

PUTNAM MUNICIPAL OPPORTUNITIES TRUST  
Form DEF 14A  
March 23, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant / X /

Filed by a Party other than the Registrant //

**Check the appropriate box:**

/ / Preliminary Proxy Statement

/ / Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

/ X / Definitive Proxy Statement

/ / Definitive Additional Materials

/ / Soliciting Material Pursuant to Sec. 240.14a-12

**PUTNAM MUNICIPAL OPPORTUNITIES TRUST**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement,  
if Other Than the Registrant)

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**Payment of Filing Fee (Check the appropriate box):**

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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## **A Message from the President and Chair**

**Putnam Municipal Opportunities Trust**

**March 28, 2012**

Dear Fellow Shareholder:

We are writing to ask for your vote on an important matter affecting your investment in the Putnam funds. While you are, of course, welcome to join us at your fund's meeting, most shareholders cast their vote by filling out and signing the enclosed proxy card(s), voting over the Internet or by calling. We are asking for your vote on the following matters.

**Fixing the number of Trustees at 13 and electing your fund's nominees for Trustees.**

Although Trustees do not manage fund portfolios, they play an important role in protecting shareholders, and are responsible for approving the fees paid to your fund's investment adviser and its affiliates, reviewing overall fund expenses, selecting the fund's auditors, monitoring conflicts of interest, overseeing the fund's compliance with federal securities laws and voting proxies for the fund's portfolio securities. Consistent with the Investment Company Act of 1940 and Securities and Exchange Commission rules, more than three-quarters of your fund's Trustees currently are independent of the fund and Putnam Investments.

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**Please vote today.**

Your vote is important to us. Delaying your vote will increase fund expenses if further mailings are required. If you vote over the Internet or by telephone or complete and return your proxy card(s), your shares will be voted on your behalf exactly as you have instructed. If you simply sign and return your proxy card(s), your shares will be voted in accordance with the Trustees' recommendation.

We appreciate your attention to this important matter. If you have questions about these proposals, please call a customer service representative at 1-800-780-7316 or contact your financial advisor.

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**PROXY CARD(S) ENCLOSED**

If you have any questions, please contact a customer service representative at 1-800-780-7316 or call your financial advisor.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on April 30, 2012.**

The proxy statement for this meeting is available at [www.proxyonline.us](http://www.proxyonline.us).

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## Notice of Annual Meeting of Shareholders

To the Shareholders of Putnam Municipal Opportunities Trust:

**This is the formal agenda for your fund's shareholder meeting. It tells you what proposals will be voted on and the time and place of the meeting, in the event you attend in person.**

The Annual Meeting of Shareholders of your fund will be held on April 30, 2012 at 11:00 a.m., Eastern time, at the principal offices of the fund on the 8th floor of One Post Office Square, Boston, Massachusetts 02109, to consider the following proposals:

**1a. Fixing the number of Trustees. See page 6.**

**1b. Electing your fund's Trustees. See page 7.**

By Judith Cohen, Clerk, and by the Trustees

Jameson A. Baxter, Chair, Board of Trustees

Ravi Akhoury	Elizabeth T. Kennan
Barbara M. Baumann	Kenneth R. Leibler
Charles B. Curtis	Robert E. Patterson
Robert J. Darretta	George Putnam, III
John A. Hill	Robert L. Reynolds
Paul L. Joskow	W. Thomas Stephens

**In order for you to be represented at your fund's shareholder meeting, we urge you to record your voting instructions over the Internet or by telephone or to mark, sign, date, and mail the enclosed proxy card(s) in the postage-paid envelope provided.**

March 28, 2012

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## Proxy Statement

**This document will give you the information you need to vote on the proposals. Much of the information is required under rules of the Securities and Exchange Commission ("SEC"); some of it is technical. If there is anything you don't understand, please contact a customer service representative toll-free at 1-800-780-7316, or call your financial advisor.**

**Who is asking for your vote?**

Your vote is being solicited by the Board of Trustees of Putnam Municipal Opportunities Trust (the "Board") for use at the Annual Meeting of Shareholders of the fund to be held on April 30, 2012 (the "Meeting"), and, if your fund's Meeting is adjourned, at any later session of the Meeting, for the purpose stated in the Notice of Annual Meeting of Shareholders (see page 5). The Notice of Annual Meeting of Shareholders, the enclosed proxy card(s) and this proxy statement are being mailed on or about March 28, 2012.

**How do your fund's Trustees recommend that shareholders vote on these proposals?**

The Trustees recommend that you vote as follows on the proposals included in the Notice of Annual Meeting of Shareholders:

**1a. FOR fixing the number of Trustees at 13.**

**1b. FOR electing your fund's nominees for Trustees.**

**Who is eligible to vote?**

Shareholders of record at the close of business on March 12, 2012 (the "Record Date") are entitled to be present and to vote at the Meeting or at any adjourned session of the Meeting.

Each share is entitled to one vote. Unless otherwise noted, the holders of your fund's preferred shares and holders of your fund's common shares will vote as separate classes. Shares represented by a duly executed proxy will be voted in accordance with your instructions. If a duly executed proxy is submitted without filling in a vote on a proposal, your shares will be voted in accordance with the Trustees' recommendation. If any other matters properly come before the Meeting, your shares will be voted on such matters in accordance with the judgment of the persons designated on the enclosed proxy card(s).

## **The Proposals**

**1a. FIXING THE NUMBER OF TRUSTEES AT 13**

The fund's agreement and declaration of trust (the "Declaration of Trust") states that shareholders shall fix the number of Trustees on the fund's Board at each annual meeting. The Board, based on the recommendation of the Board Policy and

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Nominating Committee, recommends that shareholders fix the number of Trustees of your fund at 13. The Board also recommends that shareholders vote to elect its 13 Trustee nominees, as described below in **Proposal 1b**.

If a quorum is present at the Meeting, a plurality vote, meaning the greatest number of affirmative votes cast by the holders of the preferred and common shares voting together as a single class, will fix the number of Trustees. Neither abstentions nor broker non-votes, if any, will have an effect on the outcome of Proposal 1a. Each common shareholder and each preferred shareholder will be entitled to one vote for each share held.

**The Trustees of your fund unanimously recommend that shareholder vote "FOR" fixing the number of Trustees at 13.**

## 1b. ELECTION OF TRUSTEES

The Board Policy and Nominating Committee of the Board is responsible for making recommendations concerning the nominees for Trustees of your fund. The Board Policy and Nominating Committee consists solely of Trustees who are not "interested persons" (as defined in the Investment Company Act of 1940, as amended, the "1940 Act") of your fund or of Putnam Investment Management, LLC, your fund's investment manager ("Putnam Management"). Those Trustees who are not "interested persons" of your fund or Putnam Management are referred to as "Independent Trustees" throughout this proxy statement.

