

PUTNAM TAX FREE HEALTH CARE FUND  
Form PRE 14A  
February 14, 2007

**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:

- / X / Preliminary Proxy Statement.
- / / Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e) (2)).
- / / Definitive Proxy Statement.
- / / Definitive Additional Materials.
- / / Soliciting Material Pursuant to § 240.14a-12.

**PUTNAM AMERICAN GOVERNMENT INCOME FUND  
PUTNAM ARIZONA TAX EXEMPT INCOME FUND  
PUTNAM ASSET ALLOCATION FUNDS  
PUTNAM CALIFORNIA INVESTMENT GRADE MUNICIPAL TRUST  
PUTNAM CALIFORNIA TAX EXEMPT INCOME FUND  
PUTNAM CAPITAL APPRECIATION FUND  
PUTNAM CLASSIC EQUITY FUND  
PUTNAM CONVERTIBLE INCOME-GROWTH TRUST  
PUTNAM DISCOVERY GROWTH FUND  
PUTNAM DIVERSIFIED INCOME TRUST  
PUTNAM EQUITY INCOME FUND  
PUTNAM EUROPE EQUITY FUND  
THE PUTNAM FUND FOR GROWTH AND INCOME  
PUTNAM FUNDS TRUST  
THE GEORGE PUTNAM FUND OF BOSTON  
PUTNAM GLOBAL EQUITY FUND  
PUTNAM GLOBAL INCOME TRUST  
PUTNAM GLOBAL NATURAL RESOURCES FUND  
PUTNAM HEALTH SCIENCES TRUST  
PUTNAM HIGH INCOME SECURITIES FUND  
PUTNAM HIGH YIELD ADVANTAGE FUND  
PUTNAM HIGH YIELD MUNICIPAL TRUST  
PUTNAM HIGH YIELD TRUST  
PUTNAM INCOME FUND  
PUTNAM INTERNATIONAL EQUITY FUND  
PUTNAM INVESTMENT FUNDS  
PUTNAM INVESTMENT GRADE MUNICIPAL TRUST  
PUTNAM INVESTORS FUND**

**PUTNAM LIMITED DURATION GOVERNMENT INCOME FUND**

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**PUTNAM MANAGED MUNICIPAL INCOME TRUST  
PUTNAM MASSACHUSETTS TAX EXEMPT INCOME FUND  
PUTNAM MASTER INTERMEDIATE INCOME TRUST  
PUTNAM MICHIGAN TAX EXEMPT INCOME FUND  
PUTNAM MINNESOTA TAX EXEMPT INCOME FUND  
PUTNAM MONEY MARKET FUND  
PUTNAM MUNICIPAL BOND FUND  
PUTNAM MUNICIPAL OPPORTUNITIES TRUST  
PUTNAM NEW JERSEY TAX EXEMPT INCOME FUND  
PUTNAM NEW OPPORTUNITIES FUND  
PUTNAM NEW YORK INVESTMENT GRADE MUNICIPAL  
TRUST  
PUTNAM NEW YORK TAX EXEMPT INCOME FUND  
PUTNAM OHIO TAX EXEMPT INCOME FUND  
PUTNAM OTC & EMERGING GROWTH FUND  
PUTNAM PENNSYLVANIA TAX EXEMPT INCOME FUND  
PUTNAM PREMIER INCOME TRUST  
PUTNAM RETIREMENTREADY® FUNDS  
PUTNAM TAX EXEMPT INCOME FUND  
PUTNAM TAX EXEMPT MONEY MARKET FUND  
PUTNAM TAX-FREE HEALTH CARE FUND  
PUTNAM TAX-FREE INCOME TRUST  
PUTNAM TAX SMART FUNDS TRUST  
PUTNAM U.S. GOVERNMENT INCOME TRUST  
PUTNAM UTILITIES GROWTH AND INCOME FUND  
PUTNAM VARIABLE TRUST  
PUTNAM VISTA FUND  
PUTNAM VOYAGER FUND**

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

/ X / No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and  
/ / 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction  
computed pursuant to Exchange Act Rule 0-11 (set forth the

amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

/ / Fee paid previously with preliminary materials.

/ / Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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## The proxy statement

This proxy statement can help you decide how you want to vote on important issues relating to your Putnam fund. When you complete and sign your proxy ballot, the Trustees of the fund will vote on your behalf exactly as you have indicated. If you simply sign the proxy ballot, it will be voted in accordance with the Trustees' recommendation on page 5 of the proxy statement.

Please take a few moments and decide how you want to vote. When shareholders don't return their proxies in sufficient numbers, follow-up solicitations are required, and consideration of matters important to your fund's operations may be delayed.

You can vote by returning your proxy ballots in the envelope provided. Or you can call our toll-free number, or go to the Internet. See your proxy ballot for the phone number and Internet address. If you have proxy-related questions, please call 1-800-225-1581 or contact your financial representative.

[[PUTNAM INVESTMENTS LOGO]]

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## **PROXY CARD ENCLOSED**

If you have any questions, please contact us at 1-800-225-1581 or call your financial representative.

## **A Message from the Chairman**

Dear Fellow Shareholder:

[[photo of John A. Hill]]

I am writing to ask you, as a shareholder of your Putnam fund, to vote on an important matter that will be considered at a special meeting of shareholders called for May 15, 2007. While you are as shareholders, of course, welcome to join us at your fund's meeting, most shareholders cast their vote by filling out, signing, and returning the enclosed proxy card(s), by telephone or by voting via the Internet. Instructions for voting by automated telephone and via the Internet appear at the top of your ballot.

As you may know, Great-West Lifeco Inc. has agreed to acquire Putnam Investments Trust, the parent company of Putnam, LLC, which in turn owns Putnam Investment Management, LLC (Putnam Management). When this transaction is completed, each of the Putnam funds' management contracts with Putnam Management will automatically terminate, as required by law. We are asking you to approve a new management contract with Putnam Management that will become effective when the transaction with Great-West Lifeco Inc. is completed, so that there will not be any disruption in the services that your fund receives. There will be no change in your fund's fee rates or in the services that your fund receives as a result of the transaction. The Trustees of the Putnam funds unanimously recommend that you vote FOR the approval of a new management contract.

I'm sure that you, like most people, lead a busy life and are tempted to put this proxy aside for another day. Please don't. When shareholders do not vote their proxies, additional solicitations may be necessary, and consideration of important matters affecting the operations of your fund may be delayed. All shareholders benefit from the speedy return of proxies.

Your vote is important to us. We appreciate the time and consideration I am sure you will give these important matters. If you have questions about any of these proposals, please call a Putnam customer services representative at 1-800-225-1581 or contact your financial representative.

Sincerely yours,

/s/ John A. Hill

John A. Hill, Chairman

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## Notice of a Special Meeting of Shareholders

To the Shareholders of:

PUTNAM AMERICAN GOVERNMENT INCOME FUND  
PUTNAM AMT-FREE INSURED MUNICIPAL FUND  
PUTNAM ARIZONA TAX EXEMPT INCOME FUND  
PUTNAM ASSET ALLOCATION: BALANCED  
PORTFOLIO  
PUTNAM ASSET ALLOCATION: CONSERVATIVE

PUTNAM MICHIGAN TAX EXEMPT INCOME FUND  
PUTNAM MID CAP VALUE FUND  
PUTNAM MINNESOTA TAX EXEMPT INCOME FUND  
PUTNAM MONEY MARKET FUND  
PUTNAM MUNICIPAL BOND FUND  
PUTNAM MUNICIPAL OPPORTUNITIES TRUST

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|  |  |
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| PORTFOLIO                                | PUTNAM NEW JERSEY TAX EXEMPT INCOME FUND |
| PUTNAM ASSET ALLOCATION: GROWTH          | PUTNAM NEW OPPORTUNITIES FUND            |
| PORTFOLIO                                | PUTNAM NEW VALUE FUND                    |
| PUTNAM CALIFORNIA INVESTMENT GRADE       | PUTNAM NEW YORK INVESTMENT GRADE         |
| MUNICIPAL TRUST                          | MUNICIPAL TRUST                          |
| PUTNAM CALIFORNIA TAX EXEMPT INCOME FUND | PUTNAM NEW YORK TAX EXEMPT INCOME FUND   |
| PUTNAM CAPITAL APPRECIATION FUND         | PUTNAM OHIO TAX EXEMPT INCOME FUND       |
| PUTNAM CAPITAL OPPORTUNITIES FUND        | PUTNAM OTC & EMERGING GROWTH FUND        |
| PUTNAM CLASSIC EQUITY FUND               | PUTNAM PENNSYLVANIA TAX EXEMPT INCOME    |
| PUTNAM CONVERTIBLE INCOME-GROWTH TRUST   | FUND                                     |
| PUTNAM DISCOVERY GROWTH FUND             | PUTNAM PREMIER INCOME TRUST              |
| PUTNAM DIVERSIFIED INCOME TRUST          | PUTNAM PRIME MONEY MARKET FUND           |
| PUTNAM EQUITY INCOME FUND                | PUTNAM RESEARCH FUND                     |
| PUTNAM EUROPE EQUITY FUND                | PUTNAM RETIREMENTREADY 2050 FUND         |
| PUTNAM FLOATING RATE INCOME FUND         | PUTNAM RETIREMENTREADY 2045 FUND         |
| THE PUTNAM FUND FOR GROWTH AND INCOME    | PUTNAM RETIREMENTREADY 2040 FUND         |
| THE GEORGE PUTNAM FUND OF BOSTON         | PUTNAM RETIREMENTREADY 2035 FUND         |
| PUTNAM GLOBAL EQUITY FUND                | PUTNAM RETIREMENTREADY 2030 FUND         |
| PUTNAM GLOBAL INCOME TRUST               | PUTNAM RETIREMENTREADY 2025 FUND         |
| PUTNAM GLOBAL NATURAL RESOURCES FUND     | PUTNAM RETIREMENTREADY 2020 FUND         |
| PUTNAM GROWTH OPPORTUNITIES FUND         | PUTNAM RETIREMENTREADY 2015 FUND         |
| PUTNAM HEALTH SCIENCES TRUST             | PUTNAM RETIREMENTREADY 2010 FUND         |
| PUTNAM HIGH INCOME SECURITIES FUND       | PUTNAM RETIREMENTREADY MATURITY FUND     |
| PUTNAM HIGH YIELD ADVANTAGE FUND         | PUTNAM SMALL CAP GROWTH FUND             |
| PUTNAM HIGH YIELD MUNICIPAL TRUST        | PUTNAM SMALL CAP VALUE FUND              |
| PUTNAM HIGH YIELD TRUST                  | PUTNAM TAX EXEMPT INCOME FUND            |
| PUTNAM INCOME FUND                       | PUTNAM TAX EXEMPT MONEY MARKET FUND      |
| PUTNAM INCOME STRATEGIES FUND            | PUTNAM TAX-FREE HEALTH CARE FUND         |
| PUTNAM INTERNATIONAL CAPITAL             | PUTNAM TAX-FREE HIGH YIELD FUND          |
| OPPORTUNITIES FUND                       | PUTNAM TAX SMART EQUITY FUND®            |
| PUTNAM INTERNATIONAL EQUITY FUND         | PUTNAM U.S. GOVERNMENT INCOME TRUST      |
| PUTNAM INTERNATIONAL GROWTH AND INCOME   | PUTNAM UTILITIES GROWTH AND INCOME FUND  |
| FUND                                     | PUTNAM VISTA FUND                        |
| PUTNAM INTERNATIONAL NEW OPPORTUNITIES   | PUTNAM VOYAGER FUND                      |
| FUND                                     | PUTNAM VT AMERICAN GOVERNMENT INCOME     |
| PUTNAM INVESTMENT GRADE MUNICIPAL TRUST  | FUND                                     |
| PUTNAM INVESTORS FUND                    | PUTNAM VT CAPITAL APPRECIATION FUND      |
| PUTNAM LIMITED DURATION GOVERNMENT       | PUTNAM VT CAPITAL OPPORTUNITIES FUND     |
| INCOME FUND                              | PUTNAM VT DISCOVERY GROWTH FUND          |
| PUTNAM MANAGED MUNICIPAL INCOME TRUST    | PUTNAM VT DIVERSIFIED INCOME FUND        |
| PUTNAM MASSACHUSETTS TAX EXEMPT INCOME   | PUTNAM VT EQUITY INCOME FUND             |
| FUND                                     | PUTNAM VT THE GEORGE PUTNAM FUND OF      |
| PUTNAM MASTER INTERMEDIATE INCOME TRUST  | BOSTON                                   |

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PUTNAM VT GLOBAL ASSET ALLOCATION FUND  
PUTNAM VT GLOBAL EQUITY FUND  
PUTNAM VT GROWTH AND INCOME FUND

PUTNAM VT INVESTORS FUND  
PUTNAM VT MID CAP VALUE FUND  
PUTNAM VT MONEY MARKET FUND

PUTNAM VT GROWTH OPPORTUNITIES FUND  
PUTNAM VT HEALTH SCIENCES FUND  
PUTNAM VT HIGH YIELD FUND  
PUTNAM VT INCOME FUND  
PUTNAM VT INTERNATIONAL EQUITY FUND  
PUTNAM VT INTERNATIONAL GROWTH AND  
INCOME FUND  
PUTNAM VT INTERNATIONAL NEW  
OPPORTUNITIES FUND

PUTNAM VT NEW OPPORTUNITIES FUND  
PUTNAM VT NEW VALUE FUND  
PUTNAM VT OTC & EMERGING GROWTH FUND  
PUTNAM VT RESEARCH FUND  
PUTNAM VT SMALL CAP VALUE FUND  
PUTNAM VT UTILITIES GROWTH AND INCOME  
FUND  
PUTNAM VT VISTA FUND  
PUTNAM VT VOYAGER FUND

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

A Special Meeting of Shareholders of your fund will be held on Tuesday, May 15, 2007 at 11:00 a.m., Boston time, at the principal offices of the fund on the \_\_\_<sup>th</sup> floor of One Post Office Square, Boston, Massachusetts 02109, to consider the following:

**1. Approving a new management contract for each fund.**

By Judith Cohen, Clerk,  
and by the Trustees

John A. Hill, Chairman  
Jameson A. Baxter, Vice Chairman  
George Putnam, III, President

Charles B. Curtis  
Myra R. Drucker  
Charles E. Haldeman, Jr.  
Paul L. Joskow  
Elizabeth T. Kennan  
Kenneth R. Leibler  
Robert E. Patterson  
W. Thomas Stephens  
Richard B. Worley

**We urge you to mark, sign, date, and mail the enclosed proxy in the postage-paid envelope provided or to record your voting instructions by telephone or via the Internet so that you will be represented at the meeting.**

February \_\_ 2007

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**Proxy Statement**

**This document gives you the information you need to vote on the proposal. Much of the information is required under rules of the Securities and Exchange Commission (SEC); some of it is technical. If there is anything you don't understand, please contact us at our toll-free number, 1-800-225-1581, or call your financial representative.**

### **Why has a special meeting of shareholders been called?**

On January 31, 2007, Marsh & McLennan Companies, Inc. (Marsh & McLennan), the ultimate parent company of Putnam Investment Management, LLC (Putnam Management), your fund's investment adviser, entered into a Stock Purchase Agreement with Great-West Lifeco Inc. (Lifeco). Lifeco is a financial services holding company with operations in Canada, the United States and Europe and is a member of the Power Financial Corporation group of companies. Under the Stock Purchase Agreement, Lifeco will, through a direct or indirect wholly owned subsidiary (Great-West), acquire 100% of Putnam Investments Trust, which owns Putnam, LLC (Putnam Investments), the parent company of Putnam Management and the other Putnam companies.

As a result of this transaction, your fund's management contract with Putnam Management will terminate. This is because the Investment Company Act of 1940, as amended (the 1940 Act), which regulates investment companies such as your fund, requires management contracts to terminate automatically when there is a change of control of a fund's investment adviser. The transaction with Lifeco will result in a change of control of Putnam Management, your fund's investment adviser. Thus, your fund's management contract with Putnam Management will automatically terminate when the transaction closes, and your fund's shareholders must approve a new management contract. We are recommending that you approve a new management contract with Putnam Management so that Putnam Management can continue as your fund's investment adviser after the transaction. This proxy statement describes Lifeco, the transaction, and the new management contract proposed for your fund.

### **How will the change of control affect Putnam Management?**

The change of control is not expected to have a material effect on Putnam Management. Putnam Management will operate as a stand-alone subsidiary of Lifeco and is expected to retain its brand and its existing management, investment and other service teams.

### **How does the proposed new management contract differ from your fund's current management contract?**

Although there are some differences between your fund's current management contract and the proposed new management contract, which are described in this proxy statement, there will be no change in the services that your fund will receive. Except for these differences, the proposed new management contract is substantially identical to the current contract. Under the current management contracts, Putnam Management provides investment advisory and administrative services to all of the funds except for Putnam Municipal Opportunities Trust and Putnam Prime Money Market Fund, which only receive investment advisory services under their current



management contracts. Putnam Management currently provides administrative services to these two funds under a separate administrative services contract. The proposed new management contracts for all of the Putnam funds, including Putnam Municipal Opportunities Trust and Putnam Prime Money Market Fund, cover Putnam Management's provision of both investment management and administrative services.

**Will your fund's total fees for advisory and administrative services change?**

No, there will be no change in your fund's total fees for investment management and administrative services. For the two funds mentioned above that currently have separate management and administrative services contracts, both sets of services are proposed to be covered by a single management contract with a single fee that will not exceed the sum of the current investment management and administrative services fee.

**Who is asking for your vote?**

The enclosed proxy is solicited by the Trustees of the Putnam funds for use at the special meeting of shareholders of each fund to be held on Tuesday, May 15, 2007 and, if your fund's meeting is adjourned, at any later meetings, for the purposes stated in the Notice of a Special Meeting (see previous pages). The Notice of a Special Meeting, the proxy and the Proxy Statement are being mailed on or about March \_\_, 2007.

**How do your fund's Trustees recommend that shareholders vote on the proposal?**

The Trustees unanimously recommend that you vote **FOR** the proposal.

**Who is eligible to vote?**

Shareholders of record of each fund at the close of business on Thursday, February 15, 2007 (the "Record Date") are entitled to be present and to vote at the special meeting or any adjourned meeting.

The number of shares of each fund outstanding on the Record Date is shown in **Appendix A**. Each share is entitled to one vote, with fractional shares voting proportionately. Shares represented by your duly executed proxy will be voted in accordance with your instructions. If you sign the proxy card but don't fill in a vote, your shares will be voted in accordance with the Trustees' recommendation. If any other business is brought before your fund's special meeting, your shares will be voted at the discretion of the persons designated on the proxy card.

Shareholders of each fund vote separately with respect to the proposal. The outcome of a vote affecting one fund does not affect any other fund.

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## **The Proposal**

### **1. APPROVING A NEW MANAGEMENT CONTRACT FOR EACH FUND**

## **Background Information about the Transaction**

On January 31, 2007, Marsh & McLennan, the ultimate parent company of Putnam Management, your fund's investment adviser, entered into a Stock Purchase Agreement with Lifeco. Under the Stock Purchase Agreement, Lifeco will, through Great-West, its direct or indirect wholly owned subsidiary, acquire 100% of Putnam Investments Trust, a holding company that, except for a minority stake owned by employees, is owned by Marsh & McLennan. Putnam Investments Trust owns Putnam, LLC (Putnam Investments), which in turn owns Putnam Management and the other Putnam companies.

After the transaction, Putnam Management will continue to be a wholly owned subsidiary of Putnam Investments. Putnam Investments will continue to be a wholly owned subsidiary of Putnam Investments Trust. Putnam Investments Trust will become a wholly owned subsidiary of Great-West, which will be a wholly owned holding company subsidiary of Lifeco. Lifeco is a Canadian financial services holding company with interests in the life insurance, health insurance, retirement, savings, and reinsurance businesses. Its businesses have operations in Canada, the United States and Europe. Power Financial Corporation (Power Financial), an international management and holding company of financial services businesses, owns approximately 70.6% of the voting shares of Lifeco. Power Corporation of Canada, a diversified international management and holding company, owns approximately 66.4% of the voting securities of Power Financial. The Honorable Paul Desmarais, Sr., through a group of private holding companies which he controls, has voting control of Power Corporation of Canada

The address of Mr. Desmarais, Power Corporation of Canada, and Power Financial is 751 Victoria Square, Montreal, Quebec H2Y 2J3. The address of Lifeco is 100 Osborne Street North, Winnipeg, Manitoba, R3C 3A5. The address of Great-West will be 8515 East Orchard Road, Greenwood Village, Colorado 80111.

The funds have been informed that Lifeco's strategic purpose for acquiring Putnam Investments is to establish a strong presence in the United States asset management business. Lifeco values Putnam Investments' focus on the advice segment of the U.S. market, its significant investment management capabilities and diversified range of investment products, its high quality wholesaling organization with strong relationships with financial advisers, its distribution capabilities in Japan and Europe, and its experienced management team. Lifeco has said that it intends to operate Putnam Investments as a separate business unit, retaining Putnam Investments' and Putnam Management's existing management team and other key professionals. Although Lifeco may pursue sub-advisory and other synergistic opportunities for Putnam Investments within the Power Financial group of companies, it does not anticipate significant integration issues or other disruption, in light of its intent to continue to operate Putnam Investments, Putnam Management and the other Putnam companies on a stand-alone basis and its experience in operating other companies that it has acquired as stand-alone businesses. Lifeco has advised the funds that it has no current plans to make any changes to the operations of the funds. In particular, it has advised that it has no current

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plans to make changes with respect to existing management fees, expense limitations, distribution arrangements, or quality of services provided to shareholders. In addition, Lifeco

has advised that it intends to retain the Putnam brand and to support Putnam Investments' current business strategy and Putnam Management's investment management philosophy so as to minimize disruption and change for fund shareholders and the Putnam organization. Lifeco does not plan to consolidate any Putnam fund with any other company in the Power Financial group of companies.

Although the transaction is not expected to result in significant change in the operations of Putnam Management or its management of the funds, as a result of this transaction, which is expected to close in the middle of 2007, your fund's management contract with Putnam Management will terminate. This is because the 1940 Act, which regulates investment companies such as your fund, requires management contracts to terminate automatically when there is a "change of control" of the investment adviser. The transaction with Lifeco will result in a "change of control" of Putnam Management, your fund's investment adviser. Thus, your fund's shareholders must approve a new management contract. The Trustees are recommending that you approve a new management contract with Putnam Management so that Putnam Management can continue as your fund's investment adviser.

### **The Stock Purchase Agreement**

Under the Stock Purchase Agreement, Lifeco will acquire 100% of the ownership interests of Putnam Investments Trust, which owns Putnam Investments, the owner of Putnam Management, your fund's current investment adviser. These Putnam Investments Trust ownership interests are in the form of class A shares, all of which are owned by Marsh & McLennan, and class B shares and options to purchase class B shares, all of which are held by Putnam employees. The estimated total value of the transaction is approximately \$3.9 billion (based on the estimated value of Putnam Investments Trust's equity interests on September 30, 2006). The final price is subject to certain adjustments at closing.

The Stock Purchase Agreement requires Lifeco, or its permitted assignee, at the closing of the transaction, to purchase all of the issued and outstanding class A common shares of Putnam Investments Trust currently held by Marsh & McLennan. Lifeco will assign its right to purchase the class A shares of Putnam Investments Trust to Great-West. Lifeco remains fully liable for its obligations under the Stock Purchase Agreement. Also at the closing, all of the issued and outstanding class B common shares and options currently held by Putnam employees under Putnam Investments Trust's equity partnership plan will be cancelled according to the terms of the equity partnership plan, and each Putnam employee will receive cash payments for these shares and options, a portion of which will be paid at the closing and the remainder of which will, subject to the satisfaction of certain conditions, be paid over a three-year period, provided generally that the employee is still employed by Putnam on the date of payment. These deferred payments to employees may increase or decrease based upon, among other things, the performance of the Putnam funds. The transaction structure as described in this section is

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subject to modification by Marsh & McLennan and Lifeco before closing to improve the tax efficiency of the transaction for Lifeco and to limit the extent to which the transaction consideration is subject to withholding requirements. It is not expected that any such modification would result in any significant change in Putnam Management's operations or its management of the funds.

Consummation of the transaction is subject to customary terms and conditions, including, among others, Marsh & McLennan and Lifeco obtaining certain regulatory approvals and the approval of new management contracts by shareholders of a substantial number of the Putnam funds. Although there is no assurance that the transaction will be completed, if each of the terms and conditions is satisfied or waived, the parties to the transaction anticipate that the closing will take place in the middle of 2007. If the transaction is not completed, your fund's current management contract with Putnam Management will not terminate because there will be no change of control. Putnam Management would continue to serve as your fund's investment adviser under the current management contract or, if approved at the shareholder meeting, under the proposed management contract described in this proxy statement, effective as of January 1, 2008 or such other date as the Trustees may establish.

### **Section 15(f) of the 1940 Act**

Lifeco has agreed to comply with Section 15(f) of the 1940 Act. Section 15(f) provides a non-exclusive "safe harbor" for an investment company's adviser or any affiliated persons of the adviser to receive any amount or benefit in connection with a change of control of the investment adviser as long as two conditions are met. First, for a period of three years after the change of control, at least 75% of the directors of the investment company must not be interested persons of the adviser or the predecessor adviser. Second, there must not be any "unfair burden" imposed on the investment company as a result of the transaction or any express or implied terms, conditions or understandings relating to the transaction. Section 15(f) defines "unfair burden" to include any arrangement during the two-year period after the transaction in which the adviser or predecessor adviser, or any interested person of the adviser or predecessor adviser, receives or is entitled to receive any compensation, directly or indirectly, from the investment company or its security holders (other than fees for *bona fide* investment advisory or other services) or from any person in connection with the purchase or sale of securities or other property to, from or on behalf of the investment company (other than *bona fide* ordinary compensation as principal underwriter for the investment company). Putnam Management has advised the funds that neither it, Marsh & McLennan nor Lifeco, after reasonable inquiry, is aware of any express or implied term, condition, arrangement or understanding that would impose an "unfair burden" on the funds as a result of the transaction. Marsh & McLennan and Lifeco have agreed to pay all costs incurred by the funds in connection with this transaction, including all costs of this proxy solicitation.

### **The Proposed New Management Contract; Comparison with the Funds' Current Management Contracts**

The Trustees have approved, and recommend to the shareholders of each fund that they approve, a new management contract between each fund and Putnam Management. The

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form of the proposed new management contract is attached at **Appendix B**. You should refer to **Appendix B** for the complete terms of your fund's proposed management contract.

On being presented with the need to approve new management contracts, the Trustees decided to take the opportunity to standardize, clarify and modernize various provisions of the current contracts. Because they were implemented at different times, the funds' current

management contracts differ in some cases from fund to fund, and some contain outdated provisions. The Trustees believe that this standardization will benefit shareholders by making the administration of the funds' management contracts more efficient. In addition, Putnam Municipal Opportunities Trust and Putnam Prime Money Market Fund, which currently have both a management contract and an administrative services contract, will each combine those two contracts into a single management contract. All of the other Putnam funds receive investment management and administrative services under their current management contracts.

Except as described below, the terms of the proposed new management contracts are substantially identical to those of the current contracts. The terms of the proposed new management contracts, and certain differences between the proposed new management contracts and the current contracts, are described generally below. A more detailed description of certain differences between the proposed and current management (and administrative services, as applicable) contracts is attached at **Appendix C**. The date of each fund's current management contract, the date on which it was last approved by shareholders, and the date on which its continuance was last approved by the Board of Trustees is set forth on **Appendix D**.

*Fees.* There is no change in the rate of the fees that the funds will pay Putnam Management under the proposed new management contract, except in the case of Putnam Municipal Opportunities Trust and Putnam Prime Money Market Fund (see below). The current fee schedule for investment management services and, if applicable, administrative services, for each fund is set forth in **Appendix E**. The actual fees paid by some funds are subject to expense limitations to which Putnam Management has agreed. It is not anticipated that any existing expense limitation commitment will change as a result of the transaction.

There are some minor procedural changes proposed for the fee provisions of the closed-end funds, which are described in **Appendix C**.

Putnam Municipal Opportunities Trust and Putnam Prime Money Market Fund currently have separate investment management and administrative services contracts with Putnam Management. However, the proposed new management contract for each fund, including Putnam Municipal Opportunities Trust and Putnam Prime Money Market Fund, addresses the provision of both investment management and administrative services and includes a single fee for both of these services. There is no change in the aggregate rate that Putnam Municipal Opportunities Trust and Putnam Prime Money Market Fund will pay to Putnam Management for investment management and administrative services.

*Investment Management Services.* The proposed new management contract for your fund provides that Putnam Management will furnish continuously an investment program for the fund, determining what investments to purchase, hold, sell or exchange and what portion of the fund's assets will be held uninvested, in compliance with the fund's governing documents, investment objectives, policies and restrictions, and subject to the oversight and

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control of the Trustees. Putnam Management has assured the funds and the Trustees that after the transaction it will continue to provide the same level of services to each fund and that the transaction will not have an adverse impact on the scope or nature of the services

that each fund receives.

Putnam Management is authorized under the proposed new management contract to place orders for the purchase and sale of portfolio investments for your fund with brokers or dealers that Putnam Management selects. Putnam Management must select brokers and dealers, and place orders, using its best efforts to obtain for the funds the most favorable price and execution available, except that Putnam Management may pay higher brokerage commissions if it determines in good faith that the commission is reasonable in relation to the value of brokerage and research services provided by the broker or dealer (a practice commonly known as "soft dollars"). Putnam Management may make this determination in terms of either the particular transaction or Putnam Management's overall responsibilities with respect to a fund and to other clients of Putnam Management as to which Putnam Management exercises investment discretion. Putnam Management's use of soft dollars is subject to policies established by the SEC and by the Trustees from time to time.

Each of the funds' current management contracts contains similar provisions relating to the provision of investment management services.

*Delegation of Responsibilities.* The proposed new management contract for your fund expressly provides that Putnam Management may, in its discretion and with the approval of the Trustees (including a majority of the Trustees who are not "interested persons") and, if required, the approval of shareholders, delegate responsibilities under the contract to one or more sub-advisers or sub-administrators. The separate costs of employing any sub-adviser or sub-administrator must be borne by Putnam Management or the sub-adviser or sub-administrator, not by the fund. Putnam Management is responsible for overseeing the performance of any sub-adviser or sub-administrator and remains fully responsible to the fund under the proposed new management contract regardless of whether it delegates any responsibilities.

None of the current management contracts addresses delegation of responsibilities. Putnam Management has no plans to delegate services except as described below.

At present, Putnam Management has delegated certain responsibilities to sub-advisers, as described below under the heading "Sub-Adviser Arrangements." The sub-management contracts governing these arrangements will terminate at the same time as the current management contracts of these funds. Pursuant to the proposed new management contract (and as otherwise permitted by law), Putnam Management will enter into equivalent sub-management contracts with these sub-advisers, effective at the time the proposed new management contracts become effective, with respect to these funds. See "Sub-Adviser Arrangements" below for a description of the sub-advisers, and see **Appendix F** for copies of the current sub-management contracts. The new sub-management contracts will be substantially identical to the current sub-management contracts except for the effective dates.

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In addition, Putnam Management has delegated certain administrative, pricing and bookkeeping services to State Street Bank and Trust Company. This delegation will not be affected by the transaction.

*Administrative Services.* The proposed new management contracts, and all of the current management contracts with the exception of those applying to Putnam Municipal Opportunities Trust and Putnam Prime Money Market Fund, provide that Putnam Management will manage, supervise and conduct the other (*i.e.*, non-investment) affairs and business of the fund and incidental matters. These administrative services include providing suitable office space for the fund and administrative facilities, such as bookkeeping, clerical personnel and equipment necessary for the efficient conduct of the fund's affairs, including determination of the net asset value of the fund, but excluding shareholder accounting services.

*Expenses.* The proposed new management contracts require Putnam Management to bear the expenses associated with (i) furnishing all necessary investment and management facilities, including salaries of personnel, required for it to execute its duties faithfully, (ii) providing suitable office space for the fund and (iii) providing administrative services. The proposed new management contracts also provide that the fund will pay the fees of its Trustees and will reimburse Putnam Management for compensation paid to officers and persons assisting officers of the fund, and all or part of the cost of suitable office space, utilities, support services and equipment used by such officers and persons, as the Trustees may determine. Under this provision, the fund will bear the costs of the Trustees' independent staff, which assists the Trustees in overseeing each of the funds.

The current management contracts contain similar expense and reimbursement provisions.

*Term and Termination.* If approved by shareholders of your fund, the proposed new management contract will become effective upon its execution and will remain in effect continuously, unless terminated under the termination provisions of the contract. The proposed new management contract provides that the management contract may be terminated at any time, without the payment of any penalty by the fund, by either Putnam Management or the fund by not less than 60 days' written notice to the other party. A fund may effect termination by vote of a majority of its Trustees or by the affirmative vote of a majority of the outstanding shares of the fund, as defined in the 1940 Act. The proposed new management contracts will also terminate automatically in the event of their "assignment".

The proposed new management contract will, unless terminated as described above, continue until June 30, 2008 and will continue in effect from year to year thereafter so long as its continuance is approved at least annually by (i) the Trustees of the fund or the shareholders by the affirmative vote of a majority of the outstanding shares of the fund and (ii) a majority of the Trustees who are not "interested persons" of the fund or of Putnam Management, by vote cast in person at a meeting called for the purpose of voting on such approval.

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All of the current management contracts have similar provisions for their term and termination, except that the initial terms of the contracts differ and the current management contracts require that written notice be given not more than 60 nor less than 30 days before termination.

*Limitation of Liability.* Under the proposed new management contract, Putnam Management is not liable to a fund or to any shareholder of the fund for any act or omission in the course

of, or connected with, rendering services under the proposed management contract, unless there is willful misfeasance, bad faith or gross negligence on the part of Putnam Management or reckless disregard of its obligations and duties under the proposed management contract. Each current management contract contains substantially identical provisions.

As required under each fund's Declaration of Trust, the proposed management contract contains a notice provision stating that the fund's Declaration of Trust is on file with the Secretary of The Commonwealth of Massachusetts and that the proposed management contract is executed on behalf of the Trustees as Trustees of the fund and not individually. Also, the obligations arising out of the proposed management contract are limited only to the assets and property of the fund and are not binding on any of the Trustees, officers or shareholders individually. Each current management contract contains a substantially identical notice.

*Amendments; Defined Terms.* The proposed management contract may only be amended in writing, and any amendments must be approved in a manner consistent with the 1940 Act, the rules and regulations under the 1940 Act and any applicable guidance or interpretations of the SEC or its staff. Similarly, certain terms used in the proposed management contract are used as defined in the 1940 Act, the rules and regulations under the 1940 Act and any applicable guidance or interpretation of the SEC or its staff. The current management contracts contain similar terms, except that they generally do not make reference to guidance or interpretation of the SEC or its staff. Thus, the proposed management contracts explicitly permit the funds and Manager to operate in a manner consistent with regulatory guidance and interpretations, which may provide advantages and operational flexibility from time to time.

### **Sub-Adviser Arrangements**

For certain funds, Putnam Management has retained an affiliate to provide sub-management services.

Putnam Management has retained Putnam Investments Limited ("PIL"), a wholly owned subsidiary of The Putnam Advisory Company, LLC ("PAC," which is itself a subsidiary of Putnam Investments) and an affiliate of Putnam Management, as the sub-adviser for a portion of certain funds' assets as determined by Putnam Management from time to time. PIL is currently authorized to serve as the sub-adviser, to the extent determined by Putnam Management from time to time, for the following funds: Putnam Diversified Income Trust, Putnam VT Diversified Income Trust, Putnam Europe Equity Fund, Putnam Global Equity Fund, Putnam VT Global Equity Fund, Putnam Global Income Trust, Putnam Global Natural Resources Fund, Putnam High Income Securities Fund, Putnam High Yield Advantage Fund, Putnam High Yield Trust, Putnam International Capital Opportunities Fund, Putnam

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International Equity Fund, Putnam VT International Equity Fund, Putnam International Growth and Income Fund, Putnam VT International Growth and Income Fund, Putnam International New Opportunities Fund, Putnam VT International New Opportunities Fund, Putnam Master Intermediate Trust, Putnam Premier Income Trust, Putnam Research Fund, Putnam VT Research Fund, Putnam Utilities Growth and Income Fund and Putnam VT



Utilities Growth and Income Fund.

PIL serves as sub-adviser for those funds under a sub-management agreement between Putnam Management and PIL. Pursuant to the terms of the sub-management agreement, Putnam Management (and not the fund) pays a quarterly sub-management fee to PIL for its services at the annual rate of 0.35% of the average aggregate net asset value of the portion of a fund's assets invested in equity securities and 0.40% of the portion of a fund's assets invested in fixed-income securities, if any, that PIL manages from time to time except that, in the case of Putnam High Income Securities Fund, Putnam Master Intermediate Income Trust and Putnam Premier Income Trust, Putnam Management (and not the fund) pays PIL a quarterly sub-management fee for its services at the annual rate of 0.40% of the funds' average weekly assets, if any, that PIL manages from time to time.

Under the terms of the sub-management contract, PIL, at its own expense, furnishes continuously an investment program for the portion of each fund that Putnam Management allocates to PIL from time to time and makes investment decisions on behalf of these portions of the fund, subject to Putnam Management's supervision. Putnam Management may also, at its discretion, request PIL to provide assistance with purchasing and selling securities for the fund, including order placement with certain broker-dealers. PIL, at its expense, furnishes all necessary investment and management facilities, including salaries of personnel, required for it to execute its duties.

The sub-management contract provides that PIL is not subject to any liability to Putnam Management, the fund or any shareholder of the fund for any act or omission in the course of or connected with rendering services to the fund in the absence of PIL's willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations and duties.

The sub-management contract may be terminated with respect to a fund without penalty by vote of the Trustees or the shareholders of the fund, or by PIL or Putnam Management, on 30 days' written notice. The sub-management contract also terminates without payment of any penalty in the event of its assignment. Subject to applicable law, it may be amended by a majority of the Trustees who are not "interested persons" of Putnam Management or the fund. The sub-management contract provides that it will continue in effect only so long as such continuance is approved at least annually by vote of either the Trustees or the shareholders and, in either case, by a majority of the Trustees who are not "interested persons" of Putnam Management or the fund. In each of the foregoing cases, the vote of the shareholders is the affirmative vote of a "majority of the outstanding voting securities" as defined in the 1940 Act.

PAC has been retained as a sub-adviser for a portion of the assets of Putnam International Equity Fund as determined from time to time by Putnam Management or, with respect to portions of that fund's assets for which PIL acts as sub-adviser as described above, by PIL.

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PAC serves as sub-adviser under a sub-advisory agreement among Putnam Management, PIL and PAC. Pursuant to the terms of the sub-advisory agreement, Putnam Management or, with respect to portions of Putnam International Equity Fund's assets for which PIL acts as sub-adviser, PIL (and not the fund) pays a quarterly sub-advisory fee to PAC for its services at the annual rate of 0.10% of the average aggregate net asset value of the portion of the fund with respect to which PAC acts as sub-adviser.

Under the terms of the sub-advisory contract, PAC, at its own expense, furnishes recommendations to purchase, hold, sell or exchange investments, securities and assets for that portion of Putnam International Equity Fund that is allocated to PAC from time to time by Putnam Management or PIL. Putnam Management or PIL, as applicable, determines whether to execute each such recommendation by PAC, whose activities as sub-adviser are subject to the supervision of Putnam Management and PIL, as applicable. PAC, at its expense, furnishes all necessary investment and management facilities, including salaries of personnel, required for it to execute its duties.

The sub-advisory contract provides that PAC is not subject to any liability to Putnam Management, PIL, Putnam International Equity Fund or any shareholder of the fund for any act or omission in the course of or connected with rendering services to the fund in the absence of PAC's willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations and duties.

The sub-advisory contract may be terminated without penalty by vote of the Trustees or the shareholders of Putnam International Equity Fund, or by PAC, PIL or Putnam Management, on 30 days' written notice. The sub-advisory contract also terminates without payment of any penalty in the event of its assignment. Subject to applicable law, it may be amended by a majority of the Trustees who are not "interested persons" of Putnam Management or the fund. The sub-advisory contract provides that it will continue in effect only so long as such continuance is approved at least annually by vote of either the Trustees or the shareholders and, in either case, by a majority of the Trustees who are not "interested persons" of Putnam Management or the fund. In each of the foregoing cases, the vote of the shareholders is the affirmative vote of a "majority of the outstanding voting securities" as defined in the 1940 Act.

A "change of control" that constitutes an assignment terminating automatically the funds' management contracts will also terminate automatically the sub-management contract with PIL and the sub-advisory contract with PIL and PAC. So that your fund will not lose the benefit of PIL's or PAC's services, Putnam Management intends to enter into a new sub-management contract with PIL and a new sub-advisory contract with PIL and PAC, each identical to the current contract except for the effective date. See **Appendix F** for copies of the current contracts.

### **What did the Trustees consider in evaluating the proposal?**

The Trustees met in person on October 12 and 13, 2006 to discuss the implications of a possible sale of Putnam Investments in light of a decision made by its parent company, Marsh & McLennan, to explore the possibility of a sale. At this meeting, the Trustees

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considered information relating to the operations, competitive position in the mutual fund industry and recent history of a number of firms that had indicated to Marsh & McLennan a preliminary interest in acquiring Putnam Investments. During the course of this meeting, the Trustees received presentations on these matters from two consultants with recognized expertise in the mutual fund industry. In addition, the Trustees reviewed information about recent significant acquisitions in the mutual fund industry and considered the possible effects of a sale transaction on Putnam Management and the rest of the Putnam organization. The Trustees received a report from the chief executive officer of Marsh &

McLennan and considered analyst reports relating to Marsh & McLennan and its ownership of Putnam Investments. The Trustees also received advice from their independent legal counsel regarding their responsibilities in evaluating a possible sale transaction.

The Trustees actively monitored the sale process throughout the period leading up to the public announcement of a final sale agreement on February 1, 2007. The Trustees discussed developments at telephone meetings on October 18, October 25, November 1, November 29, December 20, January 12 and January 18, and at their regular in-person meetings on November 9-10, December 14-15 and January 11-12. The Trustees who are not affiliated with Putnam Investments met separately to discuss these matters during most of these meetings. Mr. Haldeman, the only Trustee affiliated with Putnam Investments, participated in portions of these meetings to provide the perspective of the Putnam organization, but did not otherwise participate in the deliberations of the Trustees regarding a possible sale.

Over the course of these meetings, the Trustees discussed and developed general principles to guide their evaluation of a possible sale transaction. Following the emergence of a number of interested bidders by early November 2006, the Trustees conducted due diligence on these bidders with the assistance of their independent legal counsel. The Trustees communicated their perspectives on these bidders to Marsh & McLennan and also submitted specific requests for information to be provided by bidders. After learning in December 2006 that Marsh & McLennan was negotiating exclusively with Power Financial and Lifeco, the Trustees focused their diligence efforts on Power Financial and Lifeco.

On January 2, 2007, a committee of the Trustees, together with their independent legal counsel, met with representatives of Power Financial and Lifeco to discuss the proposal to acquire Putnam Investments and responses to the Trustees' diligence requests. The Trustees were advised in this meeting that Power Financial and Lifeco intended to maintain Putnam Investments as a separate, stand-alone organization under the Putnam brand and to retain Putnam Investments' current management team. Power Financial and Lifeco expressed their intention to maintain the quality of services that the Putnam organization currently provides to the funds and the funds' current cost structure. At the same time, they indicated their intention, consistent with this commitment, to pursue opportunities for improving the profitability of the Putnam organization. Power Financial and Lifeco indicated interest in pursuing the possibility of making the Putnam funds and other Putnam Investments products available through certain of their distribution channels, but indicated that no significant operational changes were envisioned. Power Financial and Lifeco also raised the possibility of using Putnam Investments' distribution network to distribute certain of the products of one or more Power Financial or Lifeco companies. The Trustees noted that these proposals may benefit Lifeco and may also enable Putnam Investments to allocate the costs of its distribution network across a greater number

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of products. At this meeting, the Trustees reviewed with Power Financial and Lifeco the role and operation of the Board of Trustees, emphasizing its historical independence and activism in such areas as fees and expenses, regulatory issues, quality of service provided by Putnam to the funds, soft dollars and proxy voting. On January 10, 2007, Ms. Baxter, Vice Chairman of the Trustees and the Chairman of the Contract Committee, also met with a representative of Power Financial and Lifeco for further discussion of these matters. At a telephonic meeting on January 18, 2007, the Trustees received a presentation on the terms of the

proposed sale and unanimously expressed their support for the proposed sale, subject to their review of final agreements.

