

PUTNAM MUNICIPAL OPPORTUNITIES TRUST  
Form DEFC14A  
March 16, 2011

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-11(c) or 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 Registrant)

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

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## A Message from the President and Chairman

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**Putnam Municipal Opportunities Trust**

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**March 15, 2011**

Dear Fellow Shareholder:

The matters to be considered at your fund's upcoming annual shareholder meeting include the re-election of your Board of Trustees. As was the case last year, the meeting will likely also involve several proposals submitted by Karpus Investment Management ("Karpus"), a well-known arbitrageur that makes opportunistic investments in closed-end funds whose shares are trading at a discount and then seeks to force the hand of management into authorizing liquidity events such as open-ending transactions, tender offers or liquidations. In recent years, Karpus has actively promoted the open-ending of your fund, and a proposal by Karpus to that effect was rejected by shareholders in April 2010. This year, Karpus has indicated its intention to present a competing slate of Trustee nominees and a shareholder proposal seeking to disrupt the operations of your fund by terminating the management contract with Putnam Investment Management, LLC ("Putnam Management").

The Trustees of your fund and Putnam Management regularly review the closed-end structure of your fund and its benefits, which include the investment advantages of not having to manage shareholder inflows and outflows and the ability to take on investment leverage. The Trustees are mindful that, under certain circumstances, conversion to an open-end fund or other liquidity events might be beneficial to long-term shareholders, and we have regularly considered these options over the years. We believe that the Trustees and Putnam Management, rather than Karpus, are in the best position to evaluate the circumstances under which it makes sense to move forward with any such actions. Karpus's proposals overlook the substantial transaction costs that a liquidity event could impose on other shareholders under current market conditions and the advantages that the closed-end fund structure can continue to provide to shareholders. Moreover, the trading discount in the market price of the fund's shares has recently narrowed to as low as 1.05% in recent months.

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After careful consideration of all the circumstances, we remain satisfied with the current structure of your fund, and do not believe that the proposals submitted by Karpus are aligned with the interests of long-term shareholders.

**We urge you to vote in favor of re-electing the current Trustees and to vote against Karpus's shareholder proposals.**

**Please vote today.**

Your vote is important to us. Delaying your vote will increase fund expenses if further mailings are required. If you vote via the Internet or by telephone or complete your proxy card(s), your shares will be voted on your behalf exactly as you have instructed. If you simply sign the 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 us 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 May 25, 2011.**

The proxy statement is available at [www.proxyonline.com](http://www.proxyonline.com).

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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 matters 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 May 25, 2011 at 10:00 a.m., Boston time, at the principal offices of the fund on the 8th floor of One Post Office Square, Boston, Massachusetts 02109, to consider the following matters:

**1a. Fixing the number of Trustees. See page 7.**

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

**2. Shareholder proposal recommending that the fund's investment management contract with Putnam Investment Management, LLC be terminated. See page 26.**

By Judith Cohen, Clerk, and by the Trustees

John A. Hill, Chairman

Jameson A. Baxter, Vice Chairman

Ravi Akhoury

Kenneth R. Leibler

Barbara M. Baumann

Robert E. Patterson

Charles B. Curtis

George Putnam, III

Robert J. Darretta

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 via the Internet or by telephone or to mark, sign, date, and mail the enclosed proxy card(s) in the postage-paid envelope provided.**

March 15, 2011

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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 the rules of the Securities and Exchange Commission (SEC); some of it is technical. If there is anything you don't understand, please contact us at our toll-free number, 1-800-780-7316, or call your financial advisor.**

### Who is asking for your vote?

Your vote is being solicited by the Trustees of Putnam Municipal Opportunities Trust for use at the Annual Meeting of Shareholders of the fund to be held on May 25, 2011, and, if your fund's meeting is adjourned, at any later meetings. The Notice of Annual Meeting of Shareholders, the enclosed proxy card(s) and this proxy statement are being mailed on or about March 15, 2011.

### How do your fund's Trustees recommend that shareholders vote?

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

**1a. FOR fixing the number of Trustees at 12.**

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

**2. AGAINST the shareholder proposal recommending that the fund's investment management contract with Putnam Management be terminated.**

### Are there other matters that will be considered at the meeting?

In addition to the foregoing, a shareholder has provided notice that it intends to present a third proposal, which the Trustees of your fund have not deemed appropriate for consideration at the meeting and have therefore excluded it from the Notice of Annual Meeting of Shareholders. As a result, the Trustees do not expect that a vote will be taken on this additional proposal at the meeting. However, in the event that your fund is required by a court or

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regulatory body to put the proposal to a vote, the Trustees are soliciting proxies AGAINST the proposal and recommend that you mark the applicable box on the enclosed proxy card.

### Who is eligible to vote?

Shareholders of record at the close of business on February 28, 2011 (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

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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 12

The fund's 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 Nominating Committee, recommends that shareholders fix the number of Trustees of your fund at 12. The Board also recommends that shareholders vote to elect its 12 Trustee nominees, as described below in **Proposal 1b** on pages 7-8.

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 fund has received notice from Karpus Management, Inc. d/b/a Karpus Investment Management (Karpus) of its intent to solicit support for a competing slate of Trustee nominees. Karpus expressed intent to nominate 14 individuals. While Karpus may reduce the number of its nominees, the fund had not received formal notification to that effect as of early March 2011. Thus, it is possible that Karpus may make a motion at the meeting to fix the number of Trustees at 14. The Trustees do not believe that there is any need to expand the size of the Board at this time.

**The Trustees of your fund unanimously recommend that shareholder vote FOR fixing the number of Trustees at 12.**

### 1b. ELECTION OF TRUSTEES

#### Who are the fund's nominees for Trustees?

The Board Policy and Nominating Committee is responsible for making recommendations concerning the nominees for Trustees of your fund. The Board Policy and Nominating Committee consists solely of Independent Trustees. Independent Trustees are those 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).

*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 of Trustees, 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 10 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 24-26 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, 2010, there were 104 Putnam funds.

**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 is also a Director of Jacob Ballas Capital India (a non-banking finance company focused on private equity advisory services) and is a member of its Compensation Committee. 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. (a private software company).

Previously, Mr. Akhoury was 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.

**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 assets.

Ms. Baumann currently serves as a Director of SM Energy Company (a publicly held U.S. exploration and production company) and Unisource Energy Corporation (a publicly held electric utility in Arizona), as well as Cody Resources Management, LLP (a privately held energy, ranching, and commercial real estate company). Ms. Baumann is a Trustee of Mount Holyoke College and serves on the Investment Committee for the college's endowment. 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 Denver.

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.

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 and Vice Chairman since 2005**

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

Ms. Baxter serves as Chairman of the Mutual Fund Directors Forum. Until 2011, Ms. Baxter served as 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. Until 2004, she was a Director of BoardSource (formerly the National Center for Nonprofit Boards), and until 2002, she was a Director of Intermatic Corporation (a manufacturer of energy control products). She is Chairman Emeritus of the Board of Trustees of Mount Holyoke College, having served as Chairman for 5 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 United Nations Foundation and as Senior Advisor to the Center for Strategic and International Studies.

Mr. Curtis is a member of the Council on Foreign Relations. 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.

**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.

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Dr. Joskow serves as a Trustee of Yale University, as a Director of TransCanada Corporation (an energy company focused on natural gas transmission 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.

**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.

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**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 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.

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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.

**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

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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, Lahey Clinic, and Initiative for a Competitive Inner City in Boston. 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.

\* Nominee who is an "interested person" 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 the Putnam Funds.

**Trustees For Election By Preferred Shareholders Only**

**John A. Hill (Born 1942)**

**Trustee since 1985 and Chairman since 2000**

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 Shanghai, 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 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.

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

Mr. Patterson is Senior Partner of Cabot Properties, L.P. 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 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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Each of the fund's Trustees, with the exception of Ms. Baumann, and Messrs. Hill and Patterson, was most recently elected by shareholders of the fund on April 8, 2010, although most of the Trustees have served on the Board for many years. Due to the lack of a quorum of preferred shares at the April 8, 2010 meeting, preferred shareholders did not transact business as a separate class with respect to the two nominees (Messrs. Hill and Patterson) for election solely by the preferred shareholders at that meeting. Ms. Baumann was appointed to the Board of Trustees by the Independent Trustees effective July 1, 2010. Messrs. Hill and Patterson were elected by shareholders of the fund on May 8, 2008.

The Board Policy and Nominating Committee is responsible for recommending proposed nominees for election to the full Board of Trustees 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. In the case of most members of the Board, 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. The Committee also considered, among other factors, the particular attributes described below with respect to the various individual Trustees:

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

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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 two 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 Chairman 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.

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.

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.

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.

Each of the nominees has agreed to serve as a Trustee, if elected. If any of the fund's 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 12 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, 11 of the 12 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' 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. Independent Trustees currently serve as chair and vice-chair of the Board.

