

PUTNAM MASTER INTERMEDIATE INCOME TRUST  
Form DEF 14A  
January 02, 2008

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(A)  
of the Securities Exchange Act of 1934**

Filed by the Registrant / X /

Filed by a Party other than the Registrant / /

Check the appropriate box:

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

**PUTNAM MASTER INTERMEDIATE INCOME TRUST**

(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:
  - (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:

---

# The proxy statement

Putnam Master Intermediate Income Trust

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' recommendations on page 4 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, which cost your fund money.

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 advisor.

---

## Table of contents

A Message from the Chairman	1
Notice of Annual Meeting of Shareholders	3
Trustees' Recommendations.	4
The Proposals	5
Proposal 1	5
Proposal 2.	25
Further Information About Voting and the Meeting	37
Fund Information	41
Exhibit A -- Audit and Compliance Committee Charter	49

PROXY CARD(S) ENCLOSED

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

---

## A Message from the Chairman

Dear Fellow Shareholder:

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

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

Although Trustees do not manage fund portfolios, they play an important role in protecting fund shareholders, and are responsible for approving the fees paid to your fund's investment adviser and its affiliates, reviewing overall fund expenses, selecting the fund's auditors, monitoring conflicts of interest, overseeing the fund's compliance with federal securities laws and voting proxies for the fund's portfolio securities.

Consistent with the Investment Company Act of 1940 and SEC rules, more than three-quarters of your fund's Trustees currently are independent of the fund and Putnam Investments. Your fund's Trustees have also in the past several years been at the forefront of reform efforts affecting the mutual fund industry, including ending the practice of directing fund brokerage commissions to brokers in connection with sales of open-end fund shares, instituting measures to discourage excessive short-term trading in open-end funds and promoting other initiatives to reduce shareholder expenses and improve fund disclosures.

**\* Converting your fund to an open-end investment company**

Your fund's governing documents require the fund to submit for shareholder vote a proposal to convert the fund to an open-end investment company if the fund's shares trade at a discount from net asset value over a specified time period. The Trustees recommend that shareholders vote against converting your fund. As discussed in this Proxy Statement, the Trustees believe that your fund's status as a closed-end fund offers potential investment benefits, including the ability to remain more fully invested in longer-term, higher-yielding securities. The

1

---

Trustees do not believe that recent discount levels are currently a sufficient justification for abandoning the advantages of the closed-end structure through conversion to open-end status.

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, their fund may have to incur the expense of follow-up solicitations. 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 customer services representative at 1-800-225-1581 or contact your financial advisor.

Sincerely yours,

John A. Hill, Chairman

2

---

**PUTNAM MASTER INTERMEDIATE INCOME TRUST**

## Notice of Annual Meeting of Shareholders

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

To the Shareholders of Putnam Master Intermediate Income Trust: The Annual Meeting of Shareholders of your fund will be held on January 31, 2008 at 11:00 a.m., Boston time, at the principal offices of the fund on the 8th floor of One Post Office Square, Boston, Massachusetts 02109, to consider the following:

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

**2. Converting your fund to an open-end investment company and authorizing certain related amendments to your fund's Agreement and Declaration of Trust.**

By Judith Cohen, Clerk, on behalf of the Trustees John A. Hill, Chairman Jameson A. Baxter, Vice Chairman Charles E. Haldeman, Jr., President

Charles B. Curtis  
Robert J. Darretta  
Myra R. Drucker  
Paul L. Joskow  
Kenneth R. Leibler  
Elizabeth T. Kennan  
Robert E. Patterson  
George Putnam, III  
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.**

January 4, 2008

3

---

## Proxy Statement

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

**\* Who is asking for your vote?**

The enclosed proxy is solicited by the Trustees of Putnam Master Intermediate Income Trust for use at the Annual Meeting of Shareholders of the fund to be held on January 31, 2008, and, if your fund's meeting is adjourned, at any later meetings, for the purposes stated in the Notice of Annual Meeting of Shareholders (see page 3). The Notice of Annual Meeting of Shareholders, the proxy and the Proxy Statement are being mailed on or about January 4, 2008.

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

The Trustees recommend that you vote:

**1. FOR fixing the number of Trustees at 13 and electing your fund's nominees for Trustees; and**

**2. AGAINST converting your fund to an open-end investment company and authorizing certain related amendments to your fund's Agreement and Declaration of Trust**

**\* Who is eligible to vote?**

Shareholders of record at the close of business on November 23, 2007 are entitled to be present and to vote at the meeting or any adjourned meeting.

Each share is entitled to one vote. 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' recommendations. If any other business is brought before your fund's meeting, your shares will be voted at the discretion of the persons designated on the proxy card.

4

---

## The Proposals

### 1. ELECTION OF TRUSTEES

**\* Who are the nominees for Trustees?**

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

The Board of Trustees, based on the recommendation of the Board Policy and Nominating Committee, recommends that the number of Trustees be fixed at 13 and that you vote for the election of the nominees described in the following pages. Each nominee is currently a Trustee of your fund and of the other Putnam funds.

The nominees for Trustees and their backgrounds are shown in the following pages. This information includes each nominee's name, year of birth, principal occupation(s) during the past 5 years, and other information about the nominee's professional background, including other directorships the nominee holds. Each Trustee oversees all of the Putnam funds and serves until the election and qualification of his or her successor, or until he or she sooner dies, resigns, retires at age 72, or is removed. The address of all of the Trustees is One Post Office Square, Boston, Massachusetts 02109. At December 31, 2006, there were 107 Putnam funds.

5

---

**\* Independent Trustees**

**Jameson A. Baxter** (Born 1943)

Trustee since 1994 and Vice Chairman since 2005

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

Ms. Baxter serves as a Director of ASHTA Chemicals, Inc., Ryerson, Inc. (a metals service corporation), the Mutual Fund Directors Forum and Advocate Health Care. She is Chairman Emeritus of the Board of Trustees, Mount Holyoke College, having served as Chairman for five years. Until 2007, she was a Director of Banta

Corporation (a printing and supply chain management company). Until 2004, she was a Director of BoardSource (formerly the National Center for Nonprofit Boards), and until 2002, she was a Director of Intermatic Corporation (a manufacturer of energy control products).

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

**Charles B. Curtis** (Born 1940)

Trustee since 2001

Mr. Curtis is President and Chief Operating Officer of the Nuclear Threat Initiative (a private foundation dealing with national security issues) and serves as Senior Advisor to the United Nations Foundation.

Mr. Curtis is a member of the Council on Foreign Relations and serves as a Director of Edison International and Southern California Edison. Until 2006, Mr. Curtis served as a Member of the Trustee Advisory Council of the Applied Physics Laboratory, Johns Hopkins University. Until 2003, Mr. Curtis was a Member of the Electric Power Research Institute Advisory Council and the University of Chicago Board of Governors for Argonne National Laboratory. Prior to 2002, Mr. Curtis was a Member of the Board of Directors of the Gas Technology Institute and the Board of Directors of the Environment and Natural Resources Program Steering Committee, John F. Kennedy School of Government, Harvard University. Until 2001, Mr. Curtis was a Member of the Department of Defense Policy Board and Director of EG&G

6

---

Technical Services, Inc. (a fossil energy research and development support company).

From August 1997 to December 1999, Mr. Curtis was a Partner at Hogan & Hartson L.L.P., a Washington, D.C. law firm. Prior to May 1997, Mr. Curtis was Deputy Secretary of Energy and Under Secretary of the U.S. Department of Energy. He served as Chairman of the Federal Energy Regulatory Commission from 1977 to 1981 and has held positions on the staff of the U.S. House of Representatives, the U.S. Treasury Department, and the SEC.

**Robert J. Darretta** (Born 1946)

Trustee since 2007

Mr. Darretta serves as a Director of UnitedHealth Group, a diversified health-care conglomerate. Until April 2007, Mr. Darretta was Vice Chairman of the Board of Directors of Johnson & Johnson, a diversified health-care conglomerate. Prior to 2007, Mr. Darretta held several accounting and finance positions with Johnson & Johnson, including Chief Financial Officer, Executive Vice President, and Treasurer.

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

**Myra R. Drucker** (Born 1948)

Trustee since 2004

Ms. Drucker is Chair of the Board of Trustees of Commonfund (a not-for-profit firm specializing in asset management for educational endowments and foundations), Vice Chair of the Board of Trustees of Sarah Lawrence College, and a member of the Investment Committee of the Kresge Foundation (a charitable trust). She is also a Director of New York Stock Exchange LLC, a wholly-owned subsidiary of the publicly-traded NYSE Group, Inc., a Director of Interactive Data Corporation (a provider of financial market data, analytics and related services to financial institutions and individual investors), and an advisor to RCM Capital Management (an investment management firm).

Ms. Drucker is an ex-officio member of the New York Stock Exchange (NYSE) Pension Managers Advisory Committee, having served as Chair for seven years.

7

---

Until August 31, 2004, Ms. Drucker was Managing Director and a member of the Board of Directors of General Motors Asset Management and Chief Investment Officer of General Motors Trust Bank. Ms. Drucker also served as a member of the NYSE Corporate Accountability and Listing Standards Committee and the NYSE/NASD IPO Advisory Committee.

Prior to joining General Motors Asset Management in 2001, Ms. Drucker held various executive positions in the investment management industry. Ms. Drucker served as Chief Investment Officer of Xerox Corporation (a technology and service company in the document industry), where she was responsible for the investment of the company's pension assets. Ms. Drucker was also Staff Vice President and Director of Trust Investments for International Paper (a paper products, paper distribution, packaging and forest products company) and previously served as Manager of Trust Investments for Xerox Corporation. Ms. Drucker received a B.A. degree in Literature and Psychology from Sarah Lawrence College and pursued graduate studies in economics, statistics and portfolio theory at Temple University.

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

Trustee since 1985 and Chairman since 2000

Mr. Hill is Vice Chairman of First Reserve Corporation, a private equity buyout firm that specializes in energy investments in the diversified worldwide energy industry.