Mr. Hill, Chairman of the Board of Trustees, met with the Chairman and Co-Chief Executive Officer and the President and Co-Chief Executive Officer of Power Corporation of Canada and the Chairman of the Board and the President and Chief Executive Officer of Power Financial on January 28, 2007 to further discuss the role of the Board of Trustees in overseeing the funds and Power Financial's and Lifeco's commitment to the Putnam brand, to Putnam Investments' management team, and to support Putnam Investments' management team and the team's strategy following the transaction with the aim of minimizing disruption and change for the Putnam shareholders. Following the public announcement of the transaction on February 1, 2007, the Trustees received a report from Putnam Investments on the final terms of the transaction at a telephonic meeting on February 5, 2007.

At an in-person meeting on February 8-9, 2007, the Trustees received further presentations regarding the final terms of the transaction and considered the approval of new management contracts for each fund proposed to become effective upon the closing of the sale. They reviewed the terms of the proposed new management contracts and the differences between the proposed new management contracts and the current management contracts (and administrative services contracts, in the case of Putnam Municipal Opportunities Trust and Putnam Prime Money Market Fund). They noted that the terms of the proposed new management contracts were substantially identical to the current management contracts, except for certain changes developed at the initiative of the Trustees and designed largely to address inconsistencies among various of the existing contracts, which had been developed and implemented at different times in the past. (These differences are described elsewhere in this proxy statement.)

In considering the approval of the new management contracts, the Trustees also considered the following matters:

(i) their belief that the transaction will not adversely affect the Putnam funds, and by addressing uncertainty regarding the ownership of Putnam Investments, should enhance the ability of Putnam Management and its affiliates to continue to provide high quality investment advisory and other services to the funds;

(ii) the intention expressed by representatives of Power Financial and Lifeco to retain the existing Putnam Investments' management team and other key professionals and that Putnam Investments would be operated as a separate business unit;

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(iii) Power Financial's and Lifeco's commitment to support the continued effort of Putnam Management's current management team to rebuild Putnam's reputation and enhance the investment process;

(iv) that representatives of Power Financial, Lifeco and Putnam Management advised that they have no current plans to make changes with respect to existing management fees, expense limitations, distribution arrangements or quality of services provided to fund shareholders and committed to maintain the current program of fund expense limitations, at least through June 30, 2009, which ensures that all Putnam funds will have expense levels at

or below competitive industry averages;

(v) the financial condition and reputation of Power Financial and Lifeco, their record of operating acquired companies with minimal disruption to their businesses, their high level of respect for the mutual fund governance process and the independence of the Trustees and their decisions and their commitment to maintain the high level of cooperation and support that the Putnam organization has historically provided;

(vi) the possible benefits that the funds may receive as a result of Putnam Management joining the Power Financial group of companies, which is expected to promote stability of the Putnam organization and eliminate the previous uncertainty with respect to the future ownership of Putnam Investments;

(vii) Power Financial's and Lifeco's commitment to maintaining competitive compensation arrangements to allow the Putnam organization to attract and retain highly qualified personnel;

(viii) that the current senior management team at Putnam Investments has indicated its strong support of the transaction; and

(ix) the commitments of Marsh & McLennan and Lifeco to bear all expenses incurred by the Putnam funds in connection with the transaction, including all costs associated with this proxy solicitation.

Finally, in considering the proposed new management contracts, the Trustees also took into account their deliberations and conclusions in connection with their most recent annual approval of the continuance of the funds' management contracts effective July 1, 2006, and the extensive materials that they had reviewed in connection with that approval process. **Appendix G** contains a summary description of the matters considered by the Trustees in connection with that approval.

Based upon the foregoing considerations, on February 9, 2007, the Trustees, including all of the Trustees present who are not "interested persons" of the funds or Putnam Investments, approved the proposed new management contracts and determined to recommend their approval to the shareholders of the Putnam funds.

### **Additional Information Regarding Potential Interests of Certain Trustees in the Transaction**

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Charles E. Haldeman, Jr., a Trustee of the funds, serves as the President and Chief Executive Officer of Putnam Investments. Mr. Haldeman is also a stockholder of Putnam Investments Trust. On March 15, 2005, Putnam Investments Trust granted Mr. Haldeman 210,635 shares of class B common stock pursuant to the Putnam Investments Trust Equity Partnership Plan. With respect to this grant, Mr. Haldeman's shares vest over a four-year period, with 25% of the shares vesting on each anniversary of the grant, although vesting may be accelerated under certain circumstances if Mr. Haldeman's employment with Putnam terminates. On September 29, 2005, Mr. Haldeman participated in the Putnam Option Exchange Program, in which holders of eligible options to purchase class B common stock were permitted to

elect to exchange their options for restricted shares of class B common stock with a value equal to the value of the exchanged options. Mr. Haldeman was granted 14,226 restricted shares of class B common stock in exchange for an option to purchase 99,200 shares of class B common stock. On March 15, 2006, Putnam Investments Trust granted Mr. Haldeman 111,693 restricted shares of class B common stock for his performance in 2005. With respect to such grant, Mr. Haldeman's shares vest over a four-year period, with 25% of the shares vesting on each anniversary of the grant. On March 15, 2006, Mr. Haldeman received an additional grant of 314,136 restricted shares of class B common stock and an option to purchase 510,638 shares as a special grant as a result of his employment contract with Marsh & McLennan. With respect to each such grant, Mr. Haldeman's shares vest 10%, 20%, 30% and 40% over the next four years, subject to acceleration provisions based on investment performance. Mr. Haldeman also holds other restricted shares of class B common stock from grants in years prior to 2005, and it is expected that an additional grant of such restricted shares will be made in March 2007. As a stockholder of Putnam Investments Trust, Mr. Haldeman will benefit directly from the sale of your fund's investment adviser to Lifeco in an estimated amount of between \$\_\_\_ and \$\_\_\_ depending upon, among other things, the closing price for the transaction.

In addition to the interests described above, Mr. Haldeman currently owns certain stock and options to purchase stock of Marsh & McLennan, and may benefit indirectly from the sale of your fund's investment adviser to Lifeco to the extent of his interests in Marsh & McLennan.

George Putnam, III, is the President of your fund as well as a Trustee. Mr. Putnam is also a stockholder of Marsh & McLennan. As of December 31, 2006, he and his children own in the aggregate 12,110 shares of Marsh & McLennan. In addition, Mr. Putnam serves as a trustee of trusts holding in the aggregate 102,317 shares of Marsh & McLennan; Mr. Putnam is a likely beneficiary of these trusts. Mr. Putnam is also a director of a charitable organization that owns 12,000 shares of Marsh & McLennan in which Mr. Putnam has no economic interest. In addition, certain other members of Mr. Putnam's family own in the aggregate 518,846 shares of Marsh & McLennan in which Mr. Putnam has no current economic interest. Mr. Putnam may benefit indirectly from the sale of your fund's investment adviser to Lifeco to the extent of his interests in shares of Marsh & McLennan.

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

Approval of your fund's proposed new management contract requires the affirmative vote of the lesser of (a) more than 50% of the outstanding shares of the fund, or (b) 67% or more of the shares of the fund present (in person or by proxy) at the meeting if more than 50% of the outstanding shares of the fund are present at the meeting in person or by proxy.

**The Trustees, including a majority of the Trustees who are not "interested persons" of Putnam Management or the funds, recommend that shareholders approve the proposed management contracts.**

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

**Quorum and Methods of Tabulation.** The shareholders of each fund vote separately with respect to the proposal. In the case of all closed-end funds, a majority of the shares entitled to vote constitutes a quorum for the transaction of business with respect to any proposal at the meeting. In the case of each other fund, 30% of the shares entitled to vote constitutes a quorum. Shares of all classes of each fund vote together as a single 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 the 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.

The documents that authorize Putnam Fiduciary Trust Company to act as Trustee for certain individual retirement accounts (including traditional, Roth and SEP IRA[s]) provide that if an IRA account owner does not submit voting instructions for his or her shares, Putnam Fiduciary Trust Company will vote such shares in the same proportions as other shareholders with similar accounts have submitted voting instructions for their shares. Shareholders should be aware that this practice, known as echo-voting, may have the effect of increasing the number of shares voted in favor of the proposal (possibly increasing the likelihood that the proposal will be approved) and that Putnam Fiduciary Trust Company, which is an affiliate of Putnam Management, may benefit indirectly from the approval of the proposed new management contracts.

Abstentions and broker non-votes have the effect of a negative vote on the proposal. Treating broker non-votes as negative votes 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. In certain circumstances in which a fund has received sufficient votes to approve a matter being recommended for approval by the fund[s] Trustees, the fund may request that brokers and nominees, in their discretion, withhold submission of broker non-votes in order to avoid the need for solicitation of additional votes in favor of the proposal. A fund may also request that selected brokers and nominees, in their discretion, submit broker non-votes, if doing so is necessary to obtain a quorum.

Shareholders who object to any proposal in this Proxy Statement will not be entitled under Massachusetts law or the Agreement and Declaration of Trust of the particular Putnam fund to demand payment for, or an appraisal of, their shares.

**Special Rule for Proportional Voting (for Putnam High Yield Municipal Trust, Putnam Investment Grade Municipal Trust, Putnam Managed Municipal Income Trust, Putnam Municipal Bond Fund and Putnam Municipal Opportunities Trust).** For funds listed on the New York Stock Exchange that have outstanding preferred shares, in accordance with the

rules of the New York Stock 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) a minimum of 30% of the outstanding preferred shares have been voted by the holders of preferred shares, (ii) holders of less than 10% of the outstanding preferred shares have voted against the proposal and (iii) the holders of the common shares have approved the proposal.

**Other business.** The Trustees know of no matters other than those described in this proxy statement 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 in the enclosed form of proxy.

**Simultaneous meetings.** The meeting of shareholders of your fund is called to be held at the same time as the meetings of shareholders of certain of the other Putnam funds. It is anticipated that all meetings will be held simultaneously.

If any shareholder at the meeting objects to the holding of a simultaneous meeting and moves for an adjournment of the meeting to a time promptly after the simultaneous meetings, the persons named as proxies will vote in favor of such adjournment.

***Information for all Putnam funds except funds that are series of Putnam Variable Trust***

**Solicitation of proxies.** In addition to soliciting proxies by mail, Trustees of your fund and employees of Putnam Management, Putnam Fiduciary Trust Company and Putnam Retail Management 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 asked for their Social Security number or other identifying information. The shareholders would then 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 your proxy card and follow the instructions on the Internet site. To



record your voting instructions via automated 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 have abstained from voting, including brokers and nominees.

**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 shareholders or (v) by attending the meeting and voting in person.

***Information for funds that are series of  
Putnam Variable Trust***

**Voting Process.** With respect to funds that are series of Putnam Variable Trust only, as of the Record Date, certain insurance companies (each, an "Insurance Company") were shareholders of record of each fund that is a series of Putnam Variable Trust. Each Insurance Company will vote shares of the fund or funds held by it in accordance with voting instructions received from variable annuity contract and variable life insurance policy owners (collectively, the "Contract Owners") for whose accounts the shares are held. Accordingly, with respect to funds that are series of Putnam Variable Trust, this proxy statement is also intended to be used by each Insurance Company in obtaining these voting instructions from Contract Owners. In the event that a Contract Owner gives no instructions, the relevant Insurance Company will vote the shares of the appropriate fund attributable to the Contract Owner in the same proportion as shares of that fund for which it has received instructions. One effect of this system of proportional voting is that, if only a small number of Contract Owners provide voting instructions, this small number of Contract Owners may determine the outcome of a vote for a fund.

**Solicitation of proxies.** In addition to soliciting proxies and voting instructions by mail, the Trustees of your fund and employees of Putnam Management, Putnam Fiduciary Trust Company, Putnam Retail Management and the Insurance Companies may solicit voting instructions from Contract Owners 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 solicitation of proxies and voting instructions by telephone are designed to authenticate Contract Owners' identities, to allow them to authorize the voting of their units 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. Contract Owners would be called at the phone number Putnam Management has in its records for their accounts (or that Putnam Management obtains from the Insurance Companies), and would be asked for their Social Security number or other identifying information. The Contract Owners would then be given an opportunity to give their instructions. To ensure that the Contract Owners' 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.

**Contract Owner Instructions.** Each Contract Owner is entitled to instruct his or her insurance company as to how to vote its shares and can do so by marking voting instructions on the ballot enclosed with this proxy statement and then signing, dating and mailing the ballot in the envelope provided. If a ballot is not marked to indicate voting instructions, but is signed, dated and returned, it will be treated as an instruction to vote the shares in favor of the proposal. Each Insurance Company will vote the shares for which it receives timely voting instructions from Contract Owners in accordance with those instructions and will vote those shares for which it receives no timely voting instructions for and against approval of a proposal, and as an abstention, in the same proportion as the shares for which it receives voting instructions. Shares attributable to accounts retained by each Insurance Company will be voted in the same proportion as votes cast by Contract Owners. Accordingly, there are not expected to be any "broker non-votes."

Contract Owners have the opportunity to submit their voting instructions via the Internet by utilizing a program provided by a third party vendor hired by Putnam Management or by automated telephone service. The giving of such voting instructions 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 your proxy card, and follow the instructions on the Internet site. The Internet voting procedures are designed to authenticate Contract Owners' identities, to allow Contract Owners to give their voting instructions and to confirm that their instructions have been recorded properly. Contract Owners 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 Contract Owners.

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

**Revocation of instructions.** Any Contract Owner giving instructions to an Insurance Company has the power to revoke such instructions by mail by providing superseding instructions. All properly executed instructions received in time for the meeting will be voted as specified in the instructions.

**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, or (iv) by attending the meeting and voting in person.

***Information for all Putnam funds  
other than the closed-end funds***

**Date for receipt of shareholders' proposals for subsequent meetings of shareholders.**

Your fund does not regularly hold annual shareholder meetings, but may from time to time schedule special meetings. In addition, your fund has voluntarily undertaken to hold shareholder meetings at least every five years for the purpose of electing your fund's Trustees; the last such meeting was held in 2004. In accordance with the regulations of the SEC, in order to be eligible for inclusion in the fund's proxy statement for such a meeting, a shareholder or Contract Owner proposal must be received a reasonable time before the fund prints and mails its proxy statement.

The Board Policy and Nominating Committee of the Board of Trustees, which consists of Independent Trustees only, will also consider nominees recommended by shareholders of the fund to serve as Trustees. A shareholder or Contract Owner must submit the names of any such nominees in writing to the fund, to the attention of the Clerk, at the address of the principal offices of the fund.

If a shareholder who wishes to present a proposal at a special shareholder meeting fails to notify the fund within a reasonable time before the fund mails its proxy statement, the persons named as proxies will have discretionary authority to vote on the shareholder's proposal if it is properly brought before the meeting. If a shareholder makes a timely notification, the proxies may still exercise discretionary voting authority under circumstances consistent with the SEC's proxy rules. All shareholder proposals must also comply with other requirements of the SEC's rules and the fund's Agreement and Declaration of Trust.

***Information for all Putnam closed-end funds***

**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 the month/year as denoted below:

|  |                 |
|--|-----------------|
| Putnam California Investment Grade Municipal Trust | September, 2007 |
| Putnam High Income Securities Fund                 | January, 2008   |
| Putnam High Yield Municipal Trust                  | September, 2007 |
| Putnam Investment Grade Municipal Trust            | September, 2007 |
| Putnam Managed Municipal Income Trust              | September, 2007 |
| Putnam Master Intermediate Income Trust            | January, 2008   |
| Putnam Municipal Bond Fund                         | September, 2007 |
| Putnam Municipal Opportunities Trust               | September, 2007 |
| Putnam New York Investment Grade Municipal Trust   | September, 2007 |
| Putnam Premier Income Trust                        | January, 2008   |
| Putnam Tax-Free Health Care Fund                   | September, 2007 |

The Trustees of your fund reserve the right to set an earlier or later date for the next meeting. Shareholder proposals to be included in the proxy statement for that meeting must be received by your fund on or before July 23, 2007 for Putnam High Income Securities Fund, Putnam Master Intermediate Income Trust and Putnam Premier Income Trust and \_\_\_\_\_, 2007 for the other closed-end funds identified above. 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 Securities Exchange Act of 1934, as amended. Shareholders who wish to make a proposal at the next annual meeting—other than one that will be included in the fund’s proxy materials—should notify the fund no later than October 6, 2007 for Putnam High Income Securities Fund, Putnam Master Intermediate Income Trust and Putnam Premier Income Trust and \_\_\_\_\_, 2007 for the other closed-end funds identified above. 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 next annual meeting must provide written notice to the fund (including all required information) so that such notice is received in good order by the fund no earlier than October 13, 2007 and no later than November 12, 2007 for Putnam High Income Securities Fund, Putnam Master Intermediate Income Trust and Putnam Premier Income Trust and no earlier than \_\_\_\_\_, 2007 and no later than \_\_\_\_\_, 2007 for the other closed-end funds identified above.

The Board Policy and Nominating Committee will also consider nominees recommended by shareholders of each fund to serve as Trustees. A shareholder must submit the names of any such nominees in writing to the fund, to the attention of the Clerk, at the address of the principal offices of the fund.

If a shareholder who wishes to present a proposal fails to notify the fund by the dates specified above, the proxies solicited for the meeting will have discretionary authority to vote on the shareholder’s proposal if it is properly brought before the meeting. If a shareholder makes a timely notification, the proxies may still exercise discretionary voting authority under circumstances consistent with the SEC’s proxy rules. All shareholder proposals must also comply with other requirements of the SEC’s rules and the fund’s Agreement and Declaration of Trust.

### ***Information for all Putnam funds***

**Expenses of Solicitation.** Persons holding shares as nominees will, upon request, be reimbursed for their reasonable expenses in soliciting instructions from their principals. The Putnam funds have retained \_\_\_\_\_ to aid in the solicitation of instructions for registered and nominee accounts. \_\_\_\_\_’s fee, as well as the other expenses of the preparation of proxy statements and related materials, including printing and delivery costs and the proxy solicitation expenses, are borne by Marsh McLennan and Lifeco.

**Adjournment.** If sufficient votes in favor the proposal set forth in the Notice of a Special Meeting of Shareholders are not received by the time scheduled for the meeting or if the quorum required for the proposal has not been met, the persons named as proxies may propose adjournments of the special meeting for a period or periods of not more than 60 days

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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 proposal. They will vote against any such adjournment those proxies required to be voted against the proposal. Any proposal 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'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 ballots 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 41203, Providence, Rhode Island 02940-1203.

**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 41203, Providence, RI 02940-1203 or 1-800-225-1581.

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## Fund Information

**Putnam Investments.** Putnam Investment Management, LLC, your fund's investment manager and administrator, is a subsidiary of Putnam, LLC (Putnam Investments). Putnam Investments is a wholly owned subsidiary of Putnam Investments Trust, a holding company that, except for a minority stake owned by employees, is in turn owned by Marsh & McLennan, a leading professional services firm that includes risk and insurance services, investment management and consulting businesses. Following the transaction described in this Proxy Statement, Putnam Investments Trust will be a wholly owned subsidiary of Great-West as described above, and Power Corporation of Canada will be the ultimate parent company of Putnam Investment Management, LLC. Effective January 1, 2007, Putnam Management has delegated responsibility for providing certain administrative, pricing and bookkeeping services for the funds to State Street Bank and Trust Company.

The address of each of Putnam Investments Trust, Putnam Investments and Putnam Investment Management, LLC, is One Post Office Square, Boston, Massachusetts 02109. The address of the executive offices of Marsh & McLennan is 1166 Avenue of the Americas, New York, New York 10036. Charles E. Haldeman, Jr. is the President and Chief Executive Officer of Putnam Investments. His address is One Post Office Square, Boston, Massachusetts 02109. The addresses of the Putnam companies and Mr. Haldeman are not expected to change following the completion of the transaction.

Putnam Management provides investment advisory services to other funds that may have investment objectives and policies similar to those of your fund. The table in **Appendix H** identifies these other funds and states their net assets and the management fees that they paid to Putnam Management during the fiscal years noted.

**Putnam Investments Limited and The Putnam Advisory Company, LLC.** Putnam Investments Limited, which has been retained by Putnam Investment Management, LLC as investment sub-adviser with respect to a portion of the assets of certain funds, is a subsidiary of The Putnam Advisory Company, LLC, which is owned by Putnam Advisory Company LP, a subsidiary of Putnam Investments. Putnam Advisory Company LP's general partner is Putnam Advisory Company GP, Inc. Putnam Advisory Company GP, Inc. is a wholly owned subsidiary of Putnam Investments, which is also the sole limited partner of Putnam Advisory Company LP. The Putnam Advisory Company, LLC has also been retained to serve as a sub-adviser for a portion of the assets of Putnam International Equity Fund.

The address of Putnam Investments Limited is Cassini House, 57-59 St. James's Street, London, England, SW1A 1LD. The address of each of The Putnam Advisory Company, LLC, Putnam Advisory Company LP, and Putnam Advisory Company GP, Inc. is One Post Office Square, Boston, Massachusetts 02109.

**Putnam Fiduciary Trust Company.** Putnam Fiduciary Trust Company, the fund's investor servicing agent and custodian, is a subsidiary of Putnam Investments. Its address is One Post Office Square, Boston, Massachusetts 02109. The funds have retained State Street Bank and Trust Company as custodian, and it is expected that Putnam Fiduciary Trust Company's

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service as custodian will terminate during the first half of 2007 when all of the funds' assets in its custody or the custody of its sub-custodian have been transferred into State Street Bank and Trust Company's safekeeping.

**Putnam Retail Management.** Putnam Retail Management Limited Partnership, the fund's principal underwriter (PRM), is a subsidiary of Putnam Investments. Putnam Retail Management GP, Inc. is the general partner of PRM, and also owns a minority stake in PRM. Putnam Retail Management GP, Inc. is a wholly owned subsidiary of Putnam Investments. The address of PRM and Putnam Retail Management GP, Inc. is One Post Office Square, Boston, Massachusetts 02109.

**Payments to Putnam Management or its affiliates.** **Appendix I** shows amounts paid to Putnam Management or its affiliates during each fund's most recent fiscal year for the services noted. The funds made no other material payments to Putnam Management or its affiliates during the periods shown.

**Limitation of Trustee liability.** Your fund's Agreement and 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 Agreement and 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.

**Officers and other information.** All of the officers of your fund, with the exception of George Putnam, III, the fund's President, are employees of Putnam Management or its affiliates or serve on the staff of the Office of the Trustees. Because of their positions with Putnam Management or its affiliates or their ownership of stock of Marsh & McLennan, the parent corporation of Putnam Investments Trust and indirectly of Putnam Investments, Messrs. Haldeman and Putnam, as well as the other officers of your fund, except those who serve on the staff of the Office of the Trustees, will benefit from the management fees, distribution fees, custodian fees, and investor servicing fees paid or allowed by your fund. In addition, Mr. Haldeman and certain of your fund's executive officers (other than Mr. Putnam and those officers who are members of the Trustees' independent administrative staff) own class B shares of Putnam Investments Trust or options to purchase class B shares and, accordingly, will benefit, pro rata with other holders of class B shares and options, from the payments to be made with respect to class B shares and options in connection with the transaction, as described above under "The Stock Purchase Agreement." In addition to Mr. Putnam, the other officers of your fund are as follows:

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| Name (year of birth)<br><i>Office with the fund</i>   | Year first<br>elected to<br>office | Business experience<br>during past five years  |
|---|------------------------------------|--|
| <b>Charles E. Porter (Born 1938)*</b><br><i>Executive Vice President, Associate<br/>Treasurer, Principal Executive Officer and<br/>Compliance Liaison</i> | <b>1989</b>                        | <b>Executive Vice President,<br/>Associate Treasurer, Principal<br/>Executive Officer and<br/>Compliance Liaison, The<br/>Putnam Funds</b>                 |
| <b>Jonathan S. Horwitz (Born 1955)*</b><br><i>Senior Vice President and Treasurer</i>   | <b>2004</b>                        | <b>Senior Vice President and<br/>Treasurer, The Putnam<br/>Funds. Prior to 2004, Mr.<br/>Horwitz was a Managing<br/>Director at Putnam<br/>Investments</b> |
| <b>Steven D. Krichmar (Born 1958)</b><br><i>Vice President and Principal Financial<br/>Officer</i>  | <b>2002</b>                        | <b>Senior Managing Director,<br/>Putnam Investments. Prior to<br/>2001, Mr. Krichmar was a<br/>Partner at<br/>PricewaterhouseCoopers,<br/>LLP</b>          |
| <b>Janet C. Smith (Born 1965)</b><br><i>Vice President, Assistant Treasurer and<br/>Principal Accounting Officer</i>                                      | <b>2006</b>                        | <b>Managing Director, Putnam<br/>Investments</b>   |

|   |             |   |
|---|-------------|---|
| <b>Beth Mazor (Born 1958)</b><br><i>Vice President</i>  | <b>2002</b> | <b>Managing Director, Putnam Investments</b>  |
| <b>Mark C. Trenchard (Born 1962)</b><br><i>Vice President and BSA Compliance officer</i>          | <b>2002</b> | <b>Managing Director, Putnam Investments</b>  |
| <b>Francis J. McNamara, III (Born 1955)</b><br><i>Vice President and Chief Legal Officer</i>      | <b>2004</b> | <b>Senior Managing Director, Putnam Investments, Putnam Management and Putnam Retail Management. Prior to 2004, Mr. McNamara was General Counsel of State Street Research &amp; Management.</b> |
| <b>Charles A. Ruys de Perez (Born 1957)</b><br><i>Vice President and Chief Compliance Officer</i> | <b>2004</b> | <b>Managing Director, Putnam Investments</b>  |

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| Name (year of birth)<br><i>Office with the fund</i>              | Year first<br>elected to<br>office | Business experience<br>during past five years  |
|--|------------------------------------|--|
| <b>James P. Pappas (Born 1953)</b><br><i>Vice President</i>      | <b>2004</b>                        | <b>Managing Director, Putnam Investments and Putnam Management. During 2002, Mr. Pappas was Chief Operating Officer of Atalanta/Sosnoff Management Corporation; prior to 2001, he was President and Chief Executive Officer of UAM Investment Services, Inc.</b> |
| <b>Richard S. Robie III (Born 1960)</b><br><i>Vice President</i> | <b>2004</b>                        | <b>Senior Managing Director, Putnam Investments, Putnam Management and Putnam Retail Management. Prior to 2003, Mr. Robie was Senior Vice President of United Asset Management Corporation</b>   |
| <b>Judith Cohen (Born 1945)*</b>                                 | <b>1993</b>                        | <b>Clerk and Assistant</b>   |

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*Vice President, Assistant Treasurer and Clerk*

**Treasurer, The Putnam Funds**

**Wanda M. McManus (Born 1947)\***  
*Vice President, Senior Associate Treasurer and Assistant Clerk*

**1993**

**Vice President, Senior Associate Treasurer and Assistant Clerk, The Putnam Funds**

**Nancy E. Florek (Born 1957)\***  
*Vice President, Assistant Clerk, Assistant Treasurer and Proxy Manager*

**2000**

**Vice President, Assistant Clerk, Assistant Treasurer and Proxy Manager, The Putnam Funds**

\*Officers of each fund who are members of the Trustees independent administrative staff. Compensation for these individuals is fixed by the Trustees and reimbursed to Putnam Management.

**5% Beneficial Ownership.** As of February 9, 2007, to the knowledge of each fund, no person other than those listed on **Appendix J** owned beneficially or of record 5% or more of any class of shares of the fund.

**Security Ownership.** As of February 9, 2007, the officers and Trustees of each fund as a group owned less than 1% of the outstanding shares of each class of each fund except as listed on **Appendix K**.

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**APPENDIX A Number of Shares Outstanding as of the Record Date**

| Putnam American Government Income Fund | Putnam Asset Allocation: Balanced Portfolio | Putnam Asset Allocation: Conservative Portfolio | Putnam Asset Allocation: Growth Portfolio | Putnam Capital Appreciation Fund |
|--|---|---|---|----------------------------------|
|--|---|---|---|----------------------------------|

Class A

Class B

Class C

Class M

Class R

Class Y

Edgar Filing: PUTNAM TAX FREE HEALTH CARE FUND - Form PRE 14A

|                                      |                               |  |                                 |                                    |
|--------------------------------------|-------------------------------|--|---------------------------------|------------------------------------|
| Putnam Capital<br>Opportunities Fund | Putnam Classic<br>Equity Fund | Putnam Convertible<br>Income-Growth<br>Trust | Putnam Discovery<br>Growth Fund | Putnam Diversified<br>Income Trust |
|--------------------------------------|-------------------------------|--|---------------------------------|------------------------------------|

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Class A

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Class B

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Class C

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Class M

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Class R

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Class Y

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|                              |                              |                                     |  |                                     |
|------------------------------|------------------------------|-------------------------------------|--|-------------------------------------|
| Putnam Equity<br>Income Fund | Putnam Europe<br>Equity Fund | Putnam Floating<br>Rate Income Fund | The Putnam Fund for<br>Growth and Income | The George Putnam<br>Fund of Boston |
|------------------------------|------------------------------|-------------------------------------|--|-------------------------------------|

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Class A

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Class B

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Class C

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Class M

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Class R

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Class Y

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A-1

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|                              |                               |  |                                     |                                 |
|------------------------------|-------------------------------|--|-------------------------------------|---------------------------------|
| Putnam Global<br>Equity Fund | Putnam Global<br>Income Trust | Putnam Global<br>Natural Resources<br>Fund | Putnam Growth<br>Opportunities Fund | Putnam Health<br>Sciences Trust |
|------------------------------|-------------------------------|--|-------------------------------------|---------------------------------|

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Class A

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Class B

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Class C

Edgar Filing: PUTNAM TAX FREE HEALTH CARE FUND - Form PRE 14A

Class M

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Class R

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Class Y

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|                            |                                     |                    |                                  |   |
|----------------------------|-------------------------------------|--------------------|----------------------------------|---|
| Putnam High Yield<br>Trust | Putnam High Yield<br>Advantage Fund | Putnam Income Fund | Putnam Income<br>Strategies Fund | Putnam International<br>Capital<br>Opportunities Fund |
|----------------------------|-------------------------------------|--------------------|----------------------------------|---|

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Class A

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Class B

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Class C

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Class M

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Class R

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Class Y

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|                                     |   |   |                          |   |
|-------------------------------------|---|---|--------------------------|---|
| Putnam International<br>Equity Fund | Putnam International<br>Growth and Income<br>Fund | Putnam International<br>New Opportunities<br>Fund | Putnam Investors<br>Fund | Putnam Limited<br>Duration<br>Government Income<br>Fund |
|-------------------------------------|---|---|--------------------------|---|

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Class A

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Class B

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Class C

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Class M

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Class R

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Class Y

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## Edgar Filing: PUTNAM TAX FREE HEALTH CARE FUND - Form PRE 14A

|                              |                             |                                  |                          |   |
|------------------------------|-----------------------------|----------------------------------|--------------------------|---|
| Putnam Mid Cap<br>Value Fund | Putnam Money<br>Market Fund | Putnam New<br>Opportunities Fund | Putnam New Value<br>Fund | Putnam OTC &<br>Emerging Growth<br>Fund |
|------------------------------|-----------------------------|----------------------------------|--------------------------|---|

Class A

Class B

Class C

Class M

Class R

Class Y --

Class T -- -- -- --

|                         |  |  |  |  |
|-------------------------|--|--|--|--|
| Putnam Research<br>Fund | Putnam<br>RetirementReady<br>2010 Fund | Putnam<br>RetirementReady<br>2015 Fund | Putnam<br>RetirementReady<br>2020 Fund | Putnam<br>RetirementReady<br>2025 Fund |
|-------------------------|--|--|--|--|

Class A

Class B

Class C

Class M

Class R

Class Y

|  |  |  |  |  |
|--|--|--|--|--|
| Putnam<br>RetirementReady<br>2030 Fund | Putnam<br>RetirementReady<br>2035 Fund | Putnam<br>RetirementReady<br>2040 Fund | Putnam<br>RetirementReady<br>2045 Fund | Putnam<br>RetirementReady<br>2050 Fund |
|--|--|--|--|--|

Class A

Class B

Class C

Edgar Filing: PUTNAM TAX FREE HEALTH CARE FUND - Form PRE 14A

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Class M

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Class R

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Class Y

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A-3

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|                                      |                              |                             |                                     |   |
|--------------------------------------|------------------------------|-----------------------------|-------------------------------------|---|
| Putnam RetirementReady Maturity Fund | Putnam Small Cap Growth Fund | Putnam Small Cap Value Fund | Putnam U.S. Government Income Trust | Putnam Utilities Growth and Income Fund |
|--------------------------------------|------------------------------|-----------------------------|-------------------------------------|---|

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Class A

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Class B

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Class C

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Class M

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Class R

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Class Y

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|                   |                     |  |                                       |  |
|-------------------|---------------------|--|---------------------------------------|--|
| Putnam Vista Fund | Putnam Voyager Fund | Putnam AMT-Free Insured Municipal Fund | Putnam Arizona Tax Exempt Income Fund | Putnam California Tax Exempt Income Fund |
|-------------------|---------------------|--|---------------------------------------|--|

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Class A

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Class B

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Class C

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Class M

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Class R

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Class Y

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Edgar Filing: PUTNAM TAX FREE HEALTH CARE FUND - Form PRE 14A

|  |  |   |  |  |
|--|--|---|--|--|
| Putnam<br>Massachusetts Tax<br>Exempt Income<br>Fund | Putnam Michigan<br>Tax Exempt Income<br>Fund | Putnam Minnesota<br>Tax Exempt Income<br>Fund | Putnam New Jersey<br>Tax Exempt Income<br>Fund | Putnam New York<br>Tax Exempt Income<br>Fund |
|--|--|---|--|--|

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Class A

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Class B

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Class C

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Class M

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|  |   |                                  |                                    |                                 |
|--|---|----------------------------------|------------------------------------|---------------------------------|
| Putnam Ohio Tax<br>Exempt Income<br>Fund | Putnam<br>Pennsylvania Tax<br>Exempt Income<br>Fund | Putnam Tax Exempt<br>Income Fund | Putnam Tax-Free<br>High Yield Fund | Putnam Tax Smart<br>Equity Fund |
|--|---|----------------------------------|------------------------------------|---------------------------------|

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Class A

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Class B

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Class C

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Class M

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A-4

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Putnam Prime  
Money Market Fund

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Class A

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Class I

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Class P

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Class R

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Class S

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Putnam Tax Exempt  
Money Market Fund

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Class A

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## Edgar Filing: PUTNAM TAX FREE HEALTH CARE FUND - Form PRE 14A

|                                       |  |                                |                                     |
|---------------------------------------|--|--------------------------------|-------------------------------------|
| Putnam High Income<br>Securities Fund | Putnam Master<br>Intermediate<br>Income<br>Trust | Putnam Premier<br>Income Trust | Putnam Tax-Free<br>Health Care Fund |
|---------------------------------------|--|--------------------------------|-------------------------------------|

Common

|  |  |   |   |
|--|--|---|---|
| Putnam California<br>Investment Grade<br>Municipal Trust | Putnam High<br>Yield<br>Municipal<br>Trust | Putnam Investment<br>Grade Municipal<br>Trust | Putnam Managed<br>Municipal Income<br>Trust |
|--|--|---|---|

Common

Preferred

|                               |   |  |
|-------------------------------|---|--|
| Putnam Municipal<br>Bond Fund | Putnam<br>Municipal<br>Opportunities<br>Trust | Putnam New York<br>Investment Grade<br>Municipal Trust |
|-------------------------------|---|--|

Common

Preferred

|           |  |   |                                       |   |
|-----------|--|---|---------------------------------------|---|
| Putnam VT | Putnam VT Capital<br>Appreciation Fund | Putnam VT<br>Capital<br>Opportunities<br>Fund | Putnam VT<br>Discovery Growth<br>Fund | Putnam VT<br>Diversified Income<br>Fund |
|-----------|--|---|---------------------------------------|---|

Class IA

Class IB

|                                 |  |   |                                 |                                     |
|---------------------------------|--|---|---------------------------------|-------------------------------------|
| Putnam VT Equity<br>Income Fund | Putnam VT The<br>George Putnam<br>Fund | Putnam VT<br>Global<br>Asset Allocation | Putnam VT Global<br>Equity Fund | Putnam VT Growth<br>and Income Fund |
|---------------------------------|--|---|---------------------------------|-------------------------------------|

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of Boston Fund

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Class IA

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Class IB

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|                                     |                                |                           |                       |                                     |
|-------------------------------------|--------------------------------|---------------------------|-----------------------|-------------------------------------|
| Putnam VT Growth Opportunities Fund | Putnam VT Health Sciences Fund | Putnam VT High Yield Fund | Putnam VT Income Fund | Putnam VT International Equity Fund |
|-------------------------------------|--------------------------------|---------------------------|-----------------------|-------------------------------------|

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Class IA

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Class IB

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|  |  |                          |                              |                             |
|--|--|--------------------------|------------------------------|-----------------------------|
| Putnam VT International Growth and Income Fund | Putnam VT International New Opportunities Fund | Putnam VT Investors Fund | Putnam VT Mid Cap Value Fund | Putnam VT Money Market Fund |
|--|--|--------------------------|------------------------------|-----------------------------|

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Class IA

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Class IB

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|                                  |                          |                                      |                         |                                |
|----------------------------------|--------------------------|--------------------------------------|-------------------------|--------------------------------|
| Putnam VT New Opportunities Fund | Putnam VT New Value Fund | Putnam VT OTC & Emerging Growth Fund | Putnam VT Research Fund | Putnam VT Small Cap Value Fund |
|----------------------------------|--------------------------|--------------------------------------|-------------------------|--------------------------------|

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Class IA

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Class IB

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|  |                      |                        |
|--|----------------------|------------------------|
| Putnam VT Utilities Growth and Income Fund | Putnam VT Vista Fund | Putnam VT Voyager Fund |
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Class IA

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Class IB

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## **APPENDIX B □ Form of New Management Contract**

### **FORM OF NEW MANAGEMENT CONTRACT**

This Management Contract is dated as of \_\_\_\_\_, 2007 between [NAME OF FUND], a Massachusetts business trust (the □Fund□), and PUTNAM INVESTMENT MANAGEMENT, LLC, a Delaware limited liability company (the □Manager□).

In consideration of the mutual covenants herein contained, it is agreed as follows:

#### **1. SERVICES TO BE RENDERED BY MANAGER TO FUND.**

(a) The Manager, at its expense, will furnish continuously an investment program for the Fund or, in the case of a Fund that has divided its shares into two or more series under Section 18(f)(2) of the Investment Company Act of 1940, as amended (the □1940 Act□), each series of the Fund identified from time to time on Schedule A to this Contract (each reference in this Contract to □a Fund□ or to □the Fund□ is also deemed to be a reference to any existing series of the Fund, as appropriate in the particular context), will determine what investments will be purchased, held, sold or exchanged by the Fund and what portion, if any, of the assets of the Fund will be held uninvested and will, on behalf of the Fund, make changes in such investments. Subject always to the control of the Trustees of the Fund and except for the functions carried out by the officers and personnel referred to in Section 1(d), the Manager will also manage, supervise and conduct the other affairs and business of the Fund and matters incidental thereto. In the performance of its duties, the Manager will comply with the provisions of the Agreement and Declaration of Trust and By-Laws of the Fund and the stated investment objectives, policies and restrictions of the Fund, will use its best efforts to safeguard and promote the welfare of the Fund and to comply with other policies which the Trustees may from time to time determine and will exercise the same care and diligence expected of the Trustees.

(b) The Manager, at its expense, except as such expense is paid by the Fund as provided in Section 1(d), will furnish (1) all necessary investment and management facilities, including salaries of personnel, required for it to execute its duties faithfully; (2) suitable office space for the Fund; and (3) administrative facilities, including bookkeeping, clerical personnel and equipment necessary for the efficient conduct of the affairs of the Fund, including determination of the net asset value of the Fund, but excluding shareholder accounting services. Except as otherwise provided in Section 1(d), the Manager will pay the compensation, if any, of the officers of the Fund.

(c) The Manager, at its expense, will place all orders for the purchase and sale of portfolio investments for the Fund□s account with brokers or dealers selected by the Manager. In the selection of such brokers or dealers and the placing of such orders, the Manager will use its best efforts to obtain for the Fund the most favorable price and execution available, except to the extent it may be permitted to pay higher brokerage

commissions for brokerage and research services as described below. In using its best efforts to obtain for the Fund the most favorable price and execution available, the Manager, bearing in mind the Fund's best interests at all times, will consider all factors it deems relevant, including by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer involved and the quality of service rendered by the broker or dealer in other transactions. Subject to such policies as the Trustees of the Fund may determine, the Manager will not be deemed to have acted unlawfully or to have breached any duty created by this Contract or otherwise solely by reason of its having caused the Fund to pay a broker or dealer that provides brokerage and research services to the Manager an amount of commission for effecting a portfolio investment transaction in excess of the amount of commission another broker or dealer would have charged for effecting that transaction, if the Manager determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or the Manager's overall responsibilities with respect to the Fund and to other clients of the Manager as to which the Manager exercises investment discretion. The Manager agrees that in connection with purchases or sales of portfolio investments for the Fund's account, neither the Manager nor any officer, director, employee or agent of the Manager shall act as a principal or receive any commission other than as provided in Section 3.

(d) The Fund will pay or reimburse the Manager for the compensation in whole or in part of such officers of the Fund and persons assisting them as may be determined from time to time by the Trustees of the Fund. The Fund will also pay or reimburse the Manager for all or part of the cost of suitable office space, utilities, support services and equipment attributable to such officers and persons as may be determined in each case by the Trustees of the Fund. The Fund will pay the fees, if any, of the Trustees of the Fund.

(e) The Manager will not be obligated to pay any expenses of or for the Fund not expressly assumed by the Manager pursuant to this Section 1 other than as provided in Section 3.

(f) Subject to the prior approval of a majority of the Trustees, including a majority of the Trustees who are not "interested persons" and, to the extent required by the 1940 Act and the rules and regulations under the 1940 Act, subject to any applicable guidance or interpretation of the Securities Exchange Commission or its staff, by the shareholders of the Fund, the Manager may, from time to time, delegate to a sub-adviser or sub-administrator any of the Manager's duties under this Contract, including the management of all or a portion of the assets being managed. In all instances, however, the Manager must oversee the provision of delegated services, the Manager must bear the separate costs of employing any sub-adviser or sub-administrator, and no delegation will relieve the Manager of any of its obligations under this Contract.

## 2. OTHER AGREEMENTS, ETC.

It is understood that any of the shareholders, Trustees, officers and employees of the Fund may be a shareholder, director, officer or employee of, or be otherwise interested in, the Manager, and in any person controlled by or under common control with the Manager, and that the Manager and any person controlled by or under common control with the Manager may have an interest in the Fund. It is also understood that the Manager and any person controlled by or under common control with the Manager may have advisory, management, service or other contracts with other organizations and persons and may have other interests and business.

### 3. COMPENSATION TO BE PAID BY THE FUND TO THE MANAGER.

The Fund will pay to the Manager as compensation for the Manager's services rendered, for the facilities furnished and for the expenses borne by the Manager pursuant to paragraphs (a), (b), and (c) of Section 1, a fee, based on the Fund's Average Daily Net Assets, computed and paid [monthly/quarterly]<sup>1</sup> at the annual rates set forth on Schedule B attached to this Contract, as from time to time amended.

[*This paragraph included for all funds except closed-end funds*] "Average Daily Net Assets" means the average of all of the determinations of the Fund's net asset value at the close of business on each business day during each [month/quarter] while this Contract is in effect. The fee is payable for each [month/quarter] within [15/30]<sup>2</sup> days after the close of the [month/quarter].

