdings Limited	2,808,782	13.5%	2,485,303 ⁽⁵⁾	323,479 ⁽⁵⁾	*

* Less than 1%.

(1) Based on 20,743,456 shares of FreeSeas common issued and outstanding as of the date of this prospectus. For purposes of calculating the percentage ownership, any shares that each selling shareholder has the right to acquire within 60 days under warrants or options have been included in the total number of shares outstanding for that person, in accordance with Rule 13d-3 under the Exchange Act.

(2) Assumes that the selling shareholders sell all of their shares of common stock beneficially owned by each selling shareholder and offered hereby.

(3) Reflects 2,078,223 shares owned by The Mida s Touch S.A., a Marshall

Islands
corporation
wholly owned by
Mr. Varouxakis;
66,667 shares
issuable upon the
exercise of
immediately
exercisable
warrants issued
to The Midas
Touch; and
250,000 shares
that may be
acquired by
Mr. Varouxakis
pursuant to
immediately
exercisable stock
options. Does
not include
50,000 shares
underlying
options owned
by
Mr. Varouxakis
that will not vest
within 60 days
of the date of
this prospectus
and therefore are
not deemed
beneficially
owned by him as
of the date of
this prospectus.

(4) Includes 50,000
shares
underlying
options owned
by
Mr. Varouxakis
that vest and
become
exercisable in
December 2008.

(5) The shares
offered by FS
Holdings

Limited do not include 323,479 shares that were previously registered under a separate registration statement for resale by the selling shareholder.

The shares described in this prospectus were or will be obtained by certain of the selling shareholders (i) in private placements by us of our common stock, (ii) upon the exercise of options or warrants to purchase our common stock owned by the selling shareholders, and (iii) by transfers from the original holder of the shares that were obtained in one of the manners described above.

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CAPITALIZATION

Our capitalization is incorporated by reference into this registration statement from the Company's Annual Report on Form 20-F filed on May 12, 2008 and from our subsequent annual reports on Form 20-F and certain reports on Form 6-K that we file with or furnish to the SEC after the date of this prospectus. Please see [Incorporation of Certain Documents by Reference](#).

ENFORCEABILITY OF CIVIL LIABILITIES

We are a Marshall Islands company and our executive offices are located outside of the United States of America in Piraeus, Greece. All except one of our directors, all of our officers and some of the experts named herein reside outside the United States of America. In addition, a substantial portion of our assets and the assets of our directors, officers and experts are located outside of the United States of America. As a result, you may have difficulty serving legal process within the United States of America upon us or any of these persons. You may also have difficulty enforcing, both in and outside the United States of America, judgments you may obtain in United States of America courts against us or these persons in any action, including actions based upon the civil liability provisions of United States of America federal or state securities laws. Furthermore, there is substantial doubt that the courts of the Republic of the Marshall Islands or Greece would enter judgments in original actions brought in those courts predicated on United States of America federal or state securities laws.

DESCRIPTION OF CAPITAL STOCK

We have summarized below the material features of our capital stock. This summary is not a complete discussion of our organizational documents and other instruments that create the rights of our shareholders. We urge you to carefully read those documents and instruments. Please see [Where You Can Find Additional Information](#) for information on how to obtain copies of those documents and instruments.

FreeSeas' authorized capital stock consists of 40,000,000 shares of common stock, par value \$0.001 per share, of which 20,743,456 shares are issued and outstanding as of April 14, 2008, and 5,000,000 shares of blank check preferred stock, par value, \$0.001 per share, none of which are outstanding. All of FreeSeas' shares of stock must be in registered form.

Common Stock

As of April 14, 2008, 20,743,456 shares of common stock were outstanding out of 40,000,000 shares authorized to be issued. As of April 14, 2008, 3,584,144 shares of common stock were reserved for issuance upon the exercise of various outstanding options and warrants. Each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of shareholders. Subject to

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preferences that may be applicable to shares of preferred stock that may be issued in the future, holders of shares of common stock are entitled to receive dividends, if any, declared by our board of directors out of funds legally available for dividends. Holders of common stock do not have conversion, redemption or preemptive rights to subscribe to any of our securities. All outstanding shares of common stock are fully paid and nonassessable. The rights, preferences and privileges of holders of common stock are subject to the rights of the holders of any shares of preferred stock that FreeSeas may issue in the future.