### *The Fund's Nominees.*

The fund's Declaration of Trust requires that shareholders elect the fund's Trustees by a plurality vote at the fund's annual meeting. The Board, based on the recommendation of the Board Policy and Nominating Committee, recommends that shareholders vote for the election of the nominees described in the following pages.

Pursuant to the Bylaws of your fund and the 1940 Act, holders of the preferred shares of your fund, voting as a class, are entitled to elect 2 nominees for Trustees. Therefore, Messrs. Hill and Patterson have been nominated to be elected as Trustees by the holders of the preferred shares, while the other 11 nominees have been nominated to be elected by the holders of the preferred shares and common shares voting together as a single class. Each of the fund's nominees is currently a Trustee of your fund and of the other Putnam funds.

### *Biographical Information For The Fund's Nominees.*

The Board's nominees for Trustees and their backgrounds are shown in the following pages. This information includes each nominee's name, year of birth, principal occupation(s) during the past 5 years, and other information about the nominee's professional background, including other directorships the nominee holds. Please refer to pages 25-26 for a discussion of why the Trustees of your fund unanimously recommend that shareholders vote "FOR" the election of the Board's nominees. The address of all of the Trustees is One Post Office Square, Boston, Massachusetts 02109. As of December 31, 2011, there were 108 Putnam funds.

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## **Independent Trustees For Election By All Shareholders**

### **Ravi Akhoury (Born 1947) Trustee since 2009**

Mr. Akhoury serves as Advisor to New York Life Insurance Company. He also serves as a Trustee of the Rubin Museum, serving on the Investment Committee, and of the American India Foundation. Mr. Akhoury is also a Director of RAGE Frameworks, Inc. and English Helper, Inc. (each a private software company).

Previously, Mr. Akhoury served as a Director of Jacob Ballas Capital India (a non-banking finance company focused on private equity advisory services) and a member of its Compensation Committee. He was also a Director and on the Compensation Committee of MaxIndia/New York Life Insurance Company in India. He was also Vice President and Investment Policy Committee member of Fischer, Francis, Trees and Watts (a fixed-income portfolio management firm). He has also served on the Board of Bharti Telecom (an Indian telecommunications company), serving as a member of its Audit and Compensation Committees, and as a Director and member of the Audit Committee on the Board of Thompson Press (a publishing company). From 1992 to 2007, he was Chairman and CEO of MacKay Shields, a multi-product investment management firm with over \$40 billion in assets under management.

Mr. Akhoury graduated from the Indian Institute of Technology with a B.S. in Engineering and obtained an M.S. in Quantitative Methods from SUNY at Stony Brook.

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**Barbara M. Baumann (Born 1955)**  
**Trustee since 2010**

Ms. Baumann is President and Owner of Cross Creek Energy Corporation, a strategic consultant to domestic energy firms and direct investor in energy projects.

Ms. Baumann currently serves as a Director of SM Energy Company (a publicly held U.S. exploration and production company), Unisource Energy Corporation (a publicly held electric utility in Arizona), and CVR Energy (a publicly held petroleum refiner and fertilizer manufacturer). Ms. Baumann is a Trustee of Mount Holyoke College. She is the former Chair of the Board and a current Board member of Girls Inc. of Metro Denver, and serves on the Finance Committee of The Children's Hospital of Colorado, as well as the Investment Committee of The Denver Foundation.

Prior to forming Cross Creek Energy Corporation in 2003, Ms. Baumann was Executive Vice President of Associated Energy Managers, a domestic private equity firm. From 1981 until 2000, she held a variety of financial and operational management positions with the global energy company Amoco Corporation and its successor, BP, most recently serving as Commercial Operations Manager of its Western Business Unit.

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Ms. Baumann holds an M.B.A. from The Wharton School of the University of Pennsylvania and a B.A. from Mount Holyoke College.

**Jameson A. Baxter (Born 1943)**  
**Trustee since 1994, Vice Chair from 2005 to 2011 and Chair since 2011**

Ms. Baxter is the President of Baxter Associates, Inc., a private investment firm.

Ms. Baxter serves as Chair of the Mutual Fund Directors Forum, Director of the Adirondack Land Trust and Trustee of the Nature Conservancy's Adirondack Chapter. Until 2011, Ms. Baxter was a director of ASHTA Chemical, Inc. Until 2007, she was a Director of Banta Corporation (a printing and supply chain management company), Ryerson, Inc. (a metals service corporation), and Advocate Health Care. She has also served as a director on a number of other boards, including BoardSource (formerly the National Center for Nonprofit Boards), Intermatic Corporation (a manufacturer of energy control products), and MB Financial. She is Chair Emeritus of the Board of Trustees of Mount Holyoke College, having served as Chair for five years.

Ms. Baxter has held various positions in investment banking and corporate finance, including Vice President of and Consultant to First Boston Corporation and Vice President and Principal of the Regency Group. She is a graduate of Mount Holyoke College.

**Charles B. Curtis (Born 1940)**  
**Trustee since 2001**

Mr. Curtis is President Emeritus of the Nuclear Threat Initiative (a private foundation dealing with national security issues), and serves as Senior Advisor to the Center for Strategic and International Studies.

Mr. Curtis is a member of the Council on Foreign Relations and the U.S. State Department International Security Advisory Board. Mr. Curtis is Chairman of the World Institute for Nuclear Security. He also serves as a Director of Edison International and Southern California Edison. Until 2006, Mr. Curtis served as a member of the Trustee Advisory Council of the Applied Physics Laboratory, Johns Hopkins University.

Mr. Curtis is an attorney with over 15 years in private practice and 19 years in various positions in public service, including service at the Department of Treasury, the U.S. House of Representatives, the Securities and Exchange Commission, the Federal Energy Regulatory Commission and the Department of Energy.

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**Robert J. Darretta (Born 1946)**  
**Trustee since 2007**

Mr. Darretta serves as Director of UnitedHealth Group, a diversified health-care company, and as the Health Care Industry Advisor to Permira, a global private equity firm.

Until April 2007, Mr. Darretta was Vice Chairman of the Board of Directors of Johnson & Johnson, one of the world's largest and most broadly based health-care companies. Prior to 2007, he had responsibility for Johnson & Johnson's finance, investor relations, information technology, and procurement functions. He served as Johnson & Johnson Chief Financial Officer for a decade, prior to which he spent two years as Treasurer of the corporation and over 10 years leading various Johnson & Johnson operating companies.

Mr. Darretta received a B.S. in Economics from Villanova University.