**Board Committees.** 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.

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**Audit and Compliance Committee.** The Audit and Compliance Committee provides oversight on matters relating to the preparation of the fund's financial statements, compliance matters, internal audit functions, and Codes of Ethics issues. This oversight is discharged by regularly meeting with management and the fund's 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 fund's independent auditors, including their independence. Information about the fees billed to the fund by the fund's independent auditors, as well as information about the Committee's pre-approval policies relating to the work performed by the fund's independent auditors, is included on pages 41-43 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 (the "Exchange Act"), and the listing standards of the New York Stock Exchange. The Board of Trustees 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. Patterson (Chairperson), Darretta, Hill, and Leibler, and Ms. Baumann.

**Board Policy and Nominating Committee.** The Board Policy and Nominating Committee reviews matters pertaining to the operations of the Board of Trustees 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 the 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 of Trustees, 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, including, but not limited to: (i) availability and commitment of a candidate to attend meetings and perform his or her responsibilities to the Board of Trustees, (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 of Trustees

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and its committees at that point in time and (viii) overall Board of Trustees 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.

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 shareholders' 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), Patterson and Putnam, and Ms. Baxter.

**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, Curtis, Putnam and Stephens.

**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

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and matters relating to closed-end funds. The Committee reports and makes recommendations to the Trustees regarding these matters. The Committee currently consists of Ms. Baxter (Chairperson), Dr. Joskow, and Messrs. Akhoury, Curtis, Putnam and Stephens.

**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 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. Darretta, Hill, Leibler and Patterson.

**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 Messrs. Hill (Chairperson), Patterson and Putnam, and Ms. Baxter.

**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, and Ms. Baxter. 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 and the correction of occasional pricing errors. The Committee also reviews matters related to the liquidity

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of portfolio holdings. The Committee reports to the Trustees and makes recommendations to the Trustees regarding these matters. The Committee currently consists of Messrs. Leibler (Chairperson), Darretta, Hill, and Patterson, 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

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nominee's holdings in the fund and in all of the Putnam funds as of December 31, 2010. As a group, the Trustees owned shares of the Putnam funds valued at approximately \$67 million as of December 31, 2010.

| <b>Name of Nominee</b> | <b>Dollar Range of Putnam Municipal Opportunities Trust Common 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 A. Baumann     | \$1-\$10,000  | 100.000   | Over \$100,000  |
| Jameson A. Baxter      | \$50,000-\$100,000  | 5,167.86  | Over \$100,000  |
| Charles B. Curtis      | \$1-\$10,000  | 424.361   | Over \$100,000  |
| Robert J. Darretta     | \$1-\$10,000  | 100.000   | Over \$100,000  |
| John A. Hill           | \$1-\$10,000  | 458.874   | Over \$100,000  |
| Paul L. Joskow         | \$1-\$10,000  | 387.000   | 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  |

\* 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, 2010, none of the Trustees owned any preferred shares of the fund.

At December 31, 2010, the Trustees and officers of the fund, as a group, owned less than 1% of the fund's outstanding common shares on that date.

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

The Board of Trustees provides a process for shareholders to send communications to the Trustees. Shareholders may direct communications to the Board of Trustees 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

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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 fund 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 2010, the average Trustee participated in approximately 49 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, 2010**

|  |    |
|--|----|
| Audit and Compliance Committee                   | 12 |
| Board Policy and Nominating Committee            | 9  |
| Brokerage Committee                              | 7  |
| Communications, Service and Marketing Committee☐ | 4  |
| Contract Committee                               | 16 |
| Distributions Committee                          | 11 |

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|  |    |
|--|----|
| Executive Committee                                      | 1  |
| <hr/>  |    |
| Investment Oversight Committees                          |    |
| Investment Oversight Committee A                         | 10 |
| Investment Oversight Committee B                         | 10 |
| Investment Oversight Committee C <sup>□</sup>            | 10 |
| Investment Oversight Committee D <sup>□</sup>            | 10 |
| Investment Oversight Committee E <sup>□</sup>            | 10 |
| <hr/>  |    |
| Investment Oversight Coordinating Committee <sup>□</sup> | 6  |
| <hr/>  |    |
| Pricing Committee  | 9  |
| <hr/>  |    |

<sup>□</sup> As of July 1, 2010, the Board<sup>□</sup>s committee structure changed, resulting in the elimination of these committees.

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<sup>□</sup>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 the Trustees paid for their services?**

Each Independent Trustee of the fund receives an annual retainer fee and an additional fee for each Trustees<sup>□</sup> 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 fund, estimates that committee and Trustee meeting time, together with the appropriate preparation, requires the equivalent of at least four business days per Trustee meeting. The table on page 23 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 ended April 30, 2010 and the fees paid to each of those Trustees by all of the Putnam funds during calendar year 2010.

Under a Retirement Plan for Trustees of the Putnam funds (the Plan), each Trustee elected before 2004 who retires with at least 5 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<sup>□</sup>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) 10 years, or (ii) such Trustee<sup>□</sup>s total years of service.

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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.

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| <b>Trustees/Year</b>            | <b>Aggregate compensation from Putnam Municipal Opportunities Trust</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               | \$2,270   | N/A  | N/A  | \$284,500   |
| Barbara M. Baumann (3)          | 0   | N/A  | N/A  | 109,500   |
| Jameson A. Baxter/1994 (4)      | 2,355   | \$310  | \$110,500  | 289,500   |
| Charles B. Curtis/2001          | 2,278   | 223  | 113,900  | 279,500   |
| Robert J. Darretta/2007         | 2,308   | N/A  | N/A  | 289,500   |
| Myra R. Drucker/2004 (4)(5)     | 2,355   | N/A  | N/A  | 289,500   |
| John A. Hill/1985 (4)(6)        | 2,707   | 522  | 161,700  | 346,063   |
| Paul L. Joskow/1997 (4)         | 2,355   | 205  | 113,400  | 289,500   |
| Elizabeth T. Kennan/1992 (4)(5) | 2,355   | 425  | 108,000  | 180,000   |
| Kenneth R. Leibler/2006         | 2,355   | N/A  | N/A  | 289,500   |
| Robert E. Patterson/1984        | 2,355   | 290  | 106,500  | 289,500   |
| George Putnam, III/1984         | 2,355   | 257  | 130,300  | 289,500   |
| W. Thomas Stephens/1997 (7)     | 2,051   | 329  | 107,100  | 289,500   |

|                             |       |     |     |         |
|-----------------------------|-------|-----|-----|---------|
| Richard B. Worley/2004 (5)  | 2,278 | N/A | N/A | 279,500 |
| 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, 2010, there were 104 funds in the Putnam family.

(3) Ms. Baumann was elected to the Board of Trustees of the Putnam funds effective July 1, 2010.

(4) Certain Trustees are also owed compensation deferred pursuant to a Trustee Compensation Deferral Plan. As of April 30, 2010, the total amounts of deferred compensation payable by the fund, including income earned on such amounts, to these Trustees were: Ms. Baxter \$7,045.78; Ms. Drucker \$2,180.56; Mr. Hill \$25,133.27; Dr. Joskow \$6,262.03; and Dr. Kennan \$819.65.

(5) Dr. Kennan, Mr. Worley, and Ms. Drucker retired from the Board of Trustees of the Putnam funds on June 30, 2010, December 14, 2010, and January 30, 2011, respectively. Upon Dr. Kennan's retirement, she became eligible to receive annual retirement benefit payments from the fund commencing on January 15, 2011.

(6) Includes additional compensation to Mr. Hill for service as Chairman of the Trustees of the Putnam funds.

(7) Mr. Stephens, who retired from the Board of Trustees of the Putnam funds on March 31, 2008, was re-elected 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 re-election 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.

The fund's Board has concluded that re-election of the current Trustees is in the best interests of the fund because they will fairly and objectively consider the interests of all shareholders in determining the future direction of the fund, including the interests of those shareholders who have purchased fund shares seeking a long-term investment opportunity and the special advantages provided by the closed-end fund structure. **The Trustees of your fund unanimously recommend that shareholders vote "FOR" the election of the Board's nominees.**

**Possible shareholder nomination of candidates for election as Trustees.**

As previously noted, the fund has received notice from Karpus, a well-known closed-end fund arbitrageur, of its intent to nominate a separate slate of individuals for election to the Board of Trustees at the meeting. The slate consists of 12 individuals for election as Trustees by the fund's common and preferred shareholders (voting as a single class) and 2 individuals for election as Trustees by the fund's preferred shareholders at the upcoming meeting. Karpus might send you soliciting materials in an effort to persuade you to vote for their nominees to the fund's Board of Trustees. **The fund's Trustees urge you to NOT RETURN any proxy card sent to you by Karpus.**

**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 Chairman, John Hill, is independent of Putnam Management and has served on the fund's Board of Trustees for over 26 years, including 10 years as Chairman;

□ The Vice Chairman of your fund, Jameson Baxter, is independent of Putnam Management. She also serves as the Chairman 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;

□ 11 of the 12 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

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□ 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 15% decrease in your fund's management fee in 2006).

