PUTNAM PREMIER INCOME TRUST
Form N-CSR
September 28, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: (811-05452)

Exact name of registrant as specified in charter: Putnam Premier Income Trust

Address of principal executive offices: One Post Office Square, Boston, Massachusetts 02109

Name and address of agent for service: Robert T Burns, Vice President
One Post Office Square
Boston, Massachusetts 02109

Copy to: John W. Gerstmayr, Esq.
Ropes & Gray LLP
800 Boylston Street
Boston, Massachusetts 02199-3600

Registrant's telephone number, including area code: (617) 292-1000

Date of fiscal year end: July 31, 2012

Date of reporting period: August 1, 2011 - July 31, 2012

Item 1. Report to Stockholders:

The following is a copy of the report transmitted to stockholders pursuant to Rule 30e-1 under the Investment Company Act of 1940:

Putnam Premier Income Trust

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Consider these risks before investing: International investing involves certain risks, such as currency fluctuations, economic instability, and political developments. Additional risks may be associated with emerging-market securities, including illiquidity and volatility. Funds that invest in government securities are not guaranteed. Mortgage-backed securities are subject to prepayment risk. Bond investments are subject to interest-rate risk, which means the prices of the fund’s bond investments are likely to fall if interest rates rise. Bond investments are also subject to credit risk, which is the risk that the issuer of the bond may default on payment of interest or principal. Interest-rate risk is generally greater for longer-term bonds, and credit risk is generally greater for below-investment-grade bonds, which may be considered speculative. Unlike bonds, funds that invest in bonds have ongoing fees and expenses. The prices of bonds in the fund’s portfolio may fall or fail to rise over extended periods of time for a variety of reasons, including both general financial market conditions and factors related to a specific issuer or industry. The fund’s shares trade on a stock exchange at market prices, which may be lower than the fund’s net asset value.

Message from the Trustees

Dear Fellow Shareholder:

High volatility continues to challenge stock and bond investors around the globe. Year-to-date through July 2012, markets have made major advances and suffered sharp declines. Investor confidence has accordingly waxed, waned, and rebounded with renewed strength. These fluctuations reflect fast-changing perceptions of global macroeconomic data and policymakers’ inability to decisively solve problems ranging from deep structural issues in Europe’s economy to China’s fluctuating growth rate and U.S. fiscal risks. Amid the uncertainties these challenges engender, taking the long view becomes all the more critical for investors, as does relying on the expertise of a financial advisor, who can help you maintain a balanced investment approach.

We would like to take this opportunity to announce the arrival of two new Trustees, Liaquat Ahamed and Katinka Domotorffy, CFA, to your fund’s Board of Trustees. Mr. Ahamed, who in 2010 won the Pulitzer Prize for History with his book, *Lords of Finance: The Bankers Who Broke the World*, also serves on the Board of Aspen Insurance and the Board of the Rohatyn Group, an emerging-market fund complex that manages money for institutional investors. Ms. Domotorffy, who until year-end 2011 was a Partner, Chief Investment Officer, and Global Head of Quantitative Investment Strategies at Goldman Sachs Asset Management, currently serves as a director for Reach Out and Read of Greater New York, an organization dedicated to promoting early childhood literacy.

We would also like to extend a welcome to new shareholders of the fund and to thank all of our investors for your continued confidence in Putnam.

About the fund

Seeking broad diversification across global bond markets

When Putnam Premier Income Trust was launched in 1988, its three-pronged focus on U.S. investment-grade bonds, high-yield corporate bonds, and non-U.S. bonds was considered innovative. Lower-rated, higher-yielding corporate bonds were relatively new, having just been established in the late 1970s. And, at the time of the fund’s launch, few investors were venturing outside the United States for fixed-income opportunities.

The bond investment landscape has undergone a transformation since the fund’s launch. The U.S. investment-grade market added new sectors, and the high-yield corporate bond sector has grown significantly. Outside the United States, the advent of the euro has resulted in a large market of European bonds. And there are also growing opportunities to invest in the debt of emerging-market countries.

The fund is designed to keep pace with this market expansion. To process the market’s increasing complexity, Putnam’s fixed-income group aligns teams of specialists with the varied investment opportunities. Each group identifies what it considers to be compelling strategies within its area of expertise. The fund’s portfolio managers select from among these strategies, systematically building a diversified portfolio that seeks to carefully balance risk and return.

As different factors drive the performance of the various fixed-income sectors, the managers seek to take advantage of changing market leadership in pursuit of high current income.

How do closed-end funds differ from open-end funds?

More assets at work While open-end funds need to maintain a cash position to meet redemptions, closed-end funds are not subject to redemptions and can keep more of their assets invested in the market. Net cash levels in closed-end funds may vary, however, should market conditions warrant.

Traded like stocks Closed-end fund shares are traded on stock exchanges, and their market prices fluctuate in response to supply and demand, among other factors.