[*This paragraph included for all closed-end funds*] "Average Daily Net Assets" means the average of all of the determinations of the difference between the total assets of the Fund and the total liabilities of the Fund (excluding any investment leverage, as defined below), determined at the close of business on each business day during each quarter while this Contract is in effect. The fee is payable for each quarter within 30 days after the close of the quarter. The term "investment leverage" as used in this Section 3 means indebtedness incurred, or the liquidation preference of any preferred shares issued, for purposes of acquiring assets to be invested in accordance with the Fund's investment

<sup>1</sup> Fees are computed and paid *monthly* for Putnam AMT-Free Insured Municipal Fund, Putnam Floating Rate Income Fund, Putnam Global Equity Fund, Putnam Income Strategies Fund, Putnam OTC & Emerging Growth Fund, Putnam Prime Money Market Fund, Putnam RetirementReady 2050 Fund, Putnam RetirementReady 2045 Fund, Putnam RetirementReady 2040 Fund, Putnam RetirementReady 2035 Fund, Putnam RetirementReady 2030 Fund, Putnam RetirementReady 2025 Fund, Putnam RetirementReady 2020 Fund, Putnam RetirementReady 2015 Fund, Putnam RetirementReady 2010 Fund, Putnam RetirementReady Maturity Fund, Putnam Tax-Free High Yield Fund, Putnam VT Capital Appreciation Fund, Putnam VT Capital Opportunities Fund, Putnam VT Discovery Growth Fund, Putnam VT Equity Income Fund, and Putnam VT Mid Cap Value Fund. For all other Putnam funds, fees are computed and paid *quarterly*.

<sup>2</sup> Fees are payable within 15 days after the close of the month for Putnam AMT-Free Insured Municipal Fund, Putnam Income Strategies Fund, Putnam Prime Money Market Fund, and Putnam Tax-Free High Yield Fund. Fees are payable within 30 days after the close of the month or quarter, as applicable, for all other Putnam funds.

objective and is deemed to include liabilities relating to specific portfolio instruments or portfolio transactions used to leverage the Fund's portfolio for investment purposes.

*[This paragraph included for all closed-end funds]* In the event that, during any fiscal quarter, the expenses of the Fund incurred for purposes of maintaining investment leverage (including any interest on indebtedness, dividends on preferred shares and other fees and expenses related to maintaining investment leverage) exceed the portion of the Fund's net income accrued during such fiscal quarter as a result of the fact that such investment leverage was outstanding during such fiscal quarter, then the fee payable to the Manager pursuant to this Section 3 shall be reduced by the amount of such excess; provided, however, that the amount of such reduction for any such fiscal quarter shall not exceed the amount determined by multiplying (i) the portion of the Average Daily Net Assets representing investment leverage by (ii) the percentage of the Average Daily Net Assets of the Fund which the fee payable to the Manager during such fiscal quarter pursuant to this Section 3 would constitute without giving effect to such reduction. The amount of any such reduction will reduce the amount of the next quarterly payment of the fee payable pursuant to this Section 3 following the end of such fiscal quarter, and of any subsequent quarterly payments, as may be necessary. The expenses incurred for purposes of maintaining investment leverage, the portion of the Fund's net income accrued as a result of the fact that investment leverage was outstanding during a fiscal quarter, and the liabilities relating to specific portfolio instruments or portfolio transactions used to leverage the Fund's portfolio for investment purposes will be determined in accordance with such methods as the Trustees may reasonably determine from time to time.

The fees payable by the Fund to the Manager pursuant to this Section 3 will be reduced by any commissions, fees, brokerage or similar payments received by the Manager or any affiliated person of the Manager in connection with the purchase and sale of portfolio investments of the Fund, less any direct expenses approved by the Trustees incurred by the Manager or any affiliated person of the Manager in connection with obtaining such payments.

In the event that expenses of the Fund for any fiscal year exceed the expense limitation on investment company expenses imposed by any statute or regulatory authority of any jurisdiction in which shares of the Fund are qualified for offer or sale, the compensation due the Manager for such fiscal year will be reduced by the amount of excess by a reduction or refund thereof. In the event that the expenses of the Fund exceed any expense limitation which the Manager may, by written notice to the Fund, voluntarily declare to be effective subject to such terms and conditions as the Manager may prescribe in such notice, the compensation due the Manager will be reduced, and if necessary, the Manager will assume expenses of the Fund, to the extent required by the terms and conditions of such expense limitation.

If the Manager serves for less than the whole of a [month/quarter], the foregoing compensation will be prorated.

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#### 4. ASSIGNMENT TERMINATES THIS CONTRACT; AMENDMENTS OF THIS CONTRACT.

This Contract will automatically terminate, without the payment of any penalty, in the event of its assignment, provided that no delegation of responsibilities by the Manager pursuant to Section 1(f) will be deemed to constitute an assignment. No provision of this Contract may be changed, waived, discharged or terminated orally, but only by an instrument in writing

signed by the party against which enforcement of the change, waiver, discharge or termination is sought. No amendment of this Contract is effective until approved in a manner consistent with the 1940 Act, the rules and regulations under the 1940 Act and any applicable guidance or interpretation of the Securities Exchange Commission or its staff.

#### 5. EFFECTIVE PERIOD AND TERMINATION OF THIS CONTRACT.

This Contract is effective upon its execution and will remain in full force and effect as to a Fund continuously thereafter (unless terminated automatically as set forth in Section 4 or terminated in accordance with the following paragraph) through June 30, 2008, and will continue in effect from year to year thereafter so long as its continuance is approved at least annually by (i) the Trustees, or the shareholders by the affirmative vote of a majority of the outstanding shares of the respective Fund, and (ii) a majority of the Trustees who are not interested persons of the Fund or of the Manager, by vote cast in person at a meeting called for the purpose of voting on such approval.

Either party hereto may at any time terminate this Contract as to a Fund by not less than 60 days' written notice delivered or mailed by registered mail, postage prepaid, to the other party. Action with respect to a Fund may be taken either (i) by vote of a majority of the Trustees or (ii) by the affirmative vote of a majority of the outstanding shares of the respective Fund.

Termination of this Contract pursuant to this Section 5 will be without the payment of any penalty.

#### 6. CERTAIN DEFINITIONS.

For the purposes of this Contract, the "affirmative vote of a majority of the outstanding shares" of a Fund means the affirmative vote, at a duly called and held meeting of shareholders of the respective Fund, (a) of the holders of 67% or more of the shares of the Fund present (in person or by proxy) and entitled to vote at the meeting, if the holders of more than 50% of the outstanding shares of the Fund entitled to vote at the meeting are present in person or by proxy or (b) of the holders of more than 50% of the outstanding shares of the Fund entitled to vote at the meeting, whichever is less.

For the purposes of this Contract, the terms "affiliated person," "control," "interested person" and "assignment" have their respective meanings defined in the 1940 Act, subject, however, to the rules and regulations under the 1940 Act and any applicable guidance or interpretation of the Securities Exchange Commission or its staff; the term "approve at least annually" will be construed in a manner consistent with the 1940 Act

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and the rules and regulations under the 1940 Act and any applicable guidance or interpretation of the Securities Exchange Commission or its staff; and the term "brokerage and research services" has the meaning given in the Securities Exchange Act of 1934 and the rules and regulations under the Securities Exchange Act of 1934 and under any applicable guidance or interpretation of the Securities Exchange Commission or its staff.

#### 7. NON-LIABILITY OF MANAGER.

In the absence of willful misfeasance, bad faith or gross negligence on the part of the Manager, or reckless disregard of its obligations and duties hereunder, the Manager shall not be subject to any liability to the Fund or to any shareholder of the Fund for any act or omission in the course of, or connected with, rendering services hereunder.

8. LIMITATION OF LIABILITY OF THE TRUSTEES, OFFICERS, AND SHAREHOLDERS.

A copy of the Agreement and Declaration of Trust of the Fund is on file with the Secretary of The Commonwealth of Massachusetts, and notice is hereby given that this instrument is executed on behalf of the Trustees of the Fund as Trustees and not individually and that the obligations of or arising out of this instrument are not binding upon any of the Trustees, officers or shareholders individually but are binding only upon the assets and property of the respective Fund.

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IN WITNESS WHEREOF, [NAME OF FUND] and PUTNAM INVESTMENT MANAGEMENT, LLC have each caused this instrument to be signed on its behalf by its President or a Vice President thereunto duly authorized, all as of the day and year first above written.

[NAME OF FUND]

By:

\_\_\_\_\_

PUTNAM INVESTMENT MANAGEMENT, LLC

By:

\_\_\_\_\_

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Schedule A

[LIST OF FUNDS]

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Schedule B

[FEE SCHEDULE. See **Appendix E** to this proxy statement for each fund's detailed fee information]

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**APPENDIX C Comparison of Terms of Management Contracts**

As noted above, the Trustees have taken the opportunity presented by the need to approve new management contracts to standardize, clarify and modernize various provisions of your fund's management contract. This **Appendix C** describes certain differences between the proposed new management contract and the current management contracts. Except as noted, the proposed management contract for a fund does not differ in any substantive respects from a fund's current management contract. Minor clarifications of language, corrections of obvious typographical errors and elimination of outdated provisions with no current or future application that do not change a reasonable substantive interpretation of a contract are not separately described. The complete text of the form of the proposed new management contract is included in **Appendix B** and you should refer to that Appendix for the complete terms of the contract. For each fund's particular fee schedule, please refer to **Appendix E**. Note that defined terms reflected here are defined in the proposed management contract at **Appendix B** (i.e., Manager).

### **Names**

The current management contracts for some funds have not been updated to reflect the current name and jurisdiction of organization of the funds investment adviser, Putnam Investment Management, LLC, a Delaware limited liability company. In addition, for a number of funds, the current management contracts have not been updated to reflect new fund names (as a result of the creation of a new fund) or the termination of a prior fund (e.g., in the case of a fund merger). The proposed management contracts reflect the current name and jurisdiction of organization of the funds investment adviser, Putnam Investment Management, LLC, as well as the current names of the funds.

### **Services**

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*Putnam Municipal Opportunities Trust*  
*Putnam Prime Money Market Fund*

These funds are currently party to separate investment management and administrative services contracts with the Manager. Each fund's current investment management contract, in comparison with its proposed new management contract, does not include provisions relating to administrative services. If the proposed new management contracts for these funds are approved, these funds' administrative services contracts will be terminated and the funds will receive administrative (and investment management) services under the proposed new management contract.

### **Sub-Advisers and Sub-Administrators**

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*All Putnam Funds*

None of the funds' current management contracts specifically address the Manager's ability to delegate responsibilities to sub-advisers or sub-administrators. A provision is included in the proposed new management contracts for all of the funds that explicitly recognizes the Manager's ability to delegate responsibilities, in

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accordance with current interpretations and guidance of the SEC's staff. In addition, the proposed new management contract provides that a delegation of the Manager's responsibilities permitted under the contract is not deemed to constitute an assignment that would automatically cause the contract to terminate. The funds do not anticipate any change in the Manager's delegation of responsibilities as a result of these changes.

### **Fees**

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*Putnam Municipal Opportunities Trust*

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### *Putnam Prime Money Market Fund*

The current management contracts and the proposed new management contracts for these funds provide that the fund will pay the Manager compensation for the Manager's investment management services rendered, for the facilities furnished to the fund, and for the expenses borne by the Manager in connection with providing such services and facilities, including placing orders with brokers or dealers for the purchase and sale of portfolio investments for the fund. As mentioned above, the proposed new management contracts for these funds also address the provision of administrative services. Thus, the proposed new management contracts for these funds include the fees for both investment and administrative services. There is no change in the aggregate fees that each of these funds will pay to the Manager for investment management and administrative services. Please refer to **Appendix E** for information about the applicable fee rates.

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*Putnam Convertible Income-Growth Trust*

*Putnam Income Fund*

*Putnam Equity Income Fund*

*Putnam Investors Fund*

*The Putnam Fund for Growth and Income*

*Putnam Vista Fund*

*The George Putnam Fund of Boston*

*Putnam Voyager Fund*

*Putnam Global Natural Resources Fund*

The current management contracts for these funds do not address a reduction of management fees through an expense limitation voluntarily agreed to in writing by the Manager in the event that the expenses of the fund exceed any expense limitation which the Manager may have declared to be effective. The proposed new management contracts include a provision addressing the possibility that management fees may be reduced where expenses of the fund exceed any voluntary expense limitations assumed by the Manager.

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### *Putnam closed-end funds:*

*California Investment Grade Municipal Trust*

*Putnam High Income Securities Fund*

*Putnam High Yield Municipal Trust*

*Putnam Investment Grade Municipal Trust*

*Putnam Managed Municipal Income Trust*

*Putnam Master Intermediate Income Trust*

*Putnam Municipal Bond Fund*

*Putnam Municipal Opportunities Trust*

*Putnam New York Investment Grade Municipal Trust*

*Putnam Premier Income Trust*

*Putnam Tax-Free Health Care Fund*

The proposed new management contracts make several minor changes to the manner in which management fees are calculated for these closed-end funds.

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The current management contracts for these funds provide that average net asset value, the basis on which management fees are calculated and paid, is determined by averaging the net asset value of the funds determined at the end of each week during the calculation period. This was common industry practice when these funds were organized, since at the time closed-end funds typically reported their net asset values only as of the last day of the week. The proposed new management contracts provide that average net asset value is determined by averaging the net asset value of the funds on each business day during the calculation period, which is considered a more precise calculation and is consistent with the method for calculating the net asset value for the other Putnam funds. This change is not expected to result in any meaningful change in the management fees paid by the funds.



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The current management contracts for these funds all contemplate that the funds may engage in investment leverage and that any incremental assets attributable to any such investment leverage will be included in the calculation of the management fee paid by the funds. In the case of Putnam High Income Securities Fund, Putnam Master Intermediate Income Trust and Putnam Premier Income Trust, which invest primarily in taxable securities, the current contracts refer to investment leverage incurred through issuance of indebtedness and certain portfolio transactions that have similar effects, such as reverse repurchase agreements and dollar roll transactions. In the case of the remaining closed-end funds (except for Putnam Tax-Free Health Care Fund), which invest primarily in tax-exempt securities, the current contracts refer to investment leverage incurred through the issuance of preferred shares, which was the leverage technique anticipated when these funds were originally organized. The proposed new management contracts for all of these funds include a standardized provision that includes the full range of leverage techniques described above. This change is intended to provide greater investment flexibility by allowing for the use of the most efficient means of investment leverage available and is not expected to result in any meaningful change in the management fees paid by the funds. (In the case of Putnam Tax-Free Health Care Fund, the current contract already refers to indebtedness, portfolio transactions with similar effects and the issuance of preferred shares.)

The current management contracts for these funds also contain a provision that reduces the management fee payable on assets attributable to investment leverage in the event that the cost of maintaining the leverage exceeds the incremental investment income produced by the leverage. The purpose of this provision is to align the interests of the investment manager with the interests of fund shareholders. The current contracts provide that this potential fee reduction is to be calculated in connection with each adjustment of the interest or dividend rate paid for the investment leverage, which could occur as often as monthly or even weekly. The proposed new contracts for these funds contain a standardized provision that requires the calculation of this potential fee reduction to be made only on a quarterly basis, which the Trustees view as a more representative measuring period for evaluating whether fund shareholders are benefiting from investment leverage. It is possible under some circumstances that the fee reductions calculated on a quarterly basis might be lower than the fee reductions resulting from a more frequent calculation. The provision in the current contracts also includes consideration of short-term capital gains in the calculation of the net benefit produced by investment leverage. The new contracts eliminate short-term capital gains from the calculation, which could result in a larger fee reduction under some circumstances. These changes, taken in the aggregate, are not expected to result in any meaningful change in the management fees paid by the funds.

### **Term and Termination**

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#### *All Putnam funds*

The current management contracts provide that either party may terminate the contract as to a fund by not more than 60 days nor less than 30 days written notice. Each proposed new management contract provides that either party to it may terminate the contract as to a fund at any time by not less than 60 days written notice, which, from the funds perspective, provides a more reasonable period of time during which to seek a new investment adviser if the Manager terminates the contract.

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#### *All Putnam funds*

Each proposed new management contract provides that it is effective upon execution and will remain in full force and effect as to a fund continuously thereafter, unless terminated automatically in the event of assignment or by either party to the contract by written notice (as described above), through June 30, 2008, and that after June 30, 2008 it will continue from year to year so long as its continuance is approved at least annually in a specified manner. The current management contracts provisions addressing effective period and termination do not contain any reference to June 30, 2008 but are otherwise substantively the same as the provisions in the proposed new management contract.

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## **APPENDIX D Management Contracts: Dates and Approvals**

The following table contains information regarding the date of each fund's current management contract, the date on which it was last approved by shareholders and the purpose for that submission, as well as, where applicable, action taken (other than renewal) with respect to the current management contracts by the Board of Trustees since the

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beginning of each fund's last fiscal year. For each fund listed below, the date on which the continuance of its management contract was last approved by the Board of Trustees was June 9, 2006, except that the management contract of Putnam Investment Funds, the Trust of which Putnam Capital Opportunities Fund, Putnam Growth Opportunities Fund, Putnam International Capital Opportunities Fund, Putnam International New Opportunities Fund, Putnam Mid Cap Value Fund, Putnam New Value Fund, Putnam Research Fund, and Putnam Small Cap Value Fund are series, was amended by the Board of Trustees on February 9, 2007 to eliminate references to funds no longer in existence or which have separate management contracts with Putnam Management.

| Fund  | Date of Current Management Contract  | Date Current Management Contract Last Submitted to Shareholder Vote | Purpose of Last Submission of Current Management Contract to Shareholder Vote |
|---|--|---|---|
| Putnam American Government Income Fund                          | 03/05/98   | March 5, 1998   | Fee increase  |
| Putnam AMT-Free Insured Municipal Fund                          | 07/26/85, revised 07/01/99, 03/21/05   | July 7, 1991  | Fee increase  |
| Putnam Arizona Tax Exempt Income Fund                           | 07/16/99   | March 5, 1992   | Fee structure change  |
| Putnam Asset Allocation: Balanced Portfolio                     | 01/20/97   | November 4, 1993  | Organization of the fund  |
| Putnam Asset Allocation: Conservative Portfolio                 | 01/20/97   | November 4, 1993  | Organization of the fund  |
| Putnam Asset Allocation: Growth Portfolio                       | 01/20/97   | November 4, 1993  | Organization of the fund  |
| Putnam California Investment Grade Municipal Trust <sup>*</sup> | 01/01/06   | November 12, 1992   | Organization of the fund  |
| Putnam California Tax Exempt Income Fund                        | 07/01/99   | July 11, 1991   | Fee structure change  |
| Putnam Capital Appreciation Fund                                | 09/20/96   | May, 1993   | Organization of the fund  |
| Putnam Capital Opportunities Fund                               | 12/02/94, revised 07/14/95, 12/01/95, 04/01/97, 03/06/98, 07/10/98, 03/12/99, 07/01/99, 09/10/99, 11/06/00, 01/11/01, 03/12/01 | June 1, 1998  | Organization of the fund  |

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|  |          |                   |                          |
|--|----------|-------------------|--------------------------|
| Putnam Classic Equity Fund             | 10/07/94 | June 6, 1991      | Fee increase             |
| Putnam Convertible Income-Growth Trust | 02/20/97 | July 1, 1994      | Fee increase             |
| Putnam Discovery Growth Fund           | 09/29/95 | September 8, 1995 | Fee increase             |
| Putnam Diversified Income Trust        | 01/20/97 | August, 1988      | Organization of the fund |
| Putnam Equity Income Fund              | 07/11/96 | July 11, 1996     | Fee increase             |
| Putnam Europe Equity Fund              | 10/21/96 | December 5, 1991  | Organization of the fund |

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| Fund                                  | Date of Current Management Contract   | Date Current Management Contract Last Submitted to Shareholder Vote | Purpose of Last Submission of Current Management Contract to Shareholder Vote |
|---------------------------------------|---|---|---|
| Putnam Floating Rate Income Fund      | 06/07/96, revised<br>10/03/96, 12/06/96,<br>11/06/97, 12/08/97,<br>01/08/98, 03/05/98,<br>05/08/00, 06/05/00,<br>07/24/00, 11/06/00,<br>12/11/00, 01/31/03,<br>06/15/04, 06/25/04 | June, 2004  | Organization of the fund  |
| The Putnam Fund for Growth and Income | 07/01/00  | July 11, 1991   | Fee structure change  |
| The George Putnam Fund of Boston      | 07/11/96  | July 11, 1996   | Fee increase  |
| Putnam Global Equity Fund             | 12/07/00  | December 7, 2000  | Fee increase  |
| Putnam Global Income Trust            | 07/01/99  | July 11, 1991   | Fee structure change  |
| Putnam Global Natural Resources Fund  | 12/20/96  | July 9, 1992  | Fee decrease  |

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|   |   |                   |  |
|---|---|-------------------|--|
| Putnam Growth Opportunities Fund                | 12/02/94, revised 07/14/95,<br>12/01/95, 04/01/97,<br>03/06/98, 07/10/98,<br>03/12/99, 07/01/99,<br>09/10/99, 11/06/00,<br>01/11/01, 03/12/01                           | October 2, 1995   | Organization of<br>the fund  |
| Putnam Health Sciences Trust                    | 10/20/96  | March 5, 1992     | Fee increase   |
| Putnam High Income Securities Fund *            | 01/01/06  | July 14, 2005     | Permit compensation<br>for the management<br>of leveraged assets                               |
| Putnam High Yield Advantage Fund                | 03/20/97  | May 5, 1994       | Fee increase   |
| Putnam High Yield Municipal Trust *             | 01/01/06  | June 6, 1991      | Continuation of<br>contract without any<br>changes approved at<br>first shareholder<br>meeting |
| Putnam High Yield Trust                         | 12/20/96  | July 8, 1993      | Fee increase   |
| Putnam Income Fund                              | 04/06/95  | April 6, 1995     | Fee increase   |
| Putnam Income Strategies Fund                   | 06/07/96, revised<br>10/03/96, 12/06/96,<br>11/06/97, 12/08/97,<br>01/08/98, 03/05/98,<br>05/08/00, 06/05/00,<br>07/24/00, 11/06/00,<br>12/11/00, 06/15/04,<br>06/25/04 | September, 2005   | Organization of<br>the fund  |
| Putnam International Capital Opportunities Fund | 12/02/94, revised 07/14/95,<br>12/01/95, 04/01/97,<br>03/06/98, 07/10/98,<br>03/12/99, 07/01/99,<br>09/10/99, 11/06/00,<br>01/11/01, 03/12/01                           | December 28, 1995 | Organization of<br>the fund  |
| Putnam International Equity Fund                | 10/21/96  | October, 1990     | Organization of<br>the fund  |

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| Fund   | Date of Current Management Contract  | Date Current Management Contract Last Submitted to Shareholder Vote | Purpose of Last Submission of Current Management Contract to Shareholder Vote      |
|--|--|---|--|
| Putnam International Growth and Income Fund    | 06/07/96, revised 10/03/96, 12/06/96, 11/06/97, 12/08/97, 01/08/98, 03/05/98, 05/08/00, 06/05/00, 07/24/00, 11/06/00, 12/11/00, 06/15/04, 06/25/04 | January, 1996   | Organization of the fund   |
| Putnam International New Opportunities Fund    | 12/02/94, revised 07/14/95, 12/01/95, 04/01/97, 03/06/98, 07/10/98, 03/12/99, 07/01/99, 09/10/99, 11/06/00, 01/11/01, 03/12/01                     | January 3, 1995   | Organization of the fund   |
| Putnam Investment Grade Municipal Trust *      | 01/01/06   | July 11, 1991   | Continuation of contract without any changes approved at first shareholder meeting |
| Putnam Investors Fund                          | 11/20/96   | July 9, 1992  | Fee increase   |
| Putnam Limited Duration Government Income Fund | 07/01/00   | November, 1990  | Organization of the fund   |
| Putnam Managed Municipal Income Trust *        | 01/01/06   | September 9, 1993   | Organization of the fund   |
| Putnam Massachusetts Tax Exempt Income Fund    | 07/01/99   | July 11, 1991   | Fee structure change   |
| Putnam Master Intermediate Income Trust *      | 01/01/06   | July 14, 2005   | Permit compensation for the management of leveraged assets                         |
| Putnam Michigan Tax Exempt Income Fund         | 07/01/99   | July 11, 1991   | Fee structure change   |

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|   |   |                   |                             |
|---|---|-------------------|-----------------------------|
| Putnam Mid Cap Value Fund                         | 12/02/94, revised 07/14/95,<br>12/01/95, 04/01/97,<br>03/06/98, 07/10/98,<br>03/12/99, 07/01/99,<br>09/10/99, 11/06/00,<br>01/11/01, 03/12/01 | November 1, 1999  | Organization of<br>the fund |
| Putnam Minnesota Tax Exempt Income Fund           | 07/01/99  | July 11, 1991     | Fee structure<br>change     |
| Putnam Money Market Fund*                         | 01/01/06  | November 5, 1982  | Fee decrease                |
| Putnam Municipal Bond Fund*                       | 01/01/06  | November 12, 1992 | Organization of<br>the fund |
| Putnam Municipal Opportunities Trust*             | 01/01/06  | May 13, 1993      | Organization of<br>the fund |
| Putnam New Jersey Tax Exempt Income Fund          | 07/01/99  | July 11, 1991     | Fee structure<br>change     |
| Putnam New Opportunities Fund                     | 07/01/00  | December 5, 1991  | Fee decrease                |
| Putnam New Value Fund                             | 12/02/94, revised 07/14/95,<br>12/01/95, 04/01/97,<br>03/06/98, 07/10/98,<br>03/12/99, 07/01/99,<br>09/10/99, 11/06/00,<br>01/11/01, 03/12/01 | January 3, 1995   | Organization of<br>the fund |
| Putnam New York Investment Grade Municipal Trust* | 01/01/06  | November 12, 1992 | Organization of<br>the fund |
| Putnam New York Tax Exempt Income Fund            | 07/01/99  | July 11, 2001     | Fee increase                |

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| Fund                               | Date of Current<br>Management Contract | Date Current<br>Management<br>Contract Last<br>Submitted to<br>Shareholder Vote | Purpose of Last<br>Submission of<br>Current<br>Management<br>Contract to<br>Shareholder<br>Vote |
|------------------------------------|--|---|---|
| Putnam Ohio Tax Exempt Income Fund | 07/01/99                               | July 11, 2001   | Fee structure   |

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|  |                            |                   | change  |
|--|----------------------------|-------------------|---|
| Putnam OTC & Emerging Growth Fund          | 11/20/96                   | July 8, 1993      | Fee structure change  |
| Putnam Pennsylvania Tax Exempt Income Fund | 07/01/99                   | July 11, 1991     | Fee structure change  |
| Putnam Premier Income Trust <sup>*</sup>   | 01/01/06                   | July 14, 2005     | Permit compensation for the management of leveraged assets    |
| Putnam Prime Money Market Fund             | 02/13/03                   | February, 2003    | Organization of the fund                                      |
| Putnam Research Fund <sup>**</sup>         | 01/01/07                   | December 14, 2006 | Eliminating the incentive fee component of the management fee |
| Putnam RetirementReady 2010 Fund           | 06/11/04, revised 03/10/05 | October 28, 2004  | Organization of the fund                                      |
| Putnam RetirementReady 2015 Fund           | 06/11/04, revised 03/10/05 | October 28, 2004  | Organization of the fund                                      |
| Putnam RetirementReady 2020 Fund           | 06/11/04, revised 03/10/05 | October 28, 2004  | Organization of the fund                                      |
| Putnam RetirementReady 2025 Fund           | 06/11/04, revised 03/10/05 | October 28, 2004  | Organization of the fund                                      |
| Putnam RetirementReady 2030 Fund           | 06/11/04, revised 03/10/05 | October 28, 2004  | Organization of the fund                                      |
| Putnam RetirementReady 2035 Fund           | 06/11/04, revised 03/10/05 | October 28, 2004  | Organization of the fund                                      |
| Putnam RetirementReady 2040 Fund           | 06/11/04, revised 03/10/05 | October 28, 2004  | Organization of the fund                                      |
| Putnam RetirementReady 2045 Fund           | 06/11/04, revised 03/10/05 | October 28, 2004  | Organization of the fund                                      |
| Putnam RetirementReady 2050 Fund           | 06/11/04, revised 03/10/05 | April 22, 2005    | Organization of the fund                                      |

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|                                      |   |                   |  |
|--------------------------------------|---|-------------------|--|
| Putnam RetirementReady Maturity Fund | 06/11/04, revised 03/10/05  | October 28, 2004  | Organization of the fund                                   |
| Putnam Small Cap Growth Fund         | 06/07/96, revised<br>10/03/96, 12/06/96,<br>11/06/97, 12/08/97,<br>01/08/98, 03/05/98,<br>05/08/00, 06/05/00,<br>07/24/00, 11/06/00,<br>12/11/00, 06/15/04,<br>06/25/04 | January, 1996     | Organization of the fund                                   |
| Putnam Small Cap Value Fund          | 12/02/94, revised 07/14/95,<br>12/01/95, 04/01/97,<br>03/06/98, 07/10/98,<br>03/12/99, 07/01/99,<br>09/10/99, 11/06/00,<br>01/11/01, 03/12/01                           | April 13, 1999    | Organization of the fund                                   |
| Putnam Tax Exempt Income Fund        | 07/01/99  | July 11, 1991     | Fee increase   |
| Putnam Tax Exempt Money Market Fund  | 01/20/97  | July 9, 1992      | Fee decrease   |
| Putnam Tax-Free Health Care Fund***  | 01/01/03, revised 01/01/06  | December 27, 2005 | Permit compensation for the management of leveraged assets |
| Putnam Tax-Free High Yield Fund      | 07/26/85, revised 07/01/99,<br>03/21/05   | May 5, 1994       | Fee increase   |
| Putnam Tax Smart Equity Fund         | 04/13/99  | April, 1999       | Organization of the fund                                   |

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| Fund                                    | Date of Current Management Contract | Date Current Management Contract Last Submitted to Shareholder Vote | Purpose of Last Submission of Current Management Contract to Shareholder Vote |
|---|-------------------------------------|---|---|
| Putnam U.S. Government Income Trust     | 07/08/94                            | July 11, 1991   | Fee decrease  |
| Putnam Utilities Growth and Income Fund | 02/20/97                            | March 5, 1992   | Fee structure   |



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|   |  |                    | change                      |
|---|--|--------------------|-----------------------------|
| Putnam Vista Fund                         | 11/20/96   | July 8, 1993       | Fee increase                |
| Putnam Voyager Fund                       | 07/01/00   | July 11, 1991      | Fee increase                |
| Putnam VT American Government Income Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | February 1, 2000   | Organization of<br>the fund |
| Putnam VT Capital Appreciation Fund       | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | September 29, 2000 | Organization of<br>the fund |
| Putnam VT Capital Opportunities Fund      | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | May 1, 2003        | Organization of<br>the fund |
| Putnam VT Discovery Growth Fund           | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | September 29, 2000 | Organization of<br>the fund |
| Putnam VT Diversified Income Fund         | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,   | September 15, 1993 | Organization of<br>the fund |

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04/05/94, 06/02/94,  
 04/07/95, 07/13/95,  
 07/11/96, 12/20/96,  
 02/06/98, 07/10/98,  
 03/04/99, 07/01/99,  
 11/08/99, 06/05/00,  
 07/24/00, 03/17/03

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| Fund                                       | Date of Current Management Contract  | Date Current Management Contract Last Submitted to Shareholder Vote | Purpose of Last Submission of Current Management Contract to Shareholder Vote |
|--|--|---|---|
| Putnam VT Equity Income Fund               | 10/02/87, revised 03/02/90, 02/27/92, 07/09/93, 04/05/94, 06/02/94, 04/07/95, 07/13/95, 07/11/96, 12/20/96, 02/06/98, 07/10/98, 03/04/99, 07/01/99, 11/08/99, 06/05/00, 07/24/00, 03/17/03 | May 1, 2003   | Organization of the fund  |
| Putnam VT The George Putnam Fund of Boston | 10/02/87, revised 03/02/90, 02/27/92, 07/09/93, 04/05/94, 06/02/94, 04/07/95, 07/13/95, 07/11/96, 12/20/96, 02/06/98, 07/10/98, 03/04/99, 07/01/99, 11/08/99, 06/05/00, 07/24/00, 03/17/03 | April 30, 1998  | Organization of the fund  |
| Putnam VT Global Asset Allocation Fund     | 10/02/87, revised 03/02/90, 02/27/92, 07/09/93, 04/05/94, 06/02/94, 04/07/95, 07/13/95, 07/11/96, 12/20/96, 02/06/98, 07/10/98, 03/04/99, 07/01/99, 11/08/99, 06/05/00,                    | February 1, 1988  | Organization of the fund  |

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07/24/00, 03/17/03

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|                              |  |                  |              |
|------------------------------|--|------------------|--------------|
| Putnam VT Global Equity Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | November 4, 1999 | Fee increase |
|------------------------------|--|------------------|--------------|

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|                                  |  |                  |                             |
|----------------------------------|--|------------------|-----------------------------|
| Putnam VT Growth and Income Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | February 1, 1988 | Organization of<br>the fund |
|----------------------------------|--|------------------|-----------------------------|

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| Putnam VT Growth Opportunities Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | February 1, 2000 | Organization of<br>the fund |
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| Fund                           | Date of Current<br>Management Contract   | Date Current<br>Management<br>Contract Last<br>Submitted to<br>Shareholder Vote | Purpose of Last<br>Submission of<br>Current<br>Management<br>Contract to<br>Shareholder<br>Vote |
|--------------------------------|--|---|---|
| Putnam VT Health Sciences Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95, | April 30, 1998  | Organization of<br>the fund   |

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07/11/96, 12/20/96,  
02/06/98, 07/10/98,  
03/04/99, 07/01/99,  
11/08/99, 06/05/00,  
07/24/00, 03/17/03

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|---------------------------|--|------------------|-----------------------------|
| Putnam VT High Yield Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | February 1, 1988 | Organization of<br>the fund |
|---------------------------|--|------------------|-----------------------------|

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|-----------------------|--|---------------|--------------|
| Putnam VT Income Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | July 13, 1995 | Fee increase |
|-----------------------|--|---------------|--------------|

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|                                     |  |                 |                             |
|-------------------------------------|--|-----------------|-----------------------------|
| Putnam VT International Equity Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | January 2, 1997 | Organization of<br>the fund |
|-------------------------------------|--|-----------------|-----------------------------|

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|  |  |                 |                              |
|--|--|-----------------|------------------------------|
| Putnam VT International Growth and Income Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | January 2, 1997 | Organization of<br>the fund. |
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| Putnam VT International New Opportunities Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93, | January 2, 1997 | Organization of<br>the fund |
|--|--|-----------------|-----------------------------|

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04/05/94, 06/02/94,  
 04/07/95, 07/13/95,  
 07/11/96, 12/20/96,  
 02/06/98, 07/10/98,  
 03/04/99, 07/01/99,  
 11/08/99, 06/05/00,  
 07/24/00, 03/17/03

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| Fund                         | Date of Current Management Contract  | Date Current Management Contract Last Submitted to Shareholder Vote | Purpose of Last Submission of Current Management Contract to Shareholder Vote |
|------------------------------|--|---|---|
| Putnam VT Investors Fund     | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | April 30, 1998  | Organization of the fund  |
| Putnam VT Mid Cap Value Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | May 1, 2003   | Organization of the fund  |
| Putnam VT Money Market Fund  | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,                       | February 1, 1988  | Organization of the fund  |

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07/24/00, 03/17/03

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|                                  |  |             |                             |
|----------------------------------|--|-------------|-----------------------------|
| Putnam VT New Opportunities Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | May 2, 1994 | Organization of<br>the fund |
|----------------------------------|--|-------------|-----------------------------|

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|                          |  |                 |                             |
|--------------------------|--|-----------------|-----------------------------|
| Putnam VT New Value Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | January 2, 1997 | Organization of<br>the fund |
|--------------------------|--|-----------------|-----------------------------|

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|                                      |  |                |                             |
|--------------------------------------|--|----------------|-----------------------------|
| Putnam VT OTC & Emerging Growth Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | April 30, 1998 | Organization of<br>the fund |
|--------------------------------------|--|----------------|-----------------------------|

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| Fund                    | Date of Current<br>Management Contract   | Date Current<br>Management<br>Contract Last<br>Submitted to<br>Shareholder Vote | Purpose of Last<br>Submission of<br>Current<br>Management<br>Contract to<br>Shareholder<br>Vote |
|-------------------------|--|---|---|
| Putnam VT Research Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95, | September 30, 1998  | Organization of<br>the fund   |

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07/11/96, 12/20/96,  
02/06/98, 07/10/98,  
03/04/99, 07/01/99,  
11/08/99, 06/05/00,  
07/24/00, 03/17/03

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|                                |  |                |                             |
|--------------------------------|--|----------------|-----------------------------|
| Putnam VT Small Cap Value Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | April 30, 1999 | Organization of<br>the fund |
|--------------------------------|--|----------------|-----------------------------|

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|--|--|---------------|--------------|
| Putnam VT Utilities Growth and Income Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | July 11, 1996 | Fee increase |
|--|--|---------------|--------------|

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|                      |  |                 |                             |
|----------------------|--|-----------------|-----------------------------|
| Putnam VT Vista Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | January 2, 1997 | Organization of<br>the fund |
|----------------------|--|-----------------|-----------------------------|

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|                        |  |                  |                             |
|------------------------|--|------------------|-----------------------------|
| Putnam VT Voyager Fund | 10/02/87, revised 03/02/90,<br>02/27/92, 07/09/93,<br>04/05/94, 06/02/94,<br>04/07/95, 07/13/95,<br>07/11/96, 12/20/96,<br>02/06/98, 07/10/98,<br>03/04/99, 07/01/99,<br>11/08/99, 06/05/00,<br>07/24/00, 03/17/03 | February 1, 1988 | Organization of<br>the fund |
|------------------------|--|------------------|-----------------------------|

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\* At a meeting held on January 13, 2006, the Board of Trustees formally approved revised management contracts for these funds reflecting management fee reductions.

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\*\* At a meeting held on October 13, 2006, the Board of Trustees formally approved a revised management contract for this fund, amending the management contract to remove the incentive fee component from the management fee.

\*\*\* At a meeting held on July 15, 2005, the Board of Trustees formally approved a revised management contract for this fund, reflecting a management fee reduction and changing the fee base under the contract to average weekly assets, which includes assets representing leverage for investment purposes.

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### APPENDIX E □ Management Contracts: Fees

| Fund                                      | Management Fee Rate     | Amount of Management Fee<br>Paid in the Most Recent<br>Fiscal Year<br>(after applicable waivers and<br>reimbursements, if any) (\$) | Annual Rate at<br>which Fees<br>were Paid* |
|---|-------------------------|---|--|
| Putnam American<br>Government Income Fund | First \$500 million     | 4,373,306   | 0.55% of average<br>net assets             |
|   | Next \$500 million      |   |  |
|   | Next \$500 million      |   |  |
|   | Next \$5 billion        |   |  |
|   | Next \$5 billion        |   |  |
|   | Next \$5 billion        |   |  |
|   | Next \$5 billion        |   |  |
|   | Any excess thereafter   |   |  |
| Putnam AMT-Free<br>Insured Municipal Fund | The lesser of 0.50%, or | 1,790,563   | 0.50% of average<br>net assets             |
|   | First \$500 million     |   |  |
|   | Next \$500 million      |   |  |
|   | Next \$500 million      |   |  |
|   | Next \$5 billion        |   |  |
|   | Next \$5 billion        |   |  |
|   | Next \$5 billion        |   |  |
|   | Next \$5 billion        |   |  |
|   | Any excess thereafter   |   |  |
| Putnam Arizona Tax<br>Exempt Income Fund  | The lesser of 0.50%, or | 396,902   | 0.41% of average<br>net assets             |
|   | First \$500 million     |   |  |
|   | Next \$500 million      |   |  |
|   | Next \$500 million      |   |  |
|   | Next \$5 billion        |   |  |
|   | Next \$5 billion        |   |  |
|   | Next \$5 billion        |   |  |
|   | Next \$5 billion        |   |  |



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Any excess over \$21.5 billion 0.33%

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|                          |                                |        |            |                  |
|--------------------------|--------------------------------|--------|------------|------------------|
| Putnam Asset Allocation: | First \$500 million            | 0.70%  | 10,841,716 | 0.58% of average |
| Balanced Portfolio       | Next \$500 million             | 0.60%  |            | net assets       |
|                          | Next \$500 million             | 0.55%  |            |                  |
|                          | Next \$5 billion               | 0.50%  |            |                  |
|                          | Next \$5 billion               | 0.475% |            |                  |
|                          | Next \$5 billion               | 0.455% |            |                  |
|                          | Next \$5 billion               | 0.44%  |            |                  |
|                          | Any excess over \$21.5 billion | 0.43%  |            |                  |

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|                          |                                |        |           |                  |
|--------------------------|--------------------------------|--------|-----------|------------------|
| Putnam Asset Allocation: | First \$500 million            | 0.70%  | 5,759,923 | 0.63% of average |
| Conservative Portfolio   | Next \$500 million             | 0.60%  |           | net assets       |
|                          | Next \$500 million             | 0.55%  |           |                  |
|                          | Next \$5 billion               | 0.50%  |           |                  |
|                          | Next \$5 billion               | 0.475% |           |                  |
|                          | Next \$5 billion               | 0.455% |           |                  |
|                          | Next \$5 billion               | 0.44%  |           |                  |
|                          | Any excess over \$21.5 billion | 0.43%  |           |                  |

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|                          |                                |        |           |                  |
|--------------------------|--------------------------------|--------|-----------|------------------|
| Putnam Asset Allocation: | First \$500 million            | 0.70%  | 9,639,295 | 0.60% of average |
| Growth Portfolio         | Next \$500 million             | 0.60%  |           | net assets       |
|                          | Next \$500 million             | 0.55%  |           |                  |
|                          | Next \$5 billion               | 0.50%  |           |                  |
|                          | Next \$5 billion               | 0.475% |           |                  |
|                          | Next \$5 billion               | 0.455% |           |                  |
|                          | Next \$5 billion               | 0.44%  |           |                  |
|                          | Any excess over \$21.5 billion | 0.43%  |           |                  |

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\* Under the proposed new management contract, as described in the proxy statement, each fund's fee is calculated based on average daily net assets.