*Strong Governance Practices*

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

□ 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.

**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;

□ 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.

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### **Why should you NOT RETURN the proxy card solicited on behalf of Karpus's nominees?**

*Karpus Nominees Cannot Be Entrusted To Protect the Interests of All Shareholders.*

The Trustees believe that the Karpus nominees are committed to promoting a specific agenda for your fund that would serve the interests of Karpus, potentially at the expense of long-term shareholders. In particular:

If the Karpus Trustee nominees are elected, the current Trustees believe they would be inclined to follow Karpus's publicly announced agenda of providing a significant liquidity event for the fund, such as an open-ending, even if such an event primarily serves the interests of a large shareholder such as Karpus and represents an abuse of the interests of other shareholders;

Karpus's short-term interests are not aligned with the long-term interests of the broader shareholder base;

Karpus's Trustee nominees include Phillip Goldstein, another well-known activist investor who specializes in closed-end fund arbitrage; and

Karpus's Trustee nominees are led by a dissident group who is apparently frustrated with an earlier decision made by your fund's Trustees  a decision made only with the best interests of all shareholders in mind  not to implement a proposed merger of the fund into an open-end fund.

### **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.

## 2. SHAREHOLDER PROPOSAL RECOMMENDING THAT THE FUND'S INVESTMENT MANAGEMENT CONTRACT WITH PUTNAM INVESTMENT MANAGEMENT, LLC BE TERMINATED

### What is this proposal?

Karpus, a dissident holder of both common and preferred shares of your fund, has submitted a proposal for consideration at the meeting. The Trustees unanimously recommend that shareholders vote  AGAINST  Karpus's proposal.

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Karpus's address is 183 Sully's Trail, Pittsford, NY 14534, and its share holdings, to the fund's knowledge, are reported later in this proxy statement. Further information about Karpus and its activities with respect to your fund is provided in the discussion of Proposal 2 beginning on page 28.

The proposal submitted by Karpus and its accompanying supporting statement read as follows:

**BE IT RESOLVED**, that the Management Contract between Putnam Municipal Opportunities Trust ( PMO  or the  Fund ) and Putnam Investment Management, LLC (the  Manager ) shall be terminated.

### SUPPORTING STATEMENT

As both common and preferred shareholders of PMO, Karpus is greatly concerned with the quality of the management of the Fund. Specifically, Karpus is most concerned with the Fund's performance as well as the  advice  the Manager has offered to the detriment of Fund shareholders and to the benefit of the Manager and the Fund's Board of Trustees.

PMO's performance has been at best mediocre across multiple time periods within its stated peer group, the Lipper General Muni Debt Leveraged category. Specifically, PMO's performance falls in the 47th percentile for one year performance, while it is below average for longer 3, 5, and 10-year periods (Source: Putnam, as of 8/31/2010). While the Fund's discount is narrow relative to its historic average, it remains wide relative to its Lipper leveraged closed-end fund category peers (Source: Lipper).

Moreover, the  advice  offered to the Board by the Manager has failed miserably. According to multiple press releases for the Fund, the Manager advised the Board of Trustees to delay a proposed merger of the Fund into an open-end fund and then ultimately advised the Board to indefinitely suspend any proposed mergers. Due to this  advice , all classes of PMO shareholders were denied the ability to realize the intrinsic value of their shares. Further, in our opinion, PMO shareholders were also misled into believing they would be able to receive net asset value for their shares and added to their positions based on the  advice  offered by our Fund's manager.

In the current market environment, many closed-end fund municipal bond shareholders have been able to receive net asset value for their common shares and par value for their preferred shares. This has not been the case with our Fund despite the fact that all four original reasons cited for merging PMO into an open-end fund are still valid to this day. Our Manager's apparent advice to our Board is to continue to lock in both common and preferred shareholders and deny them the ability to receive the intrinsic value of their shares. This is not acceptable.

PMO has been plagued by poor management long enough. To address our concerns, Karpus believes that a change is necessary and that Putnam Investment Management, LLC's management contract with PMO must be terminated.

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Karpus strongly urges your support for the proposal to terminate the management contract with Putnam Investment Management, LLC.

### **END OF SHAREHOLDER PROPOSAL**

#### **What do the Trustees recommend?**

If properly presented for consideration at the meeting, Proposal 2 will allow shareholders to vote on a proposal by Karpus, a dissident shareholder in the fund, to terminate the investment management contract between the fund and Putnam Management. **The Trustees recommend a vote  AGAINST  Proposal 2 for the reasons described below.**

#### **Why are the Trustees recommending a vote AGAINST Proposal 2?**

The Trustees believe that it is in the fund's best interest to continue to retain Putnam Management as its investment adviser and recommends that shareholders vote  AGAINST  Proposal 2. If approved, the shareholder proposal would result in the termination of your fund's investment management contract with Putnam Management but would not immediately result in the appointment of a new manager. Instead, as described further below, the termination of the management contract would require the hiring of an interim investment adviser to manage your fund's investment portfolio, which could be costly and disruptive for the fund.

#### *Proposal Not Aligned with Long-Term Shareholder Interests.*

Karpus is a well-known arbitrageur and dissident shareholder that regularly makes opportunistic investments in closed-end funds whose shares are trading at a discount to net asset value (NAV). On numerous occasions, Karpus has then sought to force the hand of management into authorizing liquidity events such as open-ending transactions, tender offers or liquidations. Under certain market conditions, a liquidity event, which typically results in the undoing of a closed-end fund structure, can represent an abuse of the interests of other shareholders through the imposition of significant transaction costs. In recent years, Karpus has actively promoted the open-ending of your fund, and a proposal by Karpus to that effect was rejected by shareholders in April 2010. This year, instead of aiming directly at its goal of a liquidity event, Karpus has opted to introduce the current proposal, which seeks to disrupt the operations of your fund by terminating the management contract with Putnam Management. Karpus does not present an alternative management arrangement or provide any practical solutions for its apparent frustration with the fund's continued operation as a closed-end vehicle. Simultaneously, as indicated above, Karpus has indicated its intention to launch a proxy contest to elect its slate of candidates to take control of your fund. Contests for control often come at considerable costs to the targeted closed-end funds and, indirectly, to their shareholders. As in the case of your fund, the dissident typically seeks to use the proxy contest to abandon an investment program or manager that has served shareholders well. The Trustees do not believe that the interests of Karpus are aligned with those of other shareholders who have invested in the fund as part of a long-term investment program.

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#### *Suspension of Proposed 2008 Merger was in the Best Interests of Shareholders.*

Karpus points to a proposed merger of your fund that the Trustees authorized and subsequently suspended. The Trustees of your fund are mindful that, under certain circumstances, it might be appropriate to convert the fund to an open-end fund. In mid-2008, faced with potentially uneconomic costs of leverage and a large discount in the trading price of your fund's common shares, the Trustees concluded that such a conversion, in the form of a merger

with another open-end Putnam fund, would be in the best interests of shareholders. However, as Putnam Management began the process of implementing the merger, the collapse of the financial markets fundamentally changed the circumstances that had led to the Trustees' initial decision. The Federal Reserve slashed short-term interest rates, which significantly reduced the cost of leverage to the fund and increased the incremental income produced by the fund's leverage. At the same time, liquidity in the trading markets for the fund's portfolio securities declined significantly, which increased the potential costs of selling portfolio securities in order to raise the cash needed to complete the merger. In light of these changed conditions, the Trustees decided in January 2009 to put the merger on hold and in June 2009 to suspend the merger indefinitely.

The wisdom of these decisions has been confirmed by subsequent events. For the two years ended December 31, 2010, your fund achieved a total return of 37.6% at NAV, compared with the 20.9% return of the Class A shares of the open-end fund (Putnam Tax Exempt Income Fund) which you would have received in the merger. (More detailed comparison of performance is provided below.) At the same time, the trading discount in the common shares of your fund has declined from an average of 10.14% in the third quarter of 2008 (when the merger was first approved by the Trustees) to an average of 3.13% in the final quarter of 2010, and at one point reached 1.05%. Thus, most shareholders of your fund seeking liquidity could have readily sold their common shares at a level very close to NAV for extended periods over the past year. Due to the size of its holdings, Karpus may have found it difficult to liquidate its position in the markets, which likely explains its desire for a special liquidity event and also underscores that its interests are not aligned with long-term shareholder interests.