Preferred Stock

As of the date of this prospectus, we are authorized to issue up to 5,000,000 shares of blank check preferred stock. Our board of directors can determine the rights, designations and preferences of the preferred stock, and authorize the issuance of shares of preferred stock without any further vote or action by our shareholders.

Other Securities

Class A Warrants

We have issued to our initial shareholders warrants to purchase an aggregate of 200,000 shares of our common stock at an exercise price of \$5.00 per share. The exercise price of the Class A warrants will be adjusted upon the occurrence of certain corporate events such as stock dividends or splits. The warrants will expire on July 29, 2011 and are not callable or redeemable.

Class W Warrants and Class Z Warrants

Each Class W warrant entitles the holder to purchase one share of our common stock at an exercise price of \$5.00 per share (except for Class W warrants issued upon the exercise of the underwriter's purchase option described below, which have an exercise price of \$5.50 per share), and expires on July 29, 2009 or upon earlier redemption. Each Class Z warrant entitles the holder to purchase one share of our common stock at an exercise price of \$5.00 per share (except for Class Z warrants issued upon the exercise of the underwriter's purchase option described below, which have an exercise price of \$5.50 per share), and expires on July 29, 2011 or upon earlier redemption (except for Class Z warrants issued upon the exercise of the underwriter's purchase option described below, which expire on July 29, 2009 or upon earlier redemption). The exercise price of the Class Z and Class W warrants will be adjusted upon the occurrence of certain corporate events such as stock dividends or splits. We may redeem the outstanding Class W warrants and/or Class Z warrants in whole and not in part, at a price of \$0.05 per warrant at any time after the warrants become exercisable, upon a minimum of 30 days' prior written notice of redemption to the holders of record of the warrant, if the last sale price of our common stock equals or exceeds \$7.50 per share for a Class W warrant or \$8.75 per share for a Class Z warrant for any 20 trading days within a 30-trading-day period ending three business days before we send the notice of redemption. Any Class W or Class Z warrant either not exercised or tendered back to us by the end of the date specified in the notice of call will be cancelled on the books of the company and will have no further value except for the \$0.05 call price.

As of April 14, 2008, we have received an aggregate of \$8.7 million of net proceeds from exercises of Class W, Class Z and Class B warrants. We issued 1,803,356 shares of common stock in accordance with the terms of such warrants in connection with such exercises. These exercises occurred following our registration in August 2007 of the shares underlying these warrants.

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Underwriter s Unit Purchase Option

We have assumed Trinity s obligations under the unit purchase option sold to HCFP/Brenner Securities LLC, or HCFP, the lead underwriter in Trinity s initial public offering. Under that purchase option, HCFP has the right to purchase up to 12,500 Series A Units at a price of \$17.325 per unit and up to 65,000 Series B Units at a price of \$16.665 per unit. Each Series A Unit will consist of two shares of our common stock, five Class W warrants and five Class Z warrants. Each Series B Unit will consist of two shares of our common stock, one Class W warrant and one Class Z warrant. The purchase option expires on July 29, 2009.

Employee Options

Pursuant to our Amended and Restated 2005 Stock Incentive Plan, there are outstanding options to purchase a total of 405,000 shares of our common stock. The options generally vest at a rate of 1/3 per year. As of the date hereof, options to purchase 250,000 shares had vested. The options entitle the holders to purchase shares of our common stock at exercise prices ranging from \$5.00 per share to \$8.25 per share and generally expire five years from the date of grant.

On August 14, 2007, we received a letter from counsel representing two of our former executive officers alleging that the registration statement on Form F-3 filed by us with the SEC on August 3, 2007 misstated the number of shares beneficially owned by the two executive officers. The two former executive officers allege that they continue to beneficially own 500,000 shares of common stock underlying options granted to them in connection with their prior employment with us. We have responded that we believe that these options expired unexercised pursuant to our stock option plan and we intend to vigorously defend this position.

Other Matters

Our Amended and Restated Articles of Incorporation and By-laws

Our purpose, as stated in section 3.B. of our amended and restated articles of incorporation, is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the BCA. Our amended and restated articles of incorporation and by-laws do not impose any limitations on the ownership rights of our shareholders.