Mr. Hill is a Director of Devon Energy Corporation and various private companies controlled by First Reserve Corporation, as well as Chairman of TH Lee, Putnam Investment Trust (a closed-end investment company advised by an affiliate of Putnam Management). He is also a Trustee of Sarah Lawrence College. Until 2005, he was a Director of Continuum Health Partners of New York.

Prior to acquiring First Reserve Corporation in 1983, Mr. Hill held executive positions in investment banking and investment management with several firms and with the federal government, including Deputy Associate Director of the Office of Management and Budget and Deputy Director of the Federal Energy Administration. He is active in various business associations, including the Economic Club of New York, and lectures on energy issues in the United States and Europe. Mr. Hill holds a B.A. degree in Economics from Southern Methodist University and pursued graduate studies there as a Woodrow Wilson Fellow.

8

---

**Paul L. Joskow** (Born 1947)

Trustee since 1997

Dr. Joskow is an economist and President of the Alfred P. Sloan Foundation (a philanthropic institution focused primarily on research and education on issues related to science, technology, and economic performance). He is on leave from his position as the Elizabeth and James Killian Professor of Economics and Management at the Massachusetts Institute of Technology (MIT), where he has been on the faculty since 1972. Dr. Joskow was the Director of the Center for Energy and Environmental Policy Research at MIT from 1999 through 2007. Dr. Joskow serves as a Director of TransCanada Corporation (an energy company focused on natural gas transmission and power services) and Exelon Corporation (an energy company focused on power services) and as a Member of the Board of Overseers of the Boston Symphony Orchestra. Prior to August 2007, he served as a Director of National Grid (a UK-based holding company with interests in electric and gas transmission and distribution and telecommunications infrastructure). Prior to July, 2006, he served as President of the Yale University Council and continues to serve as a Member of the Council. Prior to February 2005, he served on the board of the Whitehead Institute for Biomedical Research (a non-profit research institution). Prior to February 2002, he was a Director of State Farm Indemnity Company (an automobile insurance company), and prior to March 2000, he was a Director of New England Electric System (a public utility holding company).

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

9

---

**Elizabeth T. Kennan** (Born 1938)

Trustee since 1992

Dr. Kennan is a Partner of Cambus-Kenneth Farm (thoroughbred horse and cattle breeding). She is President Emeritus of Mount Holyoke College. Dr. Kennan served as Chairman and is now Lead Director of Northeast Utilities, which operates New England's largest energy delivery system. She is a Trustee of the National Trust for Historic Preservation, of Centre College and of Midway College in Midway, Kentucky. Until 2006, she was a Member of The Trustees of Reservations. Prior to 2001, Dr. Kennan served on the oversight committee of the Folger Shakespeare Library. Prior to June 2005, she was a Director of Talbots, Inc., and she has served as Director on a number of other boards, including Bell Atlantic, Chastain Real Estate, Shawmut Bank, Berkshire Life Insurance, and Kentucky Home Life Insurance. Dr. Kennan has also served as President of Five Colleges Incorporated and as a Trustee of Notre Dame University, and is active in various educational and civic associations.

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

**Kenneth R. Leibler** (Born 1949)

Trustee since 2006

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

Mr. Leibler currently serves as a Trustee of Beth Israel Deaconess Hospital in Boston. He is also lead director of Ruder Finn Group, a global communications and advertising firm, and a Director of Northeast Utilities, which operates New England's largest energy delivery system. Prior to December 2006, Mr. Leibler served as a Director of the Optimum Funds Group. Prior to October 2006, he served as a director of ISO New England, the organization responsible for the operation of the electric generation system in the New England

10

---

states. Prior to 2000, Mr. Leibler was a director of the Investment Company Institute in Washington, D.C.

Prior to January 2005, Mr. Leibler served as Chairman and Chief Executive Officer of the Boston Stock Exchange. Prior to January 2000, he served as President and Chief Executive Officer of Liberty Financial Companies, a publicly traded diversified asset management organization. Prior to June 1990, he served as President and Chief Operating Officer of the American Stock Exchange (AMEX), and at the time was the youngest person in AMEX history to hold the title of President. Prior to serving as Amex President, he held the position of Chief Financial Officer and headed its management and marketing operations. Mr. Leibler graduated magna cum laude with a degree in economics from Syracuse University, where he was elected to Phi Beta Kappa.

**Robert E. Patterson** (Born 1945)

Trustee since 1984



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

Mr. Patterson serves as Chairman Emeritus and Trustee of the Joslin Diabetes Center. Prior to June 2003, he was a Trustee of the Sea Education Association. Prior to December 2001, he was President and Trustee of Cabot Industrial Trust (a publicly traded real estate investment trust). Prior to February 1998, he was Executive Vice President and Director of Acquisitions of Cabot Partners Limited Partnership (a registered investment advisor involved in institutional real estate investments). Prior to 1990, he served as Executive Vice President of Cabot, Cabot & Forbes Realty Advisors, Inc. (the predecessor company of Cabot Partners).

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

11

---

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

Mr. Putnam is Chairman of New Generation Research, Inc. (a publisher of financial advisory and other research services), and President of New Generation Advisers, Inc. (a registered investment advisor to private funds). Mr. Putnam founded the New Generation companies in 1986. Prior to June 2007, Mr. Putnam was President of the Putnam funds.

Mr. Putnam is a Director of The Boston Family Office, LLC (a registered investment adviser). He is a Trustee of St. Mark's School. Until 2006, he was a Trustee of Shore Country Day School and until 2002 he was a Trustee of the Sea Education Association.

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

**W. Thomas Stephens** (Born 1942)

Trustee since 1997

Mr. Stephens is Chairman and Chief Executive Officer of Boise Cascade, L.L.C. (a paper, forest product and timberland assets company).

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

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

12

---

**Richard B. Worley** (Born 1945)

Trustee since 2004

Mr. Worley is Managing Partner of Permit Capital LLC (an investment management firm).

Mr. Worley serves as a Trustee of the University of Pennsylvania Medical Center, The Robert Wood Johnson Foundation (a philanthropic organization devoted to health care issues) and the National Constitution Center. He is also a Director of The Colonial Williamsburg Foundation (a historical preservation organization) and the Philadelphia Orchestra Association. Mr. Worley also serves on the investment committees of Mount Holyoke College and World Wildlife Fund (a wildlife conservation organization).

Prior to joining Permit Capital LLC in 2002, Mr. Worley served as Chief Strategic Officer of Morgan Stanley Investment Management. He previously served as President, Chief Executive Officer and Chief Investment Officer of Morgan Stanley Dean Witter Investment Management and as a Managing Director of Morgan Stanley, a financial services firm. Mr. Worley also was the Chairman of Miller Anderson & Sherrerd, an investment management firm.

Mr. Worley holds a B.S. degree from the University of Tennessee and pursued graduate studies in economics at the University of Texas.

**\* Interested Trustee**

**Charles E. Haldeman, Jr.\*** (Born 1948)

Trustee since 2004 and President of the Funds since 2007

Mr. Haldeman is President and Chief Executive Officer of Putnam, LLC ("Putnam Investments") and President of the Putnam Funds. He is a member of Putnam Investments' Executive Board of Directors and Advisory Council. Prior to November 2003, Mr. Haldeman served as Co-Head of Putnam Investments' Investment Division.

Prior to joining Putnam Investments in 2002, Mr. Haldeman held executive positions in the investment management industry. He previously served as Chief Executive Officer of Delaware Investments and President and Chief Operating Officer of United Asset Management. Mr. Haldeman was also a partner and director of Cooke & Bieler, Inc. (an investment management firm).

13

---

Mr. Haldeman currently serves on the Board of Governors of the Investment Company Institute and as Chair of the Board of Trustees of Dartmouth College. He also serves on the Partners HealthCare Investment Committee, the Tuck School of Business and Dartmouth College Board of Overseers, and the Harvard Business School Board of Dean's Advisors. He is a graduate of Dartmouth College, Harvard Law School and Harvard Business School. Mr. Haldeman is also a Chartered Financial Analyst (CFA) charterholder.

\* Nominee who is an "interested person" (as defined in the 1940 Act) of the fund, Putnam Management and/or Putnam Retail Management. Mr. Haldeman is the President of your fund and each of the other Putnam funds, and is President and Chief Executive Officer of Putnam Investments. None of the other nominees is an "interested person."

All the nominees other than Mr. Darretta were elected by the shareholders of the fund on January 11, 2007. Mr. Darretta became a Trustee of the fund by vote of the Board of Trustees on July 12, 2007.

Each of the nominees has agreed to serve as a Trustee, if elected. If any of the nominees is unavailable for election at the time of the meeting, which is not anticipated, the Trustees may vote for other nominees at their discretion, or the Trustees may fix the number of Trustees at fewer than 13 for your fund.

14

---

**\* What are the Trustees' responsibilities?**

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

At least 75% of the trustees of your fund are required to not be "interested persons" (as defined in the 1940 Act) of your fund or your fund's investment manager. These independent trustees, who are referred to in this proxy statement as "Independent Trustees," must vote separately to approve all financial arrangements and other agreements with your fund's investment manager and other affiliated parties. The role of independent trustees has been characterized as that of a "watchdog" charged with oversight to protect shareholders' interests against overreaching and abuse by those who are in a position to control or influence a fund. Your fund's Independent Trustees meet regularly as a group in executive session. Twelve of the 13 nominees for election as Trustee are now, and would be, if elected, Independent Trustees.

**Board committees.** Your fund's Trustees have determined that the efficient conduct of your fund's affairs makes it desirable to delegate responsibility for certain specific matters to committees of the board. Certain committees (the Executive Committee, Distributions Committee, and Audit and Compliance Committee) are authorized to act for the Trustees as specified in their charters. The other committees review and evaluate matters specified in their charters and make recommendations to the Trustees as they deem appropriate. Each committee may utilize the resources of your fund's independent staff, counsel and auditors as well as other experts. The committees meet as often as necessary, either in conjunction with regular meetings of the Trustees or otherwise. The membership and chairperson of each committee are appointed by the Trustees upon recommendation of the Board Policy and Nominating Committee.

