

FreeSeas announces the sale of the M/V Free Knight

Athens, March 4, 2014 (GLOBE NEWSWIRE) -- Athens, Greece, March 4, 2014 - **FreeSeas Inc. (Nasdaq CM: FREE)** ("**FreeSeas**" or the "**Company**"), a transporter of dry-bulk cargoes through the ownership and operation of a fleet of five Handysize vessels and one Handymax vessel, announced today that the Company has sold the M/V Free Knight, a 1998-built, 24,111 dwt Handysize dry bulk carrier for a gross sale price of \$3.6 million. The company expects that, as a result, a non-cash impairment charge of approximately \$24 million will be reflected in its financial statements for the year ended December 31, 2013. The Company expects to recognize in its financial statements for the year ended December 31, 2013, a non-cash gain of approximately \$10 million on the extinguishment of debt with release of the mortgages on the M/V Free Knight and M/V Free Maverick, as a result of the recent Debt Purchase and Settlement Agreement with Deutsche Bank and the Exchange Agreement with Crede Capital.

Mr. Ion G. Varouxakis, Chairman, President and Chief Executive Officer of the Company commented: "The sale of the M/V Free Knight constitutes part of the balance sheet clean-up process of the company and reorganization of its assets. The Company favors utilizing its resources towards existing vessels with optimal commercial and technical specifications and new acquisitions that can immediately produce income, instead of spending rather long amounts of time and disproportionate amounts of capital on assets such as the M/V Free Knight, which had been sitting idle and was facing an expensive dry-dock to return to service."

About FreeSeas Inc.

FreeSeas Inc. is a Marshall Islands corporation with principal offices in Athens, Greece. FreeSeas is engaged in the transportation of drybulk cargoes through the ownership and operation of drybulk carriers. Currently, it has a fleet of Handysize and Handymax vessels. FreeSeas' common stock trades on the Nasdaq Capital Market under the symbol FREE. Risks and uncertainties are described in reports filed by FreeSeas Inc. with the SEC, which can be obtained free of charge on the SEC's website at <http://www.sec.gov>. For more information about FreeSeas Inc., please visit the corporate website, www.freeseas.gr.

Forward-Looking Statements

This press release contains forward-looking statements (as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended) concerning future events and the Company's growth strategy and measures to implement such strategy. Words such as "expects," "intends," "plans," "believes," "anticipates," "hopes," "estimates," and variations of such words and similar expressions are intended to identify forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be 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 the control of the Company. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, changes in the demand for dry bulk vessels; competitive factors in the market in which the Company operates; risks associated with operations outside the United States; and other factors listed from time to time in the Company's filings with the Securities and Exchange Commission. The Company expressly disclaims any obligation or undertaking to release publicly any

updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.

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