Under our by-laws, annual shareholders meetings will be held at a time and place selected by our board of directors. The meetings may be held in or outside of the Marshall Islands. Special meetings may be called by the board of directors, by our chairman or by our president. Our board of directors may set a record date between 15 and 60 days before the date of any meeting to determine the shareholders that will be eligible to receive notice and vote at the meeting.

Directors

Our directors are elected by a plurality of the votes cast at a meeting of the shareholders by the holders of shares entitled to vote in the election. There is no provision for cumulative voting. The board of directors has the authority to fix the amounts that shall be payable to the members of our board of directors for attendance at any meeting or for services rendered to us. Our by-laws provide, generally, that the vote to authorize a transaction by a director who has a financial interest in such transaction, or is an officer or director of the opposite party to the transaction, will be counted if, the material facts of the relationship or interest have been disclosed, and the transaction is approved by the appropriate number of our disinterested directors or by our shareholders.

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Anti-Takeover Provisions of Amended and Restated Articles of Incorporation and By-Laws

Several provisions of our amended and restated articles of incorporation and by-laws may have anti-takeover effects. These provisions are intended to avoid costly takeover battles, lessen our vulnerability to a hostile change of control, and enhance the ability of our board of directors to maximize shareholder value in connection with any unsolicited offer to acquire FreeSeas. These anti-takeover provisions, however, could also discourage, delay or prevent (1) the merger or acquisition of FreeSeas by means of a tender offer, a proxy contest or otherwise, that a shareholder may consider in its best interest and (2) the removal of incumbent directors and officers. These provisions are summarized below.

Blank Check Preferred Stock

Our board of directors has the authority, without any further vote or action by our shareholders, to issue up to 5,000,000 shares of blank check preferred stock. Our board of directors may issue shares of preferred stock on terms calculated to discourage, delay or prevent a change of control of FreeSeas or the removal of our management.

Classified Board of Directors

Our directors serve staggered, three-year terms. Approximately one-third of our directors are elected each year. The classification of the directors could discourage a third party from making a tender offer for our stock or attempting to obtain control of FreeSeas. It could also delay shareholders who do not agree with the policies of the board of directors from removing a majority of the board of directors for two years.

Supermajority Director Voting Requirement to Change Number of Directors

Our board of directors may only change the size of the board by a vote of not less than 66²/₃% of the directors then in office. This provision makes it more difficult to increase the number of directors in an attempt to gain a majority of directors through the addition of more directors.

Election and Removal of Directors

Cumulative voting in the election of directors is not permitted. Our amended and restated by-laws require parties other than the board of directors to give advance written notice of nominations for the election of directors. Our amended and restated articles of incorporation provide that directors may be removed only for cause and only upon the affirmative vote of either the holders of at least 66²/₃% of our issued and outstanding voting stock or by our board of directors. They also require advance written notice of any proposals by shareholders to remove a director. These provisions may discourage, delay or prevent the removal of incumbent directors and/or officers.

Limited Actions by Shareholders

The BCA provides that any action required or permitted to be taken by our shareholders must be done at an annual meeting or special meeting of shareholders or by the unanimous written consent of the shareholders. Our by-laws provide that only our board of directors, the chairman or the president may call special meetings of shareholders. The BCA provides that the business that can be transacted at a special meeting of shareholders must be related to the purpose or purposes stated in the notice of the meeting.

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Other Supermajority Voting Requirements

Our shareholders can make, alter, amend or repeal our by-laws only upon the affirmative vote of 66²/₃% of the outstanding shares of capital stock entitled to vote generally in the election of directors. The provisions of our amended and restated articles of incorporation with respect to directors and our by-laws can only be amended by the affirmative vote of 66²/₃% of the outstanding shares of capital stock entitled to vote generally in the election of directors. Such supermajority voting requirements make these provisions more difficult to change and thus may discourage, delay or prevent the removal of incumbent directors and/or officers.

Transfer Agent and Registrar

American Stock Transfer & Trust Company is the transfer agent and registrar for our common stock.