**Paul L. Joskow (Born 1947)**  
**Trustee since 1997**

Dr. Joskow is an economist and President of the Alfred P. Sloan Foundation (a philanthropic institution focused primarily on research and education on issues related to science, technology, and economic performance). He is the Elizabeth and James Killian Professor of Economics, Emeritus at the Massachusetts Institute of Technology (MIT), where he joined the faculty in 1972. Dr. Joskow was the Director of the Center for Energy and Environmental Policy Research at MIT from 1999 through 2007.

Dr. Joskow serves as a Trustee of Yale University, as a Director of TransCanada Corporation (an energy company focused on natural gas transmission, oil pipelines, and power services) and of Exelon Corporation (an energy company focused on power services), and as a member of the Board of Overseers of the Boston Symphony Orchestra. Prior to August 2007, he served as a Director of National Grid (a UK-based holding company with interests in electric and gas transmission and distribution and telecommunications infrastructure). Prior to July 2006, he served as President of the Yale University Council. Prior to February 2005, he served on the Board of the Whitehead Institute for Biomedical Research (a non-profit research institution). Prior to February 2002, he was a Director of State Farm Indemnity Company (an automobile insurance company), and prior to March 2000, he was a Director of New England Electric System (a public utility holding company).

Dr. Joskow has published seven books and numerous articles on industrial organization, government regulation of industry, and competition policy. He is active in industry restructuring, environmental, energy, competition, and privatization policies — having served as an advisor to governments and corporations worldwide. Dr. Joskow holds a Ph.D. and M.Phil. from Yale University and a B.A. from Cornell University.



**Elizabeth T. Kennan (Born 1938)**  
**Trustee from 1992 to 2010, and since 2012**

Dr. Kennan is a Partner of Cambus-Kenneth Farm (thoroughbred horse breeding and general farming). She is President Emeritus of Mount Holyoke College.

Dr. Kennan served as Chairman and is now Lead Director of Northeast Utilities. She is a Trustee of the National Trust for Historic Preservation and of Centre College, and Chairman of the Board of Trustees of Shaker Village of Pleasant Hill. From 1992 to 2010, Dr. Kennan served as a Trustee on the Board of the Putnam Funds, which she then rejoined as a Trustee in 2012. Until 2006, she was a member of The Trustees of Reservations. Prior to June 2005, she was a Director of Talbots, Inc., and she has served as Director on a number of other boards, including Bell Atlantic, Chastain Real Estate, Shawmut Bank, Berkshire Life Insurance, and Kentucky Home Life Insurance. Dr. Kennan has also served as President of Five Colleges Incorporated and as a Trustee of the University of Notre Dame, and is active in various educational and civic associations. Prior to 2001, Dr. Kennan served on the oversight committee of the Folger Shakespeare Library.

As a member of the faculty of Catholic University for twelve years, until 1978, Dr. Kennan directed the post-doctoral program in Patristic and Medieval Studies, taught history, and published numerous articles and two books. Dr. Kennan holds a Ph.D. from the University of Washington in Seattle, an M.A. from Oxford University, and an A.B. from Mount Holyoke College. She holds several honorary doctorates.

**Kenneth R. Leibler (Born 1949)**  
**Trustee since 2006**

Mr. Leibler is a founder and former Chairman of the Boston Options Exchange, an electronic marketplace for the trading of derivative securities.

Mr. Leibler currently serves as Vice Chairman of the Board of Trustees of Beth Israel Deaconess Hospital in Boston. He is also a Director of Northeast Utilities, which operates New England's largest energy delivery system, and, until November 2010, was a Director of Ruder Finn Group, a global communications and advertising firm. Prior to December 2006, he served as a Director of the Optimum Funds group. Prior to October 2006, he served as a Director of ISO New England, the organization responsible for the operation of the electric generation system in the New England states. Prior to 2000, Mr. Leibler was a Director of the Investment Company Institute in Washington, D.C.

Prior to January 2005, Mr. Leibler served as Chairman and Chief Executive Officer of the Boston Stock Exchange. Prior to January 2000, he served as President and Chief Executive Officer of Liberty Financial Companies, a publicly traded diversified asset management organization. Prior to June 1990, Mr. Leibler served as President

and Chief Operating Officer of the American Stock Exchange (AMEX), and at the time was the youngest person in AMEX history to hold the title of President. Prior to serving as AMEX President, he held the position of Chief Financial Officer, and headed its management and marketing operations. Mr. Leibler graduated with a degree in Economics from Syracuse University.

**George Putnam, III (Born 1951)**  
**Trustee since 1984**

Mr. Putnam is Chairman of New Generation Research, Inc. (a publisher of financial advisory and other research services), and President of New Generation Advisors, LLC (a registered investment adviser to private funds). Mr. Putnam founded the New Generation companies in 1986.

Mr. Putnam is a Director of The Boston Family Office, LLC (a registered investment adviser). He is a Trustee of Epiphany School and a Trustee of the Marine Biological Laboratory in Woods Hole, Massachusetts. Prior to June 2007, Mr. Putnam was President of the Putnam Funds. Until 2010, he was a Trustee of St. Mark's School, until 2006, he was a Trustee of Shore Country Day School, and until 2002, he was a Trustee of the Sea Education Association.

Mr. Putnam previously worked as an attorney with the law firm of Dechert LLP (formerly known as Dechert Price & Rhoads) in Philadelphia. He is a graduate of Harvard College, Harvard Business School, and Harvard Law School.

**W. Thomas Stephens (Born 1942)**  
**Trustee from 1997 to 2008, and since 2009**

Mr. Stephens retired as Chairman and Chief Executive Officer of Boise Cascade, LLC (a paper, forest products and timberland assets company) in December 2008.

Mr. Stephens is a Director of TransCanada Pipelines, Ltd. (an energy infrastructure company). Until 2010, Mr. Stephens was a Director of Boise Inc. (a manufacturer of paper and packaging products). Until 2004, Mr. Stephens was a Director of Xcel Energy Incorporated (a public utility company), Qwest Communications and Norske Canada, Inc. (a paper manufacturer). Until 2003, Mr. Stephens was a Director of Mail-Well, Inc. (a diversified printing company). He served as Chairman of Mail-Well until 2001 and as CEO of MacMillan-Bloedel, Ltd. (a forest products company) until 1999.

Prior to 1996, Mr. Stephens was Chairman and Chief Executive Officer of Johns Manville Corporation (a manufacturing company). He holds B.S. and M.S. degrees from the University of Arkansas.

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**Interested Trustee For Election By All Shareholders\***

**Robert L. Reynolds (Born 1952)**  
**Trustee since 2008 and President of the Putnam Funds since July 2009**

Mr. Reynolds is President and Chief Executive Officer of Putnam Investments, a member of Putnam Investments' Executive Board of Directors, and President of the Putnam Funds. He has more than 30 years of investment and financial services experience.

