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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
B- ~~12345~~

8-1369

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

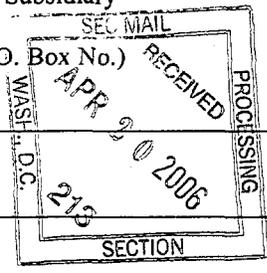
REPORT FOR THE PERIOD BEGINNING January 1, 2005 AND ENDING December 31, 2005
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Putnam Retail Management, LP and Subsidiary

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)



One Post Office Square

(No. and Street)

Boston
(City)

MA
(State)

02109
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Amrit Kanwal

(617) 760-1248

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

(Name - if individual, state last, first, middle name)

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED
JUL 10 2006
THOMSON
FINANCIAL

FOR OFFICIAL USE ONLY

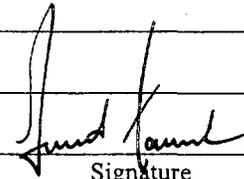
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

BB

AB
7/8/06

OATH OR AFFIRMATION

I, Amrit Kanwal, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Putnam Retail Management, LP and Subsidiary, as of December 31, 2005, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature
Chief Financial Officer
Title


Notary Public *my Commission Expires November 9, 2012*

This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

PUTNAM RETAIL MANAGEMENT LIMITED PARTNERSHIP
NET CAPITAL COMPUTATION
December 31, 2005

NET CAPITAL:

PARTNER'S EQUITY \$ 47,690,676

DEDUCTIONS:

Nonallowable assets:

Unsecured receivables 345,724

Property and equipment - net 199,647

Prepaid expenses 578,517

Accounts receivable from mutual funds for distribution plans (net of
commissions payable for distribution plans) 7,190,764

Total nonallowable assets 8,314,652

OTHER DEDUCTIONS 447,647

NET CAPITAL \$ 38,928,377

AGGREGATE INDEBTEDNESS:

Applicable accounts payable to mutual funds for shares sold 38,162

Accounts payable and accrued expenses 49,276,118

Commissions payable for distribution plans 54,024,320

TOTAL AGGREGATE INDEBTEDNESS \$ 103,338,600

MINIMUM NET CAPITAL REQUIREMENT OF BROKER OR DEALER

(The greater of 6-2/3% of aggregate indebtedness, as defined, or \$50,000) \$ 6,889,240

EXCESS NET CAPITAL \$ 32,039,137

RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL 2.65 to 1

RECONCILIATION WITH PARTNERSHIP'S COMPUTATION**INCLUDED IN PART II OF FORM X-17A-5 AS OF DECEMBER 31, 2005:**

NET CAPITAL, AS REPORTED IN PARTNERSHIP'S (UNAUDITED)

FOCUS REPORT \$ 29,441,006

DIFFERENCE DUE TO OFFSETTING ASSET ACCOUNT AGAINST
RELATED LIABILITY:

Taxes payable offset against parent company receivable due to
master tax sharing agreement 9,487,371

NET CAPITAL PER ABOVE \$ 38,928,377