**What would the costs likely be associated with terminating the investment management contract?**

The proposal to terminate your fund's investment management contract is merely a crude instrument for accomplishing the dissident shareholder's objectives. Your Board believes that termination of the agreement would be disruptive, costly and unwarranted. Shareholders should be aware that approval of the proposal does not automatically result in the engagement of a new investment manager for the fund. If shareholders approve the proposal, under the 1940 Act, the current agreement with Putnam Management would terminate and the Board would be allowed to appoint an investment adviser (which could be Putnam Management) on an interim basis (not to exceed 150 days). The compensation paid by the fund under such an interim

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investment management contract could not exceed the compensation paid under the current contract. The Board would use its best efforts to identify and engage a suitable substitute in a timely manner after termination of the fund's existing management contract, though there is no guarantee that it would be successful. A failure to reach contractual terms under a new arrangement promptly could lead to disruptions in management of the fund's investment portfolio. Any more permanent management contract would require shareholder approval. The costs of a proxy solicitation to approve any new management contract would be an expense borne by the fund and its shareholders. In the event that shareholders do not approve a permanent management contract at that time, the fund could be left without any means to ensure ongoing management of its portfolio. Even if shareholder approval for a permanent new management contract is received, the fund could be subject to additional costs of a transition to a new manager, such as trading costs associated with adjusting the fund's portfolio. In any event, the fund has no assurance that investment performance under a new investment adviser would be comparable to or better than the returns achieved by Putnam Management.

**How has your fund performed, and what gives the Trustees continued confidence in Putnam Management?**

The Trustees have confidence in the performance record of your fund and see no reason to terminate Putnam Management as investment manager. The Trustees have continued confidence in Putnam Management and its management of your fund.

*Strong Performance History.*

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In support of its proposal, the dissident selectively cites data on the fund's performance history. The fund has a strong performance record in line with its peers. The fund, at market price, has outperformed the average of its peer group, determined by Lipper Inc., an independent fund rating agency, over the 1-, 3- and 5-year periods ended December 31, 2010. At NAV, the fund has outperformed its Lipper peer group over the same 3-, 5- and 10-year periods. Morningstar, another independent fund rating agency, has rated the fund 3 stars out of 5, overall, in the Municipal National Long - Closed-End category as of December 31, 2010. The following table shows updated annualized total return information, through December 31, 2010, for a number of periods based on both the fund's NAV and the market price of the fund's shares. The table also shows the performance of your fund's benchmark index, as well as the average performance of funds in its Lipper peer group. The table also shows returns of Class A shares of Putnam Tax Exempt Income Fund, the open-end fund into which the Trustees had previously recommended merging your fund, as described above. Of course, past performance is no guarantee of future returns.

As the table below indicates, your fund had total returns based on market price that were comparable to or exceeded its benchmark for all periods. Based on NAV, your fund outperformed its benchmark listed below over the one- and ten-year periods.

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Also, based on NAV, your fund's total returns were comparable or superior to those of Putnam Tax Exempt Income Fund for the one-, five- and ten-year periods, and superior for all periods based on market price.

**Total Return (Annualized) for Periods  
Ended December 31, 2010**

|   | <b>1 Year</b> | <b>3 Years</b> | <b>5 Years</b> | <b>10 Years</b> |
|---|---------------|----------------|----------------|-----------------|
| <b>Putnam Municipal Opportunities Trust</b>                           |               |                |                |                 |
| at Net Asset Value  | 2.78%         | 2.74%          | 3.13%          | 5.05%           |
| at Market Price   | 4.58%         | 5.73%          | 5.09%          | 4.79%           |
| Putnam Tax Exempt Income Fund<br>(open-end, Class A)                  | 2.48%         | 3.03%          | 3.14%          | 4.07%           |
| Barclays Capital Municipal Bond Index                                 | 2.38%         | 4.08%          | 4.09%          | 4.83%           |
| Lipper General Municipal Debt Funds<br>(leveraged closed-end) Average | 2.87%         | 2.42%          | 2.73%          | 5.02%           |

*Continued Confidence: Your Fund is Managed by a Leading Asset Manager.*

Your fund's investment manager, Putnam Management, is a leading global money management firm with over 70 years of investment experience. As of December 31, 2010, the firm managed \$121 billion in assets, approximately \$55 billion of which was in fixed income assets. For its 2010 investment performance, the firm was recently ranked in the top quartile by the Lipper/Barron's survey of mutual fund families offering general U.S. stock, global or international, mixed-asset, taxable bond, and tax-exempt bond funds. Putnam Management ranked first in the same survey for the 2009 investment performance period.

Putnam Management has one of the largest fixed income organizations in the asset management industry — 75 members averaging 15 years of experience. The core team of fixed income portfolio management consists of a small group of senior team leaders, all of whom have worked together since 1999 and each of whom averages over 20 years of experience. Putnam Management has a strong record of performance across a broad range of fixed income funds, and has devoted considerable resources within the Putnam Management organization to support the fund. As a general matter, Putnam Management's fixed income funds have significant track records of outstanding investment performance. For the one-, three-, five-, and 10-year periods ended December 31, 2010, respectively, 72% (21 of 27), 89% (24 of 27), 93% (25 of 27) and 96% (25 of 26) of Putnam Management's fixed income funds ranked above average in their Lipper peer groups. Among Putnam Management's municipal fixed income funds (of which your fund is presently one of 15 funds), the performance record is even stronger: for the one-, three-, five-, and 10-year periods ended December 31, 2010, respectively, 87% (13 of 15), 93% (14 of 15), 100% (15 of 15), and 100% (15 of 15) of Putnam Management's municipal fixed income funds ranked above average in their Lipper peer groups.

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#### When have the fund's shares traded at a discount?

*Trading Discount Has Narrowed Significantly.*

Karpus argues that your fund's common shares have traded at wide discounts relative to its Lipper leveraged closed-end fund category peers. While your fund's shares continue to trade at a modest discount, the Trustees have noted that the discount has closed significantly, with discounts as narrow as 1.05% during the fourth quarter of 2010. In addition, from the 2006 calendar year to the 2010 calendar year, the fund's average discount has decreased from 11.24% to 3.70%. As indicated in the table below, while your fund's common shares have traded at a discount to their NAV since 2001, the discount has fluctuated over time as market conditions have changed, and shares have often traded at a premium. In order to show the range of discounts and premiums at which your fund's shares have historically traded, the table below presents both the highest market price and the lowest market price at which your fund's shares closed on any trading day over the course of each calendar year since 1995, in each case expressed as a percentage discount from, or premium to, NAV. In addition, the "Average Discount/Premium" column presents the average daily differential between market price and NAV over the course of each calendar year since 1995.

| Year | Lowest Discount (or Highest Premium) | Highest Discount (or Lowest Premium) | Average Discount/Premium |
|------|--------------------------------------|--------------------------------------|--------------------------|
| 2010 | 1.05%                                | 6.93%                                | 3.70%                    |
| 2009 | 4.01%                                | 11.77%                               | 6.72%                    |
| 2008 | 4.16%                                | 13.93%                               | 9.98%                    |
| 2007 | 5.85%                                | 13.95%                               | 9.16%                    |

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|      |         |         |         |
|------|---------|---------|---------|
| 2006 | □8.66%  | □13.86% | □11.24% |
| 2005 | □4.80%  | □14.14% | □10.03% |
| 2004 | +4.38%  | □7.00%  | □1.67%  |
| 2003 | +2.49%  | □8.06%  | □2.81 % |
| 2002 | +1.68%  | □8.49%  | □2.26%  |
| 2001 | +7.05%  | □5.24%  | +2.34%  |
| 2000 | +2.70%  | □12.42% | □4.31 % |
| 1999 | +8.83%  | □12.57% | +1.46%  |
| 1998 | +10.99% | □1.72%  | +3.07%  |
| 1997 | +6.01%  | +0.47%  | +3.22%  |
| 1996 | +4.17%  | □3.71%  | +0.70%  |
| 1995 | +1.25%  | □8.22%  | □2.98%  |

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In reviewing the trading information for your fund, the Trustees reviewed the possible causes and effects of discounts and noted that discount levels for your fund have fluctuated over the years. They noted, in particular, that over the 3-month period from October 1, 2010 through December 31, 2010, the fund's narrowest discount was □1.05% and its widest discount was □6.93%, with an average discount of □3.13%, in each case measured relative to NAV. Since 2006, the average trading discounts for fund shares have narrowed significantly.

*Trustees Have Actively Advanced the Interests of Closed-End Fund Shareholders.*

The Trustees believe that the fund's closed-end structure at this time continues to provide benefits to shareholders that are not available under an open-end structure. These benefits result principally from the investment advantages associated with a □closed□ investment product that is insulated from the transaction costs and daily liquidity demands typically more characteristic of open-end funds. In addition, closed-end funds have the ability to take on investment leverage. While the Trustees are mindful of these structural investment advantages and the fact that presumably the fund's shareholders intentionally chose a closed-end structure from among a broad array

of investment products available in the marketplace, they are also mindful of the phenomenon of trading discounts that can be associated with closed-end funds.