Prior to joining Putnam Investments in 2008, Mr. Reynolds was Vice Chairman and Chief Operating Officer of Fidelity Investments from 2000 to 2007. During this time, he served on the Board of Directors for FMR Corporation, Fidelity Investments Insurance Ltd., Fidelity Investments Canada Ltd., and Fidelity Management Trust Company. He was also a Trustee of the Fidelity Family of Funds. From 1984 to 2000, Mr. Reynolds served in a number of

increasingly responsible leadership roles at Fidelity.

Mr. Reynolds serves on several not-for-profit boards, including those of the West Virginia University Foundation, Concord Museum, Dana-Farber Cancer Institute and Boston Chamber of Commerce. He is a member of the Chief Executives Club of Boston, the National Innovation Initiative, and the Council on Competitiveness, and he is a former President of the Commercial Club of Boston.

Mr. Reynolds received a B.S. in Business Administration/Finance from West Virginia University.

\* Trustee who is an "interested person" as defined in the 1940 Act of the fund, Putnam Management and/or Putnam Retail Management Limited Partnership ("Putnam Retail Management"). Mr. Reynolds is deemed an "interested person" by virtue of his position as an officer of the fund, Putnam Management and/or Putnam Retail Management. Mr. Reynolds is the President and Chief Executive Officer of Putnam Investments and the President of your fund and each of the other Putnam Funds.

### **Independent Trustees For Election By Preferred Shareholders Only**

#### **John A. Hill (Born 1942) Trustee since 1985 and Chairman from 2000 to 2011**

Mr. Hill is founder and Vice-Chairman of First Reserve Corporation, the leading private equity buyout firm specializing in the worldwide energy industry, with offices in Greenwich, Connecticut; Houston, Texas; London, England; and Hong Kong, China. The firm's investments on behalf of some of the nation's largest pension and endowment funds are currently concentrated in 31 companies with annual revenues in excess of \$15 billion, which employ over 100,000 people in 23 countries.

Mr. Hill is a Director of Devon Energy Corporation (a leading independent natural gas and oil exploration and production company) and various private companies owned by First Reserve, and serves as a Trustee of Sarah Lawrence College where he serves

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as Chairman and also chairs the Investment Committee. He is also a member of the Advisory Board of the Millstein Center for Corporate Governance and Performance at the Yale School of Management.

Prior to forming First Reserve in 1983, Mr. Hill served as President of F. Eberstadt and Company, an investment banking and investment management firm. Between 1969 and 1976, Mr. Hill held various senior positions in Washington, D.C. with the federal government, including Deputy Associate Director of the Office of Management and Budget and Deputy Administrator of the Federal Energy Administration during the Ford Administration.

Born and raised in Midland, Texas, he received his B.A. in Economics from Southern Methodist University and pursued graduate studies as a Woodrow Wilson Fellow.

#### **Robert E. Patterson (Born 1945) Trustee since 1984**

Mr. Patterson is Senior Partner of Cabot Properties, LP and Co-Chairman of Cabot Properties, Inc. (a private equity firm investing in commercial real estate).

Mr. Patterson is past Chairman and served as a Trustee of the Joslin Diabetes Center. He previously was a Trustee of the Sea Education Association. Prior to December 2001, Mr. Patterson was President and Trustee of Cabot

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Industrial Trust (a publicly traded real estate investment trust). Prior to February 1998, he was Executive Vice President and Director of Acquisitions of Cabot Partners Limited Partnership (a registered investment adviser involved in institutional real estate investments). Prior to 1990, he served as Executive Vice President of Cabot, Cabot & Forbes Realty Advisors, Inc. (the predecessor company of Cabot Partners).

Mr. Patterson practiced law and held various positions in state government, and was the founding Executive Director of the Massachusetts Industrial Finance Agency. Mr. Patterson is a graduate of Harvard College and Harvard Law School.

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Most of the Trustees have served on the Board for many years. Messrs. Hill and Patterson were most recently elected by preferred shareholders of the fund on May 25, 2011. Ms. Baxter and Messrs. Akhoury, Curtis, Darretta, Joskow, Leibler, Putnam, Reynolds and Stephens were most recently elected by shareholders of the fund on April 8, 2010. Due to a lack of quorum at the fund's May 25, 2011 annual meeting, common shareholders and preferred shareholders did not transact business with respect to the nominees for election by common shareholders and preferred shareholders voting as a single class at that meeting. Ms. Baumann was appointed to the Board by the Independent Trustees effective July 1, 2010. Dr. Kennan, who served as a Trustee from 1992–2010, was re-appointed to the Board by the Independent Trustees effective January 1, 2012.

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The Board Policy and Nominating Committee is responsible for recommending proposed nominees for election to the full Board for its approval. In recommending the election or appointment of the current Board members as Trustees, the Committee generally considered the educational, business and professional experience of each Trustee in determining his or her qualifications to serve as a Trustee of the fund, including the Trustee's record of service as a director or trustee of public and private organizations. This included their previous service as a member of the Board of Trustees of the Putnam funds, during which they have demonstrated a high level of diligence and commitment to the interests of fund shareholders and the ability to work effectively and collegially with other members of the Board of Trustees. The Committee also considered, among other factors, the particular attributes described below with respect to the various individual Trustees:

### *Independent Trustees:*

Ravi Akhoury — Mr. Akhoury's experience as chairman and CEO of a major investment management organization.

Barbara M. Baumann — Ms. Baumann's experience in the energy industry as a consultant, an investor, and in both financial and operational management positions at a global energy company, and her service as a director of three NYSE companies.

Jameson A. Baxter — Ms. Baxter's experience in corporate finance acquired in the course of her career at a major investment bank, her experience as a director and audit committee chair of two NYSE companies and her role as Chair of the Mutual Fund Directors Forum.

Charles B. Curtis — Mr. Curtis's experience in public and regulatory policy matters relating to energy and finance acquired in the course of his service in various senior positions in government and on numerous boards of public and private organizations.

Robert J. Darretta — Mr. Darretta's experience as the Chief Financial Officer and Vice Chairman of the board of a major NYSE health products company.

John A. Hill — Mr. Hill's experience as founder and chairman of a major open-end mutual fund and as a founder and lead managing partner of one of the largest private equity firms in the United States.

Paul L. Joskow — Dr. Joskow’s education and experience as a professional economist familiar with financial economics and related issues and his service on multiple for-profit boards.

Elizabeth T. Kennan — Dr. Kennan’s experience as a director of numerous public companies and her service for many years as President of Mount Holyoke College.

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Kenneth R. Leibler — Mr. Leibler’s extensive experience in the financial services industry, including as CEO of a major asset management organization, and his service as a director of various public and private companies.

Robert E. Patterson — Mr. Patterson’s training and experience as an attorney and his experience as president of a NYSE company.