Net asset value vs. market price Like an open-end fund's net asset value (NAV) per share, the NAV of a closed-end fund share is equal to the current value of the fund's assets, minus its liabilities, divided by the number of shares outstanding. However, when buying or selling closed-end fund shares, the price you pay or receive is the market price. Market price reflects current market supply and demand and may be higher or lower than the NAV.

Data are historical. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return and net asset value will fluctuate, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. Fund returns in the bar chart are at NAV. See pages 5 and 11–12 for additional performance information, including fund returns at market price. Index and Lipper results should be compared with fund performance at NAV. Lipper calculates performance differently than the closed-end funds it ranks, due to varying methods for determining a fund's monthly reinvestment NAV.

Interview with your fund's portfolio manager

Bill, what was the bond market environment like during the 12 months ended July 31, 2012?

The early months of the period were difficult ones for credit-sensitive fixed-income securities, as concern about the sovereign debt crisis in Europe and a weakening U.S. economic outlook caused investors to move away from risk. Late in 2011, however, investors became more optimistic about U.S. growth prospects and less pessimistic about the European situation, given productive steps taken by eurozone policymakers. Chief among these steps was the European Central Bank's [ECB] Long-Term Refinancing Operation [LTRO], which was launched inDecember and expanded in February. LTRO provided much-needed stability to global credit markets by injecting liquidity into the European banking system, thereby reducing banks' short-term funding risk.

In the United States, the Federal Reserve remained firm in its resolve to hold its benchmark federal funds rate near zero, announcing that it would do so through 2014, in an effort to promote growth and maintain liquidity in the financial system. The Fed’s accommodative stance was further in evidence as it extended “Operation Twist,” under which it is helping to keep long-term Treasury yields low by selling short-term bonds and buying longer-term ones.

This comparison shows your fund’s performance in the context of broad market indexes for the 12 months ended 7/31/12. See pages 4 and 11–12 for additional fund performance information. Index descriptions can be found on page 13.

Against this backdrop, riskier and more economically sensitive fixed-income assets rallied broadly from December through March. However, the rally stalled during the latter months of the period, as global economic data came in below expectations and rising eurozone risk once again dampened investor sentiment.

For the period as a whole, emerging-market debt, corporate bonds — both investment grade and high yield — and non-government-agency residential mortgage-backed securities [non-agency RMBS] were among the strongest-performing fixed-income categories. Returns for emerging-market and corporate bonds were driven by robust demand from investors seeking higher yields. In the case of non-agency RMBS, considerable demand from hedge funds and other institutional investors, coupled with reduced supply concerns, bolstered that sector’s performance. Longer-term Treasuries and U.S. government-agency securities also outperformed the broad market, driven primarily by their returns during the risk-averse early and late months of the period.

The fund lagged its benchmark by a substantial margin during the period. What factors hampered its performance?

I think it’s important to point out that the fund’s benchmark is primarily composed

Credit qualities are shown as a percentage of net assets as of 7/31/12. A bond rated Baa or higher (Prime-3 or higher, for short-term debt) is considered investment grade. The chart reflects Moody’s ratings; percentages may include bonds or derivatives not rated by Moody’s but rated by Standard & Poor’s (S&P) or, if unrated by S&P, by Fitch, and then included in the closest equivalent Moody’s rating. Ratings will vary over time.

Credit quality includes bonds and represents only the fixed-income portion of the portfolio. Derivative instruments, including currency forwards, are only included to the extent of any unrealized gain or loss on such instruments and are shown in the not-rated category. Cash is also shown in the not-rated category. The fund itself has not been rated by an independent rating agency.

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of U.S. Treasury and agency securities, and these market sectors performed relatively well during the past 12 months. That said, the fund’s U.S. term-structure positioning [meaning its duration — or interest-rate sensitivity — and yield-curve strategy] detracted from results. Given the low level of Treasury yields and expectations for modestly improving U.S. economic growth, we took a cautious approach toward interest-rate risk by keeping the fund’s duration shorter than the benchmark’s. However, this positioning, which can be beneficial when rates are rising, hampered performance because interest rates generally declined during the period.

Our active currency strategy, which is implemented with long and short positions using currency forward contracts, also proved detrimental, as currency markets were volatile during the period. Specifically, our tactical exposure to commodity-linked currencies — such as the Australian dollar and Norwegian krone — and a short position in the euro detracted from results. Slowing global growth, particularly in China, led to falling commodity prices, which weighed on the currencies of major commodity-exporting countries. Having lighter-than-benchmark exposure to the euro hurt as the currency rebounded from the low levels it reached during 2011. A long position in the Swedish krona aided performance and partially offset the overall negative outcome of our currency strategy.

Which strategies and holdings helped the fund versus the benchmark?

Our out-of-benchmark allocation to non-agency RMBS was the biggest

This table shows the funds top holdings across three key sectors and the percentage of the funds net assets that each represented as of 7/31/12. Short-term holdings, derivatives, and TBA commitments are excluded. Holdings will vary over time.

contributor. Specifically, holdings of Alternative-A [Alt-A], home-equity, and payment option adjustable-rate mