

PUTNAM MUNICIPAL OPPORTUNITIES TRUST  
Form SC 13D/A  
December 24, 2009

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549 SCHEDULE 13D/A

(Amendment No. 5)

Under the Securities Exchange Act of 1934 Putnam Municipal Opportunities Trust (PMO)

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**(Name of Issuer)** Common Stocks

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**(Title of Class of Securities)** 746922103

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**(CUSIP Number)** George W. Karpus, President  
Karpus Management, Inc.,  
d/b/a Karpus Investment Management  
183 Sully's Trail  
Pittsford, New York 14534  
(585) 586-4680

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**(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)** December 14, 2009

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**(Date of Event which Requires Filing of this Statement)** If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.  127

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CUSIP No. 58 746922103

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**1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).** Karpus Management, Inc., d/b/a Karpus Investment Management I.D. #16-1290558

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**2. Check the Appropriate Box if a Member of a Group (See Instructions)**

- (a)  127  
(b)  32  32X
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**3. SEC Use Only**

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**4. Source of Funds (See Instructions)** AF

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**5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)** N/A

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**6. Citizenship or Place of Organization** New York

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**Number of Shares Beneficially Owned by Each reporting Person With:**

**7. Sole Voting Power** 6,265,008 **8. Shared Voting Power** N/A **9. Sole Dispositive Power** 6,265,008 **10. Shared Dispositive Power** N/A

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**11. Aggregate Amount Beneficially Owned by Each Reporting Person** 6,265,008

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**12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)** N/A

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**13. Percent of Class Represented by Amount in Row (11)** 14.61%

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**14. Type of Reporting Person (See Instructions)** IA

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The following constitutes Amendment No. 5 ("Amendment No. 5") to the Schedule 13D filed by the undersigned. This Amendment amends the original Schedule 13D as specifically set forth.

**Item 3. Source and Amount of Funds or Other Considerations.** KIM, an independent investment advisor, has accumulated 6,265,008 shares of Putnam Municipal Opportunities Trust on behalf of accounts that are managed by KIM (the &#147Accounts&#148) under limited powers of attorney, which represents 14.61% of the outstanding shares. All funds that have been utilized in making such purchases are from such Accounts. **Item 4. Purpose of Transaction.** KIM has purchased Shares for the Accounts for investment purposes. However, KIM reserves the right to contact management with regard to concerns that they have with respect to the Fund. This may include letters to the Board and/or other communications with Fund management. Being an independent registered investment advisor, with a specialty focus in closed end funds, the profile of Putnam Municipal Opportunities Trust fits the investment guidelines for various Accounts. Shares have been acquired since April 21, 2005. **Item 5. Interest in Securities of the Issuer.** (a) As of the date of this Report, KIM represents beneficial ownership of 6,265,008 shares or 14.61% of the outstanding shares. George W. Karpus presently owns 194,379 shares. Mr. Karpus purchased shares on May 13, 2005 at \$11.88 (3000 shares), May 18, 2005 at \$11.96 (3000 shares), June 13, 2005 at \$11.90 (4000 shares), August 22, 2005 at \$11.81 (400 shares), August 23, 2005 at \$11.79 (800 shares), August 24, 2005 at \$11.81 (550 shares), August 25, 2005 at \$11.81 (550 shares), August 26, 2005 at \$11.82 (450 shares), August 29, 2005 at \$11.82 (600 shares), August 30, 2005 at \$11.81 (700 shares), August 31, 2005 at \$11.78 (550 shares), September 1, 2005 at \$11.79 (150 shares), January 17, 2007 at \$11.98 (3000 shares), June 19, 2008 at \$10.78 (110 shares), June 20, 2008 at \$10.62 (70 shares), June 26, 2008 at \$10.74 (3000 shares), December 11, 2008 at \$7.98 (29200 shares), December 12, 2008 at \$7.76 (2100 shares), December 15, 2008 at \$7.82 (10800 shares), December 23, 2008 at \$8.55 (7000 shares), February 10, 2009 at \$9.24 (2200 shares), February 25, 2009 at \$9.01 (5200 shares), February 26, 2009 at \$9.07 (11100 shares), March 10, 2009 at \$9.04 (7635 shares), March 17, 2009 at \$9.09 (3000 shares), March 25, 2009 at \$9.20 (275 shares), June 12, 2009 at \$10.05 (3400 shares), June 15, 2009 at \$10.02 (3800 shares), June 25, 2009 at \$10.05 (2472 shares), July 20, 2009 at \$10.10 (1559 shares), July 21, 2009 at \$10.15 (9314 shares), July 22, 2009 at \$10.11 (12600 shares), August 7, 2009 at \$10.31 (4624 shares), August 10, 2009 at \$10.31 (5100 shares), September 18, 2009 at \$11.30 (1000 shares), September 24, 2009 at \$11.33 (6400 shares), September 25, 2009 at \$11.34 (2300 shares), October 1, 2009 at \$11.43 (274 shares), October 2, 2009 at \$11.44 (3000 shares), October 5, 2009 at \$11.51 (600 shares), October 6, 2009 at \$11.54 (900 shares), October 8, 2009 at \$11.47 (400 shares), October 9, 2009 at \$11.36 (3200 shares), October 12, 2009 at \$11.24 (3500 shares), October 14, 2009 at \$11.20 (1800 shares), and on October 15, 2009 at \$11.03 (5126 shares). Mr. Karpus had 38,857.197 shares transferred in on February 26, 2008. Mr. Karpus sold shares on November 30, 2005 at \$11.15 (7000 shares), February 17, 2006 at \$11.85 (50 shares), February 22, 2006 at \$11.92 (100 shares), February 23, 2006 at \$11.92 (100 shares), February 24, 2006 at \$11.93 (100 shares), March 17, 2006 at \$11.91 (50 shares), March 31, 2006 at \$11.79 (150 shares), April 5, 2006 at \$11.80 (100 shares), April 6, 2006 at \$11.81 (300 shares), April 10, 2006 at \$11.77 (200 shares), April 12, 2006 at \$11.76 (50 shares), April 13, 2006 at \$11.73 (50 shares), April 17, 2006 at \$11.68 (100 shares), April 28, 2006 at \$11.68 (50 shares), May 9, 2006 at \$11.67 (50 shares), July 20, 2007 at \$12.57 (2736 shares), October 26, 2007 at \$11.55 (200 shares), February 26, 2008 at \$11.19 (1.197 shares), February 29, 2008 at \$10.76 (2100 shares), and on March 3, 2008 at \$10.92 (1800 shares). Dana R. Consler presently owns 1,467 shares. Mr. Consler purchased shares on November 11, 2008 at \$9.48 (350 shares), December 16, 2008 at \$7.82 (200 shares), April 1, 2009 at \$9.33 (200 shares), May 14, 2009 at \$10.03 (300 shares), October 12, 2009 at \$11.24 (100 shares), and on October 22, 2009 at \$11.09 (200 shares). Mr. Consler had 117 shares transferred in on September 17, 2008. JoAnn Van Degrieff presently owns 16,739 shares. Ms. Van Degrieff purchased shares on June 30, 2005 at \$12.00 (1500 shares), August 12, 2005 at \$11.82 (700 shares), January 3, 2007 at \$11.96 (800 shares), January 5, 2009 at \$9.00 (2500 shares), April 24, 2009 at \$9.74 (100 shares), June 2, 2009 at \$10.10 (800 shares), June 4, 2009 at \$10.12 (200 shares), June 5, 2009 at \$10.11 (300 shares), June 16, 2009 at \$10.03 (400 shares), June 17, 2009 at \$10.01 (200 shares), June 18, 2009 at \$10.08 (300 shares), June 23, 2009 at \$10.02 (200 shares), June 24, 2009 at \$10.04 (100 shares), June 29, 2009 at \$9.90 (100 shares), October 9, 2009 at \$11.36 (200 shares), October 12, 2009 at \$11.24 (300 shares), October 14, 2009 at \$11.20 (200 shares), October 15, 2009 at \$11.03 (100 shares), November 2, 2009 at \$10.99 (900 shares), November 5, 2009 at \$11.03 (100 shares), and on November 18, 2009 at \$10.97 (100 shares). Ms. Van Degrieff sold shares on February 24, 2006 at \$11.93 (50 shares), March 31, 2006 at \$11.79 (50 shares), April 5, 2006 at \$11.80 (50 shares), April 6, 2006 at \$11.81 (50 shares), April 10, 2006 at \$11.77 (50 shares), April 28, 2006 at \$11.68 (50 shares), July 20, 2007 at \$12.57 (794 shares), October 26, 2007 at \$11.55 (100 shares), March 3, 2008 at \$10.92 (100 shares), August 21, 2008 at \$10.83 (206 shares), August 21, 2008 at \$10.83 (494 shares), July 17, 2009 at \$10.07 (300 shares), July 21, 2009 at \$10.15 (200 shares), July 22, 2009 at \$10.11 (533 shares), and on July 23, 2009 at \$10.13 (7600 shares). Karpus Management Management Defined Benefit Plan presently owns 2,923 shares. The Benefit Plan purchased shares on September 16, 2008 at \$11.20 (750 shares), and on November 11, 2007 at \$9.48 (1400 shares). The Benefit Plan had 773 shares transferred in on February 26, 2008. Karpus Investment Management Profit Sharing Plan presently owns 4,325 shares. The Profit Sharing Plan purchased shares on September 16, 2008 at \$11.20 (1175 shares), December 4, 2008 at \$8.73 (2350 shares), October 22, 2009 at \$11.09 (500 shares), October 30, 2009 at \$10.96 (200 shares), and on November 2, 2009 at \$10.99 (100 shares). Karpus Management, Inc. presently owns 11,198 shares. Karpus Management, Inc. purchased shares on June 3, 2005 at \$12.07 (1500 shares), November 22, 2006 at \$11.76 (50 shares), November 27, 2006 at \$11.87 (500 shares), November 28, 2006 at \$11.91 (50 shares), October 27, 2008 at \$9.56 (200 shares), October 29, 2008 at \$9.53 (900 shares), November 3, 2008 at \$9.25 (600 shares), November 11, 2008 at \$9.48 (150 shares), November 14, 2008 at \$9.45 (100 shares), November 17, 2008 at \$9.44 (200 shares), November 18, 2008 at \$9.45 (100 shares), January 14, 2009 at \$9.11 (300 shares), February 17, 2009 at \$9.26 (300 shares), February 18, 2009 at \$9.20 (300 shares), February 19, 2009 at \$9.18 (400 shares), February 20, 2009 at \$9.06 (400 shares), May 13, 2009 at \$10.01 (200 shares), July 27, 2009 at \$10.14 (2000 shares), September 28, 2009 at \$11.37 (400 shares), October 2, 2009 at \$11.44 (400 shares), October 9, 2009 at \$11.36 (600 shares), October 12, 2009 at \$11.24 (400 shares), October 14, 2009 at \$11.20 (200 shares), and on November 12, 2009 at \$11.00 (200 shares). Karpus Management, Inc. had 2772.526 shares transferred in on February 26, 2008. Karpus Management, Inc. sold shares on March 31, 2006 at \$11.79 (50 shares), April 6, 2006 at \$11.81 (50 shares), April 10, 2006 at \$11.77 (50 shares), July 20, 2007 at \$12.57 (574 shares), February 26, 2008 at \$11.20 (0.526 shares), February 28, 2008 at \$10.91 (700 shares), February 29, 2008 at \$10.76 (500 shares), and on March 3, 2008 at \$10.92 (100 shares). None of the other principals of KIM presently own shares of PMO. (b) KIM has the sole power to dispose of and to vote all of such Shares under limited powers of attorney. (c) Open market purchases for the last 60 days for the Accounts. There have been no dispositions and no acquisitions, other than by such open market purchases:

Date	Shares	Price Per Share
10/16/2009	45100	\$11.06
10/20/2009	17359	\$11.16
10/21/2009	48670	\$11.10
10/22/2009	178149	\$11.09
10/23/2009	4905	\$11.10
10/26/2009	2600	\$11.12
10/27/2009	1800	\$11.17
10/28/2009	12435	\$11.13
10/29/2009	14162	\$11.10

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10/29/2009	(306)	\$11.10
10/30/2009	22075	\$10.96
11/2/2009	48300	\$10.99
11/3/2009	4900	\$11.01
11/4/2009	5000	\$11.04
11/4/2009	(100)	\$11.22
11/5/2009	6169	\$11.03
11/6/2009	6500	\$11.04
11/9/2009	6100	\$11.06
11/10/2009	11458	\$11.05
11/11/2009	6842	\$11.03
11/12/2009	18812	\$11.00
11/13/2009	3400	\$10.98
11/18/2009	14111	\$10.97
11/18/2009	(400)	\$11.00
11/19/2009	9300	\$10.88
11/20/2009	6247	\$10.88
11/23/2009	19897	\$10.90
11/24/2009	(290)	\$10.88
11/27/2009	4900	\$10.85
12/4/2009	(3300)	\$11.11
12/9/2009	3	\$11.17
12/9/2009	(9400)	\$11.15
12/11/2009	(317)	\$11.18
12/15/2009	(2990)*	\$11.12

\*- shares sold due to account liquidation

The Accounts have the right to receive all dividends from, and any proceeds from the sale of the Shares. None of the Accounts has an interest in Shares constituting more than 5% of the Shares outstanding. **Item 6. Contracts, Arrangements, Understandings, or Relationships with Respect to Securities of the Issuer.** Except as described above, there are no contracts, arrangements, understandings or relationships of any kind among the Principals and KIM and between any of them and any other person with respect to any of the PMO securities. **Item 7. Materials to be Filed as Exhibits.** As is indicated in Item 4, above, KIM has purchased PMO for the Accounts for investment purposes. However, KIM has reserved the right to contact management with regard to concerns that they have with respect to the Fund, including letters to the Board and/or other communications with fund management. Accordingly, KIM sent a letter to the Fund on July 2, 2009 and a proposal/nomination letter to the Fund on December 23, 2009. A copy of the letters are attached as Exhibits 1 & 2.

**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete, and correct.

**Karpus Management, Inc.**

By: /s/

Name: Cody B. Bartlett Jr., CFA

Title: Managing Director of Investments

Date: December 24, 2009

**EXHIBIT 1**

**Letter to the Fund  
Transmitted July 2, 2009**

Jonathan S. Horwitz, Senior Vice-President and Treasurer  
The Putnam Funds  
One Post Office Square  
Boston, MA 02109

July 2, 2009

Re: Putnam Municipal Opportunities Trust ("PMO") and  
Putnam Managed Municipal Income Trust ("PMM"), collectively the "Funds"

Mr. Horwitz:

Karpus Management, Inc., d/b/a Karpus Investment Management, represents beneficial ownership of 4,450,210 shares of PMO and 1,715,591 shares of PMM, representing 10.38% and 2.99% of each fund, respectively. On September 12, 2008, the Board of Trustees approved in principal a plan to merge PMO and PMM into open-end funds. Shareholders reacted positively, as discounts for PMO and PMM narrowed dramatically by 6.7% and 7.2%, respectively. On June 26, 2009, the Trustees reversed course and announced that the "proposed mergers in the near future would not be in the best interests of PMO and PMM's common shareholders." Further, the Trustees authorized Putnam to suspend further efforts to implement the proposed mergers. To say the least, we are extremely disappointed that after 9 months of indecision, the Board of Trustees has ultimately decided it is not in the best interests of shareholders to submit the mergers to shareholders for approval. We wholeheartedly disagree with the Trustees' decision and feel that both preferred and common shareholders have been harmed by the Trustees' indecisiveness. Further, clearly the markets agree with our sentiment about the Trustees' poor decision to suspend further efforts to implement the proposed mergers. In fact, through July 1, just three trading days after the Funds' announcement, the discount of PMO has widened 2.96% and the discount of PMM has widened 1.54% (Source: Bloomberg). In the Funds' original press release dated September 12, 2008, the Funds highlighted the following 4 specific benefits for shareholders if the proposed mergers were approved: (1) ability to invest in an open-end fund with similar investment objectives; (2) the elimination of the Funds' discounts; (3) ability to redeem shares at their net asset value on a daily basis; and (4) choice of timing any recognition of taxable gains or losses by the redemption of shares. Further, the Funds also acknowledged on October 30, 2008 that lowered overall expenses were expected as a result of the additional assets in connection with the mergers. ***All of these benefits are still applicable and desirable for shareholders today.*** In addition to completely reversing course, the Funds also have not filed proxy materials for this year's annual meeting of shareholders. In our opinion, the Board could have sought the necessary shareholder approval to conduct the mergers and then implemented the mergers as they saw appropriate, with the requisite shareholder approval already in place to implement the announced mergers. However, they chose not to do so. By not submitting the mergers to shareholders, it is our opinion that the Trustees potentially manipulated the price of both PMO and PMM by enticing shareholders to buy more shares. Further, it also appears that perhaps Putnam misled shareholders for the purpose of retaining assets under management in Funds where shareholders fully believed they would have liquidity at net asset value. Why did the Trustees not use the proxy process to let shareholders vote on the proposed mergers? After all, if the mergers were actually submitted to shareholders: (1) why would common shareholders vote against receiving net asset value for their shares; and (2) why would locked in preferred shareholders choose to not have their shares liquidated at par value? To add insult to injury, although the Board stated "completion of these mergers is subject to a number of conditions and other factors, including shareholder approval," the Board also misdirected shareholders as to the likelihood that the mergers would, in fact, occur. To this end, the Funds stated in a press release on October 30, 2008 that they "expected" to present shareholders with a prospectus/proxy statement, stated an anticipated record date and went so far as to say that the mergers should be concluded in April 2009. Contrary to the notion that the mergers were

highly likely to occur, the Funds recently stated in their April 30, 2009 annual report that they viewed the Lehman bankruptcy as the "proverbial 100-year flood" that triggered the uncertain economic conditions referenced in earlier press releases. However, **45 days** after Lehman filed for bankruptcy, our Funds found it necessary to state it expected to issue a proxy, issued an anticipated record date and an anticipated closing date for the proposed mergers. Why would the Funds provide such information *after* the event that they say so heavily influenced their decision later to delay the proposed mergers? Further, why did the Board also state on January 9, 2009 that: "[t]he Trustees continue to believe that the proposed mergers are in the best long-term interests of shareholders and will seek to move forward with these transactions as and when market conditions permit"? Lastly, if the Board did in fact believe that the proposed mergers were in the best interests of shareholders and was seeking to move forward with the transactions, why did our Funds act to the contrary by increasing dividends (for PMO in April and for PMM in February and, again, in June) and buying long-term municipal bonds? If the Board actually was interested in conducting the mergers, this would clearly not have been a prudent course of action. Did the Board come to a "formal" decision not to move forward with the proposed mergers before the June 26, 2009 press release? As the events have unfolded before us, we question whether the Trustees ever really considered submitting the proposed mergers to shareholders via the Funds' proxy statements. Further, we feel that the Trustees actions and "recommendations" appear to be more driven by the Putnam Funds rather than the shareholders who they purportedly have a fiduciary duty to represent. As shareholders, we feel that we have been provided with partial, inaccurate and/or misleading information by the very individuals who have a duty to represent our interests. Accordingly, Karpus reserves the right to exercise any and all options it has available to it as shareholders, including, but not limited to, seeking to replace the Board of Trustees, submitting a shareholder proposal, or other potential legal remedies it may deem appropriate.

Sincerely,

/s/

Brett D. Gardner  
Portfolio Manager/Analyst

cc: U.S. Securities and Exchange Commission

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**EXHIBIT 2**

**Nomination Letter Submitted to the Fund  
Transmitted December 23, 2009**

Jonathan S. Horwitz, Senior Vice-President and Treasurer  
The Putnam Funds  
One Post Office Square  
Boston, Massachusetts 02109

December 23, 2009

Re: Putnam Municipal Opportunities Trust (NYSE: PMO)

Mr. Horwitz:

This letter shall serve to satisfy the advance notice requirements Amended and Restated Bylaws (the "Bylaws") of the Putnam Municipal Opportunities Trust ("PMO" or the "Fund"), as to the nomination by Karpus of eight (8) nominees for election to the Board of Trustees of PMO (the "PMO Board") at the annual meeting of PMO shareholders scheduled for February 25, 2010 (the "Meeting"). Karpus' eight (8) director/trustee nominees (collectively, the "Karpus Nominees") are submitted to the Fund to contest the election of the PMO Board members who have the longest tenure on the Fund's Board; specifically Messrs. Patterson, Putnam, Hill, Joskow, Stephens and Curtis as well as Ms. Kennan and Ms. Baxter. If this Notice shall be deemed for any reason to be ineffective with respect to the nomination of any of the Karpus Nominees at the Meeting, or if any individual Nominee shall be unable to serve for any reason, this Notice shall continue to be effective with respect to the remaining Nominee(s) and as to any replacement Nominee(s) selected by Karpus. We believe the current Board of Trustees has interests that are not aligned with shareholders. We are the largest shareholder of the fund, and we believe that electing independent trustees will benefit all shareholders. Within the past 15 months, the Trustees have made several judgments that we believe are a direct contradiction to shareholders' best interests. The Trustees of our fund have misled shareholders by proposing, delaying, then indefinitely suspending, their proposal to merge our fund with an open-end fund with similar investment objectives. While we believe this proposal still remains in shareholders best interest, the Board has determined otherwise. Additionally, the Trustees of our Fund have delayed scheduling the annual meeting of shareholders to re-elect the Trustees to the Fund. When the meeting finally does take place, it will have been over 21 months since the last annual meeting. It appears that the Fund has been avoiding seeking shareholder input to protect their own self interests and further entrench current management. Further, the Board has "fixed" the number of Trustees multiple times since 1994 at anywhere from 10 to 16 Trustees with no apparent rhyme or reason for these changes. We believe the number of Trustees should remain fixed permanently unless shareholders propose to increase or decrease the number of Trustees. We further believe it is time for a change, and shareholders should have an opportunity to elect a majority of the Board of Trustees to protect their interests as owners of the Fund. We believe that the best way for shareholders to obtain independent representation on the PMO Board is to replace Messrs. Patterson, Putnam, Hill, Joskow, Stephens and Curtis as well as Ms. Kennan and Ms. Baxter with our director nominees. By replacing these trustees with Karpus' Nominees, we feel that doing so would have the effect of refreshing the Board and removing some of the most entrenched Trustees. Additionally, we believe this would help to closer align the interests of the Board with interests of shareholders. Through this Notice, Karpus hereby nominates and notifies you of its intent to nominate Messrs. Baer, Chapman, Cohen, Goldstein, Hoyt, Lessard, Orvieto, and Regan to be elected to the PMO Board at the February 25, 2010 annual meeting, or any postponement or adjournment thereof. The biographical information and consents for each nominee are attached to this letter. Further, Karpus does not believe any Nominee is an "interested person" of PMO, as defined in the Investment Company Act of 1940. In addition to the Karpus Nominees listed on Exhibit 1, below, Karpus also intends to present the following proposal at the Meeting, or any postponement or adjournment thereof:

**RESOLVED**

The shareholders request the Board of Trustees to promptly consider converting the Fund from a closed-end fund format to an open-end fund format.

### SUPPORTING STATEMENT

In the Funds' original press release dated September 12, 2008, the Board approved in principle a plan to merge PMO into an open-end fund. The press release highlighted the following 4 specific benefits for shareholders if the proposed mergers were approved: (1) ability to invest in an open-end fund with similar investment objectives; (2) the elimination of the Funds' discounts; (3) ability to redeem shares at their net asset value on a daily basis; and (4) choice of timing any recognition of taxable gains or losses by the redemption of shares. Further, the Funds also acknowledged on October 30, 2008 that lowered overall expenses were expected as a result of the additional assets in connection with the mergers. *All of these benefits are still applicable and desirable for shareholders today.* Nine months later, in a press release dated June 26, 2009, the Board reversed course and determined that the proposed mergers would not be in the best interest of common shareholders, and authorized Putnam to suspend further efforts to implement the mergers. As the largest shareholder of the fund, we fully disagree with the Board's decision. The merger proposal continues to provide shareholders with the benefits originally stated by the Board. We feel that the Trustees decision was driven by the Putnam Funds rather than the shareholders who they purportedly have a fiduciary duty to represent. By suspending the merger, Putnam Funds benefit by continuing to collect fees on the captive and levered assets of the closed-end fund, while the Trustees continue to be well compensated for their oversight. We believe that now is an ideal time for this open-end proposal. Common shareholders continue to pay penalty default rates on the fund's leverage, while preferred shareholders are stuck holding illiquid securities. While it is true default rates remain low, we are concerned that they could rise dramatically in the near term. Fund management could take advantage of the recent strength in the municipal bond market to redeem the auction rate preferred shares of the Fund, as required before merging into an open-end fund. The Board's original recommendation to merge PMO into an open-end fund with similar objectives is clearly in all shareholders' (both common and preferred) best interests. Our proposal is simply re-instating the same proposal that management recommended over a year ago. Shareholders should be granted an opportunity to vote on this proposal.

### END OF PROPOSAL

As is required by Rule 14a-8, KIM will be forwarding a letter from U. S. Bank N.A., as well as a written statement from the "record" holder of the referenced shares, under separate cover, verifying that the referenced shares were continuously and beneficially owned, and had a market value of \$2,000 or more, for at least a one year period prior to the date of the submittal of this Proposal. KIM intends to hold the shares referenced through the date of the Meeting. Please advise us immediately if this notice is deficient in any way or any additional information is required so that we may promptly provide it in order to cure any deficiency.

Sincerely,

/s/

Brett D. Gardner  
Portfolio Manager/Analyst

#### Exhibit 1: Trustee Nominees

Walter S. Baer; Age: 72; Address: 344 S. Canyon View Drive, Los Angeles, California 90049; Nationality: U.S. Citizen; Share Ownership: 26,200 shares; Professional Experience: Private investor; University of Southern California, Annenberg School for Communications and Journalism, Senior Fellow; RAND Corporation, Deputy Vice



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President and Professor of Policy Analysis, 1990-2004; Times Mirror Company, Director of Advanced Technology, 1981-1989; Education: University of Wisconsin, PhD (physics), 1964, Caltech, BS (physics), 1959; Directorships/Other: KCRW Public Radio Foundation, Director, Audit Committee member and former Chair. Donald Chapman; Age: 67; Address: 788 Admiralty Way, Webster, New York 14580; Nationality: U.S. Citizen; Share Ownership: 3,125; Professional Experience: Private Practice Accountant, grew private practice with emphasis on manufacturing and construction/real estate, 1970-2005, KPMG, Staff Accountant, 1967-1970, United States Army, 1960-1963; Education: University of Rochester, Accounting (1967); Directorships/Other: International Accounting Agency Member, Stone Construction Co., Inc., Board Member, 1990-2005, Ultrafab, Inc., Board Member, 1994-2004, New York State Society of Certified Public Accountants, Board of Directors, 1984-1987, President Rochester Chapter of New York State Society of Certified Public Accountants, 1982-1983. Richard W. Cohen; Age: 55; Address: c/o Lowey Dannenberg Cohen & Hart, P.C., White Plains Plaza, One North Broadway, White Plains, New York 10601-2310; Nationality: U.S. Citizen; Share Ownership: 3,152; Professional Experience: President of Lowey Dannenberg Cohen & Hart P.C., a law firm which devotes a substantial amount of its practice to representation of investors in public companies. Admitted to practice in New York and Pennsylvania, and the bars of the U.S. Courts of Appeals for the 1st, 2nd, 3rd, 6th and 11th Circuits; and the U.S. District Courts for the Southern and Eastern Districts of New York, the Eastern District of Michigan and the Eastern District of Pennsylvania; Education: Graduate of Georgetown University (A.B. 1977) and the New York University School of Law (J.D. 1980); Directorships/Other: N/A. Phillip Goldstein; Age: 64; Address: Park 80 West, 250 Pehle Avenue, Suite 708, Saddle Brook, New Jersey 07663; Share Ownership: N/A; Directorships/Other: Mr. Goldstein is an investment advisor and a principal of the general partner of six investment partnerships in the Bulldog Investors group of funds and is a principal of Brooklyn Capital Management LLC, the investment advisor for Insured Municipal Income Fund. He has been a director of the Mexico Equity and Income Fund since 2000, Brantley Capital Corporation since 2001, ASA Ltd since 2008 and Insured Municipal Income Fund since 2009. Robert Hoyt, Ph.D.; Age: 59; Address: c/o Keyflex Group, 1953 N. Howe Street, Chicago, Illinois 60614; Nationality: U.S. Citizen; Share Ownership: 3,620; Professional Experience: The Crestview Capital Funds, Managing Partner, 