George Putnam, III — Mr. Putnam’s training and experience as an attorney, his experience as the founder and CEO of an investment management firm and his experience as an author of various publications on the subject of investments.

W. Thomas Stephens — Mr. Stephens’s extensive business experience, including his service as CEO of four public companies, as non-executive chairman of two public companies and as a director of numerous other public companies.

*Interested Trustee:*

Robert L. Reynolds — Mr. Reynolds’s extensive experience as a senior executive of one of the largest mutual fund organizations in the United States and his current role as the President and CEO of Putnam Investments.

Each of the nominees has agreed to serve as a Trustee, if elected. If any of the nominees is unavailable for election at the time of the Meeting, which is not anticipated, the Trustees may vote for other nominees at their discretion, or the Trustees may fix the number of Trustees at fewer than 13 for your fund. Each Trustee serves until the election and qualification of his or her successor, or until he or she sooner dies, resigns, retires or is removed.

**What are the Trustees’ responsibilities?**

Your fund’s Trustees are responsible for the general oversight of your fund’s affairs and for assuring that your fund is managed in the best interests of its shareholders. The Trustees regularly review your fund’s investment performance as well as the quality of other services provided to your fund and its shareholders by Putnam Management and its affiliates, including administration, distribution and shareholder servicing. At least annually, the Trustees review and evaluate the fees and operating expenses paid by your fund for these services and negotiate changes that they deem appropriate. In carrying out these responsibilities, the Trustees are assisted by an independent administrative staff and by your fund’s auditors, independent counsel and other experts as appropriate, selected by and responsible to the Trustees.

**Board Leadership Structure.** Currently, 12 of the 13 Trustees of your fund are Independent Trustees. These Independent Trustees must vote separately to approve all financial arrangements and other agreements with your fund’s investment manager and other affiliated parties. The role of the Independent Trustees has been characterized as that of a “watchdog” charged with oversight to protect shareholders’

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interests against overreaching and abuse by those who are in a position to control or influence a fund. Your fund’s Independent Trustees meet regularly as a group in executive session. An Independent Trustee currently serves as

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chair of the Board.

**Board Committees.** Taking into account the number, the diversity and the complexity of the funds overseen by the Board of Trustees and the aggregate amount of assets under management, your fund's Trustees have determined that the efficient conduct of the Board's affairs makes it desirable to delegate responsibility for certain specific matters to committees of the Board. Certain committees (the Executive Committee, Distributions Committee, and Audit and Compliance Committee) are authorized to act for the Trustees as specified in their charters. The other committees review and evaluate matters specified in their charters and make recommendations to the Trustees as they deem appropriate. Each committee may utilize the resources of your fund's independent staff, counsel and auditors as well as other experts. The committees meet as often as necessary, either in conjunction with regular meetings of the Trustees or otherwise. The membership and chair of each committee are appointed by the Trustees upon recommendation of the Board Policy and Nominating Committee. Each committee is chaired by an Independent Trustee and, except as noted below, the membership and chairs of each committee consist exclusively of Independent Trustees.

The Trustees have determined that this committee structure also allows the Board to focus more effectively on the oversight of risk as part of its broader oversight of the fund's affairs. While risk management is the primary responsibility of the fund's investment manager, the Trustees regularly receive reports regarding investment risks and compliance risks. The Board's committee structure allows separate committees to focus on different aspects of these risks and their potential impact on some or all of the funds and to discuss with the fund's investment manager how it monitors and controls such risks.

**Audit and Compliance Committee.** The Audit and Compliance Committee provides oversight on matters relating to the preparation of the Putnam funds' financial statements, compliance matters, internal audit functions, and Codes of Ethics issues. This oversight is discharged by regularly meeting with management and the funds' independent auditors and keeping current on industry developments. Duties of this Committee also include the review and evaluation of all matters and relationships pertaining to the funds' independent auditors, including their independence. Information about the fees billed to the fund by the fund's independent auditor, as well as information about the Committee's pre-approval policies relating to the work performed by the fund's independent auditor, is included on pages 31-32 of this proxy statement. The members of the Committee include only Independent Trustees. Each member of the Committee also is "independent," as that term is interpreted for purposes of Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended

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(the "Exchange Act") and the listing standards of the New York Stock Exchange. The Board has adopted a written charter for the Committee, a current copy of which is available at [putnam.com/individual](http://putnam.com/individual). The Committee currently consists of Messrs. Leibler (Chairperson), Curtis, Darretta and Hill, and Ms. Baumann.

**Board Policy and Nominating Committee.** The Board Policy and Nominating Committee reviews matters pertaining to the operations of the Board and its committees, the compensation of the Trustees and their staff, and the conduct of legal affairs for the Putnam funds. The Committee also oversees the voting of proxies associated with portfolio investments of the Putnam funds, with the goal of ensuring that these proxies are voted in the best interest of each fund's shareholders.

The Committee evaluates and recommends all candidates for election as Trustees and recommends the appointment of members and chairs of each Board committee. The Committee also identifies prospective nominees for election as Trustee by considering individuals that come to its attention through the recommendation of current Trustees, Putnam Management or shareholders. Candidates properly submitted by shareholders (as described below) will be considered and evaluated on the same basis as candidates recommended by other sources. The Committee may, but is not required to, engage a third-party professional search firm to assist it in identifying and evaluating potential nominees.

When evaluating a potential candidate for membership on the Board, the Committee considers the skills and characteristics that it determines would most benefit the Putnam funds at the time the evaluation is made. The Committee may take into account a wide variety of attributes in considering potential Trustee candidates,

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including, but not limited to: (i) availability and commitment of a candidate to attend meetings and perform his or her responsibilities to the Board, (ii) other board experience, (iii) relevant industry and related experience, (iv) educational background, (v) financial expertise, (vi) an assessment of the candidate's ability, judgment and expertise, (vii) an assessment of the perceived needs of the Board and its committees at that point in time and (viii) overall Board composition. The Committee generally believes that the Board benefits from diversity of background, experience and views among its members, and considers this as a factor in evaluating the composition of the Board, but has not adopted any specific policy in this regard. In connection with this evaluation, the Committee will determine whether to interview prospective nominees, and, if warranted, one or more members of the Committee, and other Trustees and representatives of the funds, as appropriate, will interview prospective nominees in person or by telephone. Once this evaluation is completed, the Committee recommends such candidates as it determines appropriate to the Independent Trustees for nomination, and the Independent Trustees select the nominees after considering the recommendation of the Committee.

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The Committee will consider nominees for Trustee recommended by shareholders of your fund provided shareholders submit their recommendations by the date disclosed in the paragraph entitled "Date for receipt of shareholder proposals for the next annual meeting" in the section "Further Information About Voting and the Meeting," and provided the shareholders' recommendations otherwise comply with applicable securities laws, including Rule 14a-8 under the Exchange Act.