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| Fund   | Management Fee Rate     | Amount of Management Fee Paid in the Most Recent Fiscal Year (after applicable waivers and reimbursements, if any) (\$) | Annual Rate at which Fees were Paid*                             |
|--|-------------------------|---|--|
| Putnam California Investment Grade Municipal Trust | The lesser of 0.55%, or | 531,472   | 0.77% of average weekly net assets attributable to common shares |
|  | First \$500 million     | 0.65%   |  |
|  | Next \$500 million      | 0.55%   |  |
|  | Next \$5 billion        | 0.45%   |  |
|  | Next \$5 billion        | 0.425%  |  |
|  | Next \$5 billion        | 0.405%  |  |

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|  |                                |        |            |                             |
|--|--------------------------------|--------|------------|-----------------------------|
|  | Next \$5 billion               | 0.39%  |            |                             |
|  | Any excess thereafter          | 0.38%  |            |                             |
| <hr/>                                    |                                |        |            |                             |
| Putnam California Tax Exempt Income Fund | The lesser of 0.50%, or        |        | 10,368,635 | 0.48% of average net assets |
|  | First \$500 million            | 0.60%  |            |                             |
|  | Next \$500 million             | 0.50%  |            |                             |
|  | Next \$500 million             | 0.45%  |            |                             |
|  | Next \$5 billion               | 0.40%  |            |                             |
|  | Next \$5 billion               | 0.375% |            |                             |
|  | Next \$5 billion               | 0.355% |            |                             |
|  | Next \$5 billion               | 0.34%  |            |                             |
|  | Any excess thereafter          | 0.33%  |            |                             |
| <hr/>                                    |                                |        |            |                             |
| Putnam Capital Appreciation Fund         | First \$500 million            | 0.65%  | 4,388,833  | 0.62% of average net assets |
|  | Next \$500 million             | 0.55%  |            |                             |
|  | Next \$500 million             | 0.50%  |            |                             |
|  | Next \$5 billion               | 0.45%  |            |                             |
|  | Next \$5 billion               | 0.425% |            |                             |
|  | Next \$5 billion               | 0.405% |            |                             |
|  | Next \$5 billion               | 0.39%  |            |                             |
|  | Any excess over \$21.5 billion | 0.38%  |            |                             |
| <hr/>                                    |                                |        |            |                             |
| Putnam Capital Opportunities Fund        | First \$500 million            | 0.65%  | 6,363,713  | 0.59% of average net assets |
|  | Next \$500 million             | 0.55%  |            |                             |
|  | Next \$500 million             | 0.50%  |            |                             |
|  | Next \$5 billion               | 0.45%  |            |                             |
|  | Next \$5 billion               | 0.425% |            |                             |
|  | Next \$5 billion               | 0.405% |            |                             |
|  | Next \$5 billion               | 0.39%  |            |                             |
|  | Any excess thereafter          | 0.38%  |            |                             |
| <hr/>                                    |                                |        |            |                             |
| Putnam Classic Equity Fund               | First \$500 million            | 0.65%  | 4,836,159  | 0.61% of average net assets |
|  | Next \$500 million             | 0.55%  |            |                             |
|  | Next \$500 million             | 0.50%  |            |                             |
|  | Next \$5 billion               | 0.45%  |            |                             |
|  | Next \$5 billion               | 0.425% |            |                             |
|  | Next \$5 billion               | 0.405% |            |                             |
|  | Next \$5 billion               | 0.39%  |            |                             |
|  | Any excess thereafter          | 0.38%  |            |                             |
| <hr/>                                    |                                |        |            |                             |
| Putnam Convertible Income-Growth Trust   | First \$500 million            | 0.65%  | 4,231,616  | 0.62% of average net assets |
|  | Next \$500 million             | 0.55%  |            |                             |
|  | Next \$500 million             | 0.50%  |            |                             |
|  | Next \$5 billion               | 0.45%  |            |                             |
|  | Next \$5 billion               | 0.425% |            |                             |
|  | Next \$5 billion               | 0.405% |            |                             |
|  | Next \$5 billion               | 0.39%  |            |                             |
|  | Any excess thereafter          | 0.38%  |            |                             |

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|                              |                       |        |           |                             |
|------------------------------|-----------------------|--------|-----------|-----------------------------|
| Putnam Discovery Growth Fund | First \$500 million   | 0.70%  | 5,497,942 | 0.60% of average net assets |
|                              | Next \$500 million    | 0.60%  |           |                             |
|                              | Next \$500 million    | 0.55%  |           |                             |
|                              | Next \$5 billion      | 0.50%  |           |                             |
|                              | Next \$5 billion      | 0.475% |           |                             |
|                              | Next \$5 billion      | 0.455% |           |                             |
|                              | Next \$5 billion      | 0.44%  |           |                             |
|                              | Any excess thereafter | 0.43%  |           |                             |

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| Fund                            | Management Fee Rate   |        | Amount of Management Fee Paid in the Most Recent Fiscal Year (after applicable waivers and reimbursements, if any) (\$) | Annual Rate at which Fees were Paid* |
|---------------------------------|-----------------------|--------|---|--------------------------------------|
| Putnam Diversified Income Trust | First \$500 million   | 0.70%  | 17,403,729  | 0.55% of average net assets          |
|                                 | Next \$500 million    | 0.60%  |   |                                      |
|                                 | Next \$500 million    | 0.55%  |   |                                      |
|                                 | Next \$5 billion      | 0.50%  |   |                                      |
|                                 | Next \$5 billion      | 0.475% |   |                                      |
|                                 | Next \$5 billion      | 0.455% |   |                                      |
|                                 | Next \$5 billion      | 0.44%  |   |                                      |
|                                 | Any excess thereafter | 0.43%  |   |                                      |
| Putnam Equity Income Fund       | First \$500 million   | 0.65%  | 18,067,258  | 0.50% of average net assets          |
|                                 | Next \$500 million    | 0.55%  |   |                                      |
|                                 | Next \$500 million    | 0.50%  |   |                                      |
|                                 | Next \$5 billion      | 0.45%  |   |                                      |
|                                 | Next \$5 billion      | 0.425% |   |                                      |
|                                 | Next \$5 billion      | 0.405% |   |                                      |
|                                 | Next \$5 billion      | 0.39%  |   |                                      |
|                                 | Any excess thereafter | 0.38%  |   |                                      |
| Putnam Europe Equity Fund       | First \$500 million   | 0.80%  | 4,213,337   | 0.79% of average net assets          |
|                                 | Next \$500 million    | 0.70%  |   |                                      |
|                                 | Next \$500 million    | 0.65%  |   |                                      |
|                                 | Next \$5 billion      | 0.60%  |   |                                      |
|                                 | Next \$5 billion      | 0.575% |   |                                      |
|                                 | Next \$5 billion      | 0.555% |   |                                      |
|                                 | Next \$5 billion      | 0.54%  |   |                                      |
|                                 | Any excess thereafter | 0.53%  |   |                                      |
| Putnam Floating Rate            | First \$500 million   | 0.65%  | 1,719,001   | 0.62% of average                     |

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|                                       |                       |        |            |                             |
|---------------------------------------|-----------------------|--------|------------|-----------------------------|
| Income Fund                           | Next \$500 million    | 0.55%  |            | net assets                  |
|                                       | Next \$500 million    | 0.50%  |            |                             |
|                                       | Next \$5 billion      | 0.45%  |            |                             |
|                                       | Next \$5 billion      | 0.425% |            |                             |
|                                       | Next \$5 billion      | 0.405% |            |                             |
|                                       | Next \$5 billion      | 0.39%  |            |                             |
|                                       | Next \$5 billion      | 0.38%  |            |                             |
|                                       | Next \$5 billion      | 0.37%  |            |                             |
|                                       | Next \$5 billion      | 0.36%  |            |                             |
|                                       | Next \$5 billion      | 0.35%  |            |                             |
|                                       | Next \$5 billion      | 0.34%  |            |                             |
|                                       | Next \$8.5 billion    | 0.33%  |            |                             |
|                                       | Any excess thereafter | 0.32%  |            |                             |
| <hr/>                                 |                       |        |            |                             |
| The Putnam Fund for Growth and Income | First \$500 million   | 0.65%  | 67,376,969 | 0.44% of average net assets |
|                                       | Next \$500 million    | 0.55%  |            | net assets                  |
|                                       | Next \$500 million    | 0.50%  |            |                             |
|                                       | Next \$5 billion      | 0.45%  |            |                             |
|                                       | Next \$5 billion      | 0.425% |            |                             |
|                                       | Next \$5 billion      | 0.405% |            |                             |
|                                       | Next \$5 billion      | 0.39%  |            |                             |
|                                       | Next \$5 billion      | 0.38%  |            |                             |
|                                       | Next \$5 billion      | 0.37%  |            |                             |
|                                       | Next \$5 billion      | 0.36%  |            |                             |
|                                       | Next \$5 billion      | 0.35%  |            |                             |
|                                       | Next \$5 billion      | 0.34%  |            |                             |
|                                       | Next \$8.5 billion    | 0.33%  |            |                             |
| Any excess over \$55 billion          | 0.32%                 |        |            |                             |
| <hr/>                                 |                       |        |            |                             |
| The George Putnam Fund of Boston      | First \$500 million   | 0.65%  | 23,520,227 | 0.48% of average net assets |
|                                       | Next \$500 million    | 0.55%  |            | net assets                  |
|                                       | Next \$500 million    | 0.50%  |            |                             |
|                                       | Next \$5 billion      | 0.45%  |            |                             |
|                                       | Next \$5 billion      | 0.425% |            |                             |
|                                       | Next \$5 billion      | 0.405% |            |                             |
|                                       | Next \$5 billion      | 0.39%  |            |                             |
|                                       | Any excess thereafter | 0.38%  |            |                             |

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| Fund | Management Fee Rate | Amount of Management Fee Paid in the Most Recent Fiscal Year (after applicable waivers and reimbursements, if any) (\$) | Annual Rate at which Fees were Paid* |
|------|---------------------|---|--------------------------------------|
|------|---------------------|---|--------------------------------------|

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|                                      |                              |        |            |                             |
|--------------------------------------|------------------------------|--------|------------|-----------------------------|
| Putnam Global Equity Fund            | First \$500 million          | 0.80%  | 15,165,340 | 0.68% of average net assets |
|                                      | Next \$500 million           | 0.70%  |            |                             |
|                                      | Next \$500 million           | 0.65%  |            |                             |
|                                      | Next \$5 billion             | 0.60%  |            |                             |
|                                      | Next \$5 billion             | 0.575% |            |                             |
|                                      | Next \$5 billion             | 0.555% |            |                             |
|                                      | Next \$5 billion             | 0.54%  |            |                             |
|                                      | Next \$5 billion             | 0.53%  |            |                             |
|                                      | Next \$5 billion             | 0.52%  |            |                             |
|                                      | Next \$5 billion             | 0.51%  |            |                             |
|                                      | Next \$5 billion             | 0.50%  |            |                             |
|                                      | Next \$5 billion             | 0.49%  |            |                             |
|                                      | Next \$8.5 billion           | 0.48%  |            |                             |
|                                      | Any excess over \$55 billion | 0.47%  |            |                             |
| <hr/>                                |                              |        |            |                             |
| Putnam Global Income Trust           | First \$500 million          | 0.70%  | 528,321    | 0.39% of average net assets |
|                                      | Next \$500 million           | 0.60%  |            |                             |
|                                      | Next \$500 million           | 0.55%  |            |                             |
|                                      | Next \$5 billion             | 0.50%  |            |                             |
|                                      | Next \$5 billion             | 0.475% |            |                             |
|                                      | Next \$5 billion             | 0.455% |            |                             |
|                                      | Next \$5 billion             | 0.44%  |            |                             |
|                                      | Any excess thereafter        | 0.43%  |            |                             |
| <hr/>                                |                              |        |            |                             |
| Putnam Global Natural Resources Fund | First \$500 million          | 0.70%  | 4,126,921  | 0.68% of average net assets |
|                                      | Next \$500 million           | 0.60%  |            |                             |
|                                      | Next \$500 million           | 0.55%  |            |                             |
|                                      | Next \$5 billion             | 0.50%  |            |                             |
|                                      | Next \$5 billion             | 0.475% |            |                             |
|                                      | Next \$5 billion             | 0.455% |            |                             |
|                                      | Next \$5 billion             | 0.44%  |            |                             |
| Any excess thereafter                | 0.43%                        |        |            |                             |
| <hr/>                                |                              |        |            |                             |
| Putnam Growth Opportunities Fund     | First \$500 million          | 0.70%  | 2,913,736  | 0.36% of average net assets |
|                                      | Next \$500 million           | 0.60%  |            |                             |
|                                      | Next \$500 million           | 0.55%  |            |                             |
|                                      | Next \$5 billion             | 0.50%  |            |                             |
|                                      | Next \$5 billion             | 0.475% |            |                             |
|                                      | Next \$5 billion             | 0.455% |            |                             |
|                                      | Next \$5 billion             | 0.44%  |            |                             |
| Any excess thereafter                | 0.43%                        |        |            |                             |
| <hr/>                                |                              |        |            |                             |
| Putnam Health Sciences Trust         | First \$500 million          | 0.70%  | 14,802,805 | 0.57% of average net assets |
|                                      | Next \$500 million           | 0.60%  |            |                             |
|                                      | Next \$500 million           | 0.55%  |            |                             |
|                                      | Next \$5 billion             | 0.50%  |            |                             |
|                                      | Next \$5 billion             | 0.455% |            |                             |

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|                                |       |
|--------------------------------|-------|
| Next \$5 billion               | 0.44% |
| Any excess over \$21.5 billion | 0.43% |

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|                                    |                       |        |           |                                    |
|------------------------------------|-----------------------|--------|-----------|------------------------------------|
| Putnam High Income Securities Fund | First \$500 million   | 0.70%  | 1,372,004 | 0.71% of average weekly net assets |
|                                    | Next \$500 million    | 0.60%  |           |                                    |
|                                    | Next \$500 million    | 0.55%  |           |                                    |
|                                    | Next \$5 billion      | 0.50%  |           |                                    |
|                                    | Next \$5 billion      | 0.475% |           |                                    |
|                                    | Next \$5 billion      | 0.455% |           |                                    |
|                                    | Next \$5 billion      | 0.44%  |           |                                    |
|                                    | Next \$5 billion      | 0.43%  |           |                                    |
|                                    | Next \$5 billion      | 0.42%  |           |                                    |
|                                    | Next \$5 billion      | 0.41%  |           |                                    |
|                                    | Next \$5 billion      | 0.40%  |           |                                    |
|                                    | Next \$5 billion      | 0.39%  |           |                                    |
|                                    | Next \$8.5 billion    | 0.38%  |           |                                    |
|                                    | Any excess thereafter | 0.37%  |           |                                    |

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| Fund                              | Management Fee Rate     | Amount of Management Fee Paid in the Most Recent Fiscal Year |            | Annual Rate at which Fees were Paid*                             |
|-----------------------------------|-------------------------|--|------------|--|
|                                   |                         | (after applicable waivers and reimbursements, if any) (\$)   |            |  |
| Putnam High Yield Advantage Fund  | First \$500 million     | 0.70%  | 5,676,755  | 0.66% of average net assets                                      |
|                                   | Next \$500 million      | 0.60%  |            |  |
|                                   | Next \$500 million      | 0.55%  |            |  |
|                                   | Next \$5 billion        | 0.50%  |            |  |
|                                   | Next \$5 billion        | 0.475%   |            |  |
|                                   | Next \$5 billion        | 0.455%   |            |  |
|                                   | Next \$5 billion        | 0.44%  |            |  |
|                                   | Any excess thereafter   | 0.43%  |            |  |
| Putnam High Yield Municipal Trust | The lesser of 0.55%, or |  | 1,448,462  | 0.83% of average weekly net assets attributable to common shares |
|                                   | First \$500 million     | 0.65%  |            |  |
|                                   | Next \$500 million      | 0.55%  |            |  |
|                                   | Next \$500 million      | 0.50%  |            |  |
|                                   | Next \$5 billion        | 0.45%  |            |  |
|                                   | Next \$5 billion        | 0.425%   |            |  |
|                                   | Next \$5 billion        | 0.405%   |            |  |
| Putnam High Yield Trust           | First \$500 million     | 0.70%  | 13,784,128 | 0.57% of average   |
|                                   | Next \$500 million      | 0.60%  |            |  |

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|   |                       |        |            |                  |
|---|-----------------------|--------|------------|------------------|
|   | Next \$500 million    | 0.60%  |            | net assets       |
|   | Next \$500 million    | 0.55%  |            |                  |
|   | Next \$5 billion      | 0.50%  |            |                  |
|   | Next \$5 billion      | 0.475% |            |                  |
|   | Next \$5 billion      | 0.455% |            |                  |
|   | Next \$5 billion      | 0.44%  |            |                  |
|   | Any excess thereafter | 0.43%  |            |                  |
| <hr/>   |                       |        |            |                  |
| Putnam Income Fund                              | First \$500 million   | 0.65%  | 11,940,410 | 0.47% of average |
|   | Next \$500 million    | 0.55%  |            | net assets       |
|   | Next \$500 million    | 0.50%  |            |                  |
|   | Next \$5 billion      | 0.45%  |            |                  |
|   | Next \$5 billion      | 0.425% |            |                  |
|   | Next \$5 billion      | 0.405% |            |                  |
|   | Next \$5 billion      | 0.39%  |            |                  |
|   | Any excess thereafter | 0.38%  |            |                  |
| <hr/>   |                       |        |            |                  |
| Putnam Income Strategies Fund                   | First \$500 million   | 0.65%  | 0**        | 0.00%**          |
|   | Next \$500 million    | 0.55%  |            |                  |
|   | Next \$500 million    | 0.50%  |            |                  |
|   | Next \$5 billion      | 0.45%  |            |                  |
|   | Next \$5 billion      | 0.425% |            |                  |
|   | Next \$5 billion      | 0.405% |            |                  |
|   | Next \$5 billion      | 0.39%  |            |                  |
|   | Next \$5 billion      | 0.38%  |            |                  |
|   | Next \$5 billion      | 0.37%  |            |                  |
|   | Next \$5 billion      | 0.36%  |            |                  |
|   | Next \$5 billion      | 0.35%  |            |                  |
|   | Next \$5 billion      | 0.34%  |            |                  |
|   | Next \$8.5 billion    | 0.33%  |            |                  |
|   | Any excess thereafter | 0.32%  |            |                  |
| <hr/>   |                       |        |            |                  |
| Putnam International Capital Opportunities Fund | First \$500 million   | 1.00%  | 13,345,775 | 0.92% of average |
|   | Next \$500 million    | 0.90%  |            | net assets       |
|   | Next \$500 million    | 0.85%  |            |                  |
|   | Next \$5 billion      | 0.80%  |            |                  |
|   | Next \$5 billion      | 0.775% |            |                  |
|   | Next \$5 billion      | 0.755% |            |                  |
|   | Next \$5 billion      | 0.74%  |            |                  |
|   | Any excess thereafter | 0.73%  |            |                  |

\*\*Due to expense limitations in effect during the fund's most recent fiscal year, Putnam Income Strategies Fund did not pay a management fee to Putnam Management.

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| Fund   | Management Fee Rate            |        | Paid in the Most Recent<br>Fiscal Year<br>(after applicable waivers and<br>reimbursements, if any) (\$) | Annual Rate at<br>which Fees<br>were Paid*                                |
|--|--------------------------------|--------|---|---|
| Putnam International<br>Equity Fund            | First \$500 million            | 0.80%  | 39,425,440  | 0.63% of average<br>net assets  |
|  | Next \$500 million             | 0.70%  |   |   |
|  | Next \$500 million             | 0.65%  |   |   |
|  | Next \$5 billion               | 0.60%  |   |   |
|  | Next \$5 billion               | 0.575% |   |   |
|  | Next \$5 billion               | 0.555% |   |   |
|  | Next \$5 billion               | 0.54%  |   |   |
|  | Any excess over \$21.5 billion | 0.53%  |   |   |
| Putnam International<br>Growth and Income Fund | First \$500 million            | 0.80%  | 5,732,946   | 0.72% of average<br>net assets  |
|  | Next \$500 million             | 0.70%  |   |   |
|  | Next \$500 million             | 0.65%  |   |   |
|  | Next \$5 billion               | 0.60%  |   |   |
|  | Next \$5 billion               | 0.575% |   |   |
|  | Next \$5 billion               | 0.555% |   |   |
|  | Next \$5 billion               | 0.54%  |   |   |
|  | Any excess thereafter          | 0.53%  |   |   |
| Putnam International New<br>Opportunities Fund | First \$500 million            | 1.00%  | 6,580,631   | 0.87% of average<br>net assets  |
|  | Next \$500 million             | 0.90%  |   |   |
|  | Next \$500 million             | 0.85%  |   |   |
|  | Next \$5 billion               | 0.80%  |   |   |
|  | Next \$5 billion               | 0.775% |   |   |
|  | Next \$5 billion               | 0.755% |   |   |
|  | Next \$5 billion               | 0.74%  |   |   |
|  | Any excess thereafter          | 0.73%  |   |   |
| Putnam Investment Grade<br>Municipal Trust     | The lesser of 0.55%, or        |        | 2,059,634   | 0.91% of average<br>weekly net assets<br>attributable to<br>common shares |
|  | First \$500 million            | 0.65%  |   |   |
|  | Next \$500 million             | 0.55%  |   |   |
|  | Next \$500 million             | 0.50%  |   |   |
|  | Next \$5 billion               | 0.45%  |   |   |
|  | Next \$5 billion               | 0.425% |   |   |
|  | Next \$5 billion               | 0.405% |   |   |
|  | Next \$5 billion               | 0.39%  |   |   |
|  | Any excess thereafter          | 0.38%  |   |   |
| Putnam Investors Fund                          | First \$500 million            | 0.65%  | 19,513,803  | 0.49% of average<br>net assets  |
|  | Next \$500 million             | 0.55%  |   |   |
|  | Next \$500 million             | 0.50%  |   |   |
|  | Next \$5 billion               | 0.45%  |   |   |
|  | Next \$5 billion               | 0.405% |   |   |



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|                                |       |
|--------------------------------|-------|
| Next \$5 billion               | 0.39% |
| Any excess over \$21.5 billion | 0.38% |

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|  |                                |        |           |                             |
|--|--------------------------------|--------|-----------|-----------------------------|
| Putnam Limited Duration Government Income Fund | The lesser of 0.50%, or        |        | 2,392,584 | 0.48% of average net assets |
|  | First \$500 million            | 0.60%  |           |                             |
|  | Next \$500 million             | 0.50%  |           |                             |
|  | Next \$500 million             | 0.45%  |           |                             |
|  | Next \$5 billion               | 0.40%  |           |                             |
|  | Next \$5 billion               | 0.375% |           |                             |
|  | Next \$5 billion               | 0.355% |           |                             |
|  | Next \$5 billion               | 0.34%  |           |                             |
|  | Any excess over \$21.5 billion | 0.33%  |           |                             |

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|                                       |                         |        |           |  |
|---------------------------------------|-------------------------|--------|-----------|--|
| Putnam Managed Municipal Income Trust | The lesser of 0.55%, or |        | 3,167,820 | 0.84% of average weekly net assets attributable to common shares |
|                                       | First \$500 million     | 0.65%  |           |  |
|                                       | Next \$500 million      | 0.55%  |           |  |
|                                       | Next \$500 million      | 0.50%  |           |  |
|                                       | Next \$5 billion        | 0.45%  |           |  |
|                                       | Next \$5 billion        | 0.425% |           |  |
|                                       | Next \$5 billion        | 0.405% |           |  |
|                                       | Next \$5 billion        | 0.39%  |           |  |
|                                       | Any excess thereafter   | 0.38%  |           |  |

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| Fund  | Management Fee Rate            | Amount of Management Fee Paid in the Most Recent Fiscal Year (after applicable waivers and reimbursements, if any) (\$) | Annual Rate at which Fees were Paid* |
|---|--------------------------------|---|--------------------------------------|
| Putnam Massachusetts Tax Exempt Income Fund | The lesser of 0.50%, or        | 1,675,201   | 0.50% of average net assets          |
|   | First \$500 million            |   |                                      |
|   | Next \$500 million             |   |                                      |
|   | Next \$500 million             |   |                                      |
|   | Next \$5 billion               |   |                                      |
|   | Next \$5 billion               |   |                                      |
|   | Next \$5 billion               |   |                                      |
|   | Next \$5 billion               |   |                                      |
|   | Any excess over \$21.5 billion |   |                                      |
| Putnam Master Intermediate Income Trust     | First \$500 million            | 4,797,486   | 0.70% of average weekly net assets   |
|   | Next \$500 million             |   |                                      |
|   | Next \$500 million             |   |                                      |
|   | Next \$5 billion               |   |                                      |
|   | Next \$5 billion               |   |                                      |

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|                       |        |
|-----------------------|--------|
| Next \$5 billion      | 0.505% |
| Next \$5 billion      | 0.49%  |
| Next \$5 billion      | 0.48%  |
| Next \$5 billion      | 0.47%  |
| Next \$5 billion      | 0.46%  |
| Next \$5 billion      | 0.45%  |
| Next \$5 billion      | 0.44%  |
| Next \$8.5 billion    | 0.43%  |
| Any excess thereafter | 0.42%  |

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|  |                                |        |         |                             |
|--|--------------------------------|--------|---------|-----------------------------|
| Putnam Michigan Tax Exempt Income Fund | The lesser of 0.50%, or        |        | 648,238 | 0.50% of average net assets |
|  | First \$500 million            | 0.60%  |         |                             |
|  | Next \$500 million             | 0.50%  |         |                             |
|  | Next \$500 million             | 0.45%  |         |                             |
|  | Next \$5 billion               | 0.40%  |         |                             |
|  | Next \$5 billion               | 0.375% |         |                             |
|  | Next \$5 billion               | 0.355% |         |                             |
|  | Next \$5 billion               | 0.34%  |         |                             |
|  | Any excess over \$21.5 billion | 0.33%  |         |                             |

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|                           |                       |        |           |                             |
|---------------------------|-----------------------|--------|-----------|-----------------------------|
| Putnam Mid Cap Value Fund | First \$500 million   | 0.70%  | 5,871,795 | 0.66% of average net assets |
|                           | Next \$500 million    | 0.60%  |           |                             |
|                           | Next \$500 million    | 0.55%  |           |                             |
|                           | Next \$5 billion      | 0.50%  |           |                             |
|                           | Next \$5 billion      | 0.475% |           |                             |
|                           | Next \$5 billion      | 0.455% |           |                             |
|                           | Next \$5 billion      | 0.44%  |           |                             |
|                           | Any excess thereafter | 0.43%  |           |                             |

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|   |                                |        |         |                             |
|---|--------------------------------|--------|---------|-----------------------------|
| Putnam Minnesota Tax Exempt Income Fund | The lesser of 0.50%, or        |        | 538,350 | 0.45% of average net assets |
|   | First \$500 million            | 0.60%  |         |                             |
|   | Next \$500 million             | 0.50%  |         |                             |
|   | Next \$500 million             | 0.45%  |         |                             |
|   | Next \$5 billion               | 0.40%  |         |                             |
|   | Next \$5 billion               | 0.375% |         |                             |
|   | Next \$5 billion               | 0.355% |         |                             |
|   | Next \$5 billion               | 0.34%  |         |                             |
|   | Any excess over \$21.5 billion | 0.33%  |         |                             |

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|                          |                     |        |            |                             |
|--------------------------|---------------------|--------|------------|-----------------------------|
| Putnam Money Market Fund | First \$100 million | 0.50%  | 10,390,443 | 0.30% of average net assets |
|                          | Next \$100 million  | 0.40%  |            |                             |
|                          | Next \$300 million  | 0.35%  |            |                             |
|                          | Next \$500 million  | 0.325% |            |                             |
|                          | Next \$500 million  | 0.30%  |            |                             |
|                          | Next \$2.5 billion  | 0.275% |            |                             |
|                          | Next \$2.5 billion  | 0.25%  |            |                             |
|                          | Next \$5 billion    | 0.225% |            |                             |
|                          | Next \$5 billion    | 0.205% |            |                             |

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|                       |       |
|-----------------------|-------|
| Next \$5 billion      | 0.19% |
| Any excess thereafter | 0.18% |

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| Fund                                     | Management Fee Rate            | Amount of Management Fee Paid in the Most Recent Fiscal Year (after applicable waivers and reimbursements, if any) (\$) | Annual Rate at which Fees were Paid*                             |        |
|--|--------------------------------|---|--|--------|
| Putnam Municipal Bond Fund               | The lesser of 0.55%, or        | 2,290,901   | 0.97% of average weekly net assets attributable to common shares |        |
|  | First \$500 million            |   |  | 0.65%  |
|  | Next \$500 million             |   |  | 0.55%  |
|  | Next \$500 million             |   |  | 0.50%  |
|  | Next \$5 billion               |   |  | 0.45%  |
|  | Next \$5 billion               |   |  | 0.425% |
|  | Next \$5 billion               |   |  | 0.405% |
|  | Next \$5 billion               |   |  | 0.39%  |
| Any excess thereafter                    | 0.38%                          |   |  |        |
| Putnam Municipal Opportunities Trust***  | The lesser of 0.35%, or        | 1,394,604   | 0.66% of average weekly net assets attributable to common shares |        |
|  | First \$500 million            |   |  | 0.45%  |
|  | Next \$500 million             |   |  | 0.35%  |
|  | Next \$500 million             |   |  | 0.30%  |
|  | Next \$5 billion               |   |  | 0.25%  |
|  | Next \$5 billion               |   |  | 0.225% |
|  | Next \$5 billion               |   |  | 0.205% |
|  | Next \$5 billion               |   |  | 0.19%  |
| Any excess thereafter                    | 0.18%                          |   |  |        |
| Putnam New Jersey Tax Exempt Income Fund | The lesser of 0.50%, or        | 1,101,027   | 0.50% of average net assets                                      |        |
|  | First \$500 million            |   |  | 0.60%  |
|  | Next \$500 million             |   |  | 0.50%  |
|  | Next \$500 million             |   |  | 0.45%  |
|  | Next \$5 billion               |   |  | 0.40%  |
|  | Next \$5 billion               |   |  | 0.375% |
|  | Next \$5 billion               |   |  | 0.355% |
|  | Next \$5 billion               |   |  | 0.34%  |
|  | Any excess over \$21.5 billion |   |  | 0.33%  |
| Putnam New Opportunities Fund            | First \$500 million            | 30,814,799  | 0.53% of average net assets                                      |        |
|  | Next \$500 million             |   |  | 0.70%  |
|  | Next \$500 million             |   |  | 0.60%  |
|  | Next \$5 billion               |   |  | 0.55%  |
|  | Next \$5 billion               |   |  | 0.50%  |
|  | 0.475%                         |   |  |        |

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|                               |        |
|-------------------------------|--------|
| Next \$5 billion              | 0.455% |
| Next \$5 billion              | 0.44%  |
| Next \$5 billion              | 0.43%  |
| Next \$5 billion              | 0.42%  |
| Next \$5 billion              | 0.41%  |
| Next \$5 billion              | 0.40%  |
| Next \$5 billion              | 0.39%  |
| Next \$8.5 billion            | 0.38%  |
| Any excess above \$55 billion | 0.37%  |

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|                       |                       |        |            |                             |
|-----------------------|-----------------------|--------|------------|-----------------------------|
| Putnam New Value Fund | First \$500 million   | 0.70%  | 11,478,217 | 0.59% of average net assets |
|                       | Next \$500 million    | 0.60%  |            |                             |
|                       | Next \$500 million    | 0.55%  |            |                             |
|                       | Next \$5 billion      | 0.50%  |            |                             |
|                       | Next \$5 billion      | 0.475% |            |                             |
|                       | Next \$5 billion      | 0.455% |            |                             |
|                       | Next \$5 billion      | 0.44%  |            |                             |
|                       | Any excess thereafter | 0.43%  |            |                             |

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\*\*\* The management fee rate for Putnam Municipal Opportunities Trust represents fees paid only for investment advisory services. As described in this proxy statement, the fund paid Putnam Management separately for administrative services. For the most recent fiscal year, the fund paid an administrative services fee of \$662,851 to Putnam Management, based on an annual rate of 0.32% of the average weekly net assets attributable to common shares. Under the proposed new management contract, the Fund will pay a single fee of 0.98% of average net assets.

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| Fund   | Management Fee Rate     | Amount of Management Fee   |  |        |
|--|-------------------------|--|--|--------|
|  |                         | Paid in the Most Recent Fiscal Year (after applicable waivers and reimbursements, if any) (\$) | Annual Rate at which Fees were Paid*                             |        |
| Putnam New York Investment Grade Municipal Trust | The lesser of 0.55%, or | 302,665  | 0.78% of average weekly net assets attributable to common shares |        |
|  | First \$500 million     |  |  | 0.65%  |
|  | Next \$500 million      |  |  | 0.55%  |
|  | Next \$500 million      |  |  | 0.50%  |
|  | Next \$5 billion        |  |  | 0.45%  |
|  | Next \$5 billion        |  |  | 0.425% |
|  | Next \$5 billion        |  |  | 0.405% |
|  | Next \$5 billion        |  |  | 0.39%  |
| Any excess thereafter                            | 0.38%                   |  |  |        |
| Putnam New York Tax Exempt Income Fund           | The lesser of 0.50%, or | 5,972,705  | 0.50% of average net assets                                      |        |
|  | First \$500 million     |  |  | 0.60%  |
|  | Next \$500 million      |  |  | 0.50%  |
|  | Next \$500 million      |  |  | 0.45%  |
|  | Next \$5 billion        |  |  | 0.40%  |

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|                                |        |
|--------------------------------|--------|
| Next \$5 billion               | 0.375% |
| Next \$5 billion               | 0.355% |
| Next \$5 billion               | 0.34%  |
| Any excess over \$21.5 billion | 0.33%  |

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|                                       |  |        |         |                                |
|---------------------------------------|--|--------|---------|--------------------------------|
| Putnam Ohio Tax Exempt<br>Income Fund | The lesser of 0.50%, or<br>First \$500 million | 0.60%  | 849,434 | 0.49% of average<br>net assets |
|                                       | Next \$500 million                             | 0.50%  |         |                                |
|                                       | Next \$500 million                             | 0.45%  |         |                                |
|                                       | Next \$5 billion                               | 0.40%  |         |                                |
|                                       | Next \$5 billion                               | 0.375% |         |                                |
|                                       | Next \$5 billion                               | 0.355% |         |                                |
|                                       | Next \$5 billion                               | 0.34%  |         |                                |
|                                       | Any excess over \$21.5 billion                 | 0.33%  |         |                                |

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|                                      |                       |        |           |                                |
|--------------------------------------|-----------------------|--------|-----------|--------------------------------|
| Putnam OTC & Emerging<br>Growth Fund | First \$500 million   | 0.70%  | 6,255,747 | 0.60% of average<br>net assets |
|                                      | Next \$500 million    | 0.60%  |           |                                |
|                                      | Next \$500 million    | 0.55%  |           |                                |
|                                      | Next \$5 billion      | 0.50%  |           |                                |
|                                      | Next \$5 billion      | 0.475% |           |                                |
|                                      | Next \$5 billion      | 0.455% |           |                                |
|                                      | Next \$5 billion      | 0.44%  |           |                                |
|                                      | Any excess thereafter | 0.43%  |           |                                |

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|   |  |        |         |                                |
|---|--|--------|---------|--------------------------------|
| Putnam Pennsylvania Tax<br>Exempt Income Fund | The lesser of 0.50%, or<br>First \$500 million | 0.60%  | 926,507 | 0.50% of average<br>net assets |
|   | Next \$500 million                             | 0.50%  |         |                                |
|   | Next \$500 million                             | 0.45%  |         |                                |
|   | Next \$5 billion                               | 0.40%  |         |                                |
|   | Next \$5 billion                               | 0.375% |         |                                |
|   | Next \$5 billion                               | 0.355% |         |                                |
|   | Next \$5 billion                               | 0.34%  |         |                                |
|   | Any excess over \$21.5 billion                 | 0.33%  |         |                                |

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| Fund                           | Management Fee Rate | Amount of Management Fee<br>Paid in the Most Recent<br>Fiscal Year<br>(after applicable waivers and<br>reimbursements, if any) (\$) | Annual Rate at<br>which Fees<br>were Paid* |                                       |
|--------------------------------|---------------------|---|--|---------------------------------------|
| Putnam Premier Income<br>Trust | First \$500 million | 0.75%   | 8,927,294                                  | 0.66% of average<br>weekly net assets |
|                                | Next \$500 million  | 0.65%   |  |                                       |
|                                | Next \$500 million  | 0.60%   |  |                                       |
|                                | Next \$5 billion    | 0.55%   |  |                                       |

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|                       |        |
|-----------------------|--------|
| Next \$5 billion      | 0.525% |
| Next \$5 billion      | 0.505% |
| Next \$5 billion      | 0.49%  |
| Next \$5 billion      | 0.48%  |
| Next \$5 billion      | 0.47%  |
| Next \$5 billion      | 0.46%  |
| Next \$5 billion      | 0.45%  |
| Next \$5 billion      | 0.44%  |
| Next \$8.5 billion    | 0.43%  |
| Any excess thereafter | 0.42%  |

|  |                       |           |                                |                                |
|--|-----------------------|-----------|--------------------------------|--------------------------------|
| Putnam Prime Money<br>Market Fund <sup>^</sup> | 0.20%                 | 2,183,172 | 0.07% of average<br>net assets |                                |
| Putnam Research Fund <sup>□</sup>              | First \$500 million   | 0.65%     | 5,269,897                      | 0.53% of average<br>net assets |
|  | Next \$500 million    | 0.55%     |                                |                                |
|  | Next \$500 million    | 0.50%     |                                |                                |
|  | Next \$5 billion      | 0.45%     |                                |                                |
|  | Next \$5 billion      | 0.425%    |                                |                                |
|  | Next \$5 billion      | 0.405%    |                                |                                |
|  | Next \$5 billion      | 0.39%     |                                |                                |
|  | Any excess thereafter | 0.38%     |                                |                                |
| Putnam RetirementReady<br>2010 Fund            | 0.05%                 | 29,736    | 0.05% of average<br>net assets |                                |
| Putnam RetirementReady<br>2015 Fund            | 0.05%                 | 58,932    | 0.05% of average<br>net assets |                                |
| Putnam RetirementReady<br>2020 Fund            | 0.05%                 | 64,225    | 0.05% of average<br>net assets |                                |
| Putnam RetirementReady<br>2025 Fund            | 0.05%                 | 49,571    | 0.05% of average<br>net assets |                                |
| Putnam RetirementReady<br>2030 Fund            | 0.05%                 | 25,310    | 0.05% of average<br>net assets |                                |
| Putnam RetirementReady<br>2035 Fund            | 0.05%                 | 6,096     | 0.05% of average<br>net assets |                                |

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|                                     |       |   |                                |
|-------------------------------------|-------|---|--------------------------------|
| Putnam RetirementReady<br>2040 Fund | 0.05% | 0 | 0.05% of average<br>net assets |
|-------------------------------------|-------|---|--------------------------------|

^ The management fee rate for Putnam Prime Money Market Fund represents fees paid only for investment advisory services. As described in this proxy statement, the fund paid Putnam Management separately for administrative services. For the most recent fiscal year, the fund paid \$1,549,992 in administrative services fees to Putnam Management, based on an annual rate of 0.05% of the average net assets of the fund. Under the proposed new management contract, the Fund will pay a single fee of 0.25% of average net assets.

A revised management contract for this fund was recently approved by shareholders on December 14, 2006 to remove the incentive fee component from the management fee. Under the fund's previous management contract, the fund paid Putnam Management a quarterly fee consisting of an assets-based component and an incentive component. The base fee was subject to a performance adjustment based on the investment performance of the fund compared to changes in the value of the Standard & Poor's 500 (S&P 500) composite Stock Price Index. Performance was calculated for these purposes at the beginning of each calendar quarter, for the thirty-six month period immediately preceding such quarter or the life of the fund, if shorter. The applicable base fee was increased or decreased for each calendar quarter by an incentive payment or penalty at the annual rate of 0.01% of the fund's average net assets for each 1.00% increment by which the fund outperformed or underperformed the S&P 500 in excess of 3.00%, subject to a maximum increase or decrease of 0.07% of average net assets. The revised management contract provides for an eighteen-month transition period during which the fund's fee will be the lesser of (i) the base fee and (ii) the performance-adjusted fee that would have been calculated under the previous contract. The fund is currently in this transition period, which will end on June 30, 2008, after which the base management fee will apply without performance-based adjustments.

Due to expense limitations in effect during the most recent fiscal year, Putnam RetirementReady 2040 Fund, Putnam RetirementReady 2045 Fund, Putnam RetirementReady 2050 Fund and Putnam RetirementReady Maturity Fund did not pay management fees to Putnam Management.

