

\$175,000

Puget Sound Freight Lines

First (Closed) Mortgage

6½%

Serial and Sinking Fund Gold Bonds

DATED APRIL 1, 1929

DUE SERIALLY APRIL 1, 1930 TO 1939

Bonds redeemable as a whole or in part on any interest payment date upon 10 days' published notice at 102 up to and including April 1, 1934, thereafter at 101. Semi-annual interest payable April 1 and October 1 at the Seattle Title Trust Company, Seattle, Washington, Trustee, without deduction for Federal Income Tax not in excess of 2% per annum. Coupon bonds in denominations of \$500 and \$1,000, registerable as to principal only.

SEATTLE TITLE TRUST COMPANY, SEATTLE, TRUSTEE

The Indenture will provide for a Sinking Fund to be impounded with the Trustee monthly to supply funds in excess of the amount necessary to meet interest and principal requirements indicated in the schedule below. This excess will be used by the Trustee to retire additional bonds. After the next maturing principal and interest installment has been accumulated, Sinking Fund will be used for the purchase of bonds in the open market at or below the call price, or if not so obtainable to call bonds by lot at the then existing call price.

Amount	Maturity	Price	Yield
\$10,000	April 1, 1930.....	100.00	6.50%
10,000	April 1, 1931.....	100.00	6.50%
10,000	April 1, 1932.....	99.75	6.58%
10,000	April 1, 1933.....	99.50	6.65%
10,000	April 1, 1934.....	99.25	6.68%
15,000	April 1, 1935.....	99.00	6.70%
15,000	April 1, 1936.....	98.75	6.73%
15,000	April 1, 1937.....	98.50	6.75%
15,000	April 1, 1938.....	98.25	6.76%
65,000	April 1, 1939.....	98.00	6.78%

All legal matters incident to the issuance of these bonds will be passed upon by Messrs. Shorts and Denney, Attorneys, Seattle, Washington.

Founded 1892
Wm. P. Harper & Son
Municipal, Corporation, Mortgage
Bonds
721 Second Ave., Seattle, Wash.

The statements contained herein, while not guaranteed, are based upon information and advice which we believe to be accurate.

PUGET SOUND FREIGHT LINES

SEATTLE, April 10, 1929.

FERRIS & HARDGROVE,
WM. P. HARPER & SON,
SEATTLE TITLE TRUST CO.,
Seattle, Washington.

Gentlemen:

In connection with your purchase of \$175,000 PUGET SOUND FREIGHT LINES First (Closed) Mortgage Serial and Sinking Fund 6½% Gold Bonds, dated April 1, 1929, we submit the following information:

BUSINESS: The Puget Sound Freight Lines started operations under its present management in 1919, operating a small freight boat between Seattle and Tacoma. It has expanded each year since that time and now has a fleet of five boats which operate regularly between Seattle, Tacoma, Shelton, Olympia, Port Townsend, Hadlock, Dungeness, Bellingham and the San Juan Islands. The Company, through this financing, is purchasing and consolidating with the Merchants Transportation Company, which was organized in 1904 and at present has a fleet of four modern freight boats operating on Puget Sound. This latter company also handles a large trans-shipment business between Seattle, Tacoma, and other Puget Sound points of freight discharged from ocean-going vessels. The amalgamation of the Puget Sound Freight Lines and the Merchants Transportation Company will eliminate duplication of service to many points effecting a saving of overhead expenses and enabling the company to render a much better service to shippers and the communities served.

The Puget Sound Freight Lines, through its owned subsidiaries, will control terminals at Seattle, Tacoma, Shelton, and Olympia. With the use of auto trucks, the Company also maintains a "store-door" delivery service at Olympia and Shelton, whereby freight is delivered direct to the place of business of the consignee by the company.

Water transportation is recognized to be the most economical method of transporting freight. With the continued rapid growth of the Puget Sound territory, a splendid opportunity for profitable expansion is offered the Puget Sound Freight Lines.

The laws of the State of Washington require that freight tariffs be filed with the Department of Public Works at Olympia, for its approval, thereby protecting the operator from ruinous competition upon any of its established routes.

DESCRIPTION OF BONDS: This issue of \$175,000 First (Closed) Mortgage Serial and Sinking Fund 6½% Gold Bonds will be dated April 1, 1929, maturing:

\$10,000 April 1st in each of the years from 1930 to 1934, inclusive,
\$15,000 April 1st in each of the years from 1935 to 1938, inclusive, and
\$65,000 on April 1, 1939.

Bonds may be called as a whole or in part by lot, upon ten days' published notice, at 102 up to and including April 1, 1934, and thereafter at 101. Semi-annual interest will be payable April 1st and October 1st at the office of the Seattle Title Trust Company, Seattle, Washington, without deduction for Normal Income Tax not to exceed 2%. Coupon bonds will be issued in denominations of \$500 and \$1000, registerable as to principal.