15

---

**Audit and Compliance Committee.** The Audit and Compliance Committee provides oversight on matters relating to the preparation of the funds' financial statements, compliance matters, internal audit functions, and Codes of Ethics issues. This oversight is discharged by regularly meeting with management and the funds' independent auditors and keeping current on industry developments. Duties of this Committee also include the review and evaluation of all matters and relationships pertaining to the funds' independent auditors, including their independence. The members of the Committee include only Trustees who are not "interested persons" of the funds or Putnam Management. Each member of the Committee also is "independent," as such term is interpreted for purposes of Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended, and the listing standards of the New York Stock Exchange. The Board of Trustees has adopted a written charter for the Committee. The Audit and Compliance Committee's charter, which is included in this Proxy Statement as Exhibit A, is also available on the fund's web site at [https://content.putnam.com/individual\\_investor/pdf/committee\\_charter.pdf](https://content.putnam.com/individual_investor/pdf/committee_charter.pdf). Print copies of the charter are available free of charge upon request by calling 1-800-225-1581. The Committee currently consists of Messrs. Patterson (Chairperson), Darretta, Hill, Leibler and Stephens and Ms. Drucker.

**Board Policy and Nominating Committee.** The Board Policy and Nominating Committee reviews matters pertaining to the operations of the Board of Trustees and its Committees, the compensation of the Trustees and their staff and the conduct of legal affairs for the funds. The Committee evaluates and recommends all candidates for election as Trustees and recommends the appointment of members and chairs of each board committee. The Committee will consider nominees for Trustee recommended by shareholders of a fund provided that such recommendations are submitted by the date disclosed in the fund's proxy statement and otherwise comply with applicable securities laws, including Rule 14a-8 under the Securities Exchange Act of 1934, as amended. The Committee also reviews policy matters affecting the operation of the Board and its independent staff. In addition, the Committee oversees the voting of proxies associated with portfolio investments of the funds with the goal of ensuring that these proxies are voted in the best interest of the funds' shareholders. The Committee reports to the Trustees and makes recommendations to the Trustees regarding these matters. The Committee is composed entirely of

16

---

Trustees who are not "interested persons" of the funds or Putnam Management and currently consists of Dr. Kennan (Chairperson), Ms. Baxter and Messrs. Hill, Patterson and Putnam.

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

**Communications, Service and Marketing Committee.** The Communications, Service and Marketing Committee reviews the quality of services provided to shareholders and oversees the marketing and sale of fund shares by Putnam Retail Management. The Committee also exercises general oversight of marketing and sales communications used by Putnam Retail Management, as well as other communications sent to fund shareholders. The Committee also reviews periodic summaries of any correspondence to the Trustees from shareholders. The Committee reports to the Trustees and makes recommendations to the Trustees regarding these matters. The Committee currently consists of Messrs. Putnam (Chairperson), Curtis, Patterson and Stephens and Drs. Joskow and Kennan.

**Contract Committee.** The Contract Committee reviews and evaluates at least annually all arrangements pertaining to (i) the engagement of Putnam Management and its affiliates to provide services to the funds, (ii) the expenditure of the funds' assets for distribution purposes pursuant to Distribution Plans of the open-end funds, and (iii) the engagement of other persons to provide material services to the funds, including in particular those instances where the cost of services is shared between the funds and Putnam Management and its affiliates or where Putnam Management or its affiliates have a material interest. The Committee also reviews the proposed organization of new fund

17

---

products and proposed structural changes to existing funds. The Committee reports and makes recommendations to the Trustees regarding these matters. The Committee currently consists of Ms. Baxter (Chairperson), Drs. Joskow and Kennan and Messrs. Curtis, Putnam and Worley.

**Distributions Committee.** The Distributions Committee oversees all dividends and distributions by the funds. The Committee makes recommendations to the Trustees of the funds regarding the amount and timing of distributions paid by the funds, and determines such matters when the Trustees are not in session. The Committee also oversees the policies and procedures pursuant to which Putnam Management prepares recommendations for distributions, and meets regularly with representatives of Putnam Management to review the implementation of such policies and procedures. The Committee reports to the Trustees and makes recommendations to the Trustees regarding these matters. The Committee currently consists of Ms. Drucker (Chairperson) and Messrs. Darretta, Hill, Leibler, Patterson and Stephens.

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

**Investment Oversight Committees.** The Investment Oversight Committees regularly meet with investment personnel of Putnam Management to review the investment performance and strategies of the funds in light of their stated investment objectives and policies. The Committees seek to identify any compliance issues that are unique to the applicable categories of funds and work with the appropriate Board committees to ensure that any such issues are properly addressed.

Investment Oversight Committee A currently consists of Messrs. Leibler (Chairperson) and Stephens and Dr. Joskow. Investment Oversight Committee B currently consists of Messrs. Darretta (Chairperson), Curtis and Hill. Investment Oversight Committee C currently consists of Messrs. Worley (Chairperson) and Patterson and Ms. Baxter. Investment Oversight Committee D currently consists of Ms. Drucker (Chairperson), Messrs. Haldeman and Putnam and Dr. Kennan.

**Investment Oversight Coordinating Committee.** The Investment Oversight Coordinating Committee coordinates the work of the Investment Oversight Committees and works with representatives of Putnam Management to coordinate the Board's general oversight of the investment performance of the funds. From time to time, as determined by the Chairman of the Board, the Committee may also review particular matters relating to fund investments and Putnam Management's investment process. The Committee currently consists of Ms. Drucker (Chairperson) and Messrs. Darretta, Leibler and Worley.

**Pricing Committee.** The Pricing Committee oversees the valuation of assets of the Putnam funds and reviews the funds' policies and procedures for achieving accurate and timely pricing of fund shares. The Committee also oversees implementation of these policies, including fair value determinations of individual securities made by Putnam Management or other designated agents of the funds. The Committee also oversees compliance by money market funds with Rule 2a-7, inter-fund transactions pursuant to Rule 17a-7 and the correction of occasional pricing errors. The Committee also reviews matters related to the liquidity of portfolio holdings. The Committee reports to the Trustees and makes recommendations to the Trustees regarding these matters. The Committee currently consists of Messrs. Leibler (Chairperson), Darretta, Hill, Patterson and Stephens and Ms. Drucker.

**\* How large a stake do the Trustees and nominees have in the Putnam family of funds?**

The Trustees allocate their investments among the Putnam funds based on their own investment needs. The table below shows the number of shares beneficially owned by each nominee for Trustee and the value of each nominee's holdings in the fund and in all of the Putnam funds as of October 31, 2007. As a group, the Trustees owned shares of the Putnam funds valued at approximately \$92 million as of October 31, 2007.

**Putnam Master Intermediate Income Trust**

Name of Nominee	Dollar Range of Putnam Master Intermediate Income Trust Shares Owned	Shares of	
		Putnam Master Intermediate Income Trust Beneficially Owned	Aggregate Dollar Range of Shares held in all of the Putnam funds
Jameson A. Baxter	\$1-\$10,000	473.930	over \$100,000
Charles B. Curtis	\$1-\$10,000	119.771	over \$100,000
Robert J. Darretta	\$0	0	over \$100,000
Myra R. Drucker	\$1-\$10,000	110.827	over \$100,000
Charles E. Haldeman, Jr.	\$1-\$10,000	510	over \$100,000
John A. Hill	\$1-\$10,000	450.768	over \$100,000
Paul L. Joskow	\$1-\$10,000	100	over \$100,000
Elizabeth T. Kennan	\$1-\$10,000	465.436	over \$100,000
Kenneth Leibler	\$1-\$10,000	100	over \$100,000
Robert E. Patterson	\$1-\$10,000	587	over \$100,000

George Putnam, III	\$10,001-\$50,000	2,178	over \$100,000
W. Thomas Stephens	\$1-\$10,000	100	over \$100,000
Richard B. Worley	\$1-\$10,000	104.740	over \$100,000

At October 31, 2007, the Trustees and officers of your fund, as a group, owned less than 1% of the outstanding shares of the fund on that date.

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

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

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

by carefully reviewing the quality of the various other services provided to your fund and its shareholders by Putnam Management and its affiliates;

by discussing with senior management of Putnam Management steps being taken to address any performance deficiencies;

20

---

by reviewing in depth the fees paid by your fund and by negotiating with Putnam Management to ensure that such fees remain reasonable and competitive with those of comparable funds, while at the same time providing Putnam Management sufficient resources to continue to provide high quality services in the future;

by reviewing brokerage costs and fees, allocations among brokers, soft dollar expenditures and similar expenses of your fund;

by monitoring potential conflicts of interest between the funds and Putnam Management and its affiliates to ensure that the funds continue to be managed in the best interests of their shareholders; and

by monitoring potential conflicts among funds managed by Putnam to ensure that shareholders continue to realize the benefits of participation in a large and diverse family of funds.

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

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

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

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

The Office of the Trustees will respond to all correspondence sent to Trustees; however, due to the volume of correspondence, all communications are not sent directly to the Trustees. The correspondence is reviewed, summarized and presented to the Trustees on a periodic basis.

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

The Trustees hold regular meetings each month (except August), usually over a two-day period, to review the operations of your fund and of the other Putnam funds. A portion of these meetings is devoted to meetings of various committees of the board that focus on particular matters. Each Trustee generally attends at least two formal committee meetings during each regular meeting of the Trustees. In addition, the Trustees meet in small groups with Chief Investment Officers, Portfolio Leaders and Portfolio Members to review recent performance and the current investment climate for selected funds. These meetings ensure that each fund's performance is reviewed in detail at least twice a year. The committees of the board, including the Executive Committee, may also meet on special occasions as the need arises. During calendar year 2006, the average Trustee participated in approximately 64 committee and board meetings.