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| Fund                                    | Management Fee Rate   | Amount of Management Fee<br>Paid in the Most Recent<br>Fiscal Year<br>(after applicable waivers and<br>reimbursements, if any) (\$) | Annual Rate at<br>which Fees<br>were Paid*  |
|---|---|---|---|
| Putnam RetirementReady<br>2045 Fund     | 0.05%   | 0   | 0.05% of average<br>net assets              |
| Putnam RetirementReady<br>2050 Fund     | 0.05%   | 0   | 0.05% of average<br>net assets              |
| Putnam RetirementReady<br>Maturity Fund | 0.05%   | 0   | 0.05% of average<br>net assets              |
| Putnam Small Cap<br>Growth Fund         | First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion | 1.00%<br>0.90%<br>0.85%<br>0.80%<br>0.775%  | 3,840,676<br>0.88% of average<br>net assets |

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|                       |        |
|-----------------------|--------|
| Next \$5 billion      | 0.755% |
| Next \$5 billion      | 0.74%  |
| Any excess thereafter | 0.73%  |

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|                             |                       |        |           |                             |
|-----------------------------|-----------------------|--------|-----------|-----------------------------|
| Putnam Small Cap Value Fund | First \$500 million   | 0.80%  | 6,409,797 | 0.76% of average net assets |
|                             | Next \$500 million    | 0.70%  |           |                             |
|                             | Next \$500 million    | 0.65%  |           |                             |
|                             | Next \$5 billion      | 0.60%  |           |                             |
|                             | Next \$5 billion      | 0.575% |           |                             |
|                             | Next \$5 billion      | 0.555% |           |                             |
|                             | Next \$5 billion      | 0.54%  |           |                             |
|                             | Any excess thereafter | 0.53%  |           |                             |

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|                               |                         |        |           |                             |
|-------------------------------|-------------------------|--------|-----------|-----------------------------|
| Putnam Tax Exempt Income Fund | The lesser of 0.50%, or |        | 6,301,826 | 0.50% of average net assets |
|                               | First \$500 million     | 0.60%  |           |                             |
|                               | Next \$500 million      | 0.50%  |           |                             |
|                               | Next \$500 million      | 0.45%  |           |                             |
|                               | Next \$5 billion        | 0.40%  |           |                             |
|                               | Next \$5 billion        | 0.375% |           |                             |
|                               | Next \$5 billion        | 0.355% |           |                             |
|                               | Next \$5 billion        | 0.34%  |           |                             |
| Any excess thereafter         | 0.33%                   |        |           |                             |

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|                                     |                       |        |         |                             |
|-------------------------------------|-----------------------|--------|---------|-----------------------------|
| Putnam Tax Exempt Money Market Fund | First \$500 million   | 0.45%  | 390,524 | 0.33% of average net assets |
|                                     | Next \$500 million    | 0.35%  |         |                             |
|                                     | Next \$500 million    | 0.30%  |         |                             |
|                                     | Next \$5 billion      | 0.25%  |         |                             |
|                                     | Next \$5 billion      | 0.225% |         |                             |
|                                     | Next \$5 billion      | 0.205% |         |                             |
|                                     | Next \$5 billion      | 0.19%  |         |                             |
|                                     | Any excess thereafter | 0.18%  |         |                             |

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|                                  |                         |        |           |                                    |
|----------------------------------|-------------------------|--------|-----------|------------------------------------|
| Putnam Tax-Free Health Care Fund | The lesser of 0.55%, or |        | 1,177,515 | 0.61% of average weekly net assets |
|                                  | First \$500 million     | 0.65%  |           |                                    |
|                                  | Next \$500 million      | 0.55%  |           |                                    |
|                                  | Next \$500 million      | 0.50%  |           |                                    |
|                                  | Next \$5 billion        | 0.45%  |           |                                    |
|                                  | Next \$5 billion        | 0.425% |           |                                    |
|                                  | Next \$5 billion        | 0.405% |           |                                    |
|                                  | Next \$5 billion        | 0.39%  |           |                                    |
| Any excess over \$21.5 billion   | 0.38%                   |        |           |                                    |

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|                                 |                         |        |           |                             |
|---------------------------------|-------------------------|--------|-----------|-----------------------------|
| Putnam Tax-Free High Yield Fund | The lesser of 0.50%, or |        | 7,815,394 | 0.50% of average net assets |
|                                 | First \$500 million     | 0.60%  |           |                             |
|                                 | Next \$500 million      | 0.50%  |           |                             |
|                                 | Next \$500 million      | 0.45%  |           |                             |
|                                 | Next \$5 billion        | 0.375% |           |                             |



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|                       |        |
|-----------------------|--------|
| Next \$5 billion      | 0.355% |
| Next \$5 billion      | 0.34%  |
| Any excess thereafter | 0.33%  |

E-11

| Fund                                    | Management Fee Rate           | Amount of Management Fee Paid in the Most Recent Fiscal Year (after applicable waivers and reimbursements, if any) (\$) | Annual Rate at which Fees were Paid* |
|---|-------------------------------|---|--------------------------------------|
| Putnam Tax Smart Equity Fund            | First \$500 million           | 1,914,939   | 0.70% of average net assets          |
|   | Next \$500 million            |   |                                      |
|   | Next \$500 million            |   |                                      |
|   | Next \$5 billion              |   |                                      |
|   | Next \$5 billion              |   |                                      |
|   | Next \$5 billion              |   |                                      |
|   | Next \$5 billion              |   |                                      |
| Any excess thereafter                   | 0.43%                         |   |                                      |
| Putnam U.S. Government Income Trust     | First \$500 million           | 6,820,873   | 0.50% of average net assets          |
|   | Next \$500 million            |   |                                      |
|   | Next \$500 million            |   |                                      |
|   | Any excess over \$1.5 billion |   |                                      |
| Putnam Utilities Growth and Income Fund | First \$500 million           | 3,727,421   | 0.68% of average net assets          |
|   | Next \$500 million            |   |                                      |
|   | Next \$500 million            |   |                                      |
|   | Next \$5 billion              |   |                                      |
|   | Next \$5 billion              |   |                                      |
|   | Next \$5 billion              |   |                                      |
|   | Next \$5 billion              |   |                                      |
| Any excess thereafter                   | 0.43%                         |   |                                      |
| Putnam Vista Fund                       | First \$500 million           | 14,101,874  | 0.51% of average net assets          |
|   | Next \$500 million            |   |                                      |
|   | Next \$500 million            |   |                                      |
|   | Next \$5 billion              |   |                                      |
|   | Next \$5 billion              |   |                                      |
|   | Next \$5 billion              |   |                                      |
|   | Next \$5 billion              |   |                                      |
| Any excess over \$21.5 billion          | 0.38%                         |   |                                      |
| Putnam Voyager Fund                     | First \$500 million           | 51,035,233  | 0.51% of average net assets          |
|   | Next \$500 million            |   |                                      |

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|                    |        |
|--------------------|--------|
| Next \$500 million | 0.55%  |
| Next \$5 billion   | 0.50%  |
| Next \$5 billion   | 0.475% |
| Next \$5 billion   | 0.455% |
| Next \$5 billion   | 0.44%  |
| Next \$5 billion   | 0.43%  |
| Next \$5 billion   | 0.42%  |
| Next \$5 billion   | 0.41%  |
| Next \$5 billion   | 0.40%  |
| Next \$5 billion   | 0.39%  |
| Next \$8.5 billion | 0.38%  |
| Above \$55 billion | 0.37%  |

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|  |                       |        |         |                                |
|--|-----------------------|--------|---------|--------------------------------|
| Putnam VT American<br>Government Income Fund | First \$500 million   | 0.65%  | 693,021 | 0.43% of average<br>net assets |
|  | Next \$500 million    | 0.55%  |         |                                |
|  | Next \$500 million    | 0.50%  |         |                                |
|  | Next \$5 billion      | 0.45%  |         |                                |
|  | Next \$5 billion      | 0.425% |         |                                |
|  | Next \$5 billion      | 0.405% |         |                                |
|  | Next \$5 billion      | 0.39%  |         |                                |
|  | Next \$5 billion      | 0.38%  |         |                                |
|  | Next \$5 billion      | 0.37%  |         |                                |
|  | Next \$5 billion      | 0.36%  |         |                                |
|  | Next \$5 billion      | 0.35%  |         |                                |
|  | Any excess thereafter | 0.34%  |         |                                |

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E-12

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| Fund                                   | Management Fee Rate | Amount of Management Fee<br>Paid in the Most Recent<br>Fiscal Year<br>(after applicable waivers and<br>reimbursements, if any) (\$) | Annual Rate at<br>which Fees<br>were Paid* |                                |
|--|---------------------|---|--|--------------------------------|
| Putnam VT Capital<br>Appreciation Fund | First \$500 million | 0.65%   | 225,344                                    | 0.44% of average<br>net assets |
|  | Next \$500 million  | 0.55%   |  |                                |
|  | Next \$500 million  | 0.50%   |  |                                |
|  | Next \$5 billion    | 0.45%   |  |                                |
|  | Next \$5 billion    | 0.425%  |  |                                |
|  | Next \$5 billion    | 0.405%  |  |                                |
|  | Next \$5 billion    | 0.39%   |  |                                |
|  | Next \$5 billion    | 0.38%   |  |                                |
|  | Next \$5 billion    | 0.37%   |  |                                |
|  | Next \$5 billion    | 0.36%   |  |                                |
|  | Next \$5 billion    | 0.35%   |  |                                |
|  | Next \$5 billion    | 0.34%   |  |                                |

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Next \$8.5 billion 0.33%  
 Any excess thereafter 0.32%

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|                                      |                       |        |         |                             |
|--------------------------------------|-----------------------|--------|---------|-----------------------------|
| Putnam VT Capital Opportunities Fund | First \$500 million   | 0.65%  | 222,790 | 0.54% of average net assets |
|                                      | Next \$500 million    | 0.55%  |         |                             |
|                                      | Next \$500 million    | 0.50%  |         |                             |
|                                      | Next \$5 billion      | 0.45%  |         |                             |
|                                      | Next \$5 billion      | 0.425% |         |                             |
|                                      | Next \$5 billion      | 0.405% |         |                             |
|                                      | Next \$5 billion      | 0.39%  |         |                             |
|                                      | Any excess thereafter | 0.38%  |         |                             |

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|                                 |                     |        |         |                             |
|---------------------------------|---------------------|--------|---------|-----------------------------|
| Putnam VT Discovery Growth Fund | First \$500 million | 0.70%  | 105,127 | 0.27% of average net assets |
|                                 | Next \$500 million  | 0.60%  |         |                             |
|                                 | Next \$500 million  | 0.55%  |         |                             |
|                                 | Next \$5 billion    | 0.50%  |         |                             |
|                                 | Next \$5 billion    | 0.475% |         |                             |
|                                 | Next \$5 billion    | 0.455% |         |                             |
|                                 | Next \$5 billion    | 0.44%  |         |                             |
|                                 | Next \$5 billion    | 0.43%  |         |                             |
|                                 | Next \$5 billion    | 0.42%  |         |                             |
|                                 | Next \$5 billion    | 0.41%  |         |                             |
|                                 | Next \$5 billion    | 0.40%  |         |                             |
|                                 | Next \$5 billion    | 0.39%  |         |                             |
|                                 | Next \$8.5 billion  | 0.38%  |         |                             |
| Any excess thereafter           | 0.37%               |        |         |                             |

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|                                   |                       |        |           |                             |
|-----------------------------------|-----------------------|--------|-----------|-----------------------------|
| Putnam VT Diversified Income Fund | First \$500 million   | 0.70%  | 2,933,530 | 0.61% of average net assets |
|                                   | Next \$500 million    | 0.60%  |           |                             |
|                                   | Next \$500 million    | 0.55%  |           |                             |
|                                   | Next \$5 billion      | 0.50%  |           |                             |
|                                   | Next \$5 billion      | 0.475% |           |                             |
|                                   | Next \$5 billion      | 0.455% |           |                             |
|                                   | Next \$5 billion      | 0.44%  |           |                             |
|                                   | Any excess thereafter | 0.43%  |           |                             |

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|                              |                       |        |           |                             |
|------------------------------|-----------------------|--------|-----------|-----------------------------|
| Putnam VT Equity Income Fund | First \$500 million   | 0.65%  | 1,326,897 | 0.64% of average net assets |
|                              | Next \$500 million    | 0.55%  |           |                             |
|                              | Next \$500 million    | 0.50%  |           |                             |
|                              | Next \$5 billion      | 0.45%  |           |                             |
|                              | Next \$5 billion      | 0.425% |           |                             |
|                              | Next \$5 billion      | 0.405% |           |                             |
|                              | Next \$5 billion      | 0.39%  |           |                             |
|                              | Any excess thereafter | 0.38%  |           |                             |

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|  |                     |       |           |                             |
|--|---------------------|-------|-----------|-----------------------------|
| Putnam VT The George Putnam Fund of Boston | First \$500 million | 0.65% | 3,969,447 | 0.62% of average net assets |
|  | Next \$500 million  | 0.55% |           |                             |
|  | Next \$500 million  | 0.50% |           |                             |

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|                       |        |
|-----------------------|--------|
| Next \$5 billion      | 0.45%  |
| Next \$5 billion      | 0.425% |
| Next \$5 billion      | 0.405% |
| Next \$5 billion      | 0.39%  |
| Any excess thereafter | 0.38%  |

E-13

| Fund                                   | Management Fee Rate   | Amount of Management Fee Paid in the Most Recent Fiscal Year (after applicable waivers and reimbursements, if any) (\$) | Annual Rate at which Fees were Paid* |
|--|-----------------------|---|--------------------------------------|
| Putnam VT Global Asset Allocation Fund | First \$500 million   | 2,392,952   | 0.60% of average net assets          |
|  | Next \$500 million    |   |                                      |
|  | Next \$500 million    |   |                                      |
|  | Next \$5 billion      |   |                                      |
|  | Next \$5 billion      |   |                                      |
|  | Next \$5 billion      |   |                                      |
|  | Next \$5 billion      |   |                                      |
|  | Any excess thereafter |   |                                      |
| Putnam VT Global Equity Fund           | First \$500 million   | 4,692,325   | 0.78% of average net assets          |
|  | Next \$500 million    |   |                                      |
|  | Next \$500 million    |   |                                      |
|  | Next \$5 billion      |   |                                      |
|  | Next \$5 billion      |   |                                      |
|  | Next \$5 billion      |   |                                      |
|  | Next \$5 billion      |   |                                      |
|  | Any excess thereafter |   |                                      |
| Putnam VT Growth and Income Fund       | First \$500 million   | 20,729,712  | 0.49% of average net assets          |
|  | Next \$500 million    |   |                                      |
|  | Next \$500 million    |   |                                      |
|  | Next \$5 billion      |   |                                      |
|  | Next \$5 billion      |   |                                      |
|  | Next \$5 billion      |   |                                      |
|  | Next \$5 billion      |   |                                      |
|  | Any excess thereafter |   |                                      |
| Putnam VT Growth Opportunities Fund    | First \$500 million   | 243,122   | 0.46% of average net assets          |
|  | Next \$500 million    |   |                                      |
|  | Next \$500 million    |   |                                      |
|  | Next \$5 billion      |   |                                      |
|  | Next \$5 billion      |   |                                      |

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|                       |        |
|-----------------------|--------|
| Next \$5 billion      | 0.455% |
| Next \$5 billion      | 0.44%  |
| Next \$5 billion      | 0.43%  |
| Any excess thereafter | 0.42%  |

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|                                |                     |        |           |                             |
|--------------------------------|---------------------|--------|-----------|-----------------------------|
| Putnam VT Health Sciences Fund | First \$500 million | 0.70%  | 2,204,609 | 0.70% of average net assets |
|                                | Next \$500 million  | 0.60%  |           |                             |
|                                | Next \$500 million  | 0.55%  |           |                             |
|                                | Next \$5 billion    | 0.50%  |           |                             |
|                                | Next \$5 billion    | 0.475% |           |                             |
|                                | Next \$5 billion    | 0.455% |           |                             |
|                                | Next \$5 billion    | 0.44%  |           |                             |
| Any excess thereafter          | 0.43%               |        |           |                             |

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|                           |                     |        |           |                             |
|---------------------------|---------------------|--------|-----------|-----------------------------|
| Putnam VT High Yield Fund | First \$500 million | 0.70%  | 3,720,493 | 0.62% of average net assets |
|                           | Next \$500 million  | 0.60%  |           |                             |
|                           | Next \$500 million  | 0.55%  |           |                             |
|                           | Next \$5 billion    | 0.50%  |           |                             |
|                           | Next \$5 billion    | 0.475% |           |                             |
|                           | Next \$5 billion    | 0.455% |           |                             |
|                           | Next \$5 billion    | 0.44%  |           |                             |
| Any excess thereafter     | 0.43%               |        |           |                             |

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|                       |                     |        |           |                             |
|-----------------------|---------------------|--------|-----------|-----------------------------|
| Putnam VT Income Fund | First \$500 million | 0.65%  | 3,498,163 | 0.45% of average net assets |
|                       | Next \$500 million  | 0.55%  |           |                             |
|                       | Next \$500 million  | 0.50%  |           |                             |
|                       | Next \$5 billion    | 0.45%  |           |                             |
|                       | Next \$5 billion    | 0.425% |           |                             |
|                       | Next \$5 billion    | 0.405% |           |                             |
|                       | Next \$5 billion    | 0.39%  |           |                             |
| Any excess thereafter | 0.38%               |        |           |                             |

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E-14

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| Fund                                | Management Fee Rate | Amount of Management Fee Paid in the Most Recent Fiscal Year |           | Annual Rate at which Fees were Paid* |
|-------------------------------------|---------------------|--|-----------|--------------------------------------|
|                                     |                     | (after applicable waivers and reimbursements, if any) (\$)   |           |                                      |
| Putnam VT International Equity Fund | First \$500 million | 0.80%  | 8,271,996 | 0.74% of average net assets          |
|                                     | Next \$500 million  | 0.70%  |           |                                      |
|                                     | Next \$500 million  | 0.65%  |           |                                      |
|                                     | Next \$5 billion    | 0.60%  |           |                                      |
|                                     | Next \$5 billion    | 0.575%   |           |                                      |
| Next \$5 billion                    | 0.555%              |  |           |                                      |

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Next \$5 billion 0.54%  
 Any excess thereafter 0.53%

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|  |                       |        |           |                             |
|--|-----------------------|--------|-----------|-----------------------------|
| Putnam VT International Growth and Income Fund | First \$500 million   | 0.80%  | 2,838,706 | 0.70% of average net assets |
|  | Next \$500 million    | 0.70%  |           |                             |
|  | Next \$500 million    | 0.65%  |           |                             |
|  | Next \$5 billion      | 0.60%  |           |                             |
|  | Next \$5 billion      | 0.575% |           |                             |
|  | Next \$5 billion      | 0.555% |           |                             |
|  | Next \$5 billion      | 0.54%  |           |                             |
|  | Any excess thereafter | 0.53%  |           |                             |

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|  |                       |        |           |                             |
|--|-----------------------|--------|-----------|-----------------------------|
| Putnam VT International New Opportunities Fund | First \$500 million   | 1.00%  | 2,485,049 | 0.91% of average net assets |
|  | Next \$500 million    | 0.90%  |           |                             |
|  | Next \$500 million    | 0.85%  |           |                             |
|  | Next \$5 billion      | 0.80%  |           |                             |
|  | Next \$5 billion      | 0.775% |           |                             |
|  | Next \$5 billion      | 0.755% |           |                             |
|  | Next \$5 billion      | 0.74%  |           |                             |
|  | Any excess thereafter | 0.73%  |           |                             |

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|                          |                       |        |           |                             |
|--------------------------|-----------------------|--------|-----------|-----------------------------|
| Putnam VT Investors Fund | First \$500 million   | 0.65%  | 3,216,355 | 0.65% of average net assets |
|                          | Next \$500 million    | 0.55%  |           |                             |
|                          | Next \$500 million    | 0.50%  |           |                             |
|                          | Next \$5 billion      | 0.45%  |           |                             |
|                          | Next \$5 billion      | 0.425% |           |                             |
|                          | Next \$5 billion      | 0.405% |           |                             |
|                          | Next \$5 billion      | 0.39%  |           |                             |
|                          | Any excess thereafter | 0.38%  |           |                             |

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|                              |                       |        |         |                             |
|------------------------------|-----------------------|--------|---------|-----------------------------|
| Putnam VT Mid Cap Value Fund | First \$500 million   | 0.70%  | 634,565 | 0.69% of average net assets |
|                              | Next \$500 million    | 0.60%  |         |                             |
|                              | Next \$500 million    | 0.55%  |         |                             |
|                              | Next \$5 billion      | 0.50%  |         |                             |
|                              | Next \$5 billion      | 0.475% |         |                             |
|                              | Next \$5 billion      | 0.455% |         |                             |
|                              | Next \$5 billion      | 0.44%  |         |                             |
|                              | Any excess thereafter | 0.43%  |         |                             |

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|                             |                       |        |           |                             |
|-----------------------------|-----------------------|--------|-----------|-----------------------------|
| Putnam VT Money Market Fund | First \$500 million   | 0.45%  | 1,529,264 | 0.40% of average net assets |
|                             | Next \$500 million    | 0.35%  |           |                             |
|                             | Next \$500 million    | 0.30%  |           |                             |
|                             | Next \$5 billion      | 0.25%  |           |                             |
|                             | Next \$5 billion      | 0.225% |           |                             |
|                             | Next \$5 billion      | 0.205% |           |                             |
|                             | Next \$5 billion      | 0.19%  |           |                             |
|                             | Any excess thereafter | 0.18%  |           |                             |

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|                                  |                       |        |           |                             |
|----------------------------------|-----------------------|--------|-----------|-----------------------------|
| Putnam VT New Opportunities Fund | First \$500 million   | 0.70%  | 8,663,759 | 0.62% of average net assets |
|                                  | Next \$500 million    | 0.60%  |           |                             |
|                                  | Next \$500 million    | 0.55%  |           |                             |
|                                  | Next \$5 billion      | 0.50%  |           |                             |
|                                  | Next \$5 billion      | 0.475% |           |                             |
|                                  | Next \$5 billion      | 0.455% |           |                             |
|                                  | Next \$5 billion      | 0.44%  |           |                             |
|                                  | Any excess thereafter | 0.43%  |           |                             |

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| Fund                                 | Management Fee Rate   | Amount of Management Fee Paid in the Most Recent Fiscal Year |           | Annual Rate at which Fees were Paid* |
|--------------------------------------|-----------------------|--|-----------|--------------------------------------|
|                                      |                       | (after applicable waivers and reimbursements, if any) (\$)   |           |                                      |
| Putnam VT New Value Fund             | First \$500 million   | 0.70%  | 4,475,605 | 0.67% of average net assets          |
|                                      | Next \$500 million    | 0.60%  |           |                                      |
|                                      | Next \$500 million    | 0.55%  |           |                                      |
|                                      | Next \$5 billion      | 0.50%  |           |                                      |
|                                      | Next \$5 billion      | 0.475%   |           |                                      |
|                                      | Next \$5 billion      | 0.455%   |           |                                      |
|                                      | Next \$5 billion      | 0.44%  |           |                                      |
|                                      | Any excess thereafter | 0.43%  |           |                                      |
| Putnam VT OTC & Emerging Growth Fund | First \$500 million   | 0.70%  | 575,537   | 0.67% of average net assets          |
|                                      | Next \$500 million    | 0.60%  |           |                                      |
|                                      | Next \$500 million    | 0.55%  |           |                                      |
|                                      | Next \$5 billion      | 0.50%  |           |                                      |
|                                      | Next \$5 billion      | 0.475%   |           |                                      |
|                                      | Next \$5 billion      | 0.455%   |           |                                      |
|                                      | Next \$5 billion      | 0.44%  |           |                                      |
|                                      | Any excess thereafter | 0.43%  |           |                                      |
| Putnam VT Research Fund              | First \$500 million   | 0.65%  | 1,213,099 | 0.65% of average net assets          |
|                                      | Next \$500 million    | 0.55%  |           |                                      |
|                                      | Next \$500 million    | 0.50%  |           |                                      |
|                                      | Next \$5 billion      | 0.45%  |           |                                      |
|                                      | Next \$5 billion      | 0.425%   |           |                                      |
|                                      | Next \$5 billion      | 0.405%   |           |                                      |
|                                      | Next \$5 billion      | 0.39%  |           |                                      |
|                                      | Any excess thereafter | 0.38%  |           |                                      |
| Putnam VT Small Cap Value Fund       | First \$500 million   | 0.80%  | 6,827,461 | 0.75% of average net assets          |
|                                      | Next \$500 million    | 0.70%  |           |                                      |

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|                       |        |
|-----------------------|--------|
| Next \$500 million    | 0.65%  |
| Next \$5 billion      | 0.60%  |
| Next \$5 billion      | 0.575% |
| Next \$5 billion      | 0.555% |
| Next \$5 billion      | 0.54%  |
| Any excess thereafter | 0.53%  |

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|                        |                       |        |           |                  |
|------------------------|-----------------------|--------|-----------|------------------|
| Putnam VT Utilities    | First \$500 million   | 0.70%  | 2,437,187 | 0.67% of average |
| Growth and Income Fund | Next \$500 million    | 0.60%  |           | net assets       |
|                        | Next \$500 million    | 0.55%  |           |                  |
|                        | Next \$5 billion      | 0.50%  |           |                  |
|                        | Next \$5 billion      | 0.475% |           |                  |
|                        | Next \$5 billion      | 0.455% |           |                  |
|                        | Next \$5 billion      | 0.44%  |           |                  |
|                        | Any excess thereafter | 0.43%  |           |                  |

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|                      |                       |        |           |                  |
|----------------------|-----------------------|--------|-----------|------------------|
| Putnam VT Vista Fund | First \$500 million   | 0.65%  | 3,006,605 | 0.65% of average |
|                      | Next \$500 million    | 0.55%  |           | net assets       |
|                      | Next \$500 million    | 0.50%  |           |                  |
|                      | Next \$5 billion      | 0.45%  |           |                  |
|                      | Next \$5 billion      | 0.425% |           |                  |
|                      | Next \$5 billion      | 0.405% |           |                  |
|                      | Next \$5 billion      | 0.39%  |           |                  |
|                      | Any excess thereafter | 0.38%  |           |                  |

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|                        |                       |        |            |                  |
|------------------------|-----------------------|--------|------------|------------------|
| Putnam VT Voyager Fund | First \$500 million   | 0.70%  | 11,832,070 | 0.59% of average |
|                        | Next \$500 million    | 0.60%  |            | net assets       |
|                        | Next \$500 million    | 0.55%  |            |                  |
|                        | Next \$5 billion      | 0.50%  |            |                  |
|                        | Next \$5 billion      | 0.475% |            |                  |
|                        | Next \$5 billion      | 0.455% |            |                  |
|                        | Next \$5 billion      | 0.44%  |            |                  |
|                        | Any excess thereafter | 0.43%  |            |                  |

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**APPENDIX F □ Current Sub-Management Contract and Sub-Advisory Contract**

**PUTNAM FUNDS**

**AMENDED AND RESTATED SUB-MANAGEMENT CONTRACT**

Amended and Restated Sub-Management Contract dated as of December 30, 2006 between PUTNAM INVESTMENT MANAGEMENT, LLC, a Delaware limited liability company (the □Manager□) and PUTNAM INVESTMENTS LIMITED, a company organized under the laws of England and Wales (the □Sub-Manager□), amending and restating in its entirety that certain



Sub-Management Contract dated as of January 1, 2006, as amended (the "Prior Agreement"), between the Manager and the Sub-Manager.

WHEREAS, the Manager is the investment manager of each of the investment companies registered under the United States Investment Company Act of 1940, as amended, that are identified on Schedule A hereto, as it may from time to time be amended by the Manager (the "Funds"), and a registered investment adviser under the United States Investment Advisers Act of 1940, as amended;

WHEREAS, the Sub-Manager is licensed as an investment manager by the Financial Services Authority of the United Kingdom (the "FSA");

WHEREAS, the Manager and the Sub-Manager previously entered into, and now wish to amend and restate, the Prior Agreement; and

WHEREAS, the Manager continues to desire to engage the Sub-Manager from time to time to manage a portion of certain of the Funds:

NOW THEREFORE, in consideration of the mutual covenants herein contained, it is agreed as follows:

#### 1. SERVICES TO BE RENDERED BY SUB-MANAGER

(a) The Sub-Manager, at its expense, will furnish continuously an investment program for that portion of any Fund the management of which is allocated from time to time by the Manager to the Sub-Manager (an "Allocated Sleeve"). The Manager shall, in its sole discretion, determine which Funds will have an Allocated Sleeve and the amount of assets allocated from time to time to each such Allocated Sleeve; provided that, with respect to any Fund, the Trustees of such Fund must have approved the use of the Sub-Manager prior to the creation of an Allocated Sleeve for such Fund. The Sub-Manager will determine what investments shall be purchased, held, sold or exchanged by any Allocated Sleeve and what portion, if any, of the assets of the Allocated Sleeve shall be held uninvested and shall, on behalf of the Fund, make changes in the Fund's investments held in such Allocated Sleeve.

(b) The Manager may also, at its discretion, request the Sub-Manager to provide assistance with purchasing and selling securities for any Fund, including the placement of orders

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with broker-dealers selected in accordance with Section 1(d), even if the Manager has not established an Allocated Sleeve for such Fund.

(c) The Sub-Manager at its expense will furnish all necessary investment and management facilities, including salaries of personnel, required for it to execute its duties faithfully.

(d) The Sub-Manager shall place all orders for the purchase and sale of portfolio investments for any Allocated Sleeve with brokers or dealers selected by the Sub-Manager. In the selection of such brokers or dealers and the placing of such orders, the Sub-Manager shall use its best efforts to obtain for the related Fund the most favorable price and execution available, except to the extent it may be permitted to pay higher brokerage commissions for

brokerage and research services as described below. In using its best efforts to obtain for the Fund the most favorable price and execution available, the Sub-Manager, bearing in mind the Fund's best interests at all times, shall consider all factors it deems relevant, including by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer involved and the quality of service rendered by the broker or dealer in other transactions. Subject to such policies as the Trustees of the Funds may determine, the Sub-Manager shall not be deemed to have acted unlawfully or to have breached any duty created by this Contract or otherwise solely by reason of its having caused a Fund to pay a broker or dealer that provides brokerage and research services to the Manager or the Sub-Manager an amount of commission for effecting a portfolio investment transaction in excess of the amount of commission another broker or dealer would have charged for effecting that transaction, if the Sub-Manager determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or its overall responsibilities with respect to the Fund and to other clients of the Manager or the Sub-Manager as to which the Manager or the Sub-Manager exercises investment discretion. The Sub-Manager agrees that in connection with purchases or sales of portfolio investments for any Fund, neither the Sub-Manager nor any officer, director, employee or agent of the Sub-Manager shall act as a principal or receive any commission other than as provided in Section 3.

(e) The Sub-Manager shall not be obligated to pay any expenses of or for the Manager or any Fund not expressly assumed by the Sub-Manager pursuant to this Section 1.

(f) In the performance of its duties, the Sub-Manager will comply with the provisions of the Agreement and Declaration of Trust and By-Laws of each applicable Fund and such Fund's stated investment objectives, policies and restrictions, and will use its best efforts to safeguard and promote the welfare of such Fund and to comply with other policies which the Manager or the Trustees may from time to time determine and shall exercise the same care and diligence expected of the Manager.

## 2. OTHER AGREEMENTS, ETC.

It is understood that any of the shareholders, Trustees, officers and employees of a Fund may be a shareholder, director, officer or employee of, or be otherwise interested in, the Sub-

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Manager, and in any person controlled by or under common control with the Sub-Manager, and that the Sub-Manager and any person controlled by or under common control with the Sub-Manager may have an interest in such Fund. It is also understood that the Sub-Manager and any person controlled by or under common control with the Sub-Manager have and may have advisory, management, service or other contracts with other organizations and persons, and may have other interests and business.

## 3. COMPENSATION.

Except as provided below, the Manager will pay to the Sub-Manager as compensation for the Sub-Manager's services rendered, a fee, computed and paid quarterly at the annual rate of 0.35% per annum of average aggregate net asset value of the assets in equity Allocated Sleeves and 0.40% per annum of average aggregate net asset value of the assets in fixed-income Allocated Sleeves. Such average net asset value shall be determined by taking an average of all of the determinations of such net asset value during a quarter at the close of business on each business day during such quarter while this Contract is in effect. Such fee shall be payable for each quarter within 30 days after the close of such quarter. The Sub-Manager shall look only to the Manager for payment of its fees. No Fund shall have any responsibility for paying any fees due the Sub-Manager.

With respect to each of Putnam High Income Securities Fund, Putnam Master Intermediate Income Trust and Putnam Premier Income Trust, the Manager will pay to the Sub-Manager as compensation for the Sub-Manager's services rendered, a fee, computed and paid quarterly at the annual rate of 0.40% of Average Weekly Assets in Allocated Sleeves. "Average Weekly Assets" means the average of the weekly determinations of the difference between the total assets of the Fund (including any assets attributable to leverage for investment purposes) attributable to an Allocated Sleeve and the total liabilities of the Fund (excluding liabilities incurred in connection with leverage for investment purposes) attributable to such Allocated Sleeve, determined at the close of the last business day of each week, for each week which ends during the quarter. Such fee shall be payable for each quarter within 30 days after the close of such quarter. As used in this Section 3, "leverage for investment purposes" means any incurrence of indebtedness the proceeds of which are to be invested in accordance with the Fund's investment objective. For purposes of calculating Average Weekly Assets, liabilities associated with any instruments or transactions used to leverage the Fund's portfolio for investment purposes (whether or not such instruments or transactions are "covered" within the meaning of the Investment Company Act of 1940 and the rules and regulations thereunder, giving effect to any interpretations of the Securities and Exchange Commission and its staff) are not considered liabilities. For purposes of calculating Average Weekly Assets, the total assets of the Fund will be deemed to include (a) any proceeds from the sale or transfer of an asset (the "Underlying Asset") of the Fund to a counterparty in a reverse repurchase or dollar roll transaction and (b) the value of such Underlying Asset as of the relevant measuring date.

In the event that the Manager's management fee from any of Putnam High Income Securities Fund, Putnam Master Intermediate Income Trust or Putnam Premier Income Trust is reduced pursuant to the Amended and Restated Management Contract between such Fund and the Manager because during any Measurement Period (as defined below) the amount of interest payments and fees with respect to indebtedness or other obligation of the Fund incurred for

investment leverage purposes, plus additional expenses attributable to any such leverage for investment purposes, exceeds the portion of the Fund's net income and net short-term capital gains (but not long-term capital gains) accruing during such Measurement Period as a result of the fact that such indebtedness or other obligation was outstanding during the Measurement Period, the fee payable to the Sub-Manager with respect to such Fund shall be reduced in the same proportion as the fee paid to the Manager with respect to such Fund is so reduced. "Measurement Period" shall be any period for which payments of interest or fees

(whether designated as such or implied) are payable in connection with any indebtedness or other obligation of the Fund incurred for investment purposes.

If the Sub-Manager shall serve for less than the whole of a quarter, the foregoing compensation shall be prorated.

#### 4. ASSIGNMENT TERMINATES THIS CONTRACT; AMENDMENTS OF THIS CONTRACT.

This Contract shall automatically terminate without the payment of any penalty, in the event of its assignment; and this Contract shall not be amended with respect to any Allocated Sleeve unless such amendment be approved at a meeting by the vote, cast in person at a meeting called for the purpose of voting on such approval, of a majority of the Trustees of the related Fund who are not interested persons of such Fund or of the Manager.

#### 5. EFFECTIVE PERIOD AND TERMINATION OF THIS CONTRACT.

This Contract shall become effective upon its execution, and shall remain in full force and effect continuously thereafter (unless terminated automatically as set forth in Section 4) until terminated as follows:

(a) Either party hereto or, with respect to any Allocated Sleeve, the related Fund may at any time terminate this Contract by not more than sixty days nor less than thirty days written notice delivered or mailed by registered mail, postage prepaid, to the other party, or

(b) With respect to any Allocated Sleeve, if (i) the Trustees of the related Fund or the shareholders by the affirmative vote of a majority of the outstanding shares of such Fund, and (ii) a majority of the Trustees of such Fund who are not interested persons of such Fund or of the Manager, by vote cast in person at a meeting called for the purpose of voting on such approval, do not specifically approve at least annually the continuance of this Contract, then this Contract shall automatically terminate at the close of business on the anniversary of its execution, or upon the expiration of one year from the effective date of the last such continuance, whichever is later, or

(c) With respect to any Allocated Sleeve, automatically upon termination of the Manager's investment management contract with the related Fund.

Action by a Fund under (a) above may be taken either (i) by vote of a majority of its Trustees, or (ii) by the affirmative vote of a majority of the outstanding shares of such Fund.

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Termination of this Contract pursuant to this Section 5 will be without the payment of any penalty.

#### 6. CERTAIN DEFINITIONS.

For the purposes of this Contract, the "affirmative vote of a majority of the outstanding shares of a Fund" means the affirmative vote, at a duly called and held meeting of shareholders of such Fund, (a) of the holders of 67% or more of the shares of such Fund present (in person or by proxy) and entitled to vote at such meeting, if the holders of more than 50% of the

outstanding shares of such Fund entitled to vote at such meeting are present in person or by proxy, or (b) of the holders of more than 50% of the outstanding shares of such Fund entitled to vote at such meeting, whichever is less.

For the purposes of this Contract, the terms "affiliated person," "control," "interested person" and "assignment" shall have their respective meanings defined in the United States Investment Company Act of 1940 and the Rules and Regulations thereunder (the "1940 Act"), subject, however, to such exemptions as may be granted by the Securities and Exchange Commission under said Act; the term "specifically approve at least annually" shall be construed in a manner consistent with the 1940 Act, and the Rules and Regulations thereunder; and the term "brokerage and research services" shall have the meaning given in the United States Securities Exchange Act of 1934 and the Rules and Regulations thereunder.

#### 7. NON-LIABILITY OF SUB-MANAGER.

In the absence of willful misfeasance, bad faith or gross negligence on the part of the Sub-Manager, or reckless disregard of its obligations and duties hereunder, the Sub-Manager shall not be subject to any liability to the Manager, any Fund or to any shareholder of any Fund, for any act or omission in the course of, or connected with, rendering services hereunder.

#### 8. ADDITIONAL PROVISIONS

(a) The Sub-Manager represents that it is regulated by the FSA in the conduct of its investment business. The Sub-Manager has in operation a written procedure in accordance with FSA rules for the effective consideration and proper handling of complaints from customers. Any complaint by the Manager or any Fund should be sent to the Compliance Officer of the Sub-Manager. The Manager and any Fund is also entitled to make any complaints about the Sub-Manager to the Financial Ombudsman Service established by the FSA. The Manager and any Fund may also request a statement describing its rights to compensation in the event of the Sub-Manager's inability to meet its liabilities.

(b) The Manager represents that it and each Fund are "Intermediate Customers" in the meaning of FSA rules.

(c) Although each Fund is not a party hereto and shall have no responsibility for the Manager's or the Sub-Manager's obligations hereunder, each Fund is named as explicit third party beneficiary of the parties' agreements hereunder.

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IN WITNESS WHEREOF, PUTNAM INVESTMENTS LIMITED and PUTNAM INVESTMENT MANAGEMENT, LLC have each caused this instrument to be signed in duplicate on its behalf by an officer duly authorized, all as of the day and year first above written.

PUTNAM INVE  
LIMITED  
By: /s/ Jeffrey  
Name: Jeffrey F

PUTNAM INVE  
MANAGEMENT  
By: /s/ Jame  
Name: James P

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Schedule A  
(Updated through December 30, 2006)

Putnam Diversified Income Trust  
Putnam VT Diversified Income Fund  
Putnam Europe Equity Fund  
Putnam Global Equity Fund  
Putnam VT Global Equity Fund  
Putnam Global Income Trust  
Putnam Global Natural Resources Fund  
Putnam High Yield Advantage Fund  
Putnam High Yield Trust  
Putnam VT High Yield Fund  
Putnam International Capital Opportunities Fund  
Putnam International Equity Fund  
Putnam VT International Equity Fund  
Putnam International New Opportunities Fund  
Putnam VT International New Opportunities Fund  
Putnam International Growth and Income Fund  
Putnam VT International Growth and Income Fund  
Putnam Research Fund  
Putnam VT Research Fund  
Putnam Utilities Growth and Income Fund  
Putnam VT Utilities Growth and Income Fund  
Putnam High Income Securities Fund  
Putnam Master Intermediate Income Trust  
Putnam Premier Income Trust

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**PUTNAM FUNDS**

**SUB-ADVISORY CONTRACT**

Sub-Advisory Contract dated as of July 14, 2006 between and among PUTNAM INVESTMENT MANAGEMENT, LLC, a Delaware limited liability company (the "Manager"), PUTNAM INVESTMENTS LIMITED, a company organized under the laws of England and Wales ("PIL"), and THE PUTNAM ADVISORY COMPANY, LLC, a Delaware limited liability company (the "Sub-Advisor").

WHEREAS, the Manager is the investment manager of each of the investment companies registered under the United States Investment Company Act of 1940, as amended, that are identified on Schedule A hereto, as it may from time to time be amended by the Manager (the "Funds"), and a registered investment adviser under the United States Investment Advisers Act of 1940, as amended;

WHEREAS, PIL is a registered investment adviser under the United States Investment Advisers Act of 1940, as amended, is licensed as an investment manager by the Financial Services Authority of the United Kingdom (the "FSA") and is a sub-manager of each of the Funds pursuant to that certain Amended and Restated Sub-Management Contract dated as of January 1, 2006 (the "PIL Sub-Management Contract"), between the Manager and PIL;

WHEREAS, the Manager has contracted with PIL for the management of certain portions of each of the Funds (each, a "PIL-Advised Sleeve");

WHEREAS, the Sub-Advisor is a registered investment adviser under the United States Investment Advisers Act of 1940, as amended, and is an investment adviser registered with the Kanto Local Finance Bureau to provide non-discretionary investment advice in Japan;

WHEREAS, the Manager and PIL desire to engage the Sub-Advisor from time to time to provide non-discretionary investment advice with respect to a portion of certain of the Funds:

NOW THEREFORE, in consideration of the mutual covenants herein contained, it is agreed as follows:

#### 1. SERVICES TO BE RENDERED BY SUB-ADVISOR

(a) The Sub-Advisor, at its expense, will from time to time furnish to either PIL or the Manager recommendations to purchase, hold, sell or exchange investments, securities and assets (the "Assets") in that portion of any Fund for which the Manager or PIL contracts for such services to be provided by the Sub-Advisor (an "Allocated Sleeve"). The Manager or PIL, as the case may be, shall determine whether to execute each recommendation of the Sub-Advisor provided hereunder. The Manager shall determine which Funds will have an Allocated Sleeve; provided that, with respect to any Fund, the Trustees of such Fund must have approved the use of the Sub-Advisor prior to the creation of an Allocated Sleeve for such Fund. The Manager, and in the case of a PIL-Advised Sleeve, PIL shall (at all times in the case of PIL subject to the oversight and supervision of the Manager), determine the amount of assets allocated from time to time to each such Allocated Sleeve.

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(b) The Sub-Advisor at its expense will furnish all necessary investment and management facilities, including salaries of personnel, required for it to execute its duties faithfully.

(c) The Sub-Advisor shall not be obligated to pay any expenses of or for the Manager, PIL or any Fund not expressly assumed by the Sub-Advisor pursuant to this Section 1.

(d) The Manager may, and in the case of a PIL-Advised Sleeve, PIL may, each at its discretion, also request the Sub-Advisor to perform certain services set forth in Section 1(a)

with respect to any portion of a Fund, even if the Manager or PIL, as the case may be, has not established an Allocated Sleeve with respect to that portion of the Fund.

(e) In the performance of its duties, the Sub-Advisor will comply with the provisions of the Agreement and Declaration of Trust and By-Laws of each applicable Fund and such Fund's stated investment objectives, policies and restrictions, and will use its best efforts to safeguard and promote the welfare of such Fund and to comply with other policies which the Manager, PIL or the Trustees may from time to time determine and shall exercise the same care and diligence expected of the Manager and PIL.

## 2. OTHER AGREEMENTS, ETC.

It is understood that any of the shareholders, Trustees, officers and employees of a Fund may be a shareholder, director, officer or employee of, or be otherwise interested in, the Sub-Advisor, and in any person controlled by or under common control with the Sub-Advisor, and that the Sub-Advisor and any person controlled by or under common control with the Sub-Advisor may have an interest in such Fund. It is also understood that the Sub-Advisor and any person controlled by or under common control with the Sub-Advisor have and may have advisory, management, service or other contracts with other organizations and persons, and may have other interests and business.

## 3. COMPENSATION.

Except as provided below, the Manager or PIL, as the case may be, will pay to the Sub-Advisor as compensation for the Sub-Advisor's services rendered a fee, computed and paid quarterly at the annual rate of 0.10% per annum of average net asset value of the assets in each Allocated Sleeve. Such average net asset value shall be determined by taking an average of all of the determinations of such net asset value during a quarter at the close of business on each business day during such quarter while this Contract is in effect. Such fee shall be payable for each quarter within 30 days after the close of such quarter. The Sub-Advisor shall look only to the Manager or PIL, as the case may be, for payment of its fees. No Fund shall have any responsibility for paying any fees due the Sub-Advisor.

If the Sub-Advisor shall serve for less than the whole of a quarter, the foregoing compensation shall be prorated.

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## 4. ASSIGNMENT TERMINATES THIS CONTRACT; AMENDMENTS OF THIS CONTRACT.

This Contract shall automatically terminate, without the payment of any penalty, in the event of its assignment; and this Contract shall not be amended with respect to any Allocated Sleeve unless such amendment be approved at a meeting by the vote, cast in person at a meeting called for the purpose of voting on such approval, of a majority of the Trustees of the related Fund who are not interested persons of such Fund or of the Manager.

## 5. EFFECTIVE PERIOD AND TERMINATION OF THIS CONTRACT.

This Contract shall become effective upon its execution, and shall remain in full force and effect continuously thereafter (unless terminated automatically as set forth in Section 4)



until terminated as follows:

(a) Any party hereto or, with respect to any Allocated Sleeve, the related Fund may at any time terminate this Contract by not more than sixty days nor less than thirty days written notice delivered or mailed by registered mail, postage prepaid, to the other parties, or

(b) With respect to any Allocated Sleeve, if (i) the Trustees of the related Fund or the shareholders by the affirmative vote of a majority of the outstanding shares of such Fund, and (ii) a majority of the Trustees of such Fund who are not interested persons of such Fund or of the Manager, by vote cast in person at a meeting called for the purpose of voting on such approval, do not specifically approve at least annually the continuance of this Contract, then this Contract shall automatically terminate at the close of business on the anniversary of its execution, or upon the expiration of one year from the effective date of the last such continuance, whichever is later, or

(c) With respect to any Allocated Sleeve, automatically upon termination of the Manager's investment management contract with the related Fund, or with respect to any Allocated Sleeve for which PIL has contracted with the Sub-Advisor to provide services under this Contract, automatically upon termination of the PIL Sub-Management Contract.

Action by a Fund under (a) above may be taken either (i) by vote of a majority of its Trustees, or (ii) by the affirmative vote of a majority of the outstanding shares of such Fund.

Termination of this Contract pursuant to this Section 5 will be without the payment of any penalty.

## 6. CERTAIN DEFINITIONS.

For the purposes of this Contract, the "affirmative vote of a majority of the outstanding shares of a Fund" means the affirmative vote, at a duly called and held meeting of shareholders of such Fund, (a) of the holders of 67% or more of the shares of such Fund present (in person or by proxy) and entitled to vote at such meeting, if the holders of more than 50% of the outstanding shares of such Fund entitled to vote at such meeting are present in person or by proxy, or (b) of the holders of more than 50% of the outstanding shares of such Fund entitled to vote at such meeting, whichever is less.

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For the purposes of this Contract, the terms "affiliated person," "control," "interested person" and "assignment" shall have their respective meanings defined in the United States Investment Company Act of 1940 and the Rules and Regulations thereunder (the "1940 Act"), subject, however, to such exemptions as may be granted by the Securities and Exchange Commission under said Act; and the term "specifically approve at least annually" shall be construed in a manner consistent with the 1940 Act, and the Rules and Regulations thereunder.

## 7. NON-LIABILITY OF SUB-ADVISOR.

In the absence of willful misfeasance, bad faith or gross negligence on the part of the Sub-Advisor, or reckless disregard of its obligations and duties hereunder, the Sub-Advisor shall not be subject to any liability to the Manager, PIL, any Fund or to any shareholder of

any Fund, for any act or omission in the course of, or connected with, rendering services hereunder.

8. ADDITIONAL PROVISIONS

(a) PIL represents that it is regulated by the FSA in the conduct of its investment business. PIL has in operation a written procedure in accordance with FSA rules for the effective consideration and proper handling of complaints from customers. Any complaint by the Manager or any Fund should be sent to the Compliance Officer of PIL. The Manager and any Fund is also entitled to make any complaints about PIL to the Financial Ombudsman Service established by the FSA. The Manager and any Fund may also request a statement describing its rights to compensation in the event of PIL's inability to meet its liabilities.

