

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Putnam Arizona Tax Exempt Income Fund		2 Issuer's employer identification number (EIN) 04-6665534	
3 Name of contact for additional information Deborah L. Dunn	4 Telephone No. of contact 617-760-5749	5 Email address of contact debby_dunn@putnam.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact One P.O. Square A-15-F		7 City, town, or post office, state, and Zip code of contact Boston, MA 02109	
8 Date of action See Attached		9 Classification and description RIC Shares - Common	
10 CUSIP number See Attached	11 Serial number(s) N/A	12 Ticker symbol See Attached	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶

Shareholders in the Putnam Arizona Tax Exempt Income Fund on the record dates per the attached statement received distributions, a portion of which represent a return of capital. As a result of the non-taxable distributions, the shareholders of record will be required to reduce the basis in their RIC common shares of this fund by amounts designated as a return of capital.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶

The shareholders' basis in their shares of this RIC is reduced by the distributions paid during calendar year 2012 which have been determined to be a return of capital. The impact to the shareholders' basis, on a per-share basis, can be found on the attached.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶

The Putnam Arizona Tax Exempt Income Fund had a return of capital of \$6,977 at its fiscal year ended 5/31/12. This represents .75% of the 2012 distributions which were paid in this fiscal year of \$930,269. See attached for per share amounts.