The Committee consists only of Independent Trustees. The Trustees have adopted a written charter for the Board Policy and Nominating Committee, a current copy of which is available at [putnam.com/individual](http://putnam.com/individual). The Board Policy and Nominating Committee currently consists of Messrs. Hill (Chairperson), Curtis, Patterson and Putnam, Ms. Baxter and Dr. Kennan.

**Brokerage Committee.** The Brokerage Committee reviews the Putnam funds' policies regarding the execution of portfolio trades and Putnam Management's practices and procedures relating to the implementation of those policies. The Committee reviews periodic reports on the cost and quality of execution of portfolio transactions and the extent to which brokerage commissions have been used (i) by Putnam Management to obtain brokerage and research services generally useful to it in managing the portfolios of the funds and of its other clients, and (ii) by the funds to pay for certain fund expenses. The Committee reports to the Trustees and makes recommendations to the Trustees regarding these matters. The Committee currently consists of Dr. Joskow (Chairperson), Ms. Baxter, and Messrs. Akhoury, Patterson, Putnam and Stephens, and Dr. Kennan.

**Contract Committee.** The Contract Committee reviews and evaluates at least annually all arrangements pertaining to (i) the engagement of Putnam Management and its affiliates to provide services to the Putnam funds, (ii) the expenditure of the funds' assets for distribution purposes pursuant to Distribution Plans of the funds, and (iii) the engagement of other persons to provide material services to the funds, including in particular those instances where the cost of services is shared between the funds and Putnam Management and its affiliates or where Putnam Management or its affiliates have a material interest. The Committee also reviews the proposed organization of new fund products, proposed structural changes to existing funds and matters relating to closed-end funds. The Committee reports and makes recommendations to the Trustees regarding these matters. The Committee currently consists of Mr. Patterson (Chairperson), Drs. Joskow and Kennan, Messrs. Akhoury, Putnam and Stephens, and Ms. Baxter.

**Distributions Committee.** The Distributions Committee oversees all dividends and distributions by the Putnam funds. The Committee makes recommendations to the Trustees of the funds regarding the amount and timing of distributions paid by the funds, and determines such matters when the Trustees are not in session. The Committee also oversees the policies and procedures pursuant to which Putnam Management prepares recommendations for distributions, and meets regularly

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with representatives of Putnam Management to review the implementation of these policies and procedures. The Committee reports to the Trustees and makes recommendations to the Trustees regarding these matters. The Committee currently consists of Ms. Baumann (Chairperson), and Messrs. Curtis, Darretta, Hill and Leibler.

**Executive Committee.** The functions of the Executive Committee are twofold. The first is to ensure that the Putnam funds' business may be conducted at times when it is not feasible to convene a meeting of the Trustees or for the Trustees to act by written consent. The Committee may exercise any or all of the power and authority of the Trustees when the Trustees are not in session. The second is to establish annual and ongoing goals, objectives and priorities for the Board of Trustees, and to ensure coordination of all efforts between the Trustees and Putnam Management on behalf of the shareholders of the funds. The Committee currently consists of Ms. Baxter (Chairperson), and Messrs. Hill, Leibler, Patterson and Putnam.

**Investment Oversight Committees.** The Investment Oversight Committees regularly meet with investment personnel of Putnam Management to review the investment performance and strategies of the Putnam funds in light of their stated investment objectives and policies. The Committees seek to identify any compliance issues that are unique to the applicable categories of funds and work with the appropriate Board committees to ensure that any such issues are properly addressed. Investment Oversight Committee A currently consists of Messrs. Akhoury (Chairperson), Darretta, Hill, Patterson and Reynolds, Ms. Baxter, and Dr. Kennan. Investment Oversight Committee B currently consists of Messrs. Putnam (Chairperson), Curtis, Leibler and Stephens, Dr. Joskow, and Ms. Baumann.

**Pricing Committee.** The Pricing Committee oversees the valuation of assets of the Putnam funds and reviews the funds' policies and procedures for achieving accurate and timely pricing of fund shares. The Committee also oversees implementation of these policies, including fair value determinations of individual securities made by Putnam Management or other designated agents of the funds. The Committee also oversees compliance by money market funds with Rule 2a-7 under the 1940 Act and the correction of occasional pricing errors. The Committee also reviews matters related to the liquidity of portfolio holdings. The Committee reports to the Trustees and makes recommendations to the Trustees regarding these matters. The Committee currently consists of Messrs. Darretta (Chairperson), Curtis, Hill and Leibler, and Ms. Baumann.

#### **How large a stake do the Trustees have in the Putnam family of funds?**

The Trustees allocate their investments among the Putnam funds based on their own investment needs. The table below shows the number of shares beneficially owned by each nominee for Trustee and the value of each nominee's holdings in the fund and in all of the Putnam funds as of December 31, 2011. As a group, the Trustees owned shares of the Putnam funds valued at approximately \$70 million as of December 31, 2011.

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<b>Name of Nominee</b>	<b>Dollar Range of Putnam Municipal Opportunities Trust Shares Owned</b>	<b>Common Shares of Putnam Municipal Opportunities Trust Beneficially Owned</b>	<b>Aggregate Dollar Range of Shares Held in All of the Putnam Funds Overseen by Trustee</b>
Ravi Akhoury	\$1-\$10,000	100.000	Over \$100,000
Barbara M. Baumann	\$1-\$10,000	100.000	Over \$100,000
Jameson A. Baxter	\$50,001-\$100,000	5,545.498	Over \$100,000



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Charles B. Curtis	\$1-\$10,000	455.372	Over \$100,000
Robert J. Darretta	\$1-\$10,000	100.000	Over \$100,000
John A. Hill	\$1-\$10,000	492.406	Over \$100,000
Paul L. Joskow	\$1-\$10,000	387.000	Over \$100,000
Elizabeth T. Kennan*	\$0	0.000	Over \$100,000
Kenneth R. Leibler	\$1-\$10,000	287.000	Over \$100,000
Robert E. Patterson	\$1-\$10,000	655.000	Over \$100,000
George Putnam, III	\$10,001-\$50,000	3,788.000	Over \$100,000
W. Thomas Stephens	\$1-\$10,000	100.000	Over \$100,000
Robert L. Reynolds**	\$0	0.000	Over \$100,000

\* Dr. Kennan was re-appointed on December 9, 2011 to the Board of Trustees by the Independent Trustees effective January 1, 2012.

\*\*Trustee who is an "interested person" as defined in the 1940 Act of the fund, Putnam Management and/or Putnam Retail Management. Mr. Reynolds is deemed an "interested person" by virtue of his positions as an officer of the fund, Putnam Management and/or Putnam Retail Management. Mr. Reynolds is the President and Chief Executive Officer of Putnam Investments, LLC and President of your fund and each of the other Putnam funds. None of the other Trustees is an "interested person."