(b) The Manager represents that it and each Fund are "Intermediate Customers" in the meaning of FSA rules.

(c) Although each Fund is not a party hereto and shall have no responsibility for the Manager's, PIL's or the Sub-Advisor's obligations hereunder, each Fund is named as explicit third party beneficiary of the parties' agreements hereunder.

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In witness whereof, PUTNAM INVESTMENT MANAGEMENT, LLC, PUTNAM INVESTMENTS LIMITED and THE PUTNAM ADVISORY COMPANY, LLC have each caused this instrument to be signed on its behalf by an officer duly authorized, all as of the day and year first above written.

PUTNAM INVESTMENT  
MANAGEMENT, LLC  
By: /s/ James P. Papp  
Name: James P. Papp

PUTNAM INVESTMENTS  
LIMITED  
By: /s/ Simon L. Davison  
Name: Simon L. Davison

THE PUTNAM ADVISORY  
COMPANY, LLC  
By: /s/ Robert R. Levitt  
Name: Robert R. Levitt

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Schedule A

Putnam International Equity Fund

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**APPENDIX G Description of Contract Approval Process***General conclusions*

The Board of Trustees of the Putnam funds oversees the management of each fund and, as required by law, determines annually whether to approve the continuance of the funds' management contracts with Putnam Management, and with respect to certain funds, the administrative services contracts with Putnam Management or the sub-management contracts between Putnam Management's affiliate, Putnam Investments Limited (PIL), and Putnam Management. In this regard, the Board of Trustees, with the assistance of its Contract Committee consisting solely of Trustees who are not interested persons (as such term is defined in the Investment Company Act of 1940, as amended) of the Putnam funds (the Independent Trustees), requests and evaluates all information it deems reasonably necessary under the circumstances. Over the course of several months ending in June 2006, the Contract Committee met four times to consider the information provided by Putnam Management and other information developed with the assistance of the Board's independent counsel and independent staff. The Contract Committee reviewed and discussed key aspects of this information with all of the Independent Trustees. Upon completion of this review, the Contract Committee recommended, and the Independent Trustees approved, the continuance of the funds' management contracts and with respect to certain funds, the administrative services contracts or the sub-management contracts effective July 1, 2006. (With respect to certain funds that may be sub-managed from time to time by PIL, because PIL is an affiliate of Putnam Management and Putnam Management remains fully responsible for all services provided by PIL, the Trustees have not evaluated PIL as a separate entity, and all subsequent references to Putnam Management below include reference to PIL as necessary or appropriate in the context.)

This approval was based on the following conclusions:

Ø That the fee schedules in effect for the funds (which, for those funds with administrative services contracts, included fees paid under such contracts) represented reasonable compensation in light of the nature and quality of the services being provided to the funds, the fees paid by competitive funds and the costs incurred by Putnam Management in providing such services, and

Ø That such fee schedules represented an appropriate sharing between the funds' shareholders and Putnam Management of such economies of scale as may exist in the management of the funds at current asset levels.

These conclusions were based on a comprehensive consideration of all information provided to the Trustees and were not the result of any single factor. Some of the factors that figured particularly in the Trustees' deliberations and how the Trustees considered these factors are described below, although individual Trustees may have evaluated the information presented differently, giving different weights to various factors. It is also important to recognize that the fee arrangements for the funds are the result of many years of review and discussion between the Independent Trustees and Putnam Management, that certain aspects of the arrangements may receive greater scrutiny in some years than others, and that the Trustees' conclusions may be based, in part, on their consideration of these same arrangements in prior years.

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*Management fee schedules and categories; total expenses*

The Trustees reviewed the management (and administrative services, if applicable) fee schedules in effect for all Putnam funds, including fee levels and breakpoints, and the assignment of funds to particular fee categories. In

reviewing fees and expenses, the Trustees generally focused their attention on material changes in circumstances for example, changes in a fund's size or investment style, changes in Putnam Management's operating costs, or changes in competitive practices in the mutual fund industry that suggest that consideration of fee changes might be warranted. The Trustees concluded that the circumstances did not warrant changes to the management (and administrative services, if applicable) fee structures of the funds, which had been carefully developed over the years, re-examined on many occasions and adjusted where appropriate. The Trustees focused on two areas of particular interest, as discussed further below:

**Ø Competitiveness.** The Trustees reviewed comparative fee and expense information for competitive funds, which indicated that, in a custom peer group of competitive funds selected by Lipper Inc., each Putnam fund ranked in particular percentiles in management fees and in total expenses (less any applicable 12b-1 fees for open-end funds, and excluding charges and expenses at the insurance company separate account level for the funds of Putnam Variable Trust) as of December 31, 2005 (the first percentile being the least expensive funds and the 100th percentile being the most expensive funds). (The comparative fee and expense information for each Putnam RetirementReady Fund excluded the fees and expenses of the underlying Putnam funds in which a Putnam RetirementReady Fund invested, as well as the fees and expenses of the underlying funds in which other funds in the Lipper peer group invested.) With respect to the open-end funds, the Trustees noted that expense ratios for a number of Putnam funds, which show the percentage of fund assets used to pay for management and administrative services, distribution (12b-1) fees and other expenses, had been increasing recently as a result of declining net assets and the natural operation of fee breakpoints. With respect to all funds, the Trustees expressed their intention to monitor the funds' percentile rankings in management fees and in total expenses to ensure that fees and expenses of the funds continue to meet evolving competitive standards.

With respect to the open-end funds, the Trustees noted that the expense ratio increases described above were currently being controlled by expense limitations implemented in January 2004 and which Putnam Management, in consultation with the Contract Committee, has committed to maintain at least through 2007. These expense limitations give effect to a commitment by Putnam Management that the expense ratio of each fund would be no higher than the average expense ratio of the competitive funds included in the fund's relevant Lipper universe (exclusive of any applicable 12b-1 charges in each case). The Trustees observed that this commitment to limit fund expenses has served shareholders well since its inception. In order to ensure that the expenses of the Putnam funds continue to meet evolving competitive standards, the Trustees requested, and Putnam Management agreed, to implement an additional expense limitation for certain open-end funds for the twelve months beginning January 1, 2007 equal to the average expense ratio (exclusive of 12b-1 charges) of a custom peer group of competitive funds selected by Lipper based on the size of the fund. This additional expense limitation will be applied to those open-end funds that had above-average expense ratios (exclusive of

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12b-1 charges) based on the Lipper custom peer group data for the period ended December 31, 2005.

**Ø Economies of scale.** Most funds currently have the benefit of breakpoints in their management fees that provide shareholders with significant economies of scale, which means that the effective management fee rate of a fund (as a percentage of fund assets) declines as a fund grows in size and crosses specified asset thresholds. Conversely, as a fund shrinks in size as has been the case for many Putnam open-end funds in recent years these breakpoints result in increasing fee levels. In recent years, the Trustees have examined the operation of the existing breakpoint structure during periods of both growth and decline in asset levels. The Trustees concluded that the fee schedules in effect for the funds represented an appropriate sharing of economies of scale at current asset levels. In reaching this conclusion, the Trustees considered the Contract Committee's stated intent to continue to work with Putnam Management to plan for an eventual resumption in the growth of assets, including a study of potential economies that might be produced under various growth assumptions.

In connection with their review of the management fees and total expenses of the Putnam funds, the Trustees also reviewed the costs of the services to be provided and profits to be realized by Putnam Management and its affiliates from the relationship with the funds. This information included trends in revenues, expenses and profitability of Putnam Management and its affiliates relating to the investment management and distribution services provided to the funds. In this regard, the Trustees also reviewed an analysis of Putnam Management's revenues, expenses and profitability with respect to the funds' management contracts, allocated on a fund-by-fund basis. Because many of the costs incurred by Putnam Management in managing the funds are not readily identifiable to particular funds, the Trustees observed that the methodology for allocating costs is an important factor in evaluating Putnam Management's costs and profitability, both as to the Putnam funds in the aggregate and as to individual funds. The Trustees reviewed Putnam Management's cost allocation methodology with the assistance of independent consultants and concluded that this methodology was reasonable and well-considered.

#### *Investment performance*

The quality of the investment process provided by Putnam Management represented a major factor in the Trustees' evaluation of the quality of services provided by Putnam Management under the funds' management contracts. The Trustees were assisted in their review of the Putnam funds' investment process and performance by the work of the Investment Process Committee of the Trustees and the Investment Oversight Committees of the Trustees, which meet on a regular monthly basis with the funds' portfolio teams throughout the year. The Trustees concluded that Putnam Management generally provides a high-quality investment process as measured by the experience and skills of the individuals assigned to the management of fund portfolios, the resources made available to such personnel, and in general the ability of Putnam Management to attract and retain high-quality personnel but also recognize that this does not guarantee favorable investment results for every fund in every time period. The Trustees considered the investment performance of each fund over multiple time periods and considered information comparing each fund's performance with various benchmarks and with the performance of competitive funds.

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The Trustees noted the satisfactory investment performance of many Putnam funds. They also noted the disappointing investment performance of certain funds in recent years and discussed with senior management of Putnam Management the factors contributing to this underperformance and actions being taken to improve performance. The Trustees recognized that, in recent years, Putnam Management has made significant changes in its investment personnel and processes and in the fund product line to address areas of underperformance. In particular, they noted the important contributions of Putnam Management's leadership in attracting, retaining and supporting high-quality investment professionals and in systematically implementing an investment process that seeks to merge the best features of fundamental and quantitative analysis. The Trustees indicated their intention to continue to monitor performance trends to assess the effectiveness of these changes and to evaluate whether additional changes to address areas of underperformance are warranted.

In the case of each open-end fund, the Trustees considered that each fund's class A (class I, in the case of Putnam Prime Money Market Fund, and class IA in the case of Putnam Variable Trust) share cumulative total return performance at net asset value was in particular percentiles of its Lipper Inc. peer group for the one-, three- and five-year periods ended March 31, 2006 (the first percentile being the best performing funds and the 100th percentile being the worst performing funds). In the case of each closed-end fund, the Trustees considered the same Lipper peer group information for the fund's common share cumulative total return performance at net asset value. In the case of tax-exempt open-end and closed-end funds, the funds' total return performance was compared against the Lipper peer group performance information using tax-adjusted performance to recognize the different federal income tax treatment for capital gains distributions and exempt-interest distributions.

As a general matter, the Trustees concluded that cooperative efforts between the Trustees and Putnam Management represent the most effective way to address investment performance problems. The Trustees noted that investors in the Putnam funds have, in effect, placed their trust in the Putnam organization, under the oversight of the funds' Trustees, to make appropriate decisions regarding the management of the funds. Based on the responsiveness of Putnam Management in the recent past to Trustee concerns about investment performance, the Trustees concluded that it is preferable to seek change within Putnam Management to address performance shortcomings. In the Trustees' view, the alternative of terminating a management contract and engaging a new investment adviser for an underperforming fund would entail significant disruptions and would not provide any greater assurance of improved investment performance.

*Brokerage and soft-dollar allocations; other benefits*

The Trustees considered various potential benefits that Putnam Management may receive in connection with the services it provides under the management contracts with the funds. These include benefits related to brokerage and soft-dollar allocations, whereby a portion of the commissions paid by a fund for brokerage may be used to acquire research services that may be useful to Putnam Management in managing the assets of the fund and of other clients. The Trustees indicated their continued intent to monitor the potential benefits associated with the allocation of fund brokerage to ensure that the principle of seeking best price and execution remains paramount in the portfolio trading process.

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The Trustees' annual review of the funds' management contracts also included the review of the custodian and investor servicing agreements with Putnam Fiduciary Trust Company, which agreements provide benefits to an affiliate of Putnam Management. In the case of the open-end funds, the Trustees' annual review of the funds' management contracts also included the review of the funds' distributor's contracts and distribution plans with Putnam Retail Management Limited Partnership, which contracts and plans also provide benefits to an affiliate of Putnam Management.

*Comparison of retail and institutional fee schedules*

The information examined by the Trustees as part of their annual contract review has included for many years information regarding fees charged by Putnam Management and its affiliates to institutional clients such as defined benefit pension plans, college endowments, etc. This information included comparison of such fees with fees charged to the funds, as well as a detailed assessment of the differences in the services provided to these two types of clients. The Trustees observed, in this regard, that the differences in fee rates between institutional clients and the funds are by no means uniform when examined by individual asset sectors, suggesting that differences in the pricing of investment management services to these types of clients reflect to a substantial degree historical competitive forces operating in separate market places. The Trustees considered the fact that fee rates across all asset sectors are higher on average for funds than for institutional clients, as well as the differences between the services that Putnam Management provides to the Putnam funds and those that it provides to institutional clients of the firm, but did not rely on these comparisons to any significant extent in concluding that the management fees paid by the funds are reasonable.

*Approval of the Sub-Advisory Contract among Putnam Management, Putnam Investments Limited and The Putnam Advisory Company, LLC for Putnam International Equity Fund*

In July 2006, the Trustees approved a sub-advisory contract among Putnam Management, PIL and The Putnam Advisory Company, LLC (PAC) for Putnam International Equity Fund. The Contract Committee reviewed information provided by Putnam Management and, upon completion of this review, recommended, and the Independent Trustees approved, Putnam International Equity Fund's sub-advisory contract with PAC, effective July

14, 2006.

The Trustees considered numerous factors they believe relevant in approving Putnam International Equity Fund's sub-advisory contract with PAC, including Putnam Management's belief that the interest of shareholders would be best served by using Putnam's Tokyo investment professionals who are employed by PAC to provide investment recommendations for certain equity sleeves of Putnam International Equity Fund that are currently managed by Putnam Management or PIL, and PAC's expertise with respect to Asian markets. The Trustees also considered that Japanese securities laws require a sub-advisory relationship among Putnam Management, PIL and PAC in order for Putnam's Tokyo investment professionals to provide investment recommendations for Putnam International Equity Fund. The Trustees noted that Putnam Management or PIL, and not Putnam International Equity Fund, would pay the sub-management fee to PAC for its services and that the sub-management contract with PAC will not

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reduce the nature, quality or overall level of service provided to Putnam International Equity Fund.

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## APPENDIX H Other Similar Funds Advised by Putnam Management

The following table contains certain information regarding funds for which Putnam Management provides investment advisory services and that may have similar investment objectives and policies to your fund.

| Fund   | Net Assets as of<br>December 31, 2006 (\$) | Current Management<br>Fee Schedule   | Amount of<br>Management<br>Fee Paid in the<br>Most Recent<br>Fiscal Year<br>(after applicable<br>waivers and<br>reimbursements,<br>if any) (\$) | Has<br>compensation<br>been waived,<br>reduced or<br>otherwise<br>agreed to be<br>reduced<br>under any<br>applicable<br>contract? | Current<br>Investment<br>Objective   |
|--|--|--|---|---|--|
| Putnam American<br>Government<br>Income Fund | 707,703,667                                | First \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Any excess thereafter | 0.65%<br>0.55%<br>0.50%<br>0.45%<br>0.425%<br>0.405%<br>0.39%<br>0.38%  | 4,373,306   | Yes<br>High current<br>income with<br>preservation of<br>capital as its<br>secondary<br>objective. |
| Putnam AMT-Free<br>Insured Municipal<br>Fund | 327,849,054                                | The lesser of 0.50%, or<br>First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion                                     | 0.60%<br>0.50%<br>0.45%<br>0.40%  | 1,790,563   | Yes<br>High current<br>income exempt<br>from federal<br>income tax.                                |

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|                       |        |
|-----------------------|--------|
| Next \$5 billion      | 0.375% |
| Next \$5 billion      | 0.355% |
| Next \$5 billion      | 0.34%  |
| Any excess thereafter | 0.33%  |

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|   |            |  |  |         |     |   |
|---|------------|--|--|---------|-----|---|
| Putnam Arizona<br>Tax Exempt<br>Income Fund | 89,150,402 | The lesser of 0.50%, or<br>First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Any excess over \$21.5 billion | 0.60%<br>0.50%<br>0.45%<br>0.40%<br>0.375%<br>0.355%<br>0.34%<br>0.33% | 396,902 | Yes | To provide as high<br>a level of current<br>income exempt<br>from federal<br>income tax and<br>personal income<br>tax (if any) of the<br>state of Arizona as<br>Putnam<br>Management<br>believes is<br>consistent with<br>preservation of<br>capital. |
|---|------------|--|--|---------|-----|---|

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|   |               |   |  |            |     |               |
|---|---------------|---|--|------------|-----|---------------|
| Putnam Asset<br>Allocation:<br>Balanced Portfolio | 2,109,899,934 | First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Any excess over \$21.5 billion | 0.70%<br>0.60%<br>0.55%<br>0.50%<br>0.475%<br>0.455%<br>0.44%<br>0.43% | 10,841,716 | Yes | Total return. |
|---|---------------|---|--|------------|-----|---------------|

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|  |             |   |  |           |     |  |
|--|-------------|---|--|-----------|-----|--|
| Putnam Asset<br>Allocation:<br>Conservative<br>Portfolio | 985,940,217 | First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Any excess over \$21.5 billion | 0.70%<br>0.60%<br>0.55%<br>0.50%<br>0.475%<br>0.455%<br>0.44%<br>0.43% | 5,759,923 | Yes | Total return<br>consistent with<br>preservation of<br>capital. |
|--|-------------|---|--|-----------|-----|--|

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|  |   |
|--|---|
|  | Has   |
| Amount of<br>Management<br>Fee Paid in the<br>Most Recent<br>Fiscal Year | compensation<br>been waived,<br>reduced or<br>otherwise<br>agreed to be |



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| Fund   | Net Assets as of<br>December 31, 2006 (\$) | Current Management<br>Fee Schedule  |  | (after applicable<br>waivers and<br>reimbursements,<br>if any) (\$) | reduced<br>under any<br>applicable<br>contract? | Current<br>Investment<br>Objective  |
|--|--|---|--|---|---|---|
| Putnam Asset<br>Allocation: Growth<br>Portfolio          | 2,156,488,751                              | First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Any excess over \$21.5 billion                   | 0.70%<br>0.60%<br>0.55%<br>0.50%<br>0.475%<br>0.455%<br>0.44%<br>0.43% | 9,639,295   | Yes   | Capital<br>appreciation.  |
| Putnam California<br>Investment Grade<br>Municipal Trust | 83,373,293                                 | The lesser of 0.55%, or<br>First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Any excess thereafter | 0.65%<br>0.55%<br>0.50%<br>0.45%<br>0.425%<br>0.405%<br>0.39%<br>0.38% | 531,472   | Yes   | To provide as high<br>a level of current<br>income free from<br>federal income tax<br>and California<br>personal income<br>taxes as Putnam<br>Management<br>believes is<br>consistent with the<br>preservation of<br>capital.       |
| Putnam California<br>Tax Exempt<br>Income Fund           | 2,076,820,792                              | The lesser of 0.50%, or<br>First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Any excess thereafter | 0.60%<br>0.50%<br>0.45%<br>0.40%<br>0.375%<br>0.355%<br>0.34%<br>0.33% | 10,368,635  | Yes   | To provide as high<br>a level of current<br>income exempt<br>from federal<br>income tax and<br>California personal<br>income tax as<br>Putnam<br>Management<br>believes to be<br>consistent with the<br>preservation of<br>capital. |
| Putnam Capital<br>Appreciation Fund                      | 649,313,138                                | First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion   | 0.65%<br>0.55%<br>0.50%<br>0.45%<br>0.425%<br>0.405%<br>0.39%          | 4,388,833   | Yes   | Capital<br>appreciation.  |

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Any excess over \$21.5 billion 0.38%

|                                   |               |                       |        |           |     |   |
|-----------------------------------|---------------|-----------------------|--------|-----------|-----|---|
| Putnam Capital Opportunities Fund | 1,125,906,050 | First \$500 million   | 0.65%  | 6,363,713 | Yes | Long-term growth of capital.                        |
|                                   |               | Next \$500 million    | 0.55%  |           |     |   |
|                                   |               | Next \$500 million    | 0.50%  |           |     |   |
|                                   |               | Next \$5 billion      | 0.45%  |           |     |   |
|                                   |               | Next \$5 billion      | 0.425% |           |     |   |
|                                   |               | Next \$5 billion      | 0.405% |           |     |   |
|                                   |               | Next \$5 billion      | 0.39%  |           |     |   |
|                                   |               | Any excess thereafter | 0.38%  |           |     |   |
| Putnam Classic Equity Fund        | 766,747,810   | First \$500 million   | 0.65%  | 4,836,159 | Yes | Capital growth. Current income is a secondary goal. |
|                                   |               | Next \$500 million    | 0.55%  |           |     |   |
|                                   |               | Next \$500 million    | 0.50%  |           |     |   |
|                                   |               | Next \$5 billion      | 0.45%  |           |     |   |
|                                   |               | Next \$5 billion      | 0.425% |           |     |   |
|                                   |               | Next \$5 billion      | 0.405% |           |     |   |
|                                   |               | Next \$5 billion      | 0.39%  |           |     |   |
|                                   |               | Any excess thereafter | 0.38%  |           |     |   |

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| Fund                                   | Net Assets as of December 31, 2006 (\$) | Current Management Fee Schedule |        | Amount of Management Fee Paid in the Most Recent Fiscal Year (after applicable waivers and reimbursements, if any) (\$) | Has  | Current Investment Objective   |
|--|---|---------------------------------|--------|---|--|--|
|  |   |                                 |        |   | compensation been waived, reduced or otherwise agreed to be reduced under any applicable contract? |  |
| Putnam Convertible Income-Growth Trust | 724,297,978                             | First \$500 million             | 0.65%  | 4,231,616   | Yes  | Current income and capital appreciation. Conservation of capital is a secondary objective. |
|  |   | Next \$500 million              | 0.55%  |   |  |  |
|  |   | Next \$500 million              | 0.50%  |   |  |  |
|  |   | Next \$5 billion                | 0.45%  |   |  |  |
|  |   | Next \$5 billion                | 0.425% |   |  |  |
|  |   | Next \$5 billion                | 0.405% |   |  |  |
|  |   | Next \$5 billion                | 0.39%  |   |  |  |
| Any excess thereafter                  | 0.38%                                   |                                 |        |   |  |  |
| Putnam Discovery Growth Fund           | 850,247,984                             | First \$500 million             | 0.70%  | 5,497,942   | Yes  | Long-term growth of capital.   |
|  |   | Next \$500 million              | 0.60%  |   |  |  |
|  |   | Next \$500 million              | 0.55%  |   |  |  |
|  |   | Next \$5 billion                | 0.50%  |   |  |  |

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|                                     |               |                       |        |            |     |   |
|-------------------------------------|---------------|-----------------------|--------|------------|-----|---|
|                                     |               | Next \$5 billion      | 0.475% |            |     |   |
|                                     |               | Next \$5 billion      | 0.455% |            |     |   |
|                                     |               | Next \$5 billion      | 0.44%  |            |     |   |
|                                     |               | Any excess thereafter | 0.43%  |            |     |   |
| Putnam Diversified<br>Income Trust  | 2,770,991,703 | First \$500 million   | 0.70%  | 17,403,729 | Yes | To provide as high<br>a level of current<br>income as Putnam<br>Management<br>believes is<br>consistent with<br>preservation of<br>capital. |
|                                     |               | Next \$500 million    | 0.60%  |            |     |   |
|                                     |               | Next \$500 million    | 0.55%  |            |     |   |
|                                     |               | Next \$5 billion      | 0.50%  |            |     |   |
|                                     |               | Next \$5 billion      | 0.475% |            |     |   |
|                                     |               | Next \$5 billion      | 0.455% |            |     |   |
|                                     |               | Next \$5 billion      | 0.44%  |            |     |   |
|                                     |               | Any excess thereafter | 0.43%  |            |     |   |
| Putnam Equity<br>Income Fund        | 3,842,617,273 | First \$500 million   | 0.65%  | 18,067,258 | Yes | Capital growth and<br>current income.   |
|                                     |               | Next \$500 million    | 0.55%  |            |     |   |
|                                     |               | Next \$500 million    | 0.50%  |            |     |   |
|                                     |               | Next \$5 billion      | 0.45%  |            |     |   |
|                                     |               | Next \$5 billion      | 0.425% |            |     |   |
|                                     |               | Next \$5 billion      | 0.405% |            |     |   |
|                                     |               | Next \$5 billion      | 0.39%  |            |     |   |
|                                     |               | Any excess thereafter | 0.38%  |            |     |   |
| Putnam Europe<br>Equity Fund        | 560,853,928   | First \$500 million   | 0.80%  | 4,213,337  | Yes | The fund seeks<br>capital<br>appreciation.  |
|                                     |               | Next \$500 million    | 0.70%  |            |     |   |
|                                     |               | Next \$500 million    | 0.65%  |            |     |   |
|                                     |               | Next \$5 billion      | 0.60%  |            |     |   |
|                                     |               | Next \$5 billion      | 0.575% |            |     |   |
|                                     |               | Next \$5 billion      | 0.555% |            |     |   |
|                                     |               | Next \$5 billion      | 0.54%  |            |     |   |
|                                     |               | Any excess thereafter | 0.53%  |            |     |   |
| Putnam Floating<br>Rate Income Fund | 494,289,793   | First \$500 million   | 0.65%  | 1,719,001  | Yes | High current<br>income.<br>Preservation of<br>capital is a<br>secondary goal.   |
|                                     |               | Next \$500 million    | 0.55%  |            |     |   |
|                                     |               | Next \$500 million    | 0.50%  |            |     |   |
|                                     |               | Next \$5 billion      | 0.45%  |            |     |   |
|                                     |               | Next \$5 billion      | 0.425% |            |     |   |
|                                     |               | Next \$5 billion      | 0.405% |            |     |   |
|                                     |               | Next \$5 billion      | 0.39%  |            |     |   |
|                                     |               | Next \$5 billion      | 0.38%  |            |     |   |
|                                     |               | Next \$5 billion      | 0.37%  |            |     |   |
|                                     |               | Next \$5 billion      | 0.36%  |            |     |   |
|                                     |               | Next \$5 billion      | 0.35%  |            |     |   |
|                                     |               | Next \$5 billion      | 0.34%  |            |     |   |
|                                     |               | Next \$8.5 billion    | 0.33%  |            |     |   |
|                                     |               | Any excess thereafter | 0.32%  |            |     |   |

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| Fund  | Net Assets as of<br>December 31, 2006 (\$) | Current Management<br>Fee Schedule |        | Amount of<br>Management<br>Fee Paid in the<br>Most Recent<br>Fiscal Year<br>(after applicable<br>waivers and<br>reimbursements,<br>if any) (\$) | Has<br>compensation<br>been waived,<br>reduced or<br>otherwise<br>agreed to be<br>reduced<br>under any<br>applicable<br>contract? | Current<br>Investment<br>Objective   |
|---|--|------------------------------------|--------|---|---|--|
| The Putnam Fund<br>for Growth and<br>Income | 15,172,174,430                             | First \$500 million                | 0.65%  | 67,376,969  | Yes   | Capital growth and<br>current income.  |
|   |  | Next \$500 million                 | 0.55%  |   |   |  |
|   |  | Next \$500 million                 | 0.50%  |   |   |  |
|   |  | Next \$5 billion                   | 0.45%  |   |   |  |
|   |  | Next \$5 billion                   | 0.425% |   |   |  |
|   |  | Next \$5 billion                   | 0.405% |   |   |  |
|   |  | Next \$5 billion                   | 0.39%  |   |   |  |
|   |  | Next \$5 billion                   | 0.38%  |   |   |  |
|   |  | Next \$5 billion                   | 0.37%  |   |   |  |
|   |  | Next \$5 billion                   | 0.36%  |   |   |  |
|   |  | Next \$5 billion                   | 0.35%  |   |   |  |
|   |  | Next \$5 billion                   | 0.34%  |   |   |  |
|   |  | Next \$8.5 billion                 | 0.33%  |   |   |  |
| Any excess over \$55 billion                | 0.32%                                      |                                    |        |   |   |  |
| The George Putnam<br>Fund of Boston         | 4,654,483,340                              | First \$500 million                | 0.65%  | 23,520,227  | Yes   | To provide a<br>balanced<br>investment<br>composed of a<br>well-diversified<br>portfolio of stocks<br>and bonds which<br>produce both<br>capital growth and<br>current income. |
|   |  | Next \$500 million                 | 0.55%  |   |   |  |
|   |  | Next \$500 million                 | 0.50%  |   |   |  |
|   |  | Next \$5 billion                   | 0.45%  |   |   |  |
|   |  | Next \$5 billion                   | 0.425% |   |   |  |
|   |  | Next \$5 billion                   | 0.405% |   |   |  |
|   |  | Next \$5 billion                   | 0.39%  |   |   |  |
|   |  | Any excess thereafter              | 0.38%  |   |   |  |
| Putnam Global<br>Equity Fund                | 2,116,008,457                              | First \$500 million                | 0.80%  | 15,165,340  | Yes   | Capital<br>appreciation.   |
|   |  | Next \$500 million                 | 0.70%  |   |   |  |
|   |  | Next \$500 million                 | 0.65%  |   |   |  |
|   |  | Next \$5 billion                   | 0.60%  |   |   |  |
|   |  | Next \$5 billion                   | 0.575% |   |   |  |
|   |  | Next \$5 billion                   | 0.555% |   |   |  |
|   |  | Next \$5 billion                   | 0.54%  |   |   |  |
|   |  | Next \$5 billion                   | 0.53%  |   |   |  |
|   |  | Next \$5 billion                   | 0.52%  |   |   |  |

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|                              |       |
|------------------------------|-------|
| Next \$5 billion             | 0.51% |
| Next \$5 billion             | 0.50% |
| Next \$5 billion             | 0.49% |
| Next \$8.5 billion           | 0.48% |
| Any excess over \$55 billion | 0.47% |

|                               |             |                       |        |         |     |  |
|-------------------------------|-------------|-----------------------|--------|---------|-----|--|
| Putnam Global<br>Income Trust | 128,502,186 | First \$500 million   | 0.70%  | 528,321 | Yes | High current<br>income by<br>investing<br>principally in debt<br>securities of<br>sovereign and<br>private issuers<br>worldwide,<br>including<br>supranational<br>issuers. |
|                               |             | Next \$500 million    | 0.60%  |         |     |  |
|                               |             | Next \$500 million    | 0.55%  |         |     |  |
|                               |             | Next \$5 billion      | 0.50%  |         |     |  |
|                               |             | Next \$5 billion      | 0.475% |         |     |  |
|                               |             | Next \$5 billion      | 0.455% |         |     |  |
|                               |             | Next \$5 billion      | 0.44%  |         |     |  |
|                               |             | Any excess thereafter | 0.43%  |         |     |  |

|  |             |                       |        |           |     |                          |
|--|-------------|-----------------------|--------|-----------|-----|--------------------------|
| Putnam Global<br>Natural Resources<br>Fund | 627,944,661 | First \$500 million   | 0.70%  | 4,126,921 | Yes | Capital<br>appreciation. |
|  |             | Next \$500 million    | 0.60%  |           |     |                          |
|  |             | Next \$500 million    | 0.55%  |           |     |                          |
|  |             | Next \$5 billion      | 0.50%  |           |     |                          |
|  |             | Next \$5 billion      | 0.475% |           |     |                          |
|  |             | Next \$5 billion      | 0.455% |           |     |                          |
|  |             | Next \$5 billion      | 0.44%  |           |     |                          |
|  |             | Any excess thereafter | 0.43%  |           |     |                          |

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| Fund                                | Net Assets as of<br>December 31, 2006 (\$) | Current Management<br>Fee Schedule |        | Amount of<br>Management<br>Fee Paid in the<br>Most Recent<br>Fiscal Year<br>(after applicable<br>waivers and<br>reimbursements,<br>if any) (\$) | Has<br>compensation<br>been waived,<br>reduced or<br>otherwise<br>agreed to be<br>reduced<br>under any<br>applicable<br>contract? | Current<br>Investment<br>Objective |
|-------------------------------------|--|------------------------------------|--------|---|---|------------------------------------|
| Putnam Growth<br>Opportunities Fund | 659,146,436                                | First \$500 million                | 0.70%  | 2,913,736   | Yes   | Capital<br>appreciation.           |
|                                     |  | Next \$500 million                 | 0.60%  |   |   |                                    |
|                                     |  | Next \$500 million                 | 0.55%  |   |   |                                    |
|                                     |  | Next \$5 billion                   | 0.50%  |   |   |                                    |
|                                     |  | Next \$5 billion                   | 0.475% |   |   |                                    |
|                                     |  | Next \$5 billion                   | 0.455% |   |   |                                    |

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|                                    |               |                                |        |            |     |   |
|------------------------------------|---------------|--------------------------------|--------|------------|-----|---|
|                                    |               | Next \$5 billion               | 0.44%  |            |     |   |
|                                    |               | Any excess thereafter          | 0.43%  |            |     |   |
| Putnam Health Sciences Trust       | 2,267,488,061 | First \$500 million            | 0.70%  | 14,802,805 | Yes | Capital appreciation.   |
|                                    |               | Next \$500 million             | 0.60%  |            |     |   |
|                                    |               | Next \$500 million             | 0.55%  |            |     |   |
|                                    |               | Next \$5 billion               | 0.50%  |            |     |   |
|                                    |               | Next \$5 billion               | 0.475% |            |     |   |
|                                    |               | Next \$5 billion               | 0.455% |            |     |   |
|                                    |               | Next \$5 billion               | 0.44%  |            |     |   |
|                                    |               | Any excess over \$21.5 billion | 0.43%  |            |     |   |
| Putnam High Income Securities Fund | 198,149,622   | First \$500 million            | 0.70%  | 1,372,004  | Yes | To provide high current income as a primary objective and capital appreciation as a secondary objective.    |
|                                    |               | Next \$500 million             | 0.60%  |            |     |   |
|                                    |               | Next \$500 million             | 0.55%  |            |     |   |
|                                    |               | Next \$5 billion               | 0.50%  |            |     |   |
|                                    |               | Next \$5 billion               | 0.475% |            |     |   |
|                                    |               | Next \$5 billion               | 0.455% |            |     |   |
|                                    |               | Next \$5 billion               | 0.44%  |            |     |   |
|                                    |               | Next \$5 billion               | 0.43%  |            |     |   |
|                                    |               | Next \$5 billion               | 0.42%  |            |     |   |
|                                    |               | Next \$5 billion               | 0.41%  |            |     |   |
|                                    |               | Next \$5 billion               | 0.40%  |            |     |   |
|                                    |               | Next \$5 billion               | 0.39%  |            |     |   |
|                                    |               | Next \$8.5 billion             | 0.38%  |            |     |   |
|                                    |               | Any excess thereafter          | 0.37%  |            |     |   |
| Putnam High Yield Advantage Fund   | 801,711,721   | First \$500 million            | 0.70%  | 5,676,755  | Yes | High current income. Capital growth is a secondary goal when consistent with achieving high current income. |
|                                    |               | Next \$500 million             | 0.60%  |            |     |   |
|                                    |               | Next \$500 million             | 0.55%  |            |     |   |
|                                    |               | Next \$5 billion               | 0.50%  |            |     |   |
|                                    |               | Next \$5 billion               | 0.475% |            |     |   |
|                                    |               | Next \$5 billion               | 0.455% |            |     |   |
|                                    |               | Next \$5 billion               | 0.44%  |            |     |   |
|                                    |               | Any excess thereafter          | 0.43%  |            |     |   |
| Putnam High Yield Municipal Trust  | 213,917,148   | The lesser of 0.55%, or        |        | 1,448,462  | Yes | To provide high current income exempt from federal income tax.  |
|                                    |               | First \$500 million            | 0.65%  |            |     |   |
|                                    |               | Next \$500 million             | 0.55%  |            |     |   |
|                                    |               | Next \$500 million             | 0.50%  |            |     |   |
|                                    |               | Next \$5 billion               | 0.45%  |            |     |   |
|                                    |               | Next \$5 billion               | 0.425% |            |     |   |
|                                    |               | Next \$5 billion               | 0.405% |            |     |   |
|                                    |               | Next \$5 billion               | 0.39%  |            |     |   |
|                                    |               | Any excess thereafter          | 0.38%  |            |     |   |
| Putnam High Yield Trust            | 2,357,157,321 | First \$500 million            | 0.70%  | 13,784,128 | Yes | High current income. Capital  |
|                                    |               | Next \$500 million             | 0.60%  |            |     |   |

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|                       |        |                 |
|-----------------------|--------|-----------------|
| Next \$500 million    | 0.55%  | growth is a     |
| Next \$5 billion      | 0.50%  | secondary goal. |
| Next \$5 billion      | 0.475% |                 |
| Next \$5 billion      | 0.455% |                 |
| Next \$5 billion      | 0.44%  |                 |
| Any excess thereafter | 0.43%  |                 |

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| Fund                             | Net Assets as of<br>December 31, 2006 (\$) | Current Management<br>Fee Schedule |        | Amount of<br>Management<br>Fee Paid in the<br>Most Recent<br>Fiscal Year<br>(after applicable<br>waivers and<br>reimbursements,<br>if any) (\$) | Has<br>compensation<br>been waived,<br>reduced or<br>otherwise<br>agreed to be<br>reduced<br>under any<br>applicable<br>contract? | Current<br>Investment<br>Objective  |
|----------------------------------|--|------------------------------------|--------|---|---|---|
| Putnam Income<br>Fund            | 2,447,632,260                              | First \$500 million                | 0.65%  | 11,940,410  | Yes   | High current<br>income consistent<br>with what Putnam<br>management<br>believes to be<br>prudent risk.  |
|                                  |  | Next \$500 million                 | 0.55%  |   |   |   |
|                                  |  | Next \$500 million                 | 0.50%  |   |   |   |
|                                  |  | Next \$5 billion                   | 0.45%  |   |   |   |
|                                  |  | Next \$5 billion                   | 0.425% |   |   |   |
|                                  |  | Next \$5 billion                   | 0.405% |   |   |   |
|                                  |  | Next \$5 billion                   | 0.39%  |   |   |   |
| Any excess thereafter            | 0.38%                                      |                                    |        |   |   |   |
| Putnam Income<br>Strategies Fund | 13,002,265                                 | First \$500 million                | 0.65%  | 0*  | Yes   | Current income<br>consistent with<br>what Putnam<br>Management<br>believes to be<br>prudent risk. Its<br>secondary objective<br>is capital<br>appreciation. |
|                                  |  | Next \$500 million                 | 0.55%  |   |   |   |
|                                  |  | Next \$500 million                 | 0.50%  |   |   |   |
|                                  |  | Next \$5 billion                   | 0.45%  |   |   |   |
|                                  |  | Next \$5 billion                   | 0.425% |   |   |   |
|                                  |  | Next \$5 billion                   | 0.405% |   |   |   |
|                                  |  | Next \$5 billion                   | 0.39%  |   |   |   |
|                                  |  | Next \$5 billion                   | 0.38%  |   |   |   |
|                                  |  | Next \$5 billion                   | 0.37%  |   |   |   |
|                                  |  | Next \$5 billion                   | 0.36%  |   |   |   |
|                                  |  | Next \$5 billion                   | 0.35%  |   |   |   |
|                                  |  | Next \$5 billion                   | 0.34%  |   |   |   |
| Next \$8.5 billion               | 0.33%                                      |                                    |        |   |   |   |
| Any excess thereafter            | 0.32%                                      |                                    |        |   |   |   |
| Putnam<br>International          | 1,783,630,400                              | First \$500 million                | 1.00%  | 13,345,775  | Yes   | Long-term capital<br>appreciation.  |
|                                  |  | Next \$500 million                 | 0.90%  |   |   |   |

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|   |               |                                |        |            |     |  |
|---|---------------|--------------------------------|--------|------------|-----|--|
| Capital Opportunities Fund                  |               | Next \$500 million             | 0.85%  |            |     |  |
|   |               | Next \$5 billion               | 0.80%  |            |     |  |
|   |               | Next \$5 billion               | 0.775% |            |     |  |
|   |               | Next \$5 billion               | 0.755% |            |     |  |
|   |               | Next \$5 billion               | 0.74%  |            |     |  |
|   |               | Any excess thereafter          | 0.73%  |            |     |  |
| <hr/>                                       |               |                                |        |            |     |  |
| Putnam International Equity Fund            | 7,003,286,336 | First \$500 million            | 0.80%  | 39,425,440 | Yes | Capital appreciation.                                    |
|   |               | Next \$500 million             | 0.70%  |            |     |  |
|   |               | Next \$500 million             | 0.65%  |            |     |  |
|   |               | Next \$5 billion               | 0.60%  |            |     |  |
|   |               | Next \$5 billion               | 0.575% |            |     |  |
|   |               | Next \$5 billion               | 0.555% |            |     |  |
|   |               | Next \$5 billion               | 0.54%  |            |     |  |
|   |               | Any excess over \$21.5 billion | 0.53%  |            |     |  |
| <hr/>                                       |               |                                |        |            |     |  |
| Putnam International Growth and Income Fund | 1,037,228,946 | First \$500 million            | 0.80%  | 5,732,946  | Yes | Capital growth. Current income is a secondary objective. |
|   |               | Next \$500 million             | 0.70%  |            |     |  |
|   |               | Next \$500 million             | 0.65%  |            |     |  |
|   |               | Next \$5 billion               | 0.60%  |            |     |  |
|   |               | Next \$5 billion               | 0.575% |            |     |  |
|   |               | Next \$5 billion               | 0.555% |            |     |  |
|   |               | Next \$5 billion               | 0.54%  |            |     |  |
|   |               | Any excess thereafter          | 0.53%  |            |     |  |

\* Due to expense limitations in effect during the fund's most recent fiscal year, Putnam Income Strategies Fund did not pay a management fee to Putnam Management.