SINKING FUND: Under the terms of the Trust Indenture the company will be required each month beginning May 1, 1929, to deposit with the Seattle Title Trust Company, Seattle, Washington, Trustee, the sum of \$2,100. After an amount sufficient to meet the next maturing principal and interest payments has been deposited with the Trustee, the balance of such funds will be applied to the purchase of bonds in the open market at or below the call price, or, if bonds are not obtainable in that manner, to the call of bonds by lot at the call price. This Sinking Fund will be sufficient to retire the entire issue by maturity.

SECURITY: These bonds, in the opinion of counsel, will be a direct obligation of the Puget Sound Freight Lines and will be secured by a first (closed) mortgage on all the boats, physical properties, leases, rights and franchises now owned or hereafter acquired by the Company, including all Certificates of Public Convenience and Necessity, and a pledge of all the Common Stock of the Percival Dock Company and of the Puget Sound Terminal Company and 44% of the Common Stock of the Ferry Dock Company.

PROPERTY AND VALUATION: The Puget Sound Freight Lines, after the amalgamation, will own the following fleet of vessels: "Skookum Chief," "Mohawk," "Capital," "Chimicum," "Seal," "Balana," "Seatac," "F. H. Marvin," and "V. P. Handy." The valuation of these vessels, including their equipment, as appraised by the General Appraisal Company (dated March 27, 1929,) is in excess of \$350,000. In addition, the Company owns the entire stock (except Directors' qualifying shares) of the Percival Dock Company, owners of the dock at Olympia; and of the Puget Sound Terminal Company, operators of the docks at Shelton, Olympia, and Tacoma. The latter company owns and operates the trucks used in connection with the "store-door" delivery of freight. The Puget Sound Freight Lines also owns 44% of the capital stock of the Ferry Dock Company, which is the lessee and operator of the Grand Trunk Dock at Seattle.

INSURANCE: The company's vessels operate in inland waters, free from most hazards of ocean transportation. The company, however, is required to maintain marine insurance, assigned to the Trustee.

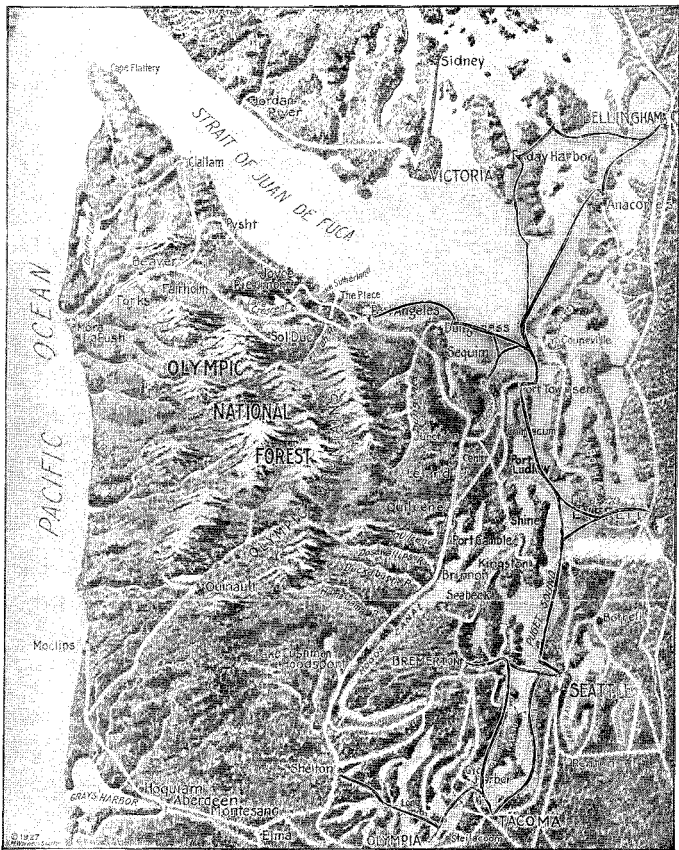
EARNINGS: The net earnings of the company and its wholly owned subsidiaries for the past four years, after depreciation, (as certified to by Samuel F. Racine & Company, Certified Public Accountants, of Seattle, Washington,) available for service of this loan, have averaged in excess of \$39,000 annually, or over three times maximum interest charges, and for the year 1928 were in excess of \$46,000, or over four times maximum interest charges.

PURPOSE OF ISSUE: Proceeds from the sale of these bonds will be used as part of the purchase price of the Merchants Transportation Company, for which the Puget Sound Freight Lines is paying substantially more than the amount of this bond issue.

Very truly yours,

PUGET SOUND FREIGHT LINES,

(Signed) CAPT. F. E. LOVEJOY,
President.



Map showing route and territory served by Puget Sound Freight Lines.