The Trustees regularly consider a broad range of actions, consistent with your fund's closed-end structure, in an effort to reduce or eliminate trading discounts and provide common shareholders with liquidity. Such actions include: repurchases by the fund of its shares at prevailing market prices; tender offers by the fund to repurchase its shares at a price above market price and below NAV (or at NAV); and communications with the marketplace regarding the benefits of investing in the fund in an effort to increase investor demand for the fund's shares. Recognizing the benefit of share repurchases for less than NAV, the Trustees have, since 2005, authorized for all Putnam closed-end funds, including your fund, a program to conduct open-market repurchases of their outstanding common shares. The Trustees periodically review the program's impact on investment performance and trading discounts. The Trustees believe that the record of the repurchase program to date demonstrates that share repurchases represent an attractive investment opportunity for your fund when shares are trading at significant discounts. There is no guarantee that share repurchases will cause the market price of your fund's shares to increase or will narrow any existing discounts. The Trustees and Putnam Management will continue to monitor the repurchase program and review its impact on your fund's investment performance and on trading discounts.

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*Proposal Unlikely to Materially Affect Trading Discount.*

The Trustees have considered the fact that all shareholders who purchased your fund's shares presumably made their choice from among a broad array of investment products available in the marketplace, with an understanding of the potential advantages and disadvantages of closed-end funds. Termination of the investment management contract would not by itself result in the elimination or reduction of the discount, and there is no evidence that it would materially affect the discount in the long term. The Trustees observed that many closed-end funds often trade at a discount, and there is no assurance that the efforts by a new investment adviser would have the effect of increasing demand for fund shares and consequently of reducing the discount.

**What is the voting requirement for approving the shareholder proposal?**

Applicable law provides that shareholders of the fund may terminate the management contract by a vote of the lesser of (A) 67% or more of the voting securities present at the meeting, if the shareholders of more than 50% of the outstanding voting securities of the fund are present or represented by proxy at the meeting and (B) more than 50% of the outstanding voting securities of the fund. Abstentions and broker non-votes, if any, will have the effect of votes against Proposal 2. If this proposal is properly presented for consideration at the meeting, the fund's common shareholders and preferred shareholders will vote together as a single class on this proposal. Each preferred shareholder and each common shareholder will be entitled to one vote for each share held.

**As discussed above, the Trustees believe termination of the investment management contract would cause harm to the fund through disruption and unnecessary costs, without benefiting shareholders in any way. Accordingly, the Trustees of the fund unanimously recommend that you vote  AGAINST  Proposal 2.**

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**3. SHAREHOLDER PROPOSAL RECOMMENDING THAT THE TRUSTEES CONSIDER TAKING ALL STEPS NECESSARY TO CAUSE THE FUND TO REDEEM ALL PREFERRED SHARES AT PAR AND TO UTILIZE ALTERNATIVE SOURCES OF LEVERAGE.**

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**IMPORTANT NOTE: The Trustees Have Determined Not To Include This Proposal in the Notice of the Annual Meeting and Therefore Do Not Expect That Shareholders Will be Asked to Vote on This Proposal.**

**What is the proposal?**

Karpus has notified your fund of its intention to submit an additional proposal for consideration at the meeting requesting that the Trustees consider taking all steps necessary to cause the fund to redeem all outstanding auction rate preferred shares at par value and to utilize Municipal Term Preferred Securities (MTPS), Variable Rate Demand Preferred Securities (VRDPs) and/or Tender Option Bonds (TOBs) as alternative sources of leverage. Having already submitted one proposal for inclusion in the fund's proxy statement, Karpus is not entitled under SEC rules to require the fund to include an additional proposal for consideration at the shareholder meeting. **The Trustees have not deemed this proposal to be appropriate for consideration at the meeting and have therefore excluded it from the Notice of Annual Meeting of Shareholders.** As a result, the Trustees do not intend to permit a vote on this additional proposal at the meeting. In the event that your fund is required by a court or regulatory body to put the proposal to a vote, the Trustees are soliciting proxies  **AGAINST**  the proposal.

**What do the Trustees recommend?**

**The Trustees of your fund unanimously recommend that shareholders mark the applicable box on the proxy card  **AGAINST**  this proposal.**

*Proposal Not Appropriate for Shareholder Referendum.*

The Trustees believe that the shareholder proposal is not appropriate for shareholder consideration at the upcoming meeting. The fund's declaration of trust enumerates specific matters on which shareholders are entitled to vote, and places discretion in the hands of the Trustees to determine any additional matters that may be presented for a shareholder vote. Questions of leverage and financing options, such as those addressed by Karpus's proposal, are not among the enumerated matters in the fund's declaration of trust. Matters of leverage and capital structure depend highly on changes in the market environment and require complex, ongoing review and quantitative analysis. Such decisions do not lend themselves to a shareholder referendum. Furthermore, the proposal, if it were to pass, would not effect any immediate change, but would rather serve as a request that the Trustees consider certain actions with respect to leverage. However, as noted above and described in more detail below, the Trustees already consider your fund's leverage and preferred share structure on

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a regular basis and have indeed taken significant actions with respect to preferred-share leverage in the past. Therefore, no purpose would be served by permitting a shareholder vote on this proposal.

*Trustees Regularly Consider a Broad Range of Actions to Provide Shareholders with Liquidity.*

The Trustees are in the best position to consider the financing and leverage arrangements for the fund in the context of the long-term interests of all shareholders. Putnam Management and the Trustees have devoted, and continue to devote, considerable efforts to address liquidity for the fund's preferred shares in a manner that takes into account the interests of both common and preferred shareholders. These efforts have included regular consideration of alternative financing mechanisms such as those proposed by Karpus. In their business judgment, the Trustees have determined that such alternatives would not currently be in the best interests of shareholders. Putnam Management investment professionals regularly monitor market developments in this regard and report to the Trustees. By submitting its proposal, Karpus seeks to promote a liquidity event for its own preferred share holdings that would serve its own interests at the expense of common shareholders. Contrary to its claims, Karpus has interests that are very different from those of long-term shareholders who intentionally selected your fund for the advantages of its closed-end structure.

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*Trustees' Actions Have Benefited Shareholders' Interests.*

The Trustees have taken significant actions that have benefited preferred shareholders. In anticipation of the 2008 merger that was ultimately not consummated, Putnam Management and the Trustees took action to significantly reduce your fund's leverage. From November 2008 to January 2009, Putnam Management carried out redemptions that reduced the fund's preferred share leverage by 55%. The Trustees believe that the fund is reasonably leveraged compared to its industry peers. Further, as a result of the Federal Reserve Bank's decisions to maintain interest rates at historically low rates, the current costs of maintaining the fund's preferred share leverage continue to be highly favorable to common shareholders and considerably lower than the current cost of alternatives cited by Karpus. The Trustees also note that the fund continues to comply with all of the terms of preferred shares and that preferred shareholders continue to be paid the "maximum dividend rate" on their shares, as determined in accordance with the fund's bylaws. In light of the foregoing, the Trustees believe they have effectively discharged their duties to preferred shareholders, while also promoting the long-term interests of common shareholders. Putnam Management and the Trustees will continue to monitor the marketplace for alternative financing solutions that would permit additional redemption of preferred shares but that would not be disadvantageous to the fund's common shareholders.

For the foregoing reasons, the Trustees have determined that putting this proposal to a vote would not accomplish any constructive goal, and have excluded it from consideration at the meeting.

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### **What would the voting requirement be if the proposal is voted on at the meeting?**

As discussed above, the Trustees have excluded the proposal from the Notice of Meeting and do not intend to permit a vote on this proposal at the meeting. If, however, the Trustees are compelled by a court or regulatory authority to permit a vote on the proposal at the meeting, approval of the proposal would require the affirmative vote of a majority of the shares voted on the proposal. Neither abstentions nor broker non-votes, if any, would have an effect on the outcome of Proposal 3. The fund's common shareholders and preferred shareholders would vote together as a single class on this proposal. Each preferred shareholder and each common shareholder would be entitled to one vote for each share held.

**As discussed above, the Trustees believe that the proposal is not appropriate for a shareholder vote. The Trustees are soliciting shareholder proxies "AGAINST" the proposal in the event that they are legally compelled to permit a vote on the proposal at the meeting. Accordingly, the Trustees of your fund unanimously recommend that you mark the applicable box in the proxy statement "AGAINST" Proposal 3.**

## **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 aggregate number of shares of each class 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), Proposal 1b (the election of trustees), and Proposal 3, neither abstentions nor broker non-votes have an effect on the outcome of the proposal. With respect to Proposal 2, abstentions and broker non-votes have the effect of votes against such proposal. Treating broker non-votes as votes against a proposal may result in a proposal not being approved, even though the votes cast in favor would have been sufficient to approve the proposal if some or all of the broker



non-votes had been withheld.

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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 agreement and 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, 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 against such proposal, and (iii) the holders of the common shares have approved such proposal.

**Other business.** The Trustees know of no matters other than those set forth herein to be brought before the meeting. If, however, any other matters properly come before the meeting, proxies will be voted on such matters in accordance with the judgment of the persons named on the enclosed proxy card(s).