DESCRIPTION OF DEBT SECURITIES

We may issue debt securities from time to time in one or more series, under one or more indentures, each dated as of a date on or prior to the issuance of the debt securities to which it relates. We may issue senior debt securities and subordinated debt securities pursuant to separate indentures, a senior indenture and a subordinated indenture, respectively, in each case between us and the trustee named in the indenture. We have filed the forms of the indentures as exhibits to a registration statement that we have filed with the SEC, of which this prospectus is a part. See [Where You Can Find More Information](#) for information on how to obtain copies of the indentures.

This section summarizes the material terms of our senior or subordinated debt securities that are common to all series. Most of the financial and other terms of any series of debt securities that we offer will be described in the prospectus supplement to be attached to the front of this prospectus, which we will refer to as subsequent filings throughout this summary.

The senior indenture and the subordinated indenture, as amended or supplemented from time to time, are sometimes referred to individually as an indenture and collectively as the indentures. Each indenture will be subject to and governed by the Trust Indenture Act. The aggregate principal amount of debt securities which may be issued under each indenture will be unlimited and each indenture will contain the specific terms of any series of debt securities or provide that those terms must be set forth in or determined pursuant to, an authorizing resolution, as defined in the applicable prospectus supplement, and/or a supplemental indenture, if any, relating to such series.

Certain of our subsidiaries may guarantee the debt securities we offer. Those guarantees may or may not be secured by liens, mortgages, and security interests in the assets of those subsidiaries. The terms and conditions of any such subsidiary guarantees, and a description of any such liens, mortgages or security interests, will be set forth in the prospectus supplement that will accompany this prospectus.

Our statements below relating to the debt securities and the indentures are summaries of their anticipated provisions, are not complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the applicable indenture and any applicable United States federal income tax considerations as well as any applicable modifications of or additions to the general terms described below in the applicable prospectus supplement or supplemental indenture.

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General

Each indenture will provide that the debt securities may be issued up to the aggregate principal amount from time to time. The debt securities may be issued in one or more series. The senior debt securities will be unsecured and will rank on a parity with all of our other unsecured and unsubordinated indebtedness. Each series of subordinated debt securities will be unsecured and subordinated to all present and future senior indebtedness of debt securities will be described in an accompanying prospectus supplement.

You should read the subsequent filings relating to the particular series of debt securities for the following terms of the offered debt securities:

the designation, aggregate principal amount and authorized denominations;

the issue price, expressed as a percentage of the aggregate principal amount;

the maturity date;

the interest rate per annum, if any;

if the offered debt securities provide for interest payments, the date from which interest will accrue, the dates on which interest will be payable, the date on which payment of interest will commence and the regular record dates for interest payment dates;

any optional or mandatory sinking fund provisions or conversion or exchangeability provisions;

the date, if any, after which and the price or prices at which the offered debt securities may be optionally redeemed or must be mandatorily redeemed and any other terms and provisions of optional or mandatory redemptions;

if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which offered debt securities of the series will be issuable;

if other than the full principal amount, the portion of the principal amount of offered debt securities of the series which will be payable upon acceleration or provable in bankruptcy;

any events of default not set forth in this prospectus;

the currency or currencies, including composite currencies, in which principal, premium and interest will be payable, if other than the currency of the United States of America;

if principal, premium or interest is payable, at our election or at the election of any holder, in a currency other than that in which the offered debt securities of the series are stated to be payable, the period or periods within which, and the terms and conditions upon which, the election may be made;

whether interest will be payable in cash or additional securities at our or the holder's option and the terms and conditions upon which the election may be made;

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if denominated in a currency or currencies other than the currency of the United States of America, the equivalent price in the currency of the United States of America for purposes of determining the voting rights of holders of those debt securities under the applicable indenture;

if the amount of payments of principal, premium or interest may be determined with reference to an index, formula or other method based on a coin or currency other than that in which the offered debt securities of the series are stated to be payable, the manner in which the amounts will be determined;

any restrictive covenants or other material terms relating to the offered debt securities, which may not be inconsistent with the applicable indenture;

whether the offered debt securities will be issued in the form of global securities or certificates in registered or bearer form;

any terms with respect to subordination;

any listing on any securities exchange or quotation system;