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| Fund  | Net Assets as of December 31, 2006 (\$) | Current Management Fee Schedule |        | Amount of Management Fee Paid in the Most Recent Fiscal Year (after applicable waivers and reimbursements, if any) (\$) | Has compensation been waived, reduced or otherwise agreed to be reduced under any applicable contract? | Current Investment Objective    |
|---|---|---------------------------------|--------|---|--|---------------------------------|
| Putnam International New Opportunities Fund | 811,831,094                             | First \$500 million             | 1.00%  | 6,580,631   | Yes  | Long-term capital appreciation. |
|   |   | Next \$500 million              | 0.90%  |   |  |                                 |
|   |   | Next \$500 million              | 0.85%  |   |  |                                 |
|   |   | Next \$5 billion                | 0.80%  |   |  |                                 |
|   |   | Next \$5 billion                | 0.775% |   |  |                                 |
|   |   | Next \$5 billion                | 0.755% |   |  |                                 |



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|   |               |                                |        |            |     |  |
|---|---------------|--------------------------------|--------|------------|-----|--|
|   |               | Next \$5 billion               | 0.74%  |            |     |  |
|   |               | Any excess thereafter          | 0.73%  |            |     |  |
| Putnam Investment<br>Grade Municipal<br>Trust           | 363,338,832   | The lesser of 0.55%, or        |        | 2,059,634  | Yes | To provide as high<br>a level of current<br>income exempt<br>from federal<br>income tax as<br>Putnam<br>Management<br>believes to be<br>consistent with the<br>preservation of<br>capital. |
|   |               | First \$500 million            | 0.65%  |            |     |  |
|   |               | Next \$500 million             | 0.55%  |            |     |  |
|   |               | Next \$500 million             | 0.50%  |            |     |  |
|   |               | Next \$5 billion               | 0.45%  |            |     |  |
|   |               | Next \$5 billion               | 0.425% |            |     |  |
|   |               | Next \$5 billion               | 0.405% |            |     |  |
|   |               | Next \$5 billion               | 0.39%  |            |     |  |
|   |               | Any excess thereafter          | 0.38%  |            |     |  |
| Putnam Investors<br>Fund                                | 4,107,665,166 | First \$500 million            | 0.65%  | 19,513,803 | Yes | Long-term growth<br>of capital and any<br>increased income<br>that results from<br>this growth.  |
|   |               | Next \$500 million             | 0.55%  |            |     |  |
|   |               | Next \$500 million             | 0.50%  |            |     |  |
|   |               | Next \$5 billion               | 0.45%  |            |     |  |
|   |               | Next \$5 billion               | 0.425% |            |     |  |
|   |               | Next \$5 billion               | 0.405% |            |     |  |
|   |               | Next \$5 billion               | 0.39%  |            |     |  |
|   |               | Any excess over \$21.5 billion | 0.38%  |            |     |  |
| Putnam Limited<br>Duration<br>Government<br>Income Fund | 439,936,540   | The lesser of 0.50%, or        |        | 2,392,584  | Yes | As high a level of<br>current income as<br>Putnam<br>Management<br>believes is<br>consistent with<br>preservation of<br>capital.   |
|   |               | First \$500 million            | 0.60%  |            |     |  |
|   |               | Next \$500 million             | 0.50%  |            |     |  |
|   |               | Next \$500 million             | 0.45%  |            |     |  |
|   |               | Next \$5 billion               | 0.40%  |            |     |  |
|   |               | Next \$5 billion               | 0.375% |            |     |  |
|   |               | Next \$5 billion               | 0.355% |            |     |  |
|   |               | Next \$5 billion               | 0.34%  |            |     |  |
|   |               | Any excess over \$21.5 billion | 0.33%  |            |     |  |
| Putnam Managed<br>Municipal Income<br>Trust             | 548,638,387   | The lesser of 0.55%, or        |        | 3,167,820  | Yes | To provide high<br>current income free<br>from federal<br>income tax.  |
|   |               | First \$500 million            | 0.65%  |            |     |  |
|   |               | Next \$500 million             | 0.55%  |            |     |  |
|   |               | Next \$500 million             | 0.50%  |            |     |  |
|   |               | Next \$5 billion               | 0.45%  |            |     |  |
|   |               | Next \$5 billion               | 0.425% |            |     |  |
|   |               | Next \$5 billion               | 0.405% |            |     |  |
|   |               | Next \$5 billion               | 0.39%  |            |     |  |
|   |               | Any excess thereafter          | 0.38%  |            |     |  |

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| Fund   | Net Assets as of<br>December 31, 2006 (\$) | Current Management<br>Fee Schedule   | Amount of<br>Management<br>Fee Paid in the<br>Most Recent<br>Fiscal Year<br>(after applicable<br>waivers and<br>reimbursements,<br>if any) (\$) | Has<br>compensation<br>been waived,<br>reduced or<br>otherwise<br>agreed to be<br>reduced<br>under any<br>applicable<br>contract? | Current<br>Investment<br>Objective |  |
|--|--|--|---|---|------------------------------------|--|
| Putnam<br>Massachusetts Tax<br>Exempt Income<br>Fund | 309,261,461                                | The lesser of 0.50%, or<br>First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Any excess over \$21.5 billion   | 0.60%<br>0.50%<br>0.45%<br>0.40%<br>0.375%<br>0.355%<br>0.34%<br>0.33%  | 1,675,201   | Yes                                | As high a level of<br>current income<br>exempt from<br>federal income tax<br>and personal<br>income tax (if any)<br>of the<br>Commonwealth of<br>Massachusetts as<br>Putnam<br>Management<br>believes is<br>consistent with<br>preservation of<br>capital. |
| Putnam Master<br>Intermediate<br>Income Trust        | 654,273,418                                | First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$8.5 billion<br>Any excess thereafter | 0.75%<br>0.65%<br>0.60%<br>0.55%<br>0.525%<br>0.505%<br>0.49%<br>0.48%<br>0.47%<br>0.46%<br>0.45%<br>0.44%<br>0.43%<br>0.42%                    | 4,797,486   | Yes                                | With equal<br>emphasis, to<br>provide high<br>current income and<br>relative stability of<br>net asset value.  |
| Putnam Michigan<br>Tax Exempt<br>Income Fund         | 117,691,883                                | The lesser of 0.50%, or<br>First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion   | 0.60%<br>0.50%<br>0.45%<br>0.40%<br>0.375%  | 648,238   | Yes                                | As high a level of<br>current income<br>exempt from<br>federal income tax<br>and personal<br>income tax (if any)   |

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|                                |        |                 |
|--------------------------------|--------|-----------------|
| Next \$5 billion               | 0.355% | of the state of |
| Next \$5 billion               | 0.34%  | Michigan as     |
| Any excess over \$21.5 billion | 0.33%  | Putnam          |
|                                |        | Management      |
|                                |        | believes is     |
|                                |        | consistent with |
|                                |        | preservation of |
|                                |        | capital.        |

|                              |             |                       |        |           |     |                      |
|------------------------------|-------------|-----------------------|--------|-----------|-----|----------------------|
| Putnam Mid Cap<br>Value Fund | 973,670,094 | First \$500 million   | 0.70%  | 5,871,795 | Yes | Capital              |
|                              |             | Next \$500 million    | 0.60%  |           |     | appreciation and, as |
|                              |             | Next \$500 million    | 0.55%  |           |     | a secondary          |
|                              |             | Next \$5 billion      | 0.50%  |           |     | objective, current   |
|                              |             | Next \$5 billion      | 0.475% |           |     | income.              |
|                              |             | Next \$5 billion      | 0.455% |           |     |                      |
|                              |             | Next \$5 billion      | 0.44%  |           |     |                      |
|                              |             | Any excess thereafter | 0.43%  |           |     |                      |

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| Fund  | Net Assets as of<br>December 31, 2006 (\$) | Current Management<br>Fee Schedule | Amount of<br>Management<br>Fee Paid in the<br>Most Recent<br>Fiscal Year<br>(after applicable<br>waivers and<br>reimbursements,<br>if any) (\$) | Has<br>compensation<br>been waived,<br>reduced or<br>otherwise<br>agreed to be<br>reduced<br>under any<br>applicable<br>contract? | Current<br>Investment<br>Objective |
|---|--|------------------------------------|---|---|------------------------------------|
| Putnam Minnesota<br>Tax Exempt<br>Income Fund | 108,716,812                                | The lesser of 0.50%, or            | 538,350   | Yes   | As high a level of                 |
|   |  | First \$500 million                | 0.60%   |   | current income                     |
|   |  | Next \$500 million                 | 0.50%   |   | exempt from                        |
|   |  | Next \$500 million                 | 0.45%   |   | federal income tax                 |
|   |  | Next \$5 billion                   | 0.40%   |   | and personal                       |
|   |  | Next \$5 billion                   | 0.375%  |   | income tax (if any)                |
|   |  | Next \$5 billion                   | 0.355%  |   | of the state of                    |
|   |  | Next \$5 billion                   | 0.34%   |   | Minnesota as                       |
|   |  | Any excess over \$21.5 billion     | 0.33%   |   | Putnam                             |
|   |  |                                    |   |   | Management                         |
|   |  |                                    |   |   | believes is                        |
|   |  |                                    |   |   | consistent with                    |
|   |  |                                    |   |   | preservation of                    |
|   |  |                                    |   |   | capital.                           |

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|                             |               |                     |        |            |     |  |
|-----------------------------|---------------|---------------------|--------|------------|-----|--|
| Putnam Money<br>Market Fund | 3,278,464,902 | First \$100 million | 0.50%  | 10,390,443 | Yes | As high a rate of<br>current income as<br>Putnam<br>Management<br>believes is<br>consistent with<br>preservation of<br>capital and<br>maintenance of<br>liquidity. |
|                             |               | Next \$100 million  | 0.40%  |            |     |  |
|                             |               | Next \$300 million  | 0.35%  |            |     |  |
|                             |               | Next \$500 million  | 0.325% |            |     |  |
|                             |               | Next \$500 million  | 0.30%  |            |     |  |
|                             |               | Next \$2.5 billion  | 0.275% |            |     |  |
|                             |               | Next \$2.5 billion  | 0.25%  |            |     |  |
|                             |               | Next \$5 billion    | 0.225% |            |     |  |
|                             |               | Next \$5 billion    | 0.205% |            |     |  |
|                             |               | Next \$5 billion    | 0.19%  |            |     |  |
| Any excess thereafter       | 0.18%         |                     |        |            |     |  |

|                               |             |                         |        |           |     |   |
|-------------------------------|-------------|-------------------------|--------|-----------|-----|---|
| Putnam Municipal<br>Bond Fund | 363,454,277 | The lesser of 0.55%, or |        | 2,290,901 | Yes | To provide as high<br>a level of current<br>income exempt<br>from federal<br>income tax as<br>Putnam<br>Management<br>believes is<br>consistent with<br>preservation of<br>capital. |
|                               |             | First \$500 million     | 0.65%  |           |     |   |
|                               |             | Next \$500 million      | 0.55%  |           |     |   |
|                               |             | Next \$500 million      | 0.50%  |           |     |   |
|                               |             | Next \$5 billion        | 0.45%  |           |     |   |
|                               |             | Next \$5 billion        | 0.425% |           |     |   |
|                               |             | Next \$5 billion        | 0.405% |           |     |   |
|                               |             | Next \$5 billion        | 0.39%  |           |     |   |
| Any excess thereafter         | 0.38%       |                         |        |           |     |   |

|  |             |                         |        |           |     |  |
|--|-------------|-------------------------|--------|-----------|-----|--|
| Putnam Municipal<br>Opportunities<br>Trust** | 322,775,012 | The lesser of 0.35%, or |        | 1,394,604 | Yes | The fund seeks to<br>provide as high a<br>level of current<br>income free from<br>federal income tax<br>as Putnam<br>Management<br>believes is<br>consistent with the<br>preservation of<br>capital. |
|  |             | First \$500 million     | 0.45%  |           |     |  |
|  |             | Next \$500 million      | 0.35%  |           |     |  |
|  |             | Next \$500 million      | 0.30%  |           |     |  |
|  |             | Next \$5 billion        | 0.25%  |           |     |  |
|  |             | Next \$5 billion        | 0.225% |           |     |  |
|  |             | Next \$5 billion        | 0.205% |           |     |  |
|  |             | Next \$5 billion        | 0.19%  |           |     |  |
| Any excess thereafter                        | 0.18%       |                         |        |           |     |  |

\*\* The management fee schedule for this fund represents fees paid only for investment advisory services. As described in this proxy statement, the fund also paid administrative fees to Putnam Management for administrative services.

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|  |  |
|--|--|
| Amount of<br>Management<br>Fee Paid in the<br>Most Recent<br>Fiscal Year | Has<br>compensation<br>been waived,<br>reduced or<br>otherwise<br>agreed to be |
|--|--|

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| Fund   | Net Assets as of<br>December 31, 2006 (\$) | Current Management<br>Fee Schedule | (after applicable<br>waivers and<br>reimbursements,<br>if any) (\$) | reduced<br>under any<br>applicable<br>contract? | Current<br>Investment<br>Objective   |                                    |
|--|--|------------------------------------|---|---|--|------------------------------------|
| Putnam New Jersey<br>Tax Exempt<br>Income Fund         | 204,244,200                                | The lesser of 0.50%, or            | 1,101,027   | Yes   | As high a level of<br>current income<br>exempt from<br>federal income tax<br>and personal<br>income tax (if any)<br>of the state of New<br>Jersey as Putnam<br>Management<br>believes is<br>consistent with<br>preservation of<br>capital. |                                    |
|  |  | First \$500 million                |   |   |  | 0.60%                              |
|  |  | Next \$500 million                 |   |   |  | 0.50%                              |
|  |  | Next \$500 million                 |   |   |  | 0.45%                              |
|  |  | Next \$5 billion                   |   |   |  | 0.40%                              |
|  |  | Next \$5 billion                   |   |   |  | 0.375%                             |
|  |  | Next \$5 billion                   |   |   |  | 0.355%                             |
|  |  | Next \$5 billion                   |   |   |  | 0.34%                              |
|  |  | Any excess over \$21.5 billion     | 0.33%   |   |  |                                    |
| Putnam New<br>Opportunities Fund                       | 4,697,260,397                              | First \$500 million                | 0.70%   | 30,814,799                                      | Yes  | Long-term capital<br>appreciation. |
|  |  | Next \$500 million                 | 0.60%   |   |  |                                    |
|  |  | Next \$500 million                 | 0.55%   |   |  |                                    |
|  |  | Next \$5 billion                   | 0.50%   |   |  |                                    |
|  |  | Next \$5 billion                   | 0.475%  |   |  |                                    |
|  |  | Next \$5 billion                   | 0.455%  |   |  |                                    |
|  |  | Next \$5 billion                   | 0.44%   |   |  |                                    |
|  |  | Next \$5 billion                   | 0.43%   |   |  |                                    |
|  |  | Next \$5 billion                   | 0.42%   |   |  |                                    |
|  |  | Next \$5 billion                   | 0.41%   |   |  |                                    |
|  |  | Next \$5 billion                   | 0.40%   |   |  |                                    |
|  |  | Next \$5 billion                   | 0.39%   |   |  |                                    |
|  |  | Next \$8.5 billion                 | 0.38%   |   |  |                                    |
|  |  | Any excess above \$55 billion      | 0.37%   |   |  |                                    |
| Putnam New Value<br>Fund                               | 2,074,162,525                              | First \$500 million                | 0.70%   | 11,478,217                                      | Yes  | Long-term capital<br>appreciation. |
|  |  | Next \$500 million                 | 0.60%   |   |  |                                    |
|  |  | Next \$500 million                 | 0.55%   |   |  |                                    |
|  |  | Next \$5 billion                   | 0.50%   |   |  |                                    |
|  |  | Next \$5 billion                   | 0.475%  |   |  |                                    |
|  |  | Next \$5 billion                   | 0.455%  |   |  |                                    |
|  |  | Next \$5 billion                   | 0.44%   |   |  |                                    |
|  |  | Any excess thereafter              | 0.43%   |   |  |                                    |
| Putnam New York<br>Investment Grade<br>Municipal Trust | 48,297,644                                 | The lesser of 0.55%, or            | 302,665   | Yes   | To provide as high<br>a level of current<br>income free from<br>federal income tax<br>and New York   |                                    |
|  |  | First \$500 million                |   |   |  | 0.65%                              |
|  |  | Next \$500 million                 |   |   |  | 0.55%                              |
|  |  | Next \$500 million                 |   |   |  | 0.50%                              |
|  |  | Next \$5 billion                   |   |   |  | 0.45%                              |

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|                       |        |                     |
|-----------------------|--------|---------------------|
| Next \$5 billion      | 0.425% | state and city      |
| Next \$5 billion      | 0.405% | personal income     |
| Next \$5 billion      | 0.39%  | taxes as Putnam     |
| Any excess thereafter | 0.38%  | Management          |
|                       |        | believes is         |
|                       |        | consistent with the |
|                       |        | preservation of     |
|                       |        | capital.            |

H-10

| Fund   | Net Assets as of<br>December 31, 2006 (\$) | Current Management<br>Fee Schedule   | Amount of<br>Management<br>Fee Paid in the<br>Most Recent<br>Fiscal Year<br>(after applicable<br>waivers and<br>reimbursements,<br>if any) (\$) | Has<br>compensation<br>been waived,<br>reduced or<br>otherwise<br>agreed to be<br>reduced<br>under any<br>applicable<br>contract? | Current<br>Investment<br>Objective |   |
|--|--|--|---|---|------------------------------------|---|
| Putnam New York<br>Tax Exempt<br>Income Fund | 1,158,329,137                              | The lesser of 0.50%, or<br>First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Any excess over \$21.5 billion | 0.60%<br>0.50%<br>0.45%<br>0.40%<br>0.375%<br>0.355%<br>0.34%<br>0.33%  | 5,972,705   | Yes                                | As high a level of<br>current income<br>exempt from<br>federal income tax<br>and New York<br>State and City<br>personal income<br>taxes as Putnam<br>Management<br>believes to be<br>consistent with<br>preservation of<br>capital. |
| Putnam Ohio Tax<br>Exempt Income<br>Fund     | 162,665,349                                | The lesser of 0.50%, or<br>First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Any excess over \$21.5 billion | 0.60%<br>0.50%<br>0.45%<br>0.40%<br>0.375%<br>0.355%<br>0.34%<br>0.33%  | 849,434   | Yes                                | As high a level of<br>current income<br>exempt from<br>federal income tax<br>and personal<br>income tax (if any)<br>of the state of Ohio<br>as Putnam<br>Management<br>believes is  |

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| Fund                                       | Net Assets as of December 31, 2006 (\$) | Current Management Fee Schedule  | Amount of Management Fee Paid in the Most Recent Fiscal Year (after applicable waivers and reimbursements, if any) (\$) | Has compensation been waived, reduced or otherwise agreed to be reduced under any applicable contract? | Current Investment Objective  |
|--|---|--|---|--|---|
| Putnam OTC & Emerging Growth Fund          | 707,529,454                             | First \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Any excess thereafter                                     | 0.70%<br>0.60%<br>0.55%<br>0.50%<br>0.475%<br>0.455%<br>0.44%<br>0.43%  | 6,255,747<br>Yes   | Capital appreciation.<br>consistent with preservation of capital.   |
| Putnam Pennsylvania Tax Exempt Income Fund | 170,561,420                             | The lesser of 0.50%, or<br>First \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Any excess over \$21.5 billion | 0.60%<br>0.50%<br>0.45%<br>0.40%<br>0.375%<br>0.355%<br>0.34%<br>0.33%  | 926,507<br>Yes   | As high a level of current income exempt from federal income tax and personal income tax (if any) of the Commonwealth of Pennsylvania as Putnam Management believes is consistent with preservation of capital. |

H-11

| Fund                        | Net Assets as of December 31, 2006 (\$) | Current Management Fee Schedule   | Amount of Management Fee Paid in the Most Recent Fiscal Year (after applicable waivers and reimbursements, if any) (\$) | Has compensation been waived, reduced or otherwise agreed to be reduced under any applicable contract? | Current Investment Objective    |
|-----------------------------|---|---|---|--|---------------------------------|
| Putnam Premier Income Trust | 1,290,918,588                           | First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion | 0.75%<br>0.65%<br>0.60%<br>0.55%  | 8,927,294<br>Yes   | To provide high current income. |

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|                       |        |
|-----------------------|--------|
| Next \$5 billion      | 0.525% |
| Next \$5 billion      | 0.505% |
| Next \$5 billion      | 0.49%  |
| Next \$5 billion      | 0.48%  |
| Next \$5 billion      | 0.47%  |
| Next \$5 billion      | 0.46%  |
| Next \$5 billion      | 0.45%  |
| Next \$5 billion      | 0.44%  |
| Next \$8.5 billion    | 0.43%  |
| Any excess thereafter | 0.42%  |

|                                   |               |                       |        |           |     |   |
|-----------------------------------|---------------|-----------------------|--------|-----------|-----|---|
| Putnam Prime Money Market Fund*** | 6,828,544,083 |                       | 0.20%  | 2,183,172 | Yes | As high a rate of current income as Putnam Management believes is consistent with preservation of capital and maintenance of liquidity. |
| Putnam Research Fund****          | 825,539,509   | First \$500 million   | 0.65%  | 5,269,897 | Yes | Capital appreciation.   |
|                                   |               | Next \$500 million    | 0.55%  |           |     |   |
|                                   |               | Next \$500 million    | 0.50%  |           |     |   |
|                                   |               | Next \$5 billion      | 0.45%  |           |     |   |
|                                   |               | Next \$5 billion      | 0.425% |           |     |   |
|                                   |               | Next \$5 billion      | 0.405% |           |     |   |
|                                   |               | Next \$5 billion      | 0.39%  |           |     |   |
|                                   |               | Any excess thereafter | 0.38%  |           |     |   |

\*\*\* The management fee schedule for this fund represents fees paid only for investment advisory services. As described in this proxy statement, the fund also pays administrative fees to Putnam Management for administrative services.

\*\*\*\* A revised management contract for this fund was recently approved by shareholders on December 14, 2006 to remove the incentive fee component from the management fee. Under the fund's previous management contract, the fund paid Putnam Management a quarterly fee consisting of an assets-based component and an incentive component. The base fee was subject to a performance adjustment based on the investment performance of the fund compared to changes in the value of the Standard & Poor's 500 (S&P 500) composite Stock Price Index. Performance was calculated for these purposes at the beginning of each calendar quarter, for the thirty-six month period immediately preceding such quarter or the life of the fund, if shorter. The applicable base fee was increased or decreased for each calendar quarter by an incentive payment or penalty at the annual rate of 0.01% of the fund's average net assets for each 1.00% increment by which the fund outperformed or underperformed the S&P 500 in excess of 3.00%, subject to a maximum increase or decrease of 0.07% of average net assets. The revised management contract provides for an eighteen-month transition period during which the fund's fee will be the lesser of (i) the base fee and (ii) the performance-adjusted fee that would have been calculated under the previous contract. The fund is currently in this transition period, which will end on June 30, 2008, after which the base management fee will apply without performance-based adjustments.

H-12

Has  
Amount of Management compensation  
been waived,



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| Fund                                   | Net Assets as of<br>December 31, 2006 (\$) | Current Management<br>Fee Schedule | Fee Paid in the<br>Most Recent<br>Fiscal Year<br>(after applicable<br>waivers and<br>reimbursements,<br>if any) (\$) | reduced or<br>otherwise<br>agreed to be<br>reduced<br>under any<br>applicable<br>contract? | Current<br>Investment<br>Objective   |
|--|--|------------------------------------|--|--|--|
| Putnam<br>RetirementReady<br>2010 Fund | 82,508,709                                 | 0.05%                              | 29,736   | Yes  | Capital appreciation and current income consistent with a decreasing emphasis on capital appreciation and an increasing emphasis on current income as it approaches its target date. |
| Putnam<br>RetirementReady<br>2015 Fund | 150,347,628                                | 0.05%                              | 58,932   | Yes  | Capital appreciation and current income consistent with a decreasing emphasis on capital appreciation and an increasing emphasis on current income as it approaches its target date. |
| Putnam<br>RetirementReady<br>2020 Fund | 162,096,359                                | 0.05%                              | 64,225   | Yes  | Capital appreciation and current income consistent with a decreasing emphasis on capital appreciation and an increasing emphasis on current income as it approaches its target date. |
| Putnam                                 | 133,811,161                                | 0.05%                              | 49,571   | Yes  | Capital  |

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RetirementReady  
2025 Fund

appreciation and  
current income  
consistent with a  
decreasing  
emphasis on capital  
appreciation and an  
increasing  
emphasis on  
current income as it  
approaches its  
target date.

H-13

| Fund                                   | Net Assets as of<br>December 31, 2006 (\$) | Current Management<br>Fee Schedule | Amount of<br>Management<br>Fee Paid in the<br>Most Recent<br>Fiscal Year<br>(after applicable<br>waivers and<br>reimbursements,<br>if any) (\$) | Has<br>compensation<br>been waived,<br>reduced or<br>otherwise<br>agreed to be<br>reduced<br>under any<br>applicable<br>contract? | Current<br>Investment<br>Objective  |
|--|--|------------------------------------|---|---|---|
| Putnam<br>RetirementReady<br>2030 Fund | 101,690,671                                | 0.05%                              | 25,310  | Yes   | Capital<br>appreciation and<br>current income<br>consistent with a<br>decreasing<br>emphasis on capital<br>appreciation and an<br>increasing<br>emphasis on<br>current income as it<br>approaches its<br>target date. |
| Putnam<br>RetirementReady<br>2035 Fund | 68,748,550                                 | 0.05%                              | 6,096   | Yes   | Capital<br>appreciation and<br>current income<br>consistent with a<br>decreasing<br>emphasis on capital<br>appreciation and an<br>increasing  |

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emphasis on  
current income as it  
approaches its  
target date.

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|                                  |            |       |   |     |  |
|----------------------------------|------------|-------|---|-----|--|
| Putnam RetirementReady 2040 Fund | 44,524,474 | 0.05% | 0 | Yes | Capital appreciation and current income consistent with a decreasing emphasis on capital appreciation and an increasing emphasis on current income as it approaches its target date. |
|----------------------------------|------------|-------|---|-----|--|

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|                                  |            |       |   |     |  |
|----------------------------------|------------|-------|---|-----|--|
| Putnam RetirementReady 2045 Fund | 34,373,111 | 0.05% | 0 | Yes | Capital appreciation and current income consistent with a decreasing emphasis on capital appreciation and an increasing emphasis on current income as it approaches its target date. |
|----------------------------------|------------|-------|---|-----|--|

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Due to expense limitations in effect during the most recent fiscal year, Putnam RetirementReady 2040 Fund, Putnam RetirementReady 2045 Fund, Putnam RetirementReady 2050 Fund and Putnam RetirementReady Maturity Fund did not pay management fees to Putnam Management.

H-14

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| Fund | Net Assets as of December 31, 2006 (\$) | Current Management Fee Schedule | Amount of Management Fee Paid in the Most Recent Fiscal Year (after applicable waivers and reimbursements, if any) (\$) | Has compensation been waived, reduced or otherwise agreed to be reduced under any applicable contract? | Current Investment Objective |
|------|---|---------------------------------|---|--|------------------------------|
|------|---|---------------------------------|---|--|------------------------------|

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|                                      |               |  |  |           |     |  |
|--------------------------------------|---------------|--|--|-----------|-----|--|
| Putnam RetirementReady 2050 Fund     | 8,214,863     |  | 0.05%  | 0         | Yes | Capital appreciation and current income consistent with a decreasing emphasis on capital appreciation and an increasing emphasis on current income as it approaches its target date. |
| Putnam RetirementReady Maturity Fund | 48,280,916    |  | 0.05%  | 0         | Yes | As high a rate of current income as Putnam Management believes is consistent with preservation of capital.   |
| Putnam Small Cap Growth Fund         | 499,218,523   | First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Any excess thereafter   | 1.00%<br>0.90%<br>0.85%<br>0.80%<br>0.775%<br>0.755%<br>0.74%<br>0.73% | 3,840,676 | Yes | Capital appreciation.  |
| Putnam Small Cap Value Fund          | 774,255,867   | First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Any excess thereafter   | 0.80%<br>0.70%<br>0.65%<br>0.60%<br>0.575%<br>0.555%<br>0.54%<br>0.53% | 6,409,797 | Yes | Capital appreciation.  |
| Putnam Tax Exempt Income Fund        | 1,200,407,523 | The lesser of 0.50%, or<br>First \$500 million<br>Next \$500 million<br>Next \$500 million<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion<br>Next \$5 billion | 0.60%<br>0.50%<br>0.45%<br>0.40%<br>0.375%<br>0.355%<br>0.34%          | 6,301,826 | Yes | As high a level of current income exempt from federal income tax as Putnam Management believes to be consistent with   |

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Any excess thereafter 0.33% preservation of capital.

H-15

| Fund                                | Net Assets as of December 31, 2006 (\$) | Current Management Fee Schedule |        | Amount of Management Fee Paid in the Most Recent Fiscal Year (after applicable waivers and reimbursements, if any) (\$) | Has compensation been waived, reduced or otherwise agreed to be reduced under any applicable contract? | Current Investment Objective  |
|-------------------------------------|---|---------------------------------|--------|---|--|---|
| Putnam Tax Exempt Money Market Fund | 130,101,465                             | First \$500 million             | 0.45%  | 390,524   | Yes  | As high a level of current income exempt from federal income tax as Putnam Management believes is consistent with preservation of capital, maintenance of liquidity and stability of principal. |
|                                     |   | Next \$500 million              | 0.35%  |   |  |   |
|                                     |   | Next \$5 billion                | 0.25%  |   |  |   |
|                                     |   | Next \$5 billion                | 0.225% |   |  |   |
|                                     |   | Next \$5 billion                | 0.205% |   |  |   |
|                                     |   | Next \$5 billion                | 0.19%  |   |  |   |
|                                     |   | Any excess thereafter           | 0.18%  |   |  |   |
| Putnam Tax-Free Health Care Fund    | 192,025,045                             | The lesser of 0.55%, or         |        | 1,177,515   | Yes  | The fund seeks to provide as high a level of current income free from federal income tax as Putnam Management believes is consistent with the preservation of capital.                          |
|                                     |   | First \$500 million             | 0.65%  |   |  |   |
|                                     |   | Next \$500 million              | 0.55%  |   |  |   |
|                                     |   | Next \$500 million              | 0.50%  |   |  |   |
|                                     |   | Next \$5 billion                | 0.45%  |   |  |   |
|                                     |   | Next \$5 billion                | 0.425% |   |  |   |
|                                     |   | Next \$5 billion                | 0.405% |   |  |   |
|                                     |   | Next \$5 billion                | 0.39%  |   |  |   |
|                                     |   | Any excess over \$21.5 billion  | 0.38%  |   |  |   |
| Putnam Tax-Free High Yield Fund     | 1,463,606,993                           | The lesser of 0.50%, or         |        | 7,815,394   | Yes  | High current income exempt from federal   |
|                                     |   | First \$500 million             | 0.60%  |   |  |   |
|                                     |   | Next \$500 million              | 0.50%  |   |  |   |

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|   |               |                               |         |           |     |  |
|---|---------------|-------------------------------|---------|-----------|-----|--|
|   |               | Next \$500 million            | 0.45%   |           |     | income tax.  |
|   |               | Next \$5 billion              | 0.40%   |           |     |  |
|   |               | Next \$5 billion              | 0.375%  |           |     |  |
|   |               | Next \$5 billion              | 0.355%  |           |     |  |
|   |               | Next \$5 billion              | 0.34%   |           |     |  |
|   |               | Any excess thereafter         | 0.33%   |           |     |  |
| Putnam Tax Smart<br>Equity Fund           | 282,128,891   | First \$500 million           | 0.70%   | 1,914,939 | Yes | Long-term growth<br>of capital on an<br>after-tax basis.   |
|   |               | Next \$500 million            | 0.60%   |           |     |  |
|   |               | Next \$500 million            | 0.55%   |           |     |  |
|   |               | Next \$5 billion              | 0.50%   |           |     |  |
|   |               | Next \$5 billion              | 0.475%  |           |     |  |
|   |               | Next \$5 billion              | 0.455%  |           |     |  |
|   |               | Next \$5 billion              | 0.44%   |           |     |  |
|   |               | Any excess thereafter         | 0.43%   |           |     |  |
| Putnam U.S.<br>Government<br>Income Trust | 1,209,378,791 | First \$500 million           | 0.57%   | 6,820,873 | Yes | As high a level of<br>current income as<br>Putnam<br>Management<br>believes is<br>consistent with<br>preservation of<br>capital. |
|   |               | Next \$500 million            | 0.475%  |           |     |  |
|   |               | Next \$500 million            | 0.4275% |           |     |  |
|   |               | Any excess over \$1.5 billion | 0.38%   |           |     |  |

H-16

| Fund  | Net Assets as of<br>December 31, 2006 (\$) | Current Management<br>Fee Schedule |        | Amount of<br>Management<br>Fee Paid in the<br>Most Recent<br>Fiscal Year<br>(after applicable<br>waivers and<br>reimbursements,<br>if any) (\$) | Has<br>compensation<br>been waived,<br>reduced or<br>otherwise<br>agreed to be<br>reduced<br>under any<br>applicable<br>contract? | Current<br>Investment<br>Objective    |
|---|--|------------------------------------|--------|---|---|---------------------------------------|
| Putnam Utilities<br>Growth and Income<br>Fund | 622,775,796                                | First \$500 million                | 0.70%  | 3,727,421   | Yes   | Capital growth and<br>current income. |
|   |  | Next \$500 million                 | 0.60%  |   |   |                                       |
|   |  | Next \$500 million                 | 0.55%  |   |   |                                       |
|   |  | Next \$5 billion                   | 0.50%  |   |   |                                       |
|   |  | Next \$5 billion                   | 0.475% |   |   |                                       |
|   |  | Next \$5 billion                   | 0.455% |   |   |                                       |
|   |  | Next \$5 billion                   | 0.44%  |   |   |                                       |
|   |  | Any excess thereafter              | 0.43%  |   |   |                                       |

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|   |               |                                |        |            |     |  |
|---|---------------|--------------------------------|--------|------------|-----|--|
| Putnam Vista Fund                         | 2,389,026,658 | First \$500 million            | 0.65%  | 14,101,874 | Yes | Capital appreciation.  |
|   |               | Next \$500 million             | 0.55%  |            |     |  |
|   |               | Next \$500 million             | 0.50%  |            |     |  |
|   |               | Next \$5 billion               | 0.45%  |            |     |  |
|   |               | Next \$5 billion               | 0.425% |            |     |  |
|   |               | Next \$5 billion               | 0.405% |            |     |  |
|   |               | Next \$5 billion               | 0.39%  |            |     |  |
|   |               | Any excess over \$21.5 billion | 0.38%  |            |     |  |
| Putnam Voyager Fund                       | 8,241,571,476 | First \$500 million            | 0.70%  | 51,035,233 | Yes | Capital appreciation.  |
|   |               | Next \$500 million             | 0.60%  |            |     |  |
|   |               | Next \$500 million             | 0.55%  |            |     |  |
|   |               | Next \$5 billion               | 0.50%  |            |     |  |
|   |               | Next \$5 billion               | 0.475% |            |     |  |
|   |               | Next \$5 billion               | 0.455% |            |     |  |
|   |               | Next \$5 billion               | 0.44%  |            |     |  |
|   |               | Next \$5 billion               | 0.43%  |            |     |  |
|   |               | Next \$5 billion               | 0.42%  |            |     |  |
|   |               | Next \$5 billion               | 0.41%  |            |     |  |
|   |               | Next \$5 billion               | 0.40%  |            |     |  |
|   |               | Next \$5 billion               | 0.39%  |            |     |  |
|   |               | Next \$8.5 billion             | 0.38%  |            |     |  |
|   |               | Above \$55 billion             | 0.37%  |            |     |  |
| Putnam VT American Government Income Fund | 149,012,146   | First \$500 million            | 0.65%  | 693,021    | Yes | High current income with preservation of capital as a secondary objective. |
|   |               | Next \$500 million             | 0.55%  |            |     |  |
|   |               | Next \$500 million             | 0.50%  |            |     |  |
|   |               | Next \$5 billion               | 0.45%  |            |     |  |
|   |               | Next \$5 billion               | 0.425% |            |     |  |
|   |               | Next \$5 billion               | 0.405% |            |     |  |
|   |               | Next \$5 billion               | 0.39%  |            |     |  |
|   |               | Next \$5 billion               | 0.38%  |            |     |  |
|   |               | Next \$5 billion               | 0.37%  |            |     |  |
|   |               | Next \$5 billion               | 0.36%  |            |     |  |
|   |               | Next \$5 billion               | 0.35%  |            |     |  |
| Any excess thereafter                     | 0.34%         |                                |        |            |     |  |
| Putnam VT Capital Appreciation Fund       | 50,843,215    | First \$500 million            | 0.65%  | 225,344    | Yes | Capital appreciation.  |
|   |               | Next \$500 million             | 0.55%  |            |     |  |
|   |               | Next \$500 million             | 0.50%  |            |     |  |
|   |               | Next \$5 billion               | 0.45%  |            |     |  |
|   |               | Next \$5 billion               | 0.425% |            |     |  |
|   |               | Next \$5 billion               | 0.405% |            |     |  |
|   |               | Next \$5 billion               | 0.39%  |            |     |  |
|   |               | Next \$5 billion               | 0.38%  |            |     |  |
|   |               | Next \$5 billion               | 0.37%  |            |     |  |
|   |               | Next \$5 billion               | 0.36%  |            |     |  |

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|                       |       |
|-----------------------|-------|
| Next \$5 billion      | 0.35% |
| Next \$5 billion      | 0.34% |
| Next \$8.5 billion    | 0.33% |
| Any excess thereafter | 0.32% |

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| Fund                                    | Net Assets as of<br>December 31, 2006 (\$) | Current Management<br>Fee Schedule |        | Amount of<br>Management<br>Fee Paid in the<br>Most Recent<br>Fiscal Year<br>(after applicable<br>waivers and<br>reimbursements,<br>if any) (\$) | Has<br>compensation<br>been waived,<br>reduced or<br>otherwise<br>agreed to be<br>reduced<br>under any<br>applicable<br>contract? | Current<br>Investment<br>Objective                              |
|---|--|------------------------------------|--------|---|---|---|
| Putnam VT Capital<br>Opportunities Fund | 46,989,019                                 | First \$500 million                | 0.65%  | 222,790   | Yes   | Long-term growth<br>of capital.                                 |
|   |  | Next \$500 million                 | 0.55%  |   |   |   |
|   |  | Next \$500 million                 | 0.50%  |   |   |   |
|   |  | Next \$5 billion                   | 0.45%  |   |   |   |
|   |  | Next \$5 billion                   | 0.425% |   |   |   |
|   |  | Next \$5 billion                   | 0.405% |   |   |   |
|   |  | Next \$5 billion                   | 0.39%  |   |   |   |
| Any excess thereafter                   | 0.38%                                      |                                    |        |   |   |   |
| Putnam VT<br>Discovery Growth<br>Fund   | 36,740,778                                 | First \$500 million                | 0.70%  | 105,127   | Yes   | Long-term growth<br>of capital.                                 |
|   |  | Next \$500 million                 | 0.60%  |   |   |   |
|   |  | Next \$500 million                 | 0.55%  |   |   |   |
|   |  | Next \$5 billion                   | 0.50%  |   |   |   |
|   |  | Next \$5 billion                   | 0.475% |   |   |   |
|   |  | Next \$5 billion                   | 0.455% |   |   |   |
|   |  | Next \$5 billion                   | 0.44%  |   |   |   |
|   |  | Next \$5 billion                   | 0.43%  |   |   |   |
|   |  | Next \$5 billion                   | 0.42%  |   |   |   |
|   |  | Next \$5 billion                   | 0.41%  |   |   |   |
|   |  | Next \$5 billion                   | 0.40%  |   |   |   |
|   |  | Next \$5 billion                   | 0.39%  |   |   |   |
|   |  | Next \$8.5 billion                 | 0.38%  |   |   |   |
| Any excess thereafter                   | 0.37%                                      |                                    |        |   |   |   |
| Putnam VT<br>Diversified Income<br>Fund | 479,813,483                                | First \$500 million                | 0.70%  | 2,933,530   | Yes   | As high a level of<br>current income as<br>Putnam<br>Management |
|   |  | Next \$500 million                 | 0.60%  |   |   |   |
|   |  | Next \$500 million                 | 0.55%  |   |   |   |
|   |  | Next \$5 billion                   | 0.50%  |   |   |   |



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|  |             |                       |        |           |     |  |
|--|-------------|-----------------------|--------|-----------|-----|--|
|  |             | Next \$5 billion      | 0.475% |           |     | believes is  |
|  |             | Next \$5 billion      | 0.455% |           |     | consistent with  |
|  |             | Next \$5 billion      | 0.44%  |           |     | preservation of  |
|  |             | Any excess thereafter | 0.43%  |           |     | capital.   |
| Putnam VT Equity<br>Income Fund                  | 241,424,798 | First \$500 million   | 0.65%  | 1,326,897 | Yes | Capital growth and<br>current income.  |
|  |             | Next \$500 million    | 0.55%  |           |     |  |
|  |             | Next \$500 million    | 0.50%  |           |     |  |
|  |             | Next \$5 billion      | 0.45%  |           |     |  |
|  |             | Next \$5 billion      | 0.425% |           |     |  |
|  |             | Next \$5 billion      | 0.405% |           |     |  |
|  |             | Next \$5 billion      | 0.39%  |           |     |  |
|  |             | Any excess thereafter | 0.38%  |           |     |  |
| Putnam VT The<br>George Putnam<br>Fund of Boston | 608,279,822 | First \$500 million   | 0.65%  | 3,969,447 | Yes | To provide a<br>balanced<br>investment<br>composed of a well<br>diversified<br>portfolio of stocks<br>and bonds which<br>produce both<br>capital growth and<br>current income. |
|  |             | Next \$500 million    | 0.55%  |           |     |  |
|  |             | Next \$500 million    | 0.50%  |           |     |  |
|  |             | Next \$5 billion      | 0.45%  |           |     |  |
|  |             | Next \$5 billion      | 0.425% |           |     |  |
|  |             | Next \$5 billion      | 0.405% |           |     |  |
|  |             | Next \$5 billion      | 0.39%  |           |     |  |
|  |             | Any excess thereafter | 0.38%  |           |     |  |
| Putnam VT Global<br>Asset Allocation<br>Fund     | 400,137,286 | First \$500 million   | 0.70%  | 2,392,952 | Yes | A high level of<br>long-term total<br>return consistent<br>with preservation<br>of capital.  |
|  |             | Next \$500 million    | 0.60%  |           |     |  |
|  |             | Next \$500 million    | 0.55%  |           |     |  |
|  |             | Next \$5 billion      | 0.50%  |           |     |  |
|  |             | Next \$5 billion      | 0.475% |           |     |  |
|  |             | Next \$5 billion      | 0.455% |           |     |  |
|  |             | Next \$5 billion      | 0.44%  |           |     |  |
|  |             | Any excess thereafter | 0.43%  |           |     |  |

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| Fund | Net Assets as of<br>December 31, 2006 (\$) | Current Management<br>Fee Schedule | Amount of<br>Management<br>Fee Paid in the<br>Most Recent<br>Fiscal Year<br>(after applicable<br>waivers and<br>reimbursements,<br>if any) (\$) | Has<br>compensation<br>been waived,<br>reduced or<br>otherwise<br>agreed to be<br>reduced<br>under any<br>applicable<br>contract? | Current<br>Investment<br>Objective |
|------|--|------------------------------------|---|---|------------------------------------|
|      |  |                                    |   |   |                                    |

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|                                     |               |                     |        |            |     |   |
|-------------------------------------|---------------|---------------------|--------|------------|-----|---|
| Putnam VT Global Equity Fund        | 608,067,124   | First \$500 million | 0.80%  | 4,692,325  | Yes | Capital appreciation.   |
|                                     |               | Next \$500 million  | 0.70%  |            |     |   |
|                                     |               | Next \$500 million  | 0.65%  |            |     |   |
|                                     |               | Next \$5 billion    | 0.60%  |            |     |   |
|                                     |               | Next \$5 billion    | 0.575% |            |     |   |
|                                     |               | Next \$5 billion    | 0.555% |            |     |   |
|                                     |               | Next \$5 billion    | 0.54%  |            |     |   |
| Any excess thereafter               | 0.53%         |                     |        |            |     |   |
| Putnam VT Growth and Income Fund    | 4,101,216,725 | First \$500 million | 0.65%  | 20,729,712 | Yes | Capital growth and current income.  |
|                                     |               | Next \$500 million  | 0.55%  |            |     |   |
|                                     |               | Next \$500 million  | 0.50%  |            |     |   |
|                                     |               | Next \$5 billion    | 0.45%  |            |     |   |
|                                     |               | Next \$5 billion    | 0.425% |            |     |   |
|                                     |               | Next \$5 billion    | 0.405% |            |     |   |
|                                     |               | Next \$5 billion    | 0.39%  |            |     |   |
| Any excess thereafter               | 0.38%         |                     |        |            |     |   |
| Putnam VT Growth Opportunities Fund | 50,923,698    | First \$500 million | 0.70%  | 243,122    | Yes | Capital appreciation.   |
|                                     |               | Next \$500 million  | 0.60%  |            |     |   |
|                                     |               | Next \$500 million  | 0.55%  |            |     |   |
|                                     |               | Next \$5 billion    | 0.50%  |            |     |   |
|                                     |               | Next \$5 billion    | 0.475% |            |     |   |
|                                     |               | Next \$5 billion    | 0.455% |            |     |   |
|                                     |               | Next \$5 billion    | 0.44%  |            |     |   |
| Next \$5 billion                    | 0.43%         |                     |        |            |     |   |
| Any excess thereafter               | 0.42%         |                     |        |            |     |   |
| Putnam VT Health Sciences Fund      | 270,659,925   | First \$500 million | 0.70%  | 2,204,609  | Yes | Capital appreciation.   |
|                                     |               | Next \$500 million  | 0.60%  |            |     |   |
|                                     |               | Next \$500 million  | 0.55%  |            |     |   |
|                                     |               | Next \$5 billion    | 0.50%  |            |     |   |
|                                     |               | Next \$5 billion    | 0.475% |            |     |   |
|                                     |               | Next \$5 billion    | 0.455% |            |     |   |
|                                     |               | Next \$5 billion    | 0.44%  |            |     |   |
| Any excess thereafter               | 0.43%         |                     |        |            |     |   |
| Putnam VT High Yield Fund           | 599,035,287   | First \$500 million | 0.70%  | 3,720,493  | Yes | High current income. Capital growth is a secondary goal when consistent with achieving high current income. |
|                                     |               | Next \$500 million  | 0.60%  |            |     |   |
|                                     |               | Next \$500 million  | 0.55%  |            |     |   |
|                                     |               | Next \$5 billion    | 0.50%  |            |     |   |
|                                     |               | Next \$5 billion    | 0.475% |            |     |   |
|                                     |               | Next \$5 billion    | 0.455% |            |     |   |
|                                     |               | Next \$5 billion    | 0.44%  |            |     |   |
| Any excess thereafter               | 0.43%         |                     |        |            |     |   |
| Putnam VT Income                    | 737,543,099   | First \$500 million | 0.65%  | 3,498,163  | Yes | High current  |

