

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

**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:

- ii -

(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:

- iii -

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]]

Table of contents

A Message from the Chairman

1

Notice of a Special Meeting of Shareholders		2
Trustees' Recommendations		5
The Proposal		6
Further Information About Voting and the Special Meeting		20
Fund Information		27
Appendix A	<input type="checkbox"/> Number of Shares Outstanding as of the Record Date	A-1
Appendix B	<input type="checkbox"/> Form of New Management Contract	B-1
Appendix C	<input type="checkbox"/> Comparison of Terms of Management Contracts	C-1
Appendix D	<input type="checkbox"/> Management Contracts: Dates and Approvals	D-1
Appendix E	<input type="checkbox"/> Management Contracts: Fees	E-1
Appendix F	<input type="checkbox"/> Current Sub-Management Contract and Sub-Advisory Contract	F-1
Appendix G	Description of Contract Approval Process	G-1
Appendix H	<input type="checkbox"/> Other Similar Funds Advised by Putnam Management	H-1
Appendix I	<input type="checkbox"/> Payments to Putnam Management and its Affiliates	I-1
Appendix J	<input type="checkbox"/> 5% Beneficial Ownership	J-1
Appendix K	Security Ownership	K-1

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

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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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

PUTNAM VT GLOBAL ASSET ALLOCATION FUND	PUTNAM VT INVESTORS FUND
PUTNAM VT GLOBAL EQUITY FUND	PUTNAM VT MID CAP VALUE FUND
PUTNAM VT GROWTH AND INCOME 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 ___th 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

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.

-4-

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

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

-6-

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

-7-

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

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.

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.

-10-

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

-11-

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.

-12-

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

-13-

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

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;

-15-

(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

-16-

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.

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 w