**Solicitation of proxies.** In addition to soliciting proxies by mail, Trustees of your fund and employees of Putnam Management, Putnam Investor Services, Putnam Fiduciary Trust Company and Putnam Retail Management, as well as their agents, may solicit proxies in person or by telephone. Your fund may arrange to have a proxy solicitation firm call you to record your voting instructions by telephone. The procedures for voting proxies by telephone are designed to authenticate shareholders' identities, to allow them to authorize the voting of their shares in accordance with their instructions and to confirm that their instructions have been properly recorded. Your fund has been advised by counsel that these procedures are consistent with the requirements of applicable law. If these procedures were subject to a successful legal challenge, such votes would not be counted at the meeting. Your fund is unaware of any such challenge at this time. Shareholders would be called at the phone number Putnam Management has in its records for their accounts and would be given an opportunity to authorize the proxies to vote their shares at the meeting in accordance with their instructions. To ensure that the shareholders' instructions have been recorded correctly, they will also receive a confirmation of their instructions in the mail. A special toll-free number will be available in case the information contained in the confirmation is incorrect.

Common shareholders have the opportunity to submit their voting instructions via the Internet by using a program provided by a third-party vendor hired by Putnam Management or by automated telephone service. The giving of a proxy will not affect your right to vote in person should you decide to attend the meeting. To use the Internet, please access the Internet address listed on the proxy card and follow the instructions on the Internet site. To record your voting instructions via automated

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telephone service, use the toll-free number listed on your proxy card. The Internet and telephone voting procedures are designed to authenticate shareholder identities, to allow shareholders to give their voting instructions, and to confirm that shareholders' instructions have been recorded properly. Shareholders voting via the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, that must be borne by the shareholders.

Your fund's Trustees have adopted a general policy of maintaining confidentiality in the voting of proxies. Consistent with this policy, your fund may solicit proxies from shareholders who have not voted their shares or who

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have abstained from voting, including brokers and nominees.

Persons holding shares as nominees will, upon request, be reimbursed for their reasonable expenses in soliciting instructions from their principals. The fund has retained at its expense The Altman Group, Inc, 60 East 42nd Street, New York, NY 10165, to aid in the solicitation of instructions for registered and nominee accounts. The estimated expenses associated with the fund's contested proxy solicitation are approximately \$530,000. The expenses of the preparation of the proxy statement and related materials, as well as the aforementioned solicitation costs, are borne by the fund.

**Revocation of proxies.** Proxies, including proxies given by telephone or over the Internet, may be revoked at any time before they are voted either (i) by a written revocation received by the Clerk of your fund, (ii) by properly executing a later-dated proxy, (iii) by recording later-dated voting instructions by telephone or via the Internet, (iv) in the case of brokers and nominees, by submitting written instructions to your fund's solicitation agent or the applicable record shareholder or (v) by attending the meeting and voting in person.

**Date for receipt of shareholders' proposals for the next annual meeting** It is currently anticipated that your fund's next annual meeting of shareholders will be held in April 2012. The Trustees of your fund reserve the right to set an earlier or later date for the annual meeting for the 2011-2012 fiscal year. Shareholder proposals to be included in the proxy statement for that meeting must be received by your fund on or before November 16, 2011. In order for a shareholder proposal to be included in the proxy statement, both the submitting shareholder and the proposal itself must satisfy the requirements set forth in Rule 14a-8 under the Exchange Act. Shareholders who wish to make a proposal at the annual meeting for the 2011-2012 fiscal year — other than one that will be included in the fund's proxy materials — should notify the fund no later than January 30, 2012. The fund may exclude from the proxy materials and consideration at a meeting certain proposals as permitted by SEC rules and state law. Shareholders who wish to propose one or more nominees for election as Trustees, or to make a proposal fixing the number of Trustees, at the 2012 annual meeting must provide written notice to the fund (including all required information) so that such

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notice is received in good order by the fund no earlier than February 25, 2012 and no later than March 26, 2012.

**Adjournment.** If sufficient votes in favor of any of the proposals set forth in the Notice of Annual Meeting of Shareholders are not received by the time scheduled for the meeting or if the quorum required for a proposal has not been met, the persons named as proxies may propose adjournments of the meeting for a period or periods of not more than 60 days in the aggregate to permit further solicitation of proxies. Any adjournment will require the affirmative vote of a majority of the votes cast on the question in person or by proxy at the session of the meeting to be adjourned. The persons named as proxies will vote in favor of adjournment those proxies that they are entitled to vote in favor of the proposals. They will vote against any such adjournment those proxies required to be voted against the proposals. Your fund pays the costs of any additional solicitation and of any adjourned session. Any proposals for which sufficient favorable votes have been received by the time of the meeting may be acted upon and considered final regardless of whether the meeting is adjourned to permit additional solicitation with respect to any other proposal.

**Duplicate mailings.** As permitted by SEC rules, Putnam Management's policy is to send a single copy of the proxy statement to shareholders who share the same last name and address, unless a shareholder previously has requested otherwise. Separate proxy cards will be included with the proxy statement for each account registered at that address. If you would prefer to receive your own copy of the proxy statement, please contact Putnam Investor Services by phone at 1-800-225-1581 or by mail at P.O. Box 8383, Boston, MA 02266-8383.

**Financial information.** Your fund's Clerk will furnish to you, upon request and without charge, a copy of the fund's annual report for its most recent fiscal year, and a copy of its semiannual report for any subsequent semiannual period. You may direct such requests to Putnam Investor Services, P.O. Box 8383, Boston, MA 02266-8383 or by phone at 1-800-225-1581. You may also access copies of these reports by visiting Putnam's Web site at [putnam.com/individual](http://putnam.com/individual).

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## Fund Information

**Putnam Investments.** Putnam Management, your fund's investment manager and administrator, is owned through a series of holding companies by Putnam Investments, LLC (Putnam Investments). Putnam Investments is a holding company that, except for a minority stake owned by employees, is owned (through a series of holding companies) by Great-West Lifeco Inc., which is a financial services holding company with interests in the life insurance, retirement, savings, and reinsurance businesses. Its businesses have operations in Canada, the United States and Europe. Great-West Lifeco Inc. is a majority-owned subsidiary of Power Financial Corporation.

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Power Financial Corporation is a diversified management and holding company that has interests, directly or indirectly, in companies that are active in the financial services sector in Canada, the United States and Europe. It also has substantial holdings in a group of energy, water, waste services, specialty minerals and cement and building materials companies in Europe. Power Corporation of Canada, a diversified international management and holding company, owns a majority of the voting securities of Power Financial Corporation. The Hon. Paul Desmarais, Sr., through a group of holding companies that he controls, has voting control of Power Corporation of Canada.

The address of each of Putnam Investments and Putnam Management is One Post Office Square, Boston, Massachusetts 02109. The address of Great-West Lifeco Inc. is 100 Osborne Street North, Winnipeg, Manitoba R3C 3A5. The address of Mr. Desmarais, Power Corporation of Canada and Power Financial Corporation is 751 Victoria Square, Montreal, Quebec H2Y 2J3, Canada. Robert L. Reynolds is the President and Chief Executive Officer of Putnam Investments. His address is One Post Office Square, Boston, MA 02109.

**Limitation of Trustee liability.** Your fund's declaration of trust provides that the fund will indemnify its Trustees and officers against liabilities and expenses incurred in connection with litigation in which they may be involved because of their offices with the fund, except if it is determined in the manner specified in the declaration of trust that they have not acted in good faith in the reasonable belief that their actions were in the best interests of the fund or that such indemnification would relieve any officer or Trustee of any liability to the fund or its shareholders arising by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of his or her duties. Your fund, at its expense, provides liability insurance for the benefit of its Trustees and officers.

**Independent Registered Public Accounting Firm.** As set forth in the table below, the Audit and Compliance Committee and the full Board of Trustees have selected PricewaterhouseCoopers LLP, 125 High Street, Boston, Massachusetts 02110, to serve as the independent registered public accounting firm for your fund's current fiscal year. Representatives of PricewaterhouseCoopers LLP are expected to be present at the meeting of shareholders of the fund to make statements and to respond to appropriate questions.

The following table presents fees billed in each of the last two fiscal years for services rendered to the fund by its independent registered public accounting firm:

| Fiscal Year Ended | Audit Fees | Audit-Related Fees | Tax Fees | All Other Fees |
|-------------------|------------|--------------------|----------|----------------|
| April 30, 2010    | \$78,485   | \$31,344           | \$8,035  | \$0            |
| April 30, 2009    | \$82,323   | \$31,622           | \$7,350  | \$0            |

**Audit Fees** represents fees billed for the fund's last two fiscal years relating to the audit and review of the financial statements included in annual reports and registration statements, and other services that are normally provided in connection with statutory and regulatory filings or engagements.

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**Audit-Related Fees** represents fees billed in the fund's last two fiscal years for services traditionally performed by the fund's auditor, including accounting consultation for proposed transactions or concerning financial accounting and reporting standards and other audit or attest services not required by statute or regulation.