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|      |  |                       |        |  |  |                   |
|------|--|-----------------------|--------|--|--|-------------------|
| Fund |  | Next \$500 million    | 0.55%  |  |  | income consistent |
|      |  | Next \$500 million    | 0.50%  |  |  | with what Putnam  |
|      |  | Next \$5 billion      | 0.45%  |  |  | Management        |
|      |  | Next \$5 billion      | 0.425% |  |  | believes to be    |
|      |  | Next \$5 billion      | 0.405% |  |  | prudent risk.     |
|      |  | Next \$5 billion      | 0.39%  |  |  |                   |
|      |  | Any excess thereafter | 0.38%  |  |  |                   |

|                      |               |                       |        |           |     |               |
|----------------------|---------------|-----------------------|--------|-----------|-----|---------------|
| Putnam VT            | 1,267,657,390 | First \$500 million   | 0.80%  | 8,271,996 | Yes | Capital       |
| International Equity |               | Next \$500 million    | 0.70%  |           |     | appreciation. |
| Fund                 |               | Next \$500 million    | 0.65%  |           |     |               |
|                      |               | Next \$5 billion      | 0.60%  |           |     |               |
|                      |               | Next \$5 billion      | 0.575% |           |     |               |
|                      |               | Next \$5 billion      | 0.555% |           |     |               |
|                      |               | Next \$5 billion      | 0.54%  |           |     |               |
|                      |               | Any excess thereafter | 0.53%  |           |     |               |

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| Fund               | Net Assets as of<br>December 31, 2006 (\$) | Current Management<br>Fee Schedule |        | Amount of<br>Management<br>Fee Paid in the<br>Most Recent<br>Fiscal Year<br>(after applicable<br>waivers and<br>reimbursements,<br>if any) (\$) | Has<br>compensation<br>been waived,<br>reduced or<br>otherwise<br>agreed to be<br>reduced<br>under any<br>applicable<br>contract? | Current<br>Investment<br>Objective |
|--------------------|--|------------------------------------|--------|---|---|------------------------------------|
| Putnam VT          | 460,469,163                                | First \$500 million                | 0.80%  | 2,838,706   | Yes   | Capital growth.                    |
| International      |  | Next \$500 million                 | 0.70%  |   |   | Current income is a                |
| Growth and Income  |  | Next \$500 million                 | 0.65%  |   |   | secondary                          |
| Fund               |  | Next \$5 billion                   | 0.60%  |   |   | objective.                         |
|                    |  | Next \$5 billion                   | 0.575% |   |   |                                    |
|                    |  | Next \$5 billion                   | 0.555% |   |   |                                    |
|                    |  | Next \$5 billion                   | 0.54%  |   |   |                                    |
|                    |  | Any excess thereafter              | 0.53%  |   |   |                                    |
| Putnam VT          | 287,674,855                                | First \$500 million                | 1.00%  | 2,485,049   | Yes   | Long-term capital                  |
| International New  |  | Next \$500 million                 | 0.90%  |   |   | appreciation.                      |
| Opportunities Fund |  | Next \$500 million                 | 0.85%  |   |   |                                    |
|                    |  | Next \$5 billion                   | 0.80%  |   |   |                                    |
|                    |  | Next \$5 billion                   | 0.775% |   |   |                                    |
|                    |  | Next \$5 billion                   | 0.755% |   |   |                                    |
|                    |  | Next \$5 billion                   | 0.74%  |   |   |                                    |

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|                                  |               |                       | Any excess thereafter | 0.73%     |     |   |
|----------------------------------|---------------|-----------------------|-----------------------|-----------|-----|---|
| Putnam VT Investors Fund         | 494,282,635   | First \$500 million   | 0.65%                 | 3,216,355 | Yes | Long-term growth of capital and any increased income that results from this growth.   |
|                                  |               | Next \$500 million    | 0.55%                 |           |     |   |
|                                  |               | Next \$500 million    | 0.50%                 |           |     |   |
|                                  |               | Next \$5 billion      | 0.45%                 |           |     |   |
|                                  |               | Next \$5 billion      | 0.425%                |           |     |   |
|                                  |               | Next \$5 billion      | 0.405%                |           |     |   |
|                                  |               | Next \$5 billion      | 0.39%                 |           |     |   |
|                                  |               | Any excess thereafter | 0.38%                 |           |     |   |
| Putnam VT Mid Cap Value Fund     | 95,124,663    | First \$500 million   | 0.70%                 | 634,565   | Yes | Capital appreciation and, as a secondary objective, current income.   |
|                                  |               | Next \$500 million    | 0.60%                 |           |     |   |
|                                  |               | Next \$500 million    | 0.55%                 |           |     |   |
|                                  |               | Next \$5 billion      | 0.50%                 |           |     |   |
|                                  |               | Next \$5 billion      | 0.475%                |           |     |   |
|                                  |               | Next \$5 billion      | 0.455%                |           |     |   |
|                                  |               | Next \$5 billion      | 0.44%                 |           |     |   |
|                                  |               | Any excess thereafter | 0.43%                 |           |     |   |
| Putnam VT Money Market Fund      | 399,752,655   | First \$500 million   | 0.45%                 | 1,529,264 | Yes | As high a rate of current income as Putnam Management believes is consistent with preservation of capital and maintenance of liquidity. |
|                                  |               | Next \$500 million    | 0.35%                 |           |     |   |
|                                  |               | Next \$500 million    | 0.30%                 |           |     |   |
|                                  |               | Next \$5 billion      | 0.25%                 |           |     |   |
|                                  |               | Next \$5 billion      | 0.225%                |           |     |   |
|                                  |               | Next \$5 billion      | 0.205%                |           |     |   |
|                                  |               | Next \$5 billion      | 0.19%                 |           |     |   |
|                                  |               | Any excess thereafter | 0.18%                 |           |     |   |
| Putnam VT New Opportunities Fund | 1,291,099,249 | First \$500 million   | 0.70%                 | 8,663,759 | Yes | Long-term capital appreciation.   |
|                                  |               | Next \$500 million    | 0.60%                 |           |     |   |
|                                  |               | Next \$500 million    | 0.55%                 |           |     |   |
|                                  |               | Next \$5 billion      | 0.50%                 |           |     |   |
|                                  |               | Next \$5 billion      | 0.475%                |           |     |   |
|                                  |               | Next \$5 billion      | 0.455%                |           |     |   |
|                                  |               | Next \$5 billion      | 0.44%                 |           |     |   |
|                                  |               | Any excess thereafter | 0.43%                 |           |     |   |

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Has  
Amount of Management Fee Paid in the  
compensation been waived, reduced or

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| Fund   | Net Assets as of<br>December 31, 2006 (\$) | Current Management<br>Fee Schedule |        | Most Recent<br>Fiscal Year<br>(after applicable<br>waivers and<br>reimbursements,<br>if any) (\$) | otherwise<br>agreed to be<br>reduced<br>under any<br>applicable<br>contract? | Current<br>Investment<br>Objective         |
|--|--|------------------------------------|--------|---|--|--|
| Putnam VT New<br>Value Fund                      | 679,407,446                                | First \$500 million                | 0.70%  | 4,475,605   | Yes  | Long-term capital<br>appreciation.         |
|  |  | Next \$500 million                 | 0.60%  |   |  |  |
|  |  | Next \$500 million                 | 0.55%  |   |  |  |
|  |  | Next \$5 billion                   | 0.50%  |   |  |  |
|  |  | Next \$5 billion                   | 0.475% |   |  |  |
|  |  | Next \$5 billion                   | 0.455% |   |  |  |
|  |  | Next \$5 billion                   | 0.44%  |   |  |  |
| Any excess thereafter                            | 0.43%                                      |                                    |        |   |  |  |
| Putnam VT OTC &<br>Emerging Growth<br>Fund       | 79,065,231                                 | First \$500 million                | 0.70%  | 575,537   | Yes  | Capital<br>appreciation.                   |
|  |  | Next \$500 million                 | 0.60%  |   |  |  |
|  |  | Next \$500 million                 | 0.55%  |   |  |  |
|  |  | Next \$5 billion                   | 0.50%  |   |  |  |
|  |  | Next \$5 billion                   | 0.475% |   |  |  |
|  |  | Next \$5 billion                   | 0.455% |   |  |  |
|  |  | Next \$5 billion                   | 0.44%  |   |  |  |
| Any excess thereafter                            | 0.43%                                      |                                    |        |   |  |  |
| Putnam VT<br>Research Fund                       | 177,820,555                                | First \$500 million                | 0.65%  | 1,213,099   | Yes  | The fund seeks<br>capital<br>appreciation. |
|  |  | Next \$500 million                 | 0.55%  |   |  |  |
|  |  | Next \$500 million                 | 0.50%  |   |  |  |
|  |  | Next \$5 billion                   | 0.45%  |   |  |  |
|  |  | Next \$5 billion                   | 0.425% |   |  |  |
|  |  | Next \$5 billion                   | 0.405% |   |  |  |
|  |  | Next \$5 billion                   | 0.39%  |   |  |  |
| Any excess thereafter                            | 0.38%                                      |                                    |        |   |  |  |
| Putnam VT Small<br>Cap Value Fund                | 978,000,195                                | First \$500 million                | 0.80%  | 6,827,461   | Yes  | Capital<br>appreciation.                   |
|  |  | Next \$500 million                 | 0.70%  |   |  |  |
|  |  | Next \$500 million                 | 0.65%  |   |  |  |
|  |  | Next \$5 billion                   | 0.60%  |   |  |  |
|  |  | Next \$5 billion                   | 0.575% |   |  |  |
|  |  | Next \$5 billion                   | 0.555% |   |  |  |
|  |  | Next \$5 billion                   | 0.54%  |   |  |  |
| Any excess thereafter                            | 0.53%                                      |                                    |        |   |  |  |
| Putnam VT Utilities<br>Growth and Income<br>Fund | 382,902,568                                | First \$500 million                | 0.70%  | 2,437,187   | Yes  | Capital growth and<br>current income.      |
|  |  | Next \$500 million                 | 0.60%  |   |  |  |
|  |  | Next \$500 million                 | 0.55%  |   |  |  |
|  |  | Next \$5 billion                   | 0.50%  |   |  |  |
|  |  | Next \$5 billion                   | 0.475% |   |  |  |

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|                       |        |
|-----------------------|--------|
| Next \$5 billion      | 0.455% |
| Next \$5 billion      | 0.44%  |
| Any excess thereafter | 0.43%  |

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|                         |             |                     |        |           |     |                          |
|-------------------------|-------------|---------------------|--------|-----------|-----|--------------------------|
| Putnam VT Vista<br>Fund | 420,426,636 | First \$500 million | 0.65%  | 3,006,605 | Yes | Capital<br>appreciation. |
|                         |             | Next \$500 million  | 0.55%  |           |     |                          |
|                         |             | Next \$500 million  | 0.50%  |           |     |                          |
|                         |             | Next \$5 billion    | 0.45%  |           |     |                          |
|                         |             | Next \$5 billion    | 0.425% |           |     |                          |
|                         |             | Next \$5 billion    | 0.405% |           |     |                          |
|                         |             | Next \$5 billion    | 0.39%  |           |     |                          |
| Any excess thereafter   | 0.38%       |                     |        |           |     |                          |

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|                           |               |                     |        |            |     |                          |
|---------------------------|---------------|---------------------|--------|------------|-----|--------------------------|
| Putnam VT<br>Voyager Fund | 1,860,346,341 | First \$500 million | 0.70%  | 11,832,070 | Yes | Capital<br>appreciation. |
|                           |               | Next \$500 million  | 0.60%  |            |     |                          |
|                           |               | Next \$500 million  | 0.55%  |            |     |                          |
|                           |               | Next \$5 billion    | 0.50%  |            |     |                          |
|                           |               | Next \$5 billion    | 0.475% |            |     |                          |
|                           |               | Next \$5 billion    | 0.455% |            |     |                          |
|                           |               | Next \$5 billion    | 0.44%  |            |     |                          |
| Any excess thereafter     | 0.43%         |                     |        |            |     |                          |

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The following table contains certain information regarding other funds for which Putnam Management provides investment advisory services as a sub-adviser. Unlike the other funds addressed in this proxy statement, Putnam Management does not provide administrative or other services to these funds.

| Fund  | Net Assets as<br>of December<br>31, 2006 (\$) | Sub-Advisory Fee Rate                | Amount of<br>Sub-Advisory<br>Fee Paid in the<br>Most Recent<br>Fiscal Year (\$) | Has<br>compensation<br>been waived,<br>reduced or<br>otherwise<br>agreed to be<br>reduced under<br>any applicable<br>contract? | Current<br>Investment<br>Objective | Fiscal Year          |
|---|---|--------------------------------------|---|--|------------------------------------|----------------------|
| Met Investors<br>Series Trust:<br>Met/Putnam<br>Capital<br>Opportunities<br>Portfolio | 44,828,654                                    | 0.54% of average daily net<br>assets | 244,961   | No   | Long-term<br>growth of<br>capital. | December 31,<br>2006 |

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|   |             |                                      |        |                     |     |   |                      |
|---|-------------|--------------------------------------|--------|---------------------|-----|---|----------------------|
| Valic Company I:<br>Global Equity Fund  | 432,979,141 | 0.50% of average daily net<br>assets |        | 17,697 <sup>√</sup> | No  | Capital<br>appreciation.  | May 31, 2006         |
| Valic Company I:<br>Small Cap Special<br>Values Fund <sup>√√</sup>              | 185,427,002 | 0.63% of average daily net<br>assets |        | 14,918 <sup>√</sup> | No  | To produce<br>growth of<br>capital by<br>investing<br>primarily in<br>common<br>stocks. | May 31, 2006         |
| Seasons Series<br>Trust Asset<br>Allocation:<br>Diversified Growth<br>Portfolio | 393,715,244 | 0.45% of average daily net<br>assets |        | 1,728,770           | Yes | Capital<br>appreciation.  | March 31,<br>2006    |
| JNL/Putnam Equity<br>Fund   | 141,960,660 | First \$150 million                  | 0.45%  | 694,815             | No  | Long-term<br>capital growth.  | December 31,<br>2006 |
|   |             | Next \$150 million                   | 0.35%  |                     |     |   |                      |
|   |             | Excess thereafter                    | 0.30%  |                     |     |   |                      |
| JNL/Putnam<br>Midcap Growth<br>Fund   | 31,233,273  | First \$250 million                  | 0.475% | 188,472             | No  | Capital<br>appreciation.  | December 31,<br>2006 |
|   |             | Excess thereafter                    | 0.40%  |                     |     |   |                      |
| SunAmerica Series<br>Trust Emerging<br>Markets Portfolio                        | 234,230,726 | First \$100 million                  | 0.85%  | 1,891,099           | No  | Long-term<br>capital<br>appreciation.   | January 31,<br>2007  |
|   |             | Next \$100 million                   | 0.80%  |                     |     |   |                      |
|   |             | Excess thereafter                    | 0.75%  |                     |     |   |                      |
| SunAmerica Series<br>Trust: International<br>Growth & Income<br>Portfolio       | 455,306,042 | First \$150 million                  | 0.65%  | 2,227,733           | No  | Growth of<br>capital, and<br>secondarily,<br>current income.                            | January 31,<br>2007  |
|   |             | Next \$150 million                   | 0.55%  |                     |     |   |                      |
|   |             | Excess thereafter                    | 0.45%  |                     |     |   |                      |
| SunAmerica Series<br>Trust: Putnam<br>Growth: Voyager<br>Portfolio              | 170,785,085 | First \$150 million                  | 0.50%  | 709,398             | Yes | Capital<br>appreciation.  | January 31,<br>2007  |
|   |             | Next \$150 million                   | 0.45%  |                     |     |   |                      |
|   |             | Excess thereafter                    | 0.35%  |                     |     |   |                      |

The effective annual management fee rate is provided for these funds as the management fee schedule for each fund is not publicly disclosed.

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√These amounts represent fees paid by each fund for a partial fiscal year since each fund's inception was December 5, 2005.

√Putnam Management currently sub-advises approximately 50% of the fund's assets, with the remainder being advised by another investment adviser. The net assets provided here represent only those assets of the fund sub-advised by Putnam Management.

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**APPENDIX I □ Payments to Putnam Management and its Affiliates**

The following fees were paid by the funds to Putnam Management and its affiliates during each fund's most recent fiscal year (other than under a management contract). These services will continue to be provided after the proposed management contract is approved; however, the funds have retained State Street Bank and Trust Company as custodian, and it is expected that Putnam Fiduciary Trust Company's service as custodian will terminate during the first half of 2007 when all of the funds' assets in its custody or the custody of its sub-custodian have been transferred into State Street Bank and Trust Company's safekeeping.

Also, as described in this proxy statement, Putnam Prime Money Market Fund and Putnam Municipal Opportunities Trust paid administrative services fees to Putnam Management. Please refer to the footnotes to these particular funds in **Appendix E** for information about the administrative services fees paid to Putnam Management during the most recent fiscal year.

| Fund  | Fees paid to Putnam<br>Fiduciary Trust Company<br>for serving as investor<br>servicing agent (\$)* | Fees paid to Putnam<br>Fiduciary Trust<br>Company for serving<br>as custodian (\$)* | Fees paid to Putnam Retail<br>Management Limited<br>Partnership pursuant to<br>distribution plans (\$) | Fiscal Year End    |
|---|--|---|--|--------------------|
| Putnam American<br>Government<br>Income Fund      | 1,306,503  | 236,148   | 2,407,457  | September 30, 2006 |
| Putnam AMT-Free<br>Insured Municipal<br>Fund      | 168,922  | 116,080   | 1,281,572  | July 31, 2006      |
| Putnam Arizona<br>Tax Exempt<br>Income Fund       | 38,915   | 46,131  | 283,374  | May 31, 2006       |
| Putnam Asset<br>Allocation:<br>Balanced Portfolio | 3,197,418  | 722,008   | 7,690,831  | September 30, 2006 |
| Putnam Asset<br>Allocation:<br>Conservative       | 1,751,830  | 450,008   | 2,498,757  | September 30, 2006 |



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Portfolio

|  |           |           |                |                    |
|--|-----------|-----------|----------------|--------------------|
| Putnam Asset Allocation: Growth Portfolio          | 3,385,542 | 1,560,157 | 7,209,776      | September 30, 2006 |
| Putnam California Investment Grade Municipal Trust | 34,777    | 41,090    | Not Applicable | April 30, 2006     |
| Putnam California Tax Exempt Income Fund           | 687,684   | 169,424   | 5,547,728      | September 30, 2006 |
| Putnam Capital Appreciation Fund                   | 2,448,787 | 219,444   | 3,461,183      | May 31, 2006       |
| Putnam Capital Opportunities Fund                  | 3,432,751 | 347,870   | 3,827,544      | April 30, 2006     |
| Putnam Classic Equity Fund                         | 1,952,796 | 175,325   | 3,180,135      | November 30, 2006  |

\* Excludes custody credits and investor servicing credits.

I-1

| Fund                                   | Fees paid to Putnam Fiduciary Trust Company for serving as investor servicing agent (\$)* | Fees paid to Putnam Fiduciary Trust Company for serving as custodian (\$)* | Fees paid to Putnam Retail Management Limited Partnership pursuant to distribution plans (\$) | Fiscal Year End    |
|--|---|--|---|--------------------|
| Putnam Convertible Income-Growth Trust | 781,757   | 137,389  | 2,235,945   | October 31, 2006   |
| Putnam Discovery Growth Fund           | 5,314,129   | 180,530  | 4,788,597   | December 31, 2006  |
| Putnam Diversified Income Trust        | 3,299,040   | 581,814  | 14,908,977  | September 30, 2006 |
| Putnam Equity Income Fund              | 6,951,658   | 245,063  | 14,113,121  | November 30, 2006  |
| Putnam Europe Equity Fund              | 1,372,486   | 573,492  | 2,634,957   | June 30, 2006      |

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|                                       |            |           |                |                   |
|---------------------------------------|------------|-----------|----------------|-------------------|
| Putnam Floating Rate Income Fund      | 175,806    | 129,462   | 1,244,466      | February 28, 2006 |
| The Putnam Fund for Growth and Income | 26,869,135 | 599,513   | 51,322,232     | October 31, 2006  |
| The George Putnam Fund of Boston      | 9,125,947  | 480,131   | 18,216,870     | July 31, 2006     |
| Putnam Global Equity Fund             | 5,695,273  | 1,368,894 | 8,397,834      | October 31, 2006  |
| Putnam Global Income Trust            | 254,473    | 130,104   | 546,850        | October 31, 2006  |
| Putnam Global Natural Resources Fund  | 1,043,084  | 301,780   | 2,729,494      | August 31, 2006   |
| Putnam Growth Opportunities Fund      | 5,034,903  | 170,468   | 4,889,338      | July 31, 2006     |
| Putnam Health Sciences Trust          | 6,313,802  | 507,220   | 12,527,764     | August 31, 2006   |
| Putnam High Income Securities Fund    | 96,278     | 137,361   | Not Applicable | August 31, 2006   |
| Putnam High Yield Advantage Fund      | 701,060    | 188,244   | 3,305,078      | November 30, 2006 |
| Putnam High Yield Municipal Trust     | 86,711     | 104,108   | Not Applicable | March 31, 2006    |
| Putnam High Yield Trust               | 3,593,375  | 247,504   | 9,404,607      | August 31, 2006   |
| Putnam Income Fund                    | 5,188,989  | 406,144   | 6,057,170      | October 31, 2006  |
| Putnam Income Strategies Fund         | 1,014      | 6,428     | 9,348          | February 28, 2006 |
| Putnam                                | 3,486,799  | 1,655,998 | 7,485,283      | August 31, 2006   |

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International  
Capital  
Opportunities Fund

|                                  |            |           |            |               |
|----------------------------------|------------|-----------|------------|---------------|
| Putnam International Equity Fund | 15,299,530 | 6,653,687 | 24,900,584 | June 30, 2006 |
|----------------------------------|------------|-----------|------------|---------------|

I-2

| Fund   | Fees paid to Putnam Fiduciary Trust Company for serving as investor servicing agent (\$)* | Fees paid to Putnam Fiduciary Trust Company for serving as custodian (\$)* | Fees paid to Putnam Retail Management Limited Partnership pursuant to distribution plans (\$) | Fiscal Year End    |
|--|---|--|---|--------------------|
| Putnam International Growth and Income Fund    | 2,170,028   | 851,927  | 3,774,490   | June 30, 2006      |
| Putnam International New Opportunities Fund    | 2,552,793   | 777,569  | 3,072,562   | September 30, 2006 |
| Putnam Investment Grade Municipal Trust        | 112,961   | 124,251  | Not Applicable  | November 30, 2006  |
| Putnam Investors Fund                          | 11,541,559  | 295,418  | 16,725,612  | July 31, 2006      |
| Putnam Limited Duration Government Income Fund | 1,035,304   | 174,392  | 1,485,486   | November 30, 2006  |
| Putnam Managed Municipal Income Trust          | 188,595   | 145,207  | Not Applicable  | October 31, 2006   |
| Putnam Massachusetts Tax Exempt Income Fund    | 141,481   | 110,395  | 1,112,889   | May 31, 2006       |
| Putnam Master                                  | 340,900   | 289,863  | Not Applicable  | September 30, 2006 |

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Intermediate  
Income Trust

|  |            |         |                |                    |
|--|------------|---------|----------------|--------------------|
| Putnam Michigan<br>Tax Exempt<br>Income Fund           | 75,770     | 56,902  | 411,398        | May 31, 2006       |
| Putnam Mid Cap<br>Value Fund                           | 2,439,108  | 144,668 | 4,523,402      | April 30, 2006     |
| Putnam Minnesota<br>Tax Exempt<br>Income Fund          | 78,884     | 54,736  | 405,217        | May 31, 2006       |
| Putnam Money<br>Market Fund                            | 7,108,735  | 26,396  | 1,813,923      | September 30, 2006 |
| Putnam Municipal<br>Bond Fund                          | 118,092    | 126,202 | Not Applicable | April 30, 2006     |
| Putnam Municipal<br>Opportunities Trust                | 105,176    | 117,534 | Not Applicable | April 30, 2006     |
| Putnam New Jersey<br>Tax Exempt<br>Income Fund         | 109,963    | 87,009  | 815,048        | May 31, 2006       |
| Putnam New<br>Opportunities Fund                       | 18,449,214 | 284,869 | 19,722,612     | June 30, 2006      |
| Putnam New Value<br>Fund                               | 4,874,321  | 175,324 | 8,846,785      | August 31, 2006    |
| Putnam New York<br>Investment Grade<br>Municipal Trust | 19,398     | 26,438  | Not Applicable | April 30, 2006     |

I-3

| Fund   | Fees paid to Putnam<br>Fiduciary Trust Company<br>for serving as investor<br>servicing agent (\$)* | Fees paid to Putnam<br>Fiduciary Trust<br>Company for serving<br>as custodian (\$)* | Fees paid to Putnam Retail<br>Management Limited<br>Partnership pursuant to<br>distribution plans (\$) | Fiscal Year End   |
|--|--|---|--|-------------------|
| Putnam New York<br>Tax Exempt<br>Income Fund | 572,969  | 147,793   | 2,977,860  | November 30, 2006 |

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|  |                |                |                |                    |
|--|----------------|----------------|----------------|--------------------|
| Putnam Ohio Tax Exempt Income Fund         | 96,299         | 91,003         | 504,029        | May 31, 2006       |
| Putnam OTC & Emerging Growth Fund          | 5,529,799      | 169,354        | 4,424,411      | July 31, 2006      |
| Putnam Pennsylvania Tax Exempt Income Fund | 107,359        | 78,985         | 613,022        | May 31, 2006       |
| Putnam Premier Income Trust                | 677,416        | 366,332        | Not Applicable | July 31, 2006      |
| Putnam Prime Money Market Fund             | 320,694        | 49,161         | 10,226         | September 30, 2006 |
| Putnam Research Fund                       | 3,274,639      | 168,708        | 4,752,048      | July 31, 2006      |
| Putnam RetirementReady 2010 Fund           | Not Applicable | Not Applicable | 108,176        | July 31, 2006      |
| Putnam RetirementReady 2015 Fund           | Not Applicable | Not Applicable | 153,376        | July 31, 2006      |
| Putnam RetirementReady 2020 Fund           | Not Applicable | Not Applicable | 175,406        | July 31, 2006      |
| Putnam RetirementReady 2025 Fund           | Not Applicable | Not Applicable | 143,679        | July 31, 2006      |
| Putnam RetirementReady 2030 Fund           | Not Applicable | Not Applicable | 100,250        | July 31, 2006      |
| Putnam RetirementReady 2035 Fund           | Not Applicable | Not Applicable | 67,617         | July 31, 2006      |

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|                                      |                |                |           |               |
|--------------------------------------|----------------|----------------|-----------|---------------|
| Putnam RetirementReady 2040 Fund     | Not Applicable | Not Applicable | 42,154    | July 31, 2006 |
| Putnam RetirementReady 2045 Fund     | Not Applicable | Not Applicable | 29,079    | July 31, 2006 |
| Putnam RetirementReady 2050 Fund     | Not Applicable | Not Applicable | 3,856     | July 31, 2006 |
| Putnam RetirementReady Maturity Fund | Not Applicable | Not Applicable | 74,474    | July 31, 2006 |
| Putnam Small Cap Growth Fund         | 1,303,853      | 172,809        | 1,727,604 | June 30, 2006 |

I-4

| Fund                                | Fees paid to Putnam Fiduciary Trust Company for serving as investor servicing agent (\$)* | Fees paid to Putnam Fiduciary Trust Company for serving as custodian (\$)* | Fees paid to Putnam Retail Management Limited Partnership pursuant to distribution plans (\$) | Fiscal Year End    |
|-------------------------------------|---|--|---|--------------------|
| Putnam Small Cap Value Fund         | 1,721,218   | 189,821  | 4,206,106   | February 28, 2006  |
| Putnam Tax Exempt Income Fund       | 619,569   | 157,244  | 2,965,084   | September 30, 2006 |
| Putnam Tax Exempt Money Market Fund | 92,314  | 7,225  | Not Applicable  | September 30, 2006 |
| Putnam Tax-Free Health Care Fund    | 96,730  | 89,104   | Not Applicable  | May 31, 2006       |
| Putnam Tax-Free High Yield Fund     | 876,144   | 181,530  | 4,924,806   | July 31, 2006      |
| Putnam Tax Smart Equity Fund        | 308,021   | 136,425  | 1,725,253   | October 31, 2006   |

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|  |            |         |            |                    |
|--|------------|---------|------------|--------------------|
| Putnam U.S.<br>Government<br>Income Trust          | 1,912,986  | 524,492 | 4,893,122  | September 30, 2006 |
| Putnam Utilities<br>Growth and Income<br>Fund      | 969,213    | 343,106 | 1,921,475  | October 31, 2006   |
| Putnam Vista Fund                                  | 7,285,460  | 292,982 | 10,325,341 | July 31, 2006      |
| Putnam Voyager<br>Fund                             | 30,585,086 | 398,461 | 32,965,281 | July 31, 2006      |
| Putnam VT<br>American<br>Government<br>Income Fund | 48,941     | 114,013 | 173,639    | December 31, 2006  |
| Putnam VT Capital<br>Appreciation Fund             | 15,725     | 65,351  | 57,034     | December 31, 2006  |
| Putnam VT Capital<br>Opportunities Fund            | 12,527     | 54,559  | 46,005     | December 31, 2006  |
| Putnam VT<br>Discovery Growth<br>Fund              | 11,659     | 63,423  | 65,208     | December 31, 2006  |
| Putnam VT<br>Diversified Income<br>Fund            | 145,032    | 268,013 | 425,943    | December 31, 2006  |
| Putnam VT Equity<br>Income Fund                    | 61,671     | 104,545 | 236,721    | December 31, 2006  |
| Putnam VT The<br>George Putnam<br>Fund of Boston   | 194,190    | 268,645 | 744,815    | December 31, 2006  |
| Putnam VT Global<br>Asset Allocation<br>Fund       | 118,715    | 433,160 | 193,024    | December 31, 2006  |
| Putnam VT Global<br>Equity Fund                    | 178,611    | 512,462 | 184,854    | December 31, 2006  |
| Putnam VT Growth                                   | 1,270,937  | 311,396 | 1,981,707  | December 31, 2006  |

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and Income Fund

I-5

| Fund  | Fees paid to Putnam<br>Fiduciary Trust Company<br>for serving as investor<br>servicing agent (\$)* | Fees paid to Putnam<br>Fiduciary Trust<br>Company for serving<br>as custodian (\$)* | Fees paid to Putnam Retail<br>Management Limited<br>Partnership pursuant to<br>distribution plans (\$) | Fiscal Year End   |
|---|--|---|--|-------------------|
| Putnam VT Growth<br>Opportunities Fund                  | 15,810   | 48,399  | 75,526   | December 31, 2006 |
| Putnam VT Health<br>Sciences Fund                       | 95,118   | 155,996   | 444,903  | December 31, 2006 |
| Putnam VT High<br>Yield Fund                            | 181,736  | 189,665   | 413,089  | December 31, 2006 |
| Putnam VT Income<br>Fund                                | 231,988  | 265,541   | 738,885  | December 31, 2006 |
| Putnam VT<br>International Equity<br>Fund               | 338,452  | 1,358,361   | 1,823,795  | December 31, 2006 |
| Putnam VT<br>International<br>Growth and Income<br>Fund | 121,377  | 546,929   | 291,287  | December 31, 2006 |
| Putnam VT<br>International New<br>Opportunities Fund    | 82,490   | 369,808   | 400,747  | December 31, 2006 |
| Putnam VT<br>Investors Fund                             | 148,076  | 182,489   | 563,681  | December 31, 2006 |
| Putnam VT Mid<br>Cap Value Fund                         | 27,834   | 51,386  | 73,775   | December 31, 2006 |
| Putnam VT Money<br>Market Fund                          | 110,530  | 135,076   | 411,984  | December 31, 2006 |
| Putnam VT New<br>Opportunities Fund                     | 415,595  | 187,781   | 381,899  | December 31, 2006 |
| Putnam VT New   | 200,902  | 140,816   | 676,015  | December 31, 2006 |



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Value Fund

|  |         |         |           |                   |
|--|---------|---------|-----------|-------------------|
| Putnam VT OTC & Emerging Growth Fund       | 25,507  | 60,623  | 91,357    | December 31, 2006 |
| Putnam VT Research Fund                    | 56,664  | 91,120  | 272,176   | December 31, 2006 |
| Putnam VT Small Cap Value Fund             | 276,850 | 215,429 | 1,582,848 | December 31, 2006 |
| Putnam VT Utilities Growth and Income Fund | 113,131 | 278,585 | 146,590   | December 31, 2006 |
| Putnam VT Vista Fund                       | 167,571 | 190,972 | 628,075   | December 31, 2006 |
| Putnam VT Voyager Fund                     | 569,884 | 211,176 | 1,114,380 | December 31, 2006 |

I-6

**APPENDIX J 5% Beneficial Ownership**

As of February 9, 2007, to the knowledge of the funds, no person owned beneficially or of record 5% or more of any class of shares of any fund, except as follows:

J-1

**APPENDIX K Security Ownership**

The following table sets forth for each Trustee, and for the Trustees and officers as a group, the amount of equity securities owned in each Putnam fund as of February 9, 2007.

| Fund                                   | Jameson      |               |                   |                 | Elizabeth Kenneth   |                |           | George     | W.                  | R.                 |             |
|--|--------------|---------------|-------------------|-----------------|---------------------|----------------|-----------|------------|---------------------|--------------------|-------------|
|  | John A. Hill | Adkins Baxter | Charles B. Curtis | Myra R. Drucker | Charles E. Haldeman | Paul L. Joskow | T. Kennan | R. Leibler | Robert E. Patterson | Putnam, Thomas III | Stephens W. |
| Putnam American Government Income Fund |              |               |                   |                 |                     |                |           |            |                     |                    |             |

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Putnam  
AMT-Free  
Insured  
Municipal  
Fund

---

Putnam  
Arizona Tax  
Exempt  
Income Fund

---

Putnam  
Asset  
Allocation:  
Balanced  
Portfolio

---

Putnam  
Asset  
Allocation:  
Conservative  
Portfolio

---

Putnam  
Asset  
Allocation:  
Growth  
Portfolio

---

Putnam  
California  
Investment  
Grade  
Municipal  
Trust

---

Putnam  
California  
Tax Exempt  
Income Fund

---

Putnam  
Capital  
Appreciation  
Fund

---

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Putnam  
Capital  
Opportunities  
Fund

---

Putnam  
Classic  
Equity Fund

---

Putnam  
Convertible  
Income-  
Growth Trust

---

Putnam  
Discovery  
Growth Fund

---

Putnam  
Diversified  
Income Trust

---

K-1

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|      |                |               |                  |                |                          |                |               |                |                  |                |                   |
|------|----------------|---------------|------------------|----------------|--------------------------|----------------|---------------|----------------|------------------|----------------|-------------------|
|      | <b>Jameson</b> |               |                  |                | <b>Elizabeth Kenneth</b> |                |               |                | <b>George</b>    | <b>W.</b>      | <b>R</b>          |
|      | <b>John</b>    | <b>Adkins</b> | <b>Charles</b>   | <b>Myra R.</b> | <b>Charles E.</b>        | <b>Paul L.</b> | <b>T.</b>     | <b>R.</b>      | <b>Robert E.</b> | <b>Putnam,</b> | <b>Thomas</b>     |
| Fund | <b>A. Hill</b> | <b>Baxter</b> | <b>B. Curtis</b> | <b>Drucker</b> | <b>Haldeman</b>          | <b>Joskow</b>  | <b>Kennan</b> | <b>Leibler</b> | <b>Patterson</b> | <b>III</b>     | <b>Stephens W</b> |

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Putnam  
Equity  
Income Fund

---

Putnam  
Europe  
Equity Fund

---

Putnam  
Floating Rate  
Income Fund

---

The Putnam  
Fund for  
Growth and  
Income

---

The George

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Putnam Fund  
of Boston

---

Putnam  
Global  
Equity Fund

---

Putnam  
Global  
Income Trust

---

Putnam  
Global  
Natural  
Resources  
Fund

---

Putnam  
Growth  
Opportunities  
Fund

---

Putnam  
Health  
Sciences  
Trust

---

Putnam High  
Income  
Securities  
Fund

---

Putnam High  
Yield  
Advantage  
Fund

---

Putnam High  
Yield  
Municipal  
Trust

---

Putnam High  
Yield Trust

---

Putnam  
Income Fund

Putnam  
Income  
Strategies  
Fund

Putnam  
International  
Capital  
Opportunities  
Fund

Putnam  
International  
Equity Fund

Putnam  
International  
Growth and  
Income Fund

K-2

|      | <b>Jameson</b>      |                      |                          |                        | <b>Elizabeth Kenneth</b>   |                       |                  | <b>George</b>     | <b>W.</b>                  | <b>R.</b>          |                          |
|------|---------------------|----------------------|--------------------------|------------------------|----------------------------|-----------------------|------------------|-------------------|----------------------------|--------------------|--------------------------|
| Fund | <b>John A. Hill</b> | <b>Adkins Baxter</b> | <b>Charles B. Curtis</b> | <b>Myra R. Drucker</b> | <b>Charles E. Haldeman</b> | <b>Paul L. Joskow</b> | <b>T. Kennan</b> | <b>R. Leibler</b> | <b>Robert E. Patterson</b> | <b>Putnam, III</b> | <b>Thomas Stephens W</b> |

Putnam  
International  
New  
Opportunities  
Fund

Putnam  
Investment  
Grade  
Municipal  
Trust

Putnam  
Investors  
Fund

Putnam  
Limited  
Duration

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Government  
Income Fund

---

Putnam  
Managed  
Municipal  
Income Trust

---

Putnam  
Massachusetts  
Tax  
Exempt  
Income Fund

---

Putnam  
Master  
Intermediate  
Income Trust

---

Putnam  
Michigan  
Tax Exempt  
Income Fund

---

Putnam Mid  
Cap Value  
Fund

---

Putnam  
Minnesota  
Tax Exempt  
Income Fund

---

Putnam  
Money  
Market Fund

---

Putnam  
Municipal  
Bond Fund

---

Putnam  
Municipal  
Opportunities  
Trust

---

Putnam New

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Jersey Tax  
Exempt  
Income Fund

---

Putnam New  
Opportunities  
Fund

---

Putnam New  
Value Fund

---

Putnam New  
York  
Investment  
Grade  
Municipal  
Trust

---

K-3

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|      |                |               |                  |                |                   |                |                  |                |                  |                |                 |           |
|------|----------------|---------------|------------------|----------------|-------------------|----------------|------------------|----------------|------------------|----------------|-----------------|-----------|
|      | <b>Jameson</b> |               |                  |                |                   |                | <b>Elizabeth</b> | <b>Kenneth</b> |                  | <b>George</b>  | <b>W.</b>       | <b>Ri</b> |
| Fund | <b>John</b>    | <b>Adkins</b> | <b>Charles</b>   | <b>Myra R.</b> | <b>Charles E.</b> | <b>Paul L.</b> | <b>T.</b>        | <b>R.</b>      | <b>Robert E.</b> | <b>Putnam,</b> | <b>Thomas</b>   | <b>W</b>  |
|      | <b>A. Hill</b> | <b>Baxter</b> | <b>B. Curtis</b> | <b>Drucker</b> | <b>Haldeman</b>   | <b>Joskow</b>  | <b>Kennan</b>    | <b>Leibler</b> | <b>Patterson</b> | <b>III</b>     | <b>Stephens</b> | <b>W</b>  |

---

Putnam New  
York Tax  
Exempt  
Income Fund

---

Putnam Ohio  
Tax Exempt  
Income Fund

---

Putnam OTC  
& Emerging  
Growth Fund

---

Putnam  
Pennsylvania  
Tax Exempt  
Income Fund

---

Putnam  
Premier  
Income Trust

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Putnam  
Prime Money  
Market Fund

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Putnam  
Research  
Fund

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Putnam  
Retirement  
Ready 2010  
Fund

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Putnam  
Retirement  
Ready 2015  
Fund

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Putnam  
Retirement  
Ready 2020  
Fund

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Putnam  
Retirement  
Ready 2025  
Fund

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Putnam  
Retirement  
Ready 2030  
Fund

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Putnam  
Retirement  
Ready 2035  
Fund

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Putnam  
Retirement  
Ready 2040  
Fund

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Putnam  
Retirement  
Ready 2045



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Fund

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Putnam  
Retirement  
Ready 2050  
Fund

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Putnam  
Retirement  
Ready  
Maturity  
Fund

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Putnam  
Small Cap  
Growth Fund

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K-4

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|      |                |               |                  |                |                   |                |               |                |                  |                |                 |          |
|------|----------------|---------------|------------------|----------------|-------------------|----------------|---------------|----------------|------------------|----------------|-----------------|----------|
|      | <b>Jameson</b> |               | <b>Elizabeth</b> | <b>Kenneth</b> |                   | <b>George</b>  | <b>W.</b>     | <b>R</b>       |                  |                |                 |          |
|      | <b>John</b>    | <b>Adkins</b> | <b>Charles</b>   | <b>Myra R.</b> | <b>Charles E.</b> | <b>Paul L.</b> | <b>T.</b>     | <b>R.</b>      | <b>Robert E.</b> | <b>Putnam,</b> | <b>Thomas</b>   | <b>W</b> |
| Fund | <b>A. Hill</b> | <b>Baxter</b> | <b>B. Curtis</b> | <b>Drucker</b> | <b>Haldeman</b>   | <b>Joskow</b>  | <b>Kennan</b> | <b>Leibler</b> | <b>Patterson</b> | <b>III</b>     | <b>Stephens</b> | <b>W</b> |

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Putnam  
Small Cap  
Value Fund

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Putnam Tax  
Exempt  
Income Fund

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Putnam Tax  
Exempt  
Money  
Market Fund

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Putnam Tax-  
Free Health  
Care Fund

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Putnam Tax-  
Free High  
Yield Fund

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Putnam Tax  
Smart Equity

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Fund

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Putnam U.S.  
Government  
Income Trust

---

Putnam  
Utilities  
Growth and  
Income Fund

---

Putnam Vista  
Fund

---

Putnam  
Voyager  
Fund

---

Putnam VT  
American  
Government  
Income Fund

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Putnam VT  
Capital  
Appreciation  
Fund

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Putnam VT  
Capital  
Opportunities  
Fund

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Putnam VT  
Discovery  
Growth Fund

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Putnam VT  
Diversified  
Income Fund

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Putnam VT  
Equity  
Income Fund

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Putnam VT

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Growth and  
Income Fund

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Putnam VT  
International  
New  
Opportunities  
Fund

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Putnam VT  
Investors  
Fund

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Putnam VT  
Mid Cap  
Value Fund

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Putnam VT  
Money  
Market Fund

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Putnam VT  
New  
Opportunities  
Fund

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Putnam VT  
New Value  
Fund

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Putnam VT  
OTC &  
Emerging  
Growth Fund

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Putnam VT  
Research  
Fund

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Putnam VT  
Small Cap  
Value Fund

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Putnam VT  
Utilities  
Growth and  
Income Fund

Putnam VT  
Vista Fund

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Putnam VT  
Voyager  
Fund

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K-6

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**P U T N A M INVESTMENTS**

**The Putnam Funds**

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Boston, Massachusetts 02109  
Toll-free 1-800-225-1581

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