2003-current; Pentacon, Inc., Executive Vice-President of Business Development, 1998-2003; Education: Ph.D. Clinical Psychology, Yeshiva University; M.A., Northwestern University; B.A., Sarah Lawrence College; Directorships/Other: North American Technologies (NAMC), QVL Pharmacy; Sarah Lawrence College, Francis W. Parker School, Chicago Sinai Congregation, Hillview Capital Advisors, and the Civic Leadership Foundation. Jeffrey P. Lessard, Ph.D., CFA; Age: 57; Address: 12 - A 317 RIT College of Business, Department of Finance and Accounting, Rochester, New York 14623; Share Ownership: N/A; Professional Experience: Academic Director of Consumer Finance, Associate Director of the center for Consumer Financial Services and professor of Finance at the Rochester Institute of Technology; Education/Other: Ph.D., Finance, University of Arkansas; M.A., Financial Economics, University of Arkansas, M.B.A., Accounting, Plymouth State College of the University of New Hampshire; B.S. Marketing, Political Science, University of New Hampshire; Directorships/Other: Obtained Chartered Financial Analyst designation and is a member of the Disciplinary Review Committee of the Chartered Financial Analysts Institute. Dr. Lessard's primary teaching interests are in the areas of wealth management, investment analysis and portfolio performance. Dr. Lessard has published in a wide variety of journals such as the American Business Review, Akron Business and Economic Review, New York Business and Economic Review, Business Insights, Journal of Financial Education, Journal of Global Business and Southern Business Review. Dr. Lessard's current scholarly interests are in the areas of corporate valuation, performance and presentation standards in the investments industry and the influence of the board of directors upon the creation of shareholder value. Brad Orvieto; Age: 52; Address: c/o Strategic Asset Management Group, 800 South Andrews Avenue, Suite 204, Fort Lauderdale, Florida 33316; Nationality: U.S. Citizen; Share Ownership: 1,400 common shares; Professional Experience: Founded Horizon Financial Group, a Financial Planning and Investment Advisory firm, 1985. Horizon Financial Group merged with Strategic Asset Management Group, 1997; Education: University of Miami School of Business (B.B.A., (1979), International Finance and Marketing; Directorships/Other: Certified Financial Planner; Board of Directors, Equus II Inc. (EQS), 2010 Chairman of Broward County Housing Finance Authority, Steering Committee for the Incorporation of the City of Weston, McDonald Family Foundation-Trustee, City of Plantation Comprehensive Planning Board, Anti-defamation League Civil Rights Committee, Broward County Tourist Related Program Grant Panel, Broward County Cultural Arts Grant Panel, Broward County Art in Public Places Steering Committee, Board of Directors-Temple Kol Ami, Corporate Board - Broward County Boys & Girls

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Club. Arthur Charles Regan; Age: 47; Address: 1350 N. Jasmine Avenue, Tarpon Springs, Florida 34689, Nationality: U.S. Citizen; Share Ownership: N/A; Professional Experience: Mr. Regan is currently the President & CEO of Regan & Associates, Inc. a NY, NY based proxy solicitation/shareholder services firm founded by him in 1991 and has had numerous articles published on shareholder related matters. He was previously the President of David Francis & Co., Inc. and a Vice President at Morrow & Co, Inc., also proxy solicitation firms; Education/Other: BS in Management & Organizational Behavior from NYU (1984); Directorships/Other: He also formerly served as an outside director and Corporate Secretary for US Wats, Inc. a Bala-Cynwyd, PA based publicly held telecommunications firm until that firm was merged out of existence. Mr. Regan also manages his own investment portfolio and has since 1984.