**Tax Fees** represent fees for tax compliance, tax planning and tax advice services. Tax planning and tax advice services include assistance with tax audits, employee benefit plans and requests for rulings or technical advice from taxing authorities.

The following table presents the amounts PricewaterhouseCoopers LLP billed for aggregate non-audit fees in each of the last 2 fiscal years to the fund, Putnam Management and any entity controlling, controlled by or under common control with Putnam Management that provides ongoing services to the fund:

**Fiscal year ended**

|                |           |
|----------------|-----------|
| April 30, 2010 | \$421,093 |
| April 30, 2009 | \$520,797 |

**Pre-Approval Policies of the Audit and Compliance Committee.** The Audit and Compliance Committee has determined that, as a matter of policy, all work performed for the fund by the fund's independent auditor will be pre-approved by the Committee itself and thus will generally not be subject to pre-approval procedures.

The Audit and Compliance Committee also has adopted a policy to pre-approve the engagement by Putnam Management and certain of its affiliates of the fund's independent auditor, even in circumstances where pre-approval is not required by applicable law. Any such requests by Putnam Management or certain of its affiliates are typically submitted in writing to the Committee and explain, among other things, the nature of the proposed engagement, the estimated fees, and why this work should be performed by that particular audit firm as opposed to another one. In reviewing such requests, the Committee considers, among other things, whether the provision of such services by the audit firm is compatible with the independence of the audit firm.

Since the beginning of the two most recently completed fiscal years of the fund, all work performed by the independent auditor for the fund, Putnam Management and any entity controlling, controlled by or under common control with Putnam Management that provides ongoing services to the fund was pre-approved by the Committee or a member of the Committee pursuant to the pre-approval policies discussed above.

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Tax fees totaling \$262,883 and \$415,341 for the fiscal years ended 2010 and 2009, respectively, were billed by your fund's independent auditor for services required to be approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X.

The Audit and Compliance Committee of your fund has submitted the following report:

The Audit and Compliance Committee has reviewed and discussed with management of your fund the audited financial statements for the last fiscal year. The Audit and Compliance Committee has discussed with your fund's independent auditor the matters required to be discussed by Statements on Auditing Standard No. 61 (SAS 61). SAS 61 requires independent auditors to communicate to the Audit and Compliance Committee matters including, if applicable: (1) methods used to account for significant unusual transactions; (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus; (3) the process used by management in formulating particularly sensitive accounting estimates and the basis for the auditor's conclusions regarding the reasonableness of those estimates and (4) disagreements with management over the application of accounting principles and certain other matters. The Audit and Compliance Committee has received the written disclosures and the letter from your fund's independent auditor required by the SEC's Independence Standards Board Standard No. 1 (among other things, requiring auditors to make written disclosures to and discuss with the Audit and Compliance Committee various matters relating to the auditor's independence), and has discussed with such accountants the independence of such accountants. Based on the foregoing review and discussions, the Audit and Compliance Committee recommended to the Trustees that the audited financial statements for the last fiscal year be included in your fund's annual report to shareholders for the last fiscal year.

Robert E. Patterson (Chairman)

Barbara M. Baumann

Robert J. Darretta

John A. Hill

Kenneth R. Leibler

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**Officers and other information.** All of the officers of your fund are employees of Putnam Management or its affiliates or serve on the staff of the Office of the Trustees. Because of his positions with Putnam Management or its affiliates, Mr. Reynolds, as well as the other affiliated officers of your fund, will benefit from the management fees and investor servicing fees paid or allowed by your fund. In addition to Mr. Reynolds, the other officers of your fund are as follows:

| Name, Address <sup>1</sup> , Year of Birth,<br>Held with fund  | Length of Service<br>with the<br>Putnam Funds <sup>2</sup> | Principal Occupation(s) During Past<br>5 Years and Position(s) with Fund's<br>Investment Adviser and Distributor <sup>3</sup> |
|--|--|---|
| <b>Jonathan S. Horwitz<sup>4</sup> (Born 1955)</b><br><i>Executive Vice President, Treasurer,<br/>Principal Executive Officer and<br/>Compliance Liaison</i> | Since 2004   | Senior Vice President and Treasurer,<br>The Putnam Funds.   |

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|   |                   |   |
|---|-------------------|---|
| <p><b>Steven D. Krichmar (Born 1958)</b><br/> <i>Vice President and Principal<br/> Financial Officer</i></p>                          | <p>Since 2002</p> | <p>Senior Managing Director,<br/> Putnam Investments and Putnam<br/> Management.</p>  |
| <p><b>Janet C. Smith (Born 1965)</b><br/> <i>Vice President, Assistant Treasurer<br/> and Principal Accounting Officer</i></p>        | <p>Since 2007</p> | <p>Managing Director, Putnam<br/> Investments and Putnam<br/> Management.</p>   |
| <p><b>Beth Mazor (Born 1958)</b><br/> <i>Vice President</i></p>   | <p>Since 2002</p> | <p>Managing Director, Putnam<br/> Investments and Putnam<br/> Management.</p>   |
| <p><b>Robert R. Leveille (Born 1969)</b><br/> <i>Vice President and Chief<br/> Compliance Officer</i></p>                             | <p>Since 2007</p> | <p>Managing Director, Putnam<br/> Investments, Putnam Management<br/> and Putnam Retail Management.</p>   |
| <p><b>Mark C. Trenchard (Born 1962)</b><br/> <i>Vice President and BSA<br/> Compliance Officer</i></p>                                | <p>Since 2002</p> | <p>Managing Director, Putnam<br/> Investments and Putnam Retail<br/> Management.</p>  |
| <p><b>Francis J. McNamara, III (Born 1955)</b><br/> <i>Vice President and Chief Legal Officer</i></p>                                 | <p>Since 2004</p> | <p>Senior Managing Director, Putnam<br/> Investments and Putnam Management.</p>   |
| <p><b>James P. Pappas (Born 1953)</b><br/> <i>Vice President</i></p>  | <p>Since 2004</p> | <p>Managing Director, Putnam<br/> Investments and Putnam<br/> Management.</p>   |
| <p><b>Judith Cohen<sup>4</sup> (Born 1945)</b><br/> <i>Vice President, Clerk and Assistant<br/> Treasurer</i></p>                     | <p>Since 1993</p> | <p>Vice President, Clerk and Assistant<br/> Treasurer, The Putnam Funds.</p>  |
| <p><b>Michael Higgins<sup>4</sup> (Born 1976)</b><br/> <i>Vice President, Senior Associate<br/> Treasurer and Assistant Clerk</i></p> | <p>Since 2010</p> | <p>Manager of Finance, Dunkin' Brands<br/> (2008-2010); Senior Financial Analyst,<br/> Old Mutual Asset Management<br/> (2007-2008); Senior Financial Analyst,<br/> Putnam Investments (1999-2007).</p> |
| <p><b>Nancy E. Florek<sup>4</sup> (Born 1957)</b><br/> <i>Vice President, Assistant Clerk,<br/> Assistant Treasurer and Proxy</i></p> | <p>Since 2000</p> | <p>Vice President, Assistant Clerk,<br/> Assistant Treasurer and Proxy<br/> Manager, The Putnam Funds.</p>  |

Manager

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|   |            |                           |
|---|------------|---------------------------|
| <b>Susan G. Malloy (Born 1957)</b>            | Since 2007 | Managing Director, Putnam |
| <i>Vice President and Assistant Treasurer</i> |            | Management.               |

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<sup>1</sup> The address of each Officer is One Post Office Square, Boston, MA 02019.

<sup>2</sup> Each officer serves for an indefinite term, until his or her resignation, retirement, death or removal.

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<sup>3</sup> Prior positions and/or officer appointments with the fund or the fund's investment adviser and distributor have been omitted.

<sup>4</sup> Officers of the fund who are members of the Trustees' independent administrative staff. Compensation for these individuals is fixed by the Trustees and reimbursed to Putnam Management.

**Net assets of your fund as of December 31, 2010\*: \$481,924,687.92**

\* Excludes the amount of aggregate liquidation preference of outstanding preferred shares of your fund.

**Shares of your fund outstanding as of February 28, 2011**

|                  |                |
|------------------|----------------|
| Common shares    | 42,871,373.975 |
| <hr/>            |                |
| Preferred shares |                |
| Series B         | 3,417.00       |
| Series C         | 3,737.000      |

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**5% beneficial ownership.** As of December 31, 2010, to the knowledge of the fund, no person owned beneficially or of record 5% or more of any class of shares of the fund, except as follows:

|                         |                                       |
|-------------------------|---------------------------------------|
| Cede & Company*         |                                       |
| 20 Bowling Green        | 40,971,227 common shares              |
| New York, NY 10004-1408 | (95.50% of outstanding common shares) |

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|                                |                                       |
|--------------------------------|---------------------------------------|
| Karpus Investment Management** |                                       |
| 183 Sully's Trail              | 6,879,143 common shares               |
| Pittsford, New York 14534      | (16.05% of outstanding common shares) |

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Bank of America, NA\*\*\*

100 North Tryon Street

Charlotte, NC 28255

661 preferred shares

(9.2% of outstanding preferred shares)

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Blue Ridge Investments, L.L.C.\*\*\*

214 North Tryon Street

Charlotte, NC 28255

4,557 preferred shares

(63.7% of outstanding preferred shares)

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Karpus Investment Management\*\*\*\*

183 Sully's Trail

Pittsford, New York 14534

286 preferred shares

(4.0% of outstanding preferred shares)

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\* Believed to hold shares only as nominee.

\*\* Karpus Investment Management reported beneficial share ownership as of January 26, 2011 in a January 26, 2011 filing with the SEC on Schedule 13D. Some or all of this 16.05% position may already be reflected in Cede & Company's position in the fund.

\*\*\* Bank of America Corporation and Blue Ridge Investments L.L.C. reported shared beneficial ownership as of January 1, 2011 in a January 11, 2011 filing with the SEC on Schedule 13D.

\*\*\*\* Karpus Investment Management reported beneficial share ownership as of January 26, 2011 in a January 26, 2011 filing with the SEC on Schedule 13D.

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**PUTNAM MUNICIPAL OPPORTUNITIES TRUST**

By signing below, you, as a holder of preferred shares of Putnam Municipal Opportunities Trust, appoint Trustees John A. Hill and Robert E. Patterson, and each of them separately, with power of substitution to each, to be your proxies.

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You are empowering them to vote your Putnam fund shares on your behalf at the meeting of the shareholders of Putnam Municipal Opportunities Trust. The meeting will take place on May 25, 2011 at 10:00 a.m., Boston time, and may be adjourned to later times or dates. **Your vote is being solicited on behalf of the Trustees.** When you complete and sign the proxy card, your shares will be voted on your behalf exactly as you have indicated on the other side of this card. **If you simply sign the proxy card, and do not vote on the specific proposal, your shares will be automatically voted as the Trustees recommend.** The proxies are also authorized to vote at their discretion on any other matter that arises at the meeting or any adjournment of the meeting.

Sign your name exactly as it appears on this card. If you own shares jointly, each owner should sign. When signing as executor, administrator, attorney, trustee, guardian, or as custodian for a minor, please give your full title as such. If you are signing for a corporation, please sign the full corporate name and indicate the signer's office. If you are a partner, sign in the partnership name.

**Proposals** **Please vote by filling in the appropriate box below.**

To vote on all proposals as the Trustees recommend, mark this box. (No other vote is necessary.)

THE TRUSTEES RECOMMEND A VOTE **FOR** FIXING THE NUMBER OF TRUSTEES AT 12 **AND FOR ALL** NOMINEES:

|   | FOR     | AGAINST      | ABSTAIN |
|---|---------|--------------|---------|
| <b>1a.</b> Fixing the number of Trustees at 12.           |         |              |         |
| <b>1b.</b> Electing your fund's 12 nominees for Trustees: | FOR ALL | WITHHOLD ALL | FOR ALL |
| 1) Ravi Akhoury   |         |              |         |
| 2) Barbara M. Baumann                                     |         |              |         |
| 3) Jameson A. Baxter                                      |         |              |         |
| 4) Charles B. Curtis                                      |         |              |         |
| 5) Robert J. Darretta                                     |         |              |         |
| 6) John A. Hill   |         |              |         |
| 7) Paul L. Joskow   |         |              |         |
| 8) Kenneth R. Leibler                                     |         |              |         |
| 9) Robert E. Patterson                                    |         |              | EXCEPT* |
| 10) George Putnam, III                                    |         |              |         |
| 11) Robert L. Reynolds                                    |         |              |         |
| 12) W. Thomas Stephens                                    |         |              |         |

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\* To withhold authority to vote for one or more specific nominees, but to vote for all other nominees, check the FOR ALL EXCEPT box and

write the name(s) or number(s) of the excluded nominee(s) below:

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THE TRUSTEES RECOMMEND A VOTE **AGAINST** PROPOSAL 2: FOR AGAINST ABSTAIN

2. Shareholder proposal recommending that the fund's investment management

contract with Putnam Investment Management, LLC be terminated.

**PROPOSAL 3 IS NOT EXPECTED TO BE CONSIDERED FOR A SHAREHOLDER VOTE AT THE MEETING AND THE TRUSTEES RECOMMEND A**

**VOTE AGAINST PROPOSAL 3:** FOR AGAINST ABSTAIN

3. Shareholder proposal recommending that the Trustees consider taking all steps to

cause the fund to redeem all auction rate preferred shares at par and to utilize alternative sources of leverage.+

+The Trustees have determined not to include this proposal in the Notice of the Annual Meeting and do not intend to permit a vote on this proposal at the meeting. In the event that the fund is required by a court or regulatory authority to permit a vote on the proposal, the Trustees are soliciting proxies AGAINST the proposal.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on May 25, 2011. The proxy statement for this**

**meeting is available at: [www.proxyonline.com](http://www.proxyonline.com).** If you have any questions on this proposal, please call 1-800-780-7316.

Cusip: 123456789

Barcode

TAG ID: 12345678

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**PUTNAM MUNICIPAL OPPORTUNITIES TRUST**

By signing below, you, as a holder of common shares of Putnam Municipal Opportunities Trust, appoint Trustees John A. Hill and Robert E. Patterson, and each of them separately, with power of substitution to each, to be your proxies. You are empowering them to vote your Putnam fund shares on your behalf at the meeting of the shareholders of Putnam Municipal Opportunities Trust. The meeting will take place on May 25, 2011 at 10:00 a.m., Boston time, and may be adjourned to later times or dates. **Your vote is being solicited on behalf of**

**the Trustees.** When you complete and sign the proxy card, your shares will be voted on your behalf exactly as you have indicated on the other side of this card. **If you simply sign the proxy card, and do not vote on the specific proposal, your shares will be automatically voted as the Trustees recommend.** The proxies are also authorized to vote at their discretion on any other matter that arises at the meeting or any adjournment of the meeting.

Sign your name exactly as it appears on this card. If you own shares jointly, each owner should sign. When signing as executor, administrator, attorney, trustee, guardian, or as custodian for a minor, please give your full title as such. If you are signing for a corporation, please sign the full corporate name and indicate the signer's office. If you are a partner, sign in the partnership name.

**Proposals**

**Please vote by filling in the appropriate box below.**

To vote on all proposals as the Trustees recommend, mark this box. (No other vote is necessary.)

THE TRUSTEES RECOMMEND A VOTE **FOR** FIXING THE NUMBER OF TRUSTEES AT 12 **AND FOR ALL** NOMINEES:

|  |     |         |         |
|--|-----|---------|---------|
| 1a. Fixing the number of Trustees at 12. | FOR | AGAINST | ABSTAIN |
|--|-----|---------|---------|

1b. Electing your fund's 10 nominees for Trustees voted on by the common and preferred shareholders voting as a single class:

|                       |                       |                        |         |              |         |
|-----------------------|-----------------------|------------------------|---------|--------------|---------|
| 1) Ravi Akhoury       | 5) Robert J. Darretta | 9) Robert L. Reynolds  | FOR ALL | WITHHOLD ALL | FOR ALL |
| 2) Barbara M. Baumann | 6) Paul L. Joskow     | 10) W. Thomas Stephens |         |              | EXCEPT* |
| 3) Jameson A. Baxter  | 7) Kenneth R. Leibler |                        |         |              |         |
| 4) Charles B. Curtis  | 8) George Putnam, III |                        |         |              |         |

\* To withhold authority to vote for one or more specific nominees, but to vote for all other nominees, check the FOR ALL EXCEPT box and

write the name(s) or number(s) of the excluded nominee(s) below:

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THE TRUSTEES RECOMMEND A VOTE **AGAINST** PROPOSAL 2: FOR AGAINST ABSTAIN

2. Shareholder proposal recommending that the fund's investment management contract with Putnam Investment Management, LLC be terminated.

**PROPOSAL 3 IS NOT EXPECTED TO BE CONSIDERED FOR A SHAREHOLDER VOTE AT THE MEETING AND THE TRUSTEES RECOMMEND A**

**VOTE AGAINST PROPOSAL 3:**

FOR AGAINST ABSTAIN

3. Shareholder proposal recommending that the Trustees consider taking all steps to cause the fund to redeem all auction rate preferred shares at par and to utilize alternative sources of leverage.+

+ The Trustees have determined not to include this proposal in the Notice of the Annual Meeting and do not intend to permit a vote on this proposal at the meeting. In the event that the fund is required by a court or regulatory authority to permit a vote on the proposal, the Trustees are soliciting proxies AGAINST the proposal.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on May 25, 2011. The proxy statement for this**

**meeting is available at: [www.proxyonline.com](http://www.proxyonline.com).** If you have any questions on this proposal, please call 1-800-780-7316.

Cusip: 123456789

Barcode

TAG ID: 12345678

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