As of December 31, 2011, none of the Trustees owned any preferred shares of the fund.

As of December 31, 2011, the Trustees and officers of the fund, as a group, owned less than 1% of the fund's outstanding common shares.

**How can shareholders communicate with the Trustees?**

The Board provides a process for shareholders to send communications to the Trustees. Shareholders may direct communications to the Board as a whole or to specified individual Trustees by submitting them in writing to the following address:

The Putnam Funds  
 Attention: "Board of Trustees" or any specified Trustee(s)  
 One Post Office Square  
 Boston, Massachusetts 02109

Written communications must include the shareholder's name, be signed by the shareholder, refer to the Putnam fund(s) in which the shareholder holds shares and include the class and number of shares held by the shareholder as of a recent date.

Representatives of the fund's transfer agent will review all communications sent to Trustees and, as deemed appropriate, will provide copies and/or summaries of communications to the Trustees.

### **How often do the Trustees meet?**

The Trustees hold regular meetings nine times a year, usually over a two-day period, to review the operations of the Putnam funds. A portion of these meetings is devoted to meetings of various committees of the Board that focus on particular matters. Each Trustee generally attends at least two formal committee meetings during each regular meeting of the Trustees. In addition, the Trustees meet in small groups with senior investment personnel and portfolio managers to review recent performance and the current investment climate for selected funds. These meetings ensure that each fund's performance is reviewed in detail at least once a year. The committees of the Board, including the Executive Committee, may also meet on special occasions as the need arises. During calendar year 2011, the average Trustee participated in approximately 45 committee and Board meetings.

The number of times each committee met during your fund's last fiscal year is shown in the table below:

### **Fiscal year ended April 30, 2011**

Audit and Compliance Committee	10
Board Policy and Nominating Committee	8
Brokerage Committee	4
Contract Committee	10
Distributions Committee	8
Executive Committee	2
Investment Oversight Committees:	
Investment Oversight Committee A	8
Investment Oversight Committee B	8
Pricing Committee	8

Your fund does not have a policy with respect to Trustee attendance at shareholder meetings. While various Trustees may attend shareholder meetings from time to time, your fund's Trustees, with the exception of Mr. Hill, did not attend the last annual meeting of your fund. The Trustees were also generally represented at the meeting by their independent staff and independent counsel.

**What are some of the ways in which the Trustees represent shareholder interests?**

Among other ways, the Trustees seek to represent shareholder interests:

- by carefully reviewing your fund's investment performance on an individual basis with your fund's investment personnel;

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- by discussing with senior management of Putnam Management steps being taken to address any performance deficiencies;
- by carefully reviewing the quality of the various other services provided to your fund and its shareholders by Putnam Management and its affiliates;
- by reviewing in depth the fees paid by your fund and by negotiating with Putnam Management to ensure that such fees remain reasonable and competitive with those of comparable funds, while at the same time providing Putnam Management sufficient resources to continue to provide high quality services in the future;
- by reviewing brokerage costs and fees, allocations among brokers, soft dollar expenditures and similar expenses of your fund;
- by actively addressing the specific concerns of closed-end fund shareholders;
- by monitoring potential conflicts of interest between the Putnam funds, including your fund, and Putnam Management and its affiliates to ensure that the funds continue to be managed in the best interests of their shareholders; and
- by monitoring potential conflicts among funds managed by Putnam Management to ensure that shareholders continue to realize the benefits of participation in a large and diverse family of funds.

**What are the Trustees paid for their services?**

Each Independent Trustee of the fund receives an annual retainer fee and an additional fee for each Trustees meeting attended. Independent Trustees also are reimbursed for expenses they incur relating to their service as Trustees. All of the current Independent Trustees of the fund are Trustees of all the Putnam funds and receive fees for their services.

The Trustees periodically review their fees to ensure that such fees continue to be appropriate in light of their responsibilities as well as in relation to fees paid to trustees of other mutual fund complexes. The Board Policy and Nominating Committee, which consists solely of Independent Trustees of the funds, estimates that committee and Trustee meeting time, together with the appropriate preparation, requires the equivalent of at least four business days per Trustee meeting.

Under a Retirement Plan for Trustees of the Putnam funds (the "Plan"), each Trustee who retires with at least five years of service as a Trustee of the funds is entitled to receive an annual retirement benefit equal to one-half of the average annual attendance and retainer fees paid to such Trustee for calendar years 2003, 2004 and 2005. This retirement benefit is payable during a Trustee's lifetime, beginning the year following retirement, for the number of years of service through December 31, 2006. A death benefit, also available under the Plan, ensures that the Trustee and his or her beneficiaries will receive benefit payments for the lesser of an aggregate period of (i) ten years or (ii) such Trustee's total years of service.

The Plan Administrator (currently the Board Policy and Nominating Committee) may terminate or amend the Plan at any time, but no termination or amendment will result in a reduction in the amount of benefits (i) currently being paid to a Trustee at the time of such termination or amendment, or (ii) to which a current Trustee would have been entitled had he or she retired immediately prior to such termination or amendment. The Trustees have terminated the Plan with respect to any Trustee first elected to the Board after 2003.

The following table includes the year each Trustee became a Trustee of the Putnam funds, the fees paid to each of those Trustees by your fund for its most recent fiscal year and the fees paid to each of those Trustees by all of the Putnam funds during calendar year 2011.

**Fiscal year ended April 30, 2011**

<b>Trustees/Year</b>	<b>Aggregate compensation from the fund</b>	<b>Pension or retirement benefits accrued as part of fund expenses</b>	<b>Estimated annual benefits from all Putnam funds upon retirement (1)</b>	<b>Total compensation from all Putnam funds (2)</b>
Ravi Akhoury/2009	\$2,130	N/A	N/A	\$303,000
Barbara M. Baumann/2010 (3)	\$1,852	N/A	N/A	\$297,000
Jameson A. Baxter/1994 (3)(6)	\$2,130	\$1,022	\$110,500	\$365,500
Charles B. Curtis/2001	\$2,048	\$703	\$113,900	\$291,000
Robert J. Darretta/2007(3)	\$2,130	N/A	N/A	\$303,000
Myra R. Drucker/2004 (3)(4)	\$1,663	N/A	N/A	\$84,750
John A. Hill/1985 (3)(6)	\$2,541	\$1,745	\$161,700	\$341,031.25
Paul L. Joskow/1997 (3)	\$2,048	\$685	\$113,400	\$291,000
Elizabeth T. Kennan/1992 (5)	\$238	\$1,362	\$108,000	N/A
Kenneth R. Leibler/2006	\$2,130	N/A	N/A	\$303,000
Robert E. Patterson/1984	\$2,130	\$991	\$106,500	\$303,000
George Putnam, III/1984	\$2,130	\$915	\$130,300	\$303,000

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W. Thomas Stephens/1997 (7)	\$2,130	\$759	\$107,100	\$303,000
Richard B. Worley/2004 (4)	\$1,332	N/A	N/A	\$36,000
Robert L. Reynolds/2008 (8)	N/A	N/A	N/A	N/A

(1) Estimated benefits for each Trustee are based on Trustee fee rates for calendar years 2003, 2004 and 2005.