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

**Putnam Master Intermediate Income Trust**

Fiscal year ended September 30, 2007

Audit and Compliance Committee	11
Board Policy and Nominating Committee	13
Brokerage Committee	6
Communications, Service and Marketing Committee*	8
Contract Committee	19
Distributions Committee	11
Executive Committee	2
Investment Oversight Committees	35
Investment Oversight Coordinating Committee**	9
Pricing Committee	9

\* Effective July 2007, certain responsibilities of the Marketing Committee and the Shareholder Communications and Relations Committee were assigned to a new committee, the Communications, Service and Marketing Committee. The number of meetings indicated for the Communications, Service and Marketing Committee includes the number of meetings held by the Marketing Committee and the Shareholder Communications and Relations Committee during the fund's last fiscal year.

\*\* Effective July 2007, certain responsibilities of the Investment Process Committee were assigned to a new committee, the Investment Oversight Coordinating Committee. The number of meetings indicated for the Investment Oversight Coordinating Committee includes the number of meetings held by the Investment Process Committee during the fund's last fiscal year.

Your fund does not have a policy with respect to Trustee attendance at shareholder meetings. Although your fund's Trustees did not attend the last annual meeting of your fund, they were represented at the meeting by their staff.

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

Each Independent Trustee of the fund receives an annual retainer fee and additional fees for each Trustees' meeting attended, for attendance at industry seminars and for certain compliance-related services. Independent Trustees who serve on board committees receive additional fees for attendance at certain committee meetings and for special services rendered in that connection. Independent Trustees also are reimbursed for costs incurred in connection with their services, including costs of travel, seminars and educational materials. All of the current

Edgar Filing: PUTNAM MASTER INTERMEDIATE INCOME TRUST - Form DEF 14A

Independent Trustees of the fund are Trustees of all the Putnam funds and receive fees for their services.

The Trustees periodically review their fees to ensure that such fees continue to be appropriate in light of their responsibilities as well as in relation to fees paid to trustees of other mutual fund complexes. The Board Policy and Nominating Committee, which consists solely of Independent Trustees of the fund, estimates that committee and Trustee meeting time, together with the appropriate preparation, requires the equivalent of at least three business days per Trustee meeting. The following table shows the year each Trustee became a Trustee of the Putnam funds, and the fees paid to each of those Trustees by your fund for its most recent fiscal year and the fees paid to each of those Trustees by all of the Putnam funds during calendar year 2006:

23

**Putnam Master Intermediate Income Trust Compensation Table**

Fiscal year ended September 30, 2007

Trustees/Year	Aggregate compensation from the fund	Retirement benefits accrued as part of fund expenses	Estimated annual benefits from all Putnam funds upon retirement <sup>(1)</sup>	Total compensation from all Putnam funds <sup>(2)</sup>
Jameson A. Baxter/1994 <sup>(3)</sup>	\$2,859	\$1,077	\$110,500	\$290,000
Charles B. Curtis/2001	2,830	912	113,900	300,000
Robert J. Darretta/2007 <sup>(6)</sup>	906	N/A	N/A	N/A
Myra R. Drucker/2004 <sup>(3)</sup>	2,957	N/A	N/A	290,000
Charles E. Haldeman, Jr./2004	0	N/A	N/A	0
John A. Hill/1985 <sup>(3)(4)</sup>	3,617	1,724	161,700	421,419
Paul L. Joskow/1997 <sup>(3)</sup>	2,858	754	113,400	295,000
Elizabeth T. Kennan/1992 <sup>(3)</sup>	2,897	1,433	108,000	300,000
Kenneth R. Leibler/2006 <sup>(5)</sup>	2,739	N/A	N/A	7,500
Robert E. Patterson/1984	2,897	964	106,500	300,000
George Putnam, III/1984 <sup>(4)</sup>	3,005	864	130,300	320,000
W. Thomas Stephens/1997	2,818	938	107,100	290,000
Richard B. Worley/2004	2,818	N/A	N/A	300,000

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

(2) As of December 31, 2006, there were 107 funds in the Putnam fund family. For Mr. Hill, amounts shown also include compensation for service as Chairman of TH Lee, Putnam Emerging Opportunities Portfolio, a closed-end fund advised by an affiliate of Putnam Management.

(3) Certain Trustees are also owed compensation deferred pursuant to a Trustee Compensation Deferral Plan. As of the dates identified below, the total amounts of deferred compensation payable by the fund, including income earned on such amounts, to certain Trustees were:

**Putnam Master Intermediate Income Trust** (September 30, 2007) Ms. Baxter - \$5,962; Ms. Drucker - \$1,076; Mr. Hill - \$29,839; Dr. Joskow - \$7,087; Dr. Kennan - \$1,073.

(4) Includes additional compensation to Messrs. Hill and Putnam, III, for service as Chairman of the Trustees and President of the Funds, respectively. Effective June 1, 2007, Mr. Haldeman became President of the Funds.



(5) Mr. Leibler was elected to the Board of Trustees of the Putnam funds on October 12, 2006.

(6) Mr. Darretta was elected to the Board of Trustees of the Putnam funds on July 12, 2007.

24

---

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

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

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

If a quorum is present at the Annual Meeting, the thirteen nominees for election as Trustees who receive the greatest number of votes cast at the Annual Meeting will be elected Trustees.

**2. APPROVAL OR DISAPPROVAL OF THE CONVERSION OF YOUR FUND FROM CLOSED-END TO OPEN-END STATUS AND CERTAIN RELATED AMENDMENTS TO YOUR FUND'S AGREEMENT AND DECLARATION OF TRUST**

**\* What is this proposal?**

Shareholders will have the opportunity to vote at the meeting on the question of whether your fund should be converted from a closed-end fund to an open-end fund. If the conversion is approved, your fund's shares would become redeemable directly from your fund at net asset value, eliminating any discount of market price to net asset value. In order to address the organizational changes necessitated by any conversion from closed-end to open-end status, approval of this proposal would also authorize the Trustees to make such amendments to your

25

---

fund's Agreement and Declaration of Trust (the "Declaration of Trust") as they may deem necessary or appropriate.

**\* Why is this question being submitted to shareholders?**

Your fund's Declaration of Trust requires that shareholders of your fund be given the opportunity to vote on a proposal to convert your fund from closed-end to open-end status if the fund's common shares have traded at an average discount of more than 10% from its net asset value per share during the last twelve calendar weeks of the preceding fiscal year (measured as of the last trading day in each such week). For the twelve weeks ended September 30, 2007, your fund's shares traded at an average discount from net asset value per share of 10.54%, requiring that this proposal be submitted to shareholders.

In accordance with the Declaration of Trust, your fund has previously submitted identical proposals to shareholders. At the June 29, 2006 and January 11, 2007 annual meetings, shareholders representing roughly 9.73% and 14.04%, respectively, of your fund's outstanding common shares voted in favor of converting the fund to open-end status, while 28.97% and 32.33%, respectively, of the outstanding common shares were voted against the proposal. (The affirmative vote of a majority of the outstanding common shares would have been

required in order to pass each such proposal.)

**\* What do the Trustees recommend?**

**The Trustees of your fund believe that the continued operation of your fund as a closed-end fund is in the best long-term interests of your fund's shareholders. Accordingly, the Trustees of your fund unanimously recommend that shareholders vote "AGAINST" this proposal.**

**\* Why are the Trustees recommending a vote against a conversion?**

In recommending a vote against converting your fund to open-end status, the Trustees considered the following factors:

*Potential investment advantages.* The Trustees believe that your fund's closed-end status provides potential investment advantages not available to open-end fund investors. Because your fund's shares are not redeemable, your fund is not required to maintain short-term,

26

---

lower-yielding investments in anticipation of possible redemptions, and generally can be more fully invested in higher-yielding securities. As a closed-end fund, your fund does not experience the cash flows associated with sales and redemptions of open-end fund shares, which create transaction costs that are borne by long-term shareholders. Such cash flows may at times also require temporary investment in short-term, lower-yielding securities, pending investment in longer-term, higher-yielding securities.

*Tender offers by your fund and other Putnam closed-end funds.* In February 2007, the Trustees authorized each of eight Putnam closed-end funds, including your fund, to conduct a tender offer to purchase up to 10% of its outstanding common shares for cash at a price per share equal to 98% of the net asset value per share (NAV) as of the expiration date. The Trustees' purpose in authorizing the tender offers was to enhance liquidity for shareholders seeking to exit the funds at a price reflecting a smaller discount to net asset value than had recently been available in the market. In the case of your fund, the maximum 10% of outstanding common shares were purchased from tendering shareholders upon expiration of the tender offer in July 2007.

As announced on November 16, 2007, the Trustees have authorized your fund to conduct a further tender offer to purchase up to 15% of its outstanding common shares for cash at a price per share equal to 99% of NAV as of the expiration date of the tender offer. This additional tender offer is currently expected to commence in the first quarter of 2008. The Trustees determined to authorize this additional tender offer in order to enhance liquidity for shareholders seeking to exit the fund, following discussions with the Bulldog Investors group, a significant shareholder, and based the upon recommendations of Putnam Management. In a separate agreement between Putnam Management and Bulldog Investors, Putnam Management agreed to recommend this additional tender offer to the Trustees in return for Bulldog Investors' agreement not to propose alternative nominees for election to the Board in connection with your fund's upcoming shareholder meeting and to vote on all proposals at the meeting in accordance with the Trustees' recommendations.

*Share repurchase program.* Your fund's Trustees approved a share repurchase program (described in further detail below) that permits your fund to repurchase up to 10% of its outstanding common shares at market prices over the two-year period ending October 6, 2007 and, in September 2007, renewed the program to permit your fund to repurchase an additional 10% of its outstanding common shares in the twelve months ending October 7, 2008. The Trustees believe that share

27

---

repurchases can represent an attractive investment opportunity for your fund and be an important contributor to your fund's returns at net asset value.

*Potential for leverage.* At the 2005 annual meeting, shareholders of your fund, following the recommendation of the Trustees, approved changes to your fund's investment restrictions to allow your fund to employ investment leverage through borrowing to the maximum extent permitted by law. Closed-end funds commonly leverage their portfolios with the intention of increasing the yield to common shareholders. While your fund has not yet leveraged its portfolio, Putnam Management has informed the Trustees that it would consider making use of leverage under appropriate market conditions. Your fund's ability to use leverage in seeking increased returns and yield could help in the future to reduce the discount to net asset value at which your fund's shares may trade.

*Trading discounts.* In reviewing the trading information for your fund, the Trustees took into account the fact that its shares have consistently traded at a discount to net asset value over the past few years. They reviewed the possible causes and effects of discounts, which are discussed at more length below, and noted that discount levels for your fund have fluctuated over the years and that, for some periods, fund shares have traded at substantially lower discounts or at premiums. They noted that, during the period in June and July 2007 when your fund's tender offer was outstanding, the fund's common shares traded at an average discount of 8.32%, which offered shareholders an additional opportunity to liquidate their investment at a reduced discount if they so wished.

*Possible changes in fund size and expenses.* Following conversion to open-end status, redemptions by shareholders could cause your fund to shrink, in the near term, resulting in an increased expense ratio for remaining shareholders. Putnam Retail Management has advised the Trustees that your fund may experience significant net redemptions shortly following a conversion to open-end status, thereby shrinking the fund's size and creating significant transaction costs. If shareholders approve a conversion to open-end status, the Trustees would intend to instate a redemption fee for a period of time following conversion, with the purpose of at least partly offsetting the transaction costs that may

28

---

result from significant redemptions of shares. The terms of any redemption fee would be determined at a later time, but the Trustees do not expect that the fee would exceed 2% or be imposed on redemptions for a period of longer than one year following conversion.

Since open-end funds may continuously offer new shares to the public, they also have the ability to increase in size, and growth in your fund's size following a conversion to open-end status could result in efficiencies and the ability to spread fixed costs over a larger pool of assets. In order to increase assets in the face of redemptions following a conversion, the Trustees would likely consider commencing a continuous offering of shares of your fund and might also recommend, subject to shareholder approval, that your fund adopt a distribution plan under Rule 12b-1 under the 1940 Act. Under the current plans for Class A shares of open-end Putnam funds, Putnam Retail Management, those funds' principal underwriter, receives annual distribution fees of 0.25% of net assets, though the applicable plans permit fees of up to 0.35% .

**\* What does it mean when fund shares trade at a discount?**

Since closed-end funds are not required to redeem their shares, investors in closed-end funds who wish to liquidate their investment must sell their shares in the secondary markets. To promote the availability of active secondary markets for shareholders who wish to sell their shares, your fund has listed its shares for trading on the New York Stock Exchange. Prices in these secondary markets are determined by market forces and fluctuate over time. They also fluctuate in relation to a fund's net asset value. Closed-end fund shares generally trade at a discount to their net asset value but at times may trade at a premium.

Putnam Management has advised the Trustees that discount levels for closed-end funds investing primarily in fixed-income securities -- such as your fund -- appear to fluctuate in relation to conditions in the broader fixed-income markets, generally increasing during periods of rising interest rates and declining during periods of falling interest rates. Accordingly, these funds may be more suitable for investors who have a longer investment horizon and who will less likely face the need to liquidate their investments under unfavorable market conditions. The existence of discounts at times may also provide attractive opportunities to investors seeking potential additional returns from reductions in discount levels between the time of their purchase and their sale.

29

As indicated in the table below, while your fund's common shares have traded at a discount to their net asset value over more recent periods, the discount has fluctuated over time, and at times your fund's shares have traded at a premium to net asset value. In order to show the range of discounts and premiums at which your fund's shares have historically traded, the table below presents both the highest market price and the lowest market price at which your fund's shares closed on any trading day over the course of each of the last ten calendar years, in each case expressed as a percentage discount from, or premium to, NAV. Thus, the "Highest Market Price" column presents the lowest discount or, if the fund traded above NAV during the year, the highest premium achieved in a given year; conversely, the "Lowest Market Price" column presents the highest discount or, if the fund only traded above NAV during the year, the lowest premium. In addition, the "Average Discount/Premium" column presents the average daily differential between market price and NAV over the course of the last ten calendar years.

### Putnam Master Intermediate Income Trust

Year	Highest Market Price (vs. NAV)	Lowest Market Price (vs. NAV)	Average Discount/ Premium
2006	-9.65%	-14.70%	-12.79%
2005	-7.44%	-15.19%	-10.66%
2004	-4.15%	-12.41%	-7.65%
2003	+2.47%	-10.97%	-6.09%
2002	+2.72%	-8.94%	-2.91%
2001	-1.75%	-11.45%	-5.72%
2000	-7.88%	-23.33%	-14.89%
1999	+1.56%	-21.98%	-8.83%
1998	+0.78%	-10.51%	-5.14%
1997	-3.07%	-13.49%	-8.52%

Over the nine-month period from January 1, 2007 through September 30, 2007, the fund's highest relative market price was a discount of 7.03% and lowest market price was a discount of 12.94%, with an average discount of 9.28%, in each case measured relative to NAV. As noted above, your fund conducted a tender offer for up to 10% of its common shares during this period.

30

### \*How do the Trustees monitor and address trading discounts?

The Trustees carefully monitor the trading prices of your fund's shares, recognizing that trading prices and discounts will fluctuate over time. At times when the fund trades at a material discount for an extended period of time, the Trustees may examine possible factors contributing to the situation and consider a broad range of possible actions in an effort to reduce or eliminate the discount. Such actions that could be implemented consistent with your fund's closed-end structure might include:

- Repurchases by the fund of its shares at prevailing market prices;
- Tender offers by the fund to repurchase its shares at a price above market and below net asset value (or at net asset value); and
- Communications with the marketplace regarding the benefits of investing in the fund in an effort to increase investor demand for the fund's shares.

It is possible that these actions may have a temporary effect on a fund's trading discount, although there is little industry experience that would suggest a long-term impact. Repurchases of shares, whether in the market or in tender offers, reduce the fund's size and may result in an increase in the fund's expense ratio. To the extent that shares are repurchased at prices below net asset value, however, such repurchases will enhance the net asset value of the fund's remaining common shares and the total return at net asset value for the remaining common shareholders.

In February 2007, the Trustees authorized eight Putnam closed-end funds, including your fund, to conduct tender offers for up to 10% of their outstanding common shares for cash at a price per share equal to 98% of NAV as of the expiration date. The tender offer by your fund closed in July 2007, and the maximum 10% of the fund's outstanding common shares were purchased from tendering shareholders. During the period in June and July 2007 when your fund's tender offer was outstanding, the fund's common shares traded at an average discount of -8.32%. In addition, in November 2007, the Trustees authorized your fund to conduct a further tender offer for up to 15% of its outstanding common shares for cash at a price equal to 99% of NAV, which is currently expected to commence during the first quarter of 2008, as described above. By offering common shareholders of your fund the opportunity to tender their shares at a 2% or 1% discount, as applicable, and otherwise to take advantage of any temporary reduction in the

31

fund's trading discount as a result of the tender offer, the Trustees sought to balance the interests of shareholders attracted to the advantages of the closed-end structure with the interests of shareholders seeking to exit the fund at a price closer to NAV.

Recognizing the benefit of share repurchases for less than NAV, the Trustees had previously authorized all of the Putnam closed-end funds, including your fund, to repurchase up to 10% of their outstanding common shares (based on shares outstanding as of October 7, 2005) at market prices over a two-year period ending October 6, 2007. In September 2007, the Trustees renewed the repurchase program to permit the funds to repurchase up to an additional 10% of their outstanding common shares (based on shares outstanding as of October 5, 2007) at market prices over the twelve months ending October 7, 2008. The Trustees periodically review the program's impact on investment performance and trading discounts, including information provided by Putnam Management regarding the increases in the net asset value of remaining shares caused by share repurchases. The table below shows the aggregate per-share increase in the net asset value of remaining shares caused by repurchases for less than NAV, as well as the approximate contribution (gross of fees) of the share repurchase program to your fund's returns at NAV from October 25, 2005 (the date shares were first repurchased) through September 30, 2007.

	Total Contribution to NAV (\$)	Contribution to Returns at Net Asset Value	Actual Total Returns at Net Asset Value
Putnam Master Intermediate Income Trust	\$0.11	1.33%	13.26%

Performance attribution is approximate and reflects the daily impact, gross of fees, of per-share NAV increases caused by share repurchases made at a discount to net asset value during the period. Returns at NAV reflect the impact of the issuer tender offer completed by the fund in July 2007 for 10% of its outstanding shares at 98% of NAV.

The Trustees believe that the record of the repurchase program to date supports the assertion that share repurchases represent an attractive investment opportunity for your fund, though the degree to which repurchases benefit the fund depends entirely on the level of trading discounts at which the fund's shares continue to trade. In addition, there is no guarantee that share repurchases will cause the market price of your fund's shares to increase or narrow any existing discounts. The Trustees will continue to monitor the repurchase program and review its impact on your fund's investment performance and on trading discounts.

In considering these actions and the current proposal, the Trustees have considered the fact that all shareholders who purchased your fund's shares presumably made their choice from among a broad array of available investment products available in the marketplace, with an understanding of the potential advantages and disadvantages of closed-end funds. Thus, in considering whether to recommend a fundamental change in the structure of the fund and its investment characteristics, the Trustees have considered whether the closed-end structure of the fund continues to offer the investment advantages contemplated when the fund was originally offered to the marketplace. Especially in light of the recent steps to enhance shareholder returns described above, the Trustees have concluded that the fund remains a viable investment vehicle and that recent discount levels do not currently justify abandoning the advantages of the closed-end structure by converting your fund to open-end status.

