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ARIZONA CORPORATION COMMISSION

JAMES MATTHEWS
EXECUTIVE SECRETARY

SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007-2996
TELEPHONE: (602) 542-4242
FAX: (602) 594-7470

July 1, 1996

Laura J. McCollum, Esq.
Ropes & Gray
One International Place
Boston, Massachusetts 02110-2624

RE: Putnam Intermediate U.S. Government Income Fund (Exchange Offer)
A.R.S. § 44-1844(A)(6)

Dear Ms. McCollum:

On the basis of the facts set forth in your letter of June 20, 1996, and in reliance upon your opinion as counsel, the Securities Division will not recommend enforcement action for violation of the Securities Act of Arizona (the "Act") should the transaction take place as set forth in your letter.

As this position is premised upon the facts set forth in your letter, it should not be relied on for any other set of facts or by any other person. Please also note that this position applies only to the registration requirements of the Act; the anti-fraud provisions of the Act continue to be applicable.

We have attached a photocopy of your letter. By doing this we are able to avoid having to recite or summarize the facts set forth therein.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Dee Ridell Harris".

DEE RIDDELL HARRIS
Director of Securities

DRH:lb
Attachment

ROPES & GRAY
ONE INTERNATIONAL PLACE
BOSTON, MASSACHUSETTS 02110-2624

30 KENNEDY PLAZA
PROVIDENCE, RI 02903-2328
(401) 455-4400
FAX: (401) 455-4400

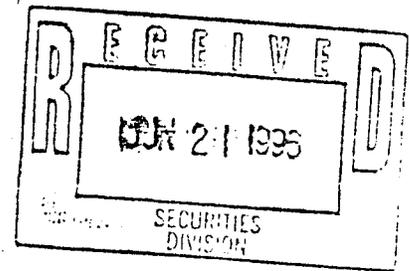
(617) 951-7000
FAX: (617) 951-7050
WRITER'S DIRECT DIAL NUMBER: (617) 951-7746

ONE FRANKLIN SQUARE
1301 K STREET, N.W.
SUITE 800 EAST
WASHINGTON, DC 20005-3333
(202) 626-3900
FAX: (202) 626-3966

June 20, 1996

OVERNIGHT COURIER

Dee R. Harris
Director
Securities Division
1300 West Washington Street Third Floor
Phoenix, Arizona 85007



Re: Class A and Class B shares of beneficial interest in
Putnam Intermediate U.S. Government Income Fund (Exchange Offer)

Dear Mr. Harris:

On behalf of the Putnam Intermediate U.S. Government Income Fund (the "Intermediate Fund"), a Massachusetts business trust and a registered investment company under the Investment Company Act of 1940, we hereby request confirmation of the availability of an exemption under Section 44-1844(A)(6) of the Arizona Revised Statutes (the "Act") with respect to the transaction described below.

As you will note in the enclosed materials, the shareholders of the Putnam Adjustable Rate U.S. Government Fund (the "Adjustable Rate Fund"), also a Massachusetts business trust registered as an investment company under the Investment Company Act of 1940, are being asked to vote on a proposal whereby the Intermediate Fund will acquire all of the assets and assume all of the liabilities of the Adjustable Rate Fund in exchange for a number of Class A and Class B shares of beneficial interest in the Intermediate Fund equal in value to the value of the net assets of the Adjustable Rate Fund transferred to the Intermediate Fund that are attributable to the Class A and Class B shares, respectively of the Adjustable Rate Fund, less the value of the liabilities attributable to such Class A and Class B shares of the Adjustable Rate Fund. If the proposed transaction is approved by the shareholders of the Adjustable Rate Fund, each Class A and Class B shareholder of the Adjustable Rate Fund will receive that number of full and fractional Class A or Class B shares of beneficial interest in the Intermediate Fund which are equal in aggregate value at the date of the exchange to the value of the Class A or Class B shares of the Adjustable Rate Fund attributable to the shareholder.

Pursuant to Section 44-1844(A)(6) of the Act, there is a transactional exemption from the registration provisions of the act for "any transaction or series of transactions incident to a

Dee R. Harris
Director

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June 20, 1996

statutory or judicially approved reorganization, merger, triangular merger, consolidation, or sale of assets, incident to a vote by securities holders pursuant to the articles of incorporation, the applicable corporate statute or other controlling statute, a partnership agreement or the controlling agreement among security holders."

As set forth in the enclosed materials, the proposed reorganization will be effected pursuant to the Agreement and Declaration of Trust of the Adjustable Rate Fund which requires the affirmative vote of two-thirds of the outstanding shares of beneficial interest in the Adjustable Rate Fund that are entitled to vote to consummate the transaction. In the past your office has permitted Massachusetts business trusts to utilize this exemption in substantially identical transactions, notwithstanding the absence of an express Massachusetts statutory provision requiring or authorizing a shareholder vote in connection with transactions of this type. Consistent with such previous practice, we believe that this transaction satisfies the requirements of the exemption provided by Section 44-1844(A)(6).

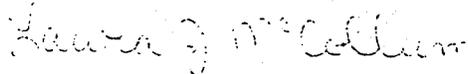
We hereby respectfully request an interpretive opinion permitting Massachusetts business trusts to utilize the exemption provided by Section 44-1844(A)(6). As an alternative, we request confirmation of the availability of the exemption under Section 44-1844(A)(6) of the Act with respect to the transaction described above. In support of this request, we have enclosed a check in the amount of \$200, and a copy of the prospectus/proxy materials that will be distributed to the shareholders of the Adjustable Rate Fund. It is anticipated that the prospectus/proxy materials will be mailed to shareholders on or about July 18, 1996. We therefore request confirmation of the exemption on or before that date.

You will note that the shares of beneficial interest in the Intermediate Fund are currently registered in your state in connection with the continuous offering of those shares.

If you have any questions or comments, please do not hesitate to contact the undersigned at (617) 951-7746 or Megan Chambers at (617) 951-7395.

Kindly acknowledge receipt of this filing by date-stamping the enclosed copy of this letter and returning it in the stamped, self-addressed envelope provided.

Sincerely,



Laura J. McCollum

LXM/ehn:3134713.03
Enclosures