(2) As of December 31, 2011, there were 108 funds in the Putnam family.

(3) Certain Trustees are also owed compensation deferred pursuant to a Trustee Compensation Deferral Plan. As of April 30, 2011, the total amounts of deferred compensation payable by the fund, including income earned on such amounts, to these Trustees were: Ms. Baumann — \$404.42; Ms. Baxter — \$8,775.17; Mr. Darretta — \$809.21; Ms. Drucker — \$2,825.28; Mr. Hill — \$29,056.20; and Dr. Joskow — \$7,334.89.

(4) Ms. Drucker and Mr. Worley retired from the Board of Trustees of the Putnam funds on January 30, 2011 and December 14, 2010, respectively.

(5) Dr. Kennan, who retired from the Board of Trustees of the Putnam funds on June 30, 2010, was re-appointed to the Board of Trustees effective January 1, 2012. Upon her retirement, Dr. Kennan became entitled to receive annual retirement benefit payments from the funds commencing on January 15, 2011. In connection

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with her re-appointment to the Board of Trustees, Dr. Kennan has agreed to suspend the balance of her retirement benefit payments for the duration of her service as a Trustee.

(6) Includes additional compensation to Mr. Hill and Ms. Baxter for service as Chair of the Trustees of the Putnam funds. Ms. Baxter replaced Mr. Hill as Chair, Board of Trustees of the Putnam funds on July 1, 2011.

(7) Mr. Stephens, who retired from the Board of Trustees of the Putnam funds on March 31, 2008, was re-appointed to the Board of Trustees on May 14, 2009. Upon his retirement, Mr. Stephens became entitled to receive annual retirement benefit payments from the funds commencing on January 15, 2009. In connection with his reappointment to the Board of Trustees, Mr. Stephens has agreed to suspend the balance of his retirement benefit payments for the duration of his service as a Trustee.

(8) Mr. Reynolds is an "interested person" of the fund, Putnam Management and/or Putnam Retail Management.

**Why should you vote for your fund's nominees?**

Your current Trustees are independent, experienced, and highly qualified fiduciaries who exercise strong fund governance practices.

*Independent*

- The Chair of your fund, Jameson Baxter, is independent of Putnam Management and has served on the Board for over 17 years. She also serves as the Chair of the Mutual Fund Directors Forum, which serves investment company directors, promotes vigilant, dedicated and well-informed independent directors, and serves as their voice and advocate on important policy matters;
- 12 of the 13 Trustees are independent of Putnam Management; and

- The Independent Trustees are assisted by an independent administrative staff and by auditors and legal counsel who are selected by the Independent Trustees and are independent of Putnam Management.

#### *Highly Qualified*

- The Trustees have significant current and past related industry experience, and have a demonstrated history of actively pursuing the interests of the fund's shareholders;
- The Board includes individuals with substantial professional accomplishments and prior experience in a variety of fields, including investment management, economics, finance, energy, health care, manufacturing, national security, real estate, and telecommunications; and
- The Board has taken actions that directly benefit shareholders — liquidity events such as mergers and tender offers when in the best interests of all shareholders; a share repurchase program that has made a meaningful contribution to investment return; and management fee decreases (including a significant decrease in your fund's management fee rate in 2006).

#### *Strong Governance Practices*

- The Board includes a combination of long-tenured and newer members, bringing diverse perspectives to fund oversight;

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- The Board has a well-established committee and oversight structure for Putnam funds, including your fund, which has been developed over a long period of time; and
  - The fund does not have a staggered board structure or other takeover defenses. Rather every Trustee stands for election at each annual meeting of shareholders.

**The Trustees of your fund unanimously recommend that shareholders vote "FOR" the election of your fund's nominees.**

#### **What is the voting requirement for electing Trustees?**

If a quorum is present at the Meeting, the 2 nominees for election as Trustees by the holders of the preferred shares who receive a plurality vote, meaning the greatest number of affirmative votes cast by holders of the preferred shares, will be elected as Trustees, and the applicable number of nominees (see Proposal 1a) for election as Trustees by the holders of the preferred shares and common shares voting together as a single class who receive a plurality vote, meaning the greatest number of affirmative votes cast by the holders of the preferred shares and common shares voting together as a single class, will be elected as Trustees. Neither abstentions nor broker non-votes, if any, will have an effect on the outcome of Proposal 1b. Each preferred shareholder and each common shareholder will be entitled to one vote for each share held.

## **Further Information About Voting and the Meeting**

**Quorum and Methods of Tabulation.** A majority of the shares entitled to vote constitutes a quorum for the transaction of business with respect to any proposal at the Meeting, except that, where the preferred shares or common shares shall vote as separate classes, then a majority of the shares of each class entitled to vote shall be necessary to constitute a quorum for the transaction of business by that class. Votes cast by proxy or in person at the Meeting will be counted by persons appointed by your fund as tellers for the Meeting. The tellers will count the total number of votes cast "for" approval of a proposal for purposes of determining whether sufficient affirmative votes have been cast. Shares represented by proxies that reflect abstentions and "broker non-votes" (i.e., shares held by brokers or nominees as to which (i) instructions have not been received from the beneficial owners or the persons entitled to vote and (ii) the broker or nominee does not have the discretionary voting power on a particular

matter) will be counted as shares that are present and entitled to vote on the matter for purposes of determining the presence of a quorum. With respect to Proposal 1a (fixing the number of Trustees) and Proposal 1b (the election of Trustees), neither abstentions nor broker non-votes have an effect on the outcome of the proposal.

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Shareholders who object to any proposal in this proxy statement will not be entitled under Massachusetts law or your fund's Declaration of Trust to demand payment for, or an appraisal of, their shares.

**Special Rule for Proportional Voting of Preferred Shares.** For funds listed on the New York Stock Exchange that have outstanding preferred shares, such as the fund, in accordance with the rules of the exchange, brokerage firms may vote for (or against) a proposal, on behalf of their clients who beneficially own the remarketed or auction rate preferred shares and from whom they have not received voting instructions, in the same proportion as votes for (and against) such proposal have been received from holders of preferred shares if (i) the holders of a minimum of 30% of the outstanding preferred shares have been voted by the holders of preferred shares, (ii) the holders of less than 10% of the outstanding preferred shares have voted agai