**\* How has your fund performed?**

The following table summarizes the annualized total return of your fund for the periods shown based on the net asset value and the market price of its shares. The table also shows the performance of your fund's primary benchmark index and the average performance of funds in your fund's peer group of closed-end funds as determined by Lipper Inc., an independent fund rating agency. Of course, past performance is no guarantee of future returns.

Total Return (Annualized) for Periods Ended October 31, 2007

	1 year	3 years	5 years	10 years
<b>Putnam Master Intermediate Income Trust</b>				
Net Asset Value	5.69%	5.65%	9.55%	5.95%
Market Price	4.84	3.34	7.15	5.38
Lehman Government/ Credit Bond Index	5.37	3.67	4.55	5.95
Lipper Closed-End Flexible Income Funds Average	6.98	6.26	10.16	5.32

As the table above indicates, your fund's returns at net asset value exceeded the fund's benchmark for most periods. Because performance at market price reflects the impact of market forces, which are inherently unpredictable, the Trustees consider performance at net asset value to be more indicative of the long-term investment opportunity offered by

your fund. In addition, your fund's returns at net asset value, as indicated in the table, have been lower than the average (calculated at net asset value) for the fund's Lipper peer group of unleveraged closed-end debt funds for most periods.

The Trustees believe that shareholders should evaluate your fund's investment performance, both at net asset value and at market price, in light of the fund's stated investment objective of seeking, with equal emphasis, high current income and relative stability of net asset value by allocating its investments among the U.S. investment grade, high yield and international fixed-income sectors. Putnam Management has advised the Trustees that, consistent with the fund's investment objective, it manages your fund's portfolio in a way that seeks to balance

the pursuit of investment yield against the risks to principal that might result from an undue focus on yield alone. This means that your fund will not necessarily invest in the highest yielding securities available in the marketplace or engage in maximum permitted leverage if doing so would involve undue risk of loss of principal due to possible credit defaults or interest rate changes. Thus, there may be times when your fund's portfolio will generate an investment yield that is lower than that of some competing investment products that are willing to accept greater risk. Since investment yields appear to be an important factor in influencing market prices, this approach may at times contribute to discount levels that are higher than those of competing products. Over longer periods of time, however, Putnam Management believes that this approach to managing risk should produce less principal volatility and higher overall investment returns. There is, of course, no guarantee that this will be the case.

**\* What are additional differences between a closed-end and an open-end fund?**

In addition to the differences noted above, shareholders evaluating this proposal may wish to consider the following:

*Investment flexibility.* Because they are required to maintain the ability to honor redemption requests, open-funds are prohibited by the 1940 Act from investing more than 15% of their assets in securities that are deemed illiquid. Closed-end funds are not subject to this restriction.

*Annual shareholder meetings.* Your fund is currently required by the rules of the New York Stock Exchange to hold annual meetings of shareholders. Conversion of your fund to open-end status would result

34

---

in termination of the fund's listing on the New York Stock Exchange, with the result that your fund would no longer be required to hold annual meetings. The open-end Putnam funds have committed to holding shareholder meetings for the purpose of electing their Trustees at least every five years (beginning in 2004).

*Dividend reinvestment.* Shareholders of your fund currently have the option of participating in the fund's Dividend Reinvestment Plan, under which cash distributions paid by your fund are generally reinvested through the purchase of additional fund shares at market prices, which currently reflect a discount from NAV. (At times when your fund's shares are trading at a premium over their NAV, such reinvestments are made at the higher of NAV or 95% of market value.) Shareholders of open-end Putnam funds have the option to reinvest their distributions in additional shares at NAV at all times. If the fund were to convert to open-end status, shareholders would no longer be able to reinvest dividends at a price below NAV per share during times when shares are trading at a discount to NAV.

*Exchange privileges.* Shareholders of open-end funds in the Putnam family of funds currently have the privilege of exchanging their investment at net asset value and without sales charges for shares of the same class of more than 65 open-end funds in the Putnam group. Shareholders of your fund do not have that privilege.

**\* What changes to your fund's Declaration of Trust and other effects would follow if shareholders vote to convert the fund to open-end status?**

Conversion of your fund from a closed-end to an open-end fund would require certain changes to your fund's Declaration of Trust and, therefore, a vote in favor of such conversion would also authorize the Trustees to amend your fund's Declaration of Trust to reflect such changes. These changes would bring your fund's Declaration of Trust more in line with most other Putnam open-end funds.

The Declaration of Trust would be amended to require your fund to purchase all shares offered to it for redemption at a price equal to the net asset value of the shares next determined, less any redemption fee fixed by the Trustees. In addition, to the extent permitted by applicable law, the fund would be authorized, at its option, to redeem shares held in a shareholder's account at net asset value if at any time a shareholder owned shares in an amount either less than or greater than, as the case

35

may be, an amount determined by the Trustees. Notwithstanding this provision, all shares would be redeemable at a shareholder's option. The Declaration of Trust would also be amended to eliminate certain provisions that relate specifically to the fund's closed-end status, such as the conversion provision that has necessitated this proposal. In addition, if shareholders were to vote to convert your fund to open-end status, the provision in your fund's Declaration of Trust requiring that Trustees be elected annually at the annual shareholder meeting or at a special meeting in lieu thereof would be eliminated. The Trustees would also make certain necessary technical and non-material changes to the Declaration of Trust.

Certain legal, accounting and other costs would be incurred in connection with the conversion of your fund to open-end status. These costs are not expected to exceed an amount equal to 0.5% of your fund's current net assets.

**\* What is the voting requirement for approving the conversion?**

Approval of the conversion of your fund to open-end status and of the related amendments to each fund's Declaration of Trust requires the "yes" vote of a majority of the fund's outstanding shares.

If such conversion is approved, the conversion would become effective following compliance with all necessary regulatory requirements under federal and state law. Your fund would seek to complete this process as soon as reasonably practicable. Prior to the conversion, your fund's shares would continue to be listed and traded on the New York Stock Exchange.

**\* If the conversion is not approved, will your fund continue in its current form?**

Yes. In the event that shareholders do not approve the conversion of your fund to open-end status, your fund would continue to operate as a closed-end fund. Shareholders would be given the opportunity to vote on a proposed conversion to open-end status in future years if your fund's shares again trade at discounts sufficient to meet the requirement of the Declaration of Trust described above.

**The Trustees believe that the continued operation of your fund as a closed-end fund is in the best long-term interests of your fund's shareholders, and unanimously recommend a vote against the conversion of your fund to open-end status at this time.**

36

---

## Further Information About Voting and the Meeting

**Quorum and Methods of Tabulation.** The shareholders of the fund vote separately on each proposal. A majority of the shares entitled to vote constitutes a quorum for the transaction of business with respect to any proposal at the Annual Meeting (unless otherwise noted in the proxy statement). Votes cast by proxy or in person at the meeting will be counted by persons appointed by your fund as tellers for the meeting. The tellers will count the total number of votes cast "for" approval of a proposal for purposes of determining whether sufficient affirmative votes have been cast. Shares represented by proxies that reflect abstentions and "broker non-votes" (i.e., shares held by brokers or nominees as to which (i) instructions have not been received from the beneficial owners or the persons entitled to vote and (ii) the broker or nominee does not have the discretionary voting power on a particular matter) will be counted as shares that are present and entitled to vote on the matter for purposes of determining the presence of a quorum. With respect to the election of Trustees, neither abstentions nor broker non-votes have an effect on the outcome of the proposal.

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

**Other business.** The Trustees know of no matters other than those set forth herein to be brought before the meeting. If, however, any other matters properly come before the Meeting, proxies will be voted on such matters



in accordance with the judgment of the persons named in the enclosed 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.

37

---

**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.

Shareholders have the opportunity to submit their voting instructions via the Internet by utilizing a program provided by a third party vendor hired by Putnam Management or by automated telephone service. The giving of 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.

38

---

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.

Persons holding shares as nominees will, upon request, be reimbursed for their reasonable expenses in soliciting instructions from their principals. Your fund has retained at its own expense Broadridge Financial Services, 60 Research Rd, Hingham, MA 02043, to aid in the solicitation of instructions for registered and nominee accounts, for a fee not to exceed \$1,500 plus reasonable out of pocket expenses. The expenses of the preparation of proxy statements and related materials, including printing and delivery costs, are borne by the fund.

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

**Date for receipt of shareholders' proposals for the next annual meeting.** It is currently anticipated that your fund's next annual meeting of shareholders will be held in January 2009. The Trustees of your fund reserve the right to set an earlier or later date of the 2009 meeting. Shareholder proposals to be included in the proxy statement for that meeting must be received by your fund on or before September 6, 2008. In order for a shareholder proposal to be included in the proxy statement, both the submitting shareholder and the proposal itself must satisfy the requirements set forth in Rule 14a-8 under the 1934 Act. Shareholders who wish to make a proposal at the 2009 annual meeting -- other than one that will be included in the fund's proxy materials -- should notify the fund no later than November 20, 2008. Shareholders who wish to propose one or more nominees for election as Trustees, or to make a proposal fixing the number of Trustees, at the 2009 annual meeting must provide written notice to the fund (including all required information) so that such notice is received in good order by the fund no earlier than November 1, 2008 and no later than December 2, 2008.

39

---

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

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

**Financial information. Your fund's Clerk will furnish to you, upon request and without charge, a copy of the fund's annual report for its most recent fiscal year, and a copy of its semiannual report for any subsequent semiannual period. You may direct such requests to Putnam Investor Services, P.O. Box 8383, Boston, MA 02266-8383 or by phone at 1-800-225-1581.**

40

---

## Fund Information

**Putnam Investments.** Putnam Investment Management, LLC, your fund's investment manager and administrator, is owned through a series of holding companies by Putnam Investments, LLC (Putnam Investments). Putnam Investments is a holding company that, except for a minority stake owned by employees, is owned (through a series of holding companies) by Great-West Lifeco Inc., a subsidiary of Power Financial Corporation. Power Financial Corporation is a diversified management and holding company that has interests, directly or indirectly, in companies that are active in the financial services sector on Canada, the United States and Europe. It also has substantial holdings in a group of energy, water, waste services, specialty minerals and cement and building materials companies in Europe.

The address of each of Putnam Investments and Putnam Investment Management, LLC, is One Post Office Square, Boston, Massachusetts 02109. The address of the executive offices of Power Financial Corporation is 751 Victoria Square, Montreal, Quebec H2Y 2J3, Canada. Charles E. Haldeman, Jr. is the President and Chief Executive Officer of Putnam Investments. His address is One Post Office Square, Boston, MA 02109.

Charles E. Haldeman, Jr., a Trustee and the President of the funds, serves as the President and Chief Executive Officer of Putnam Investments. Mr. Haldeman is also a former stockholder of Putnam Investments Trust as a result of various equity grants made to him in recent years. 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 of Putnam Investments Trust, the predecessor of Putnam Investments, 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. 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 (the former

41

---

parent company of Putnam Investments). On March 15, 2007, Mr. Haldeman received a grant of 212,660 restricted shares of class B common stock. Mr. Haldeman also held other restricted shares of class B common stock from grants in years prior to 2006.

In connection with the August 2007 acquisition of Putnam Investments by Great-West Lifeco Inc., Mr. Haldeman received cash payments of approximately \$21.8 million in complete payment for his vested equity interests in Putnam Investments Trust at a per-share price of \$30.33. Also in connection with the acquisition, Mr. Haldeman is entitled to receive deferred cash payments, which are currently expected to be paid by a newly-formed grantor trust, of up to approximately \$33.1 million over the three years following the acquisition. Mr. Haldeman has committed to invest at least 25% of the aggregate amount of such deferred payments in equity interests of Putnam Investments, pursuant to an equity incentive plan established by Putnam Investments.

**Putnam Fiduciary Trust Company.** Putnam Fiduciary Trust Company, the fund's investor servicing agent, is a subsidiary of Putnam Investments. Its address is One Post Office Square, Boston, Massachusetts 02109. In 2007, State Street Bank and Trust Company assumed the role of Custodian of the funds; previously, Putnam Fiduciary Trust Company had served as fund custodian.

For its most recent fiscal year, the fund paid Putnam Fiduciary Trust Company aggregate fees as follows, in each case excluding custody credits and investor servicing credits:

Fund (Fiscal Year-End)	Fee
Putnam Master Intermediate Income Trust (September 30, 2007)	\$469,489

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

42

---

**Independent Registered Public Accounting Firm.** As set forth in the table below, the Audit and Compliance Committee and the full Board of Trustees have selected KPMG LLP, 99 High Street, Boston, Massachusetts 02110, to serve as the independent registered public accounting firm for the fund's current fiscal year. Representatives of KPMG LLP are expected to be present at the meeting of shareholders of the fund to make statements and to respond to appropriate questions.

Edgar Filing: PUTNAM MASTER INTERMEDIATE INCOME TRUST - Form DEF 14A

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

Fiscal year ended	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
Putnam Master Intermediate Income Trust (KPMG LLP)				
September 30, 2007	\$73,650	\$--	\$5,450	\$--
September 30, 2006	61,380	--	4,680	439

**Audit Fees** represent fees billed for the fund's last two fiscal years.

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

**All Other Fees** represent fees billed for services relating to a review of expense allocation methodology.

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

Fiscal year ended	
Putnam Master Intermediate Income Trust (KPMG LLP)	
September 30, 2007	\$5,450
September 30, 2006	5,119

43

***Pre-Approval Policies of the Audit and Compliance Committee.***

The Audit and Compliance Committee has determined that all work performed for the funds by the funds' independent auditors will be pre-approved by the Committee itself and thus will generally not be subject to pre-approval procedures.

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

For each of the fund's last two fiscal years, the fund's independent auditor did not bill the fund for services required to be approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X.

The Audit and Compliance Committee of your fund has submitted the following report: The Audit and Compliance Committee has reviewed and discussed with management of your fund the audited financial statements for the last fiscal year. The Audit and Compliance Committee has discussed with your fund's independent auditors the

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

44

the auditor's independence), and has discussed with such accountants the independence of such accountants. Based on the foregoing review and discussions, the Audit and Compliance Committee recommended to the Trustees that the audited financial statements for the last fiscal year be included in your fund's annual report to shareholders for the last fiscal year.

Robert E. Patterson (Chairperson)

Robert J. Darretta

Myra R. Drucker

John A. Hill

Kenneth R. Leibler

W. Thomas Stephens

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

45

<b>Name, (year of birth), Office with the fund</b>	<b>Year first elected to office</b>	<b>Business experience during past 5 years</b>
Charles E. Porter (Born 1938)* Executive Vice President, Principal Executive Officer, Associate Treasurer and Compliance Liaison	1989	Executive Vice President, Principal Executive Officer, Associate Treasurer and Compliance Liaison, The Putnam Funds
Jonathan S. Horwitz (Born 1955)* Senior Vice President and Treasurer	2004	Senior Vice President and Treasurer, The Putnam Funds. Prior to 2004, Mr. Horwitz was a Managing Director at Putnam Investments
Steven D. Krichmar (Born 1958) Vice President and Principal Financial Officer	2002	Senior Managing Director, Putnam Investments

Janet C. Smith (Born 1965) Vice President, Assistant Treasurer and Principal Accounting Officer	2006	Managing Director, Putnam Investments
Susan G. Malloy (Born 1957) Vice President and Assistant Treasurer	2007	Managing Director, Putnam Investments
Beth Mazor (Born 1958) Vice President	2002	Managing Director, Putnam Investments
Robert R. Leveille (Born 1969) Vice President and Chief Compliance Officer	2002	Managing Director, Putnam Investments Prior to 2004, Mr. Leveille was a member of Bell Boyd & Lloyd LLC, and prior to 2003 he was Vice President and Senior Counsel of Liberty Funds Group LLC.
Mark C. Trenchard (Born 1962) Vice President and BSA Compliance Officer	2002	Managing Director, Putnam Investments
Francis J. McNamara, III (Born 1955) Vice President and Chief Legal Officer	2004	Senior Managing Director, Putnam Investments, Putnam Management and Putnam Retail Management. Prior to 2004, Mr. McNamara was General Counsel of State Street Research & Management.

46

<b>Name, (year of birth), Office with the fund</b>	<b>Year first elected to office</b>	<b>Business experience during past 5 years</b>
James P. Pappas (Born 1953) Vice President	2004	Managing Director, Putnam Investments and Putnam Management. During 2002, Mr. Pappas was Chief Operating Officer of Atalanta/Sosnoff Management Corporation.

Richard S. Robie III (Born 1960) Vice President	2004	Senior Managing Director, Putnam Investments, Putnam Management and Putnam Retail Management. Prior to 2003, Mr. Robie was Senior Vice President of United Asset Management Corporation.
Judith Cohen (Born 1945)* Vice President, Clerk and Assistant Treasurer	1993	Vice President, Clerk and Assistant Treasurer, The Putnam Funds
Wanda M. McManus (Born 1947)* Vice President, Senior Associate Treasurer and Assistant Clerk	1993	Vice President, Senior Associate Treasurer and Assistant Clerk, The Putnam Funds
Nancy E. Florek (Born 1957)* Vice President, Assistant Clerk, Assistant Treasurer and Proxy Manager	2000	Vice President, Assistant Clerk, Assistant Treasurer and Proxy Manager, The Putnam Funds

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

47

**Net assets of your fund as of November 23, 2007:** \$565,755,788

**Shares outstanding of your fund as of November 23, 2007**

Common shares 81,137,030.509

**5% beneficial ownership:**

As of October 31, 2007, to the knowledge of the fund, no person owned beneficially or of record 5% or more of any class of shares of each fund, except as follows:

Cede & Company* 20 Bowling Green New York, NY 10004-1408	77,334,744 common shares (95.31% of outstanding common shares)
Bulldog Investors	6,318,358 common shares **

Phillip Goldstein (7.79% of outstanding common shares as of  
Andrew Dakos October 31, 2007)  
Park 80 West  
Plaza Two, Suite 750  
Saddle Brook, NJ 07663

---

\* Believed to hold shares only as nominee.

\*\* As reported on a report filed with the Securities and Exchange Commission on November 20, 2007. Shares reported are aggregated.

48

---

## EXHIBIT A

# The Putnam funds

## AUDIT AND COMPLIANCE COMMITTEE CHARTER

**Purpose.** The purpose of the Audit and Compliance Committee (the "Committee") is to oversee and assist Trustee oversight of: the integrity of the Funds' financial statements, including overseeing accounting and financial reporting processes of the Funds and the audits of the Funds' financial statements; the Funds' compliance with legal and regulatory requirements; the independent auditors' qualifications and independence; and the performance of the Funds' internal audit function, if any, and independent auditors.

The Committee is directly responsible for the appointment, terms of engagement, termination, compensation and oversight of the work of the independent auditors employed by the Funds (including resolution of disagreements between management and the independent auditors regarding financial reporting), and the independent auditors shall report directly to the Committee.<sup>1</sup> The Committee is also directly responsible for preparing an audit committee report required to be included in the annual proxy statement for the closed-end Funds. The Board of Trustees (the "Board") and the Funds' shareholders shall have such rights to approve, ratify and replace the Funds' independent auditors as are required by applicable law.

**Composition.** The Committee will be comprised exclusively of "independent" Trustees, as such term is interpreted for purposes of Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended, and the listing standards of each exchange on which shares of one or more of The Putnam Funds are traded (each an "Exchange"). In addition, none of the Committee's members will be "interested persons" of the Funds as that term is defined under the Investment Company Act of 1940, as amended. The Committee shall have at least three members, who shall collectively satisfy the independence, financial sophistication and financial literacy listing standards of each Exchange, as financial literacy is interpreted by the Board. Committee members may serve on the audit

<sup>1</sup> For purposes of this Charter, the term "management" refers to the relevant officers of the Funds, including officers that comprise the staff of the Office of the Trustees, as well as the relevant officers and employees of Putnam Investments and its affiliates.

49

---

committee of more than three listed companies, provided that the Board determines that such simultaneous service would not impair the ability of the member to serve effectively on the Committee.



**Assistance.** The Committee may seek the assistance of the staff of the Office of the Trustees, the Funds' independent auditors and counsel, management and other parties as it may deem appropriate.

**Funding.** The Funds will provide the necessary funding as determined by the Committee (i) to compensate the Funds' independent auditors and any advisers employed by or at the direction of the Committee and (ii) to pay ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

**Specific Duties of Committee.** The duties of the Committee include:

Obtaining and reviewing, at least annually, a formal, written report by the independent auditors describing: the auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (to assess the auditors' independence), consistent with Independent Standards Board Standard 1, all relationships between the independent auditors, management and the Funds;

Actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and recommending that the Trustees take appropriate action in response to the independent auditors' report to satisfy themselves of the independent auditors' independence;

Reviewing the arrangements for and scope of the annual audit and any special audits;

Conducting meetings at least quarterly;

Evaluating Committee performance at least annually;

For Funds whose shares are traded on an Exchange, discussing the annual audited financial statements and semiannual or any other periodic financial statements with Fund management and the independent auditors, including the Funds' disclosures under management's discussion of Fund performance;

50

---

Discussing with management, guidelines and policies with respect to risk assessment and risk management;

Meeting separately and periodically with management, with internal auditors (or other personnel responsible for the internal audit function, if any) and with the independent auditors;

Reviewing with the independent auditors any audit problems or difficulties and management's response to such issues, and to resolve any disagreements between management and the independent auditors;

Setting clear hiring policies by the Funds for employees or former employees of the independent auditors;

Establishing procedures for (A) the receipt, retention and treatment of complaints received by the Funds regarding accounting, internal accounting controls or auditing matters, and (B) confidential, anonymous submissions regarding questionable accounting or auditing matters;

Reviewing, at least annually, (A) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Funds' selection or application of accounting principles, and major issues as to the adequacy of the Funds' internal controls and any special audit steps adopted in light of material control deficiencies; (B) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; (C) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Funds; and (D) earnings press releases (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information), if any, as well as financial information and earnings guidance provided to analysts and

rating agencies;

Reviewing scope and adequacy of audits;

Reporting regularly to the Board of Trustees to review any issues that arise with respect to the quality or integrity of the Funds' financial statements, the Funds' compliance with legal or regulatory requirements, the performance, qualifications and independence of the Funds' independent auditors and the performance of the Funds' internal audit function (if any);

Pre-approving any work performed by the Funds' auditors, as required by applicable law or the rules of any Exchange;

51

---

Reviewing matters relating to the Funds' Code of Ethics and Putnam Investments' Code of Ethics;

Reviewing compliance matters identified to the Committee;

Performing such other functions and having such powers as may be necessary and appropriate in the efficient and lawful discharge of the powers provided in this Charter.

**Role and Responsibilities of the Committee.** The function of the Committee is oversight; it is management's responsibility to maintain appropriate systems for accounting and internal control over financial reporting, and the independent auditors' responsibility to plan and carry out a proper audit. Specifically, a Fund's management is responsible for: (1) the preparation, presentation and integrity of the Fund's financial statements; (2) the maintenance of appropriate accounting and financial reporting principles and policies; and (3) the maintenance of internal control over financial reporting and other procedures designed to assure compliance with accounting standards and related laws and regulations. The independent auditors are responsible for planning and carrying out an audit consistent with applicable legal and professional standards and the terms of their engagement letter. Nothing in this Charter shall be construed to reduce the responsibilities or liabilities of a Fund's service providers, including the independent auditors.

The review of a Fund's financial statements by the Committee is not an audit, nor does the Committee's review substitute for the responsibilities of the Funds' management for preparing, or the independent auditors for auditing, the financial statements. Members of the Committee are not full-time employees of the Funds and, in serving on the Committee, are not, and do not hold themselves out to be, acting as accountants or auditors. As such, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures.

In discharging their duties, the members of the Committee are entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by: (1) one or more officers of the Funds whom the Committee member reasonably believes to be reliable and competent in the matters presented; (2) legal counsel, public accountants or other persons as to matters the Committee member reasonably believes are within the person's professional or expert competence; or (3) a Board committee of which the Committee member is not a member.

52

---

**The Putnam Funds**

*One Post Office Square*

*Boston, Massachusetts 02109*

*Toll-free 1-800-225-1581*

249003 12/07

---

## The proxy ballot

### PUTNAM MASTER INTERMEDIATE INCOME TRUST

#### To vote by mail

Read the proxy statement.  
Check the appropriate boxes on the reverse side.  
Sign and date the proxy ballot.  
Return the proxy ballot in the envelope provided.

#### To vote by telephone

Read the proxy statement and have the proxy ballot at hand.  
Call 1-888-221-0697.  
Follow the automated telephone directions.  
There is no need for you to return your proxy ballot.

#### To vote on the Web

Read the proxy statement and have the proxy ballot at hand.  
Go to <http://www.proxyweb.com/Putnam>  
Follow the instructions on the site.  
There is no need for you to return your proxy ballot.

By signing below, you, as a shareholder of Putnam Master Intermediate Income Trust, appoint Trustees John A. Hill and Robert E. Patterson, and each of them separately, with power of substitution to each, to be your proxies. You are empowering them to vote your Putnam Fund shares on your behalf at the meeting of the shareholders of Putnam Master Intermediate Income Trust. The meeting will take place on January 31, 2008 at 11:00 a.m., Boston time, and may be adjourned to later times or dates. **Your vote is being solicited on behalf of the Board of Trustees.** When you complete and sign the proxy ballot, your proxies will vote exactly as you have indicated on the other side of this card. **If you simply sign the proxy ballot, or don't vote on a specific proposal, your shares will be automatically voted as the Board of Trustees recommends.** Your proxies are also authorized to vote at their discretion on any other matter that arises at the meeting or any adjournment of the meeting.

#### MIS EDITS: # OF CHANGES

\_\_\_/\_\_\_ PRF 1\_\_\_ PRF 2\_\_\_

#### OK TO PRINT AS

IS\*\_\_\_\_\_ \*By  
signing this form you are  
authorizing MIS to print this  
form in its current state.

#### LABEL BELOW FOR MIS USE ONLY!

PO# M-2802

PUTNAM MASTER INTERMEDIATE INCOME #150-159

PUTNAM INVESTMENTS #308

ORIGINAL 2-UP 12-04-07 JM

DOREEN (PUTNAM MASTER INTERMEDIATE INCOME 2008 DH)

REVISION #1 12-06-07 KD

REVISION #3 12-12-07 JM

SIGNATURE OF  
PERSON AUTHORIZING

PRINTING

DATE

Edgar Filing: PUTNAM MASTER INTERMEDIATE INCOME TRUST - Form DEF 14A

Please place an X in the appropriate box using black or blue ink or number 2 pencil. Please do not use a fine point pen.

Proposal

If you do not mark one or both of the Proposals, your shares will be voted as the Board of Trustees recommends on the Proposal(s) not marked.

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

THE TRUSTEES RECOMMEND A VOTE **FOR** PROPOSAL 1.

1. Proposal to fix the number of Trustees at 13 and elect the Fund's 13 Nominees for Trustees.

		<b>F O R</b>	<b>WITHHOLD</b>	<b>FOR ALL</b>
		<b>ALL</b>	<b>ALL</b>	<b>E XCEPT</b>
The nominees for Trustees are:	01 John A. Hill			
	02 Jameson A. Baxter			
	03 Charles E. Haldeman, Jr.			
	04 Charles B. Curtis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	05 Robert J. Darretta			
	06 Myra R. Drucker			
	07 Paul L. Joskow			
	08 Kenneth R. Leibler			
	09 Elizabeth T. Kennan			
	10 Robert E. Patterson			
	11 George Putnam, III	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	12 W.Thomas Stephens			
	13 Richard B. Worley			

To withhold authority to vote for one or more of the nominees, check the "For All Except" box and write the name(s) or number(s) of the nominee(s) above:

THE TRUSTEES RECOMMEND A VOTE **AGAINST** PROPOSAL 2.

**FOR      AGAINST      ABSTAIN**

2. Converting your fund to an open-end investment company and authorizing certain related amendments to your fund's Agreement and Declaration of Trust.

                                          

If you have questions on the proposals, please call 1-800-225-1581.

Please sign and date the other side of this card.

**MIS EDITS: # OF CHANGES** \_\_\_/\_\_\_ **PRF 1**\_\_\_  
**PRF 2**\_\_\_

**OK TO PRINT AS IS\*** \_\_\_\_\_ **\*By**  
signing this form you are  
authorizing MIS to print this form in its current  
state.

**LABEL BELOW FOR MIS USE ONLY!**  
**PO# M-2802**  
**PUTNAM MASTER INTERMEDIATE**  
**INCOME #150-159**  
**PUTNAM INVESTMENTS #308**

\_\_\_\_\_  
SIGNATURE OF PERSON  
AUTHORIZING PRINTING                      DATE

**ORIGINAL 2-UP 12-04-07 JM**  
**DOREEN (PUTNAM MASTER INTERMEDIATE INCOME**  
**2008 DH)**  
**REVISION #1 12-06-07 KD**  
**REVISION #2 12-06-07 KD**  
**REVISION #3 12-12-07 JM**  
**REVIEW #1 12-12-07 KD**  
**REVISION #4 12-12-07 KD**  
**REVISION #5 12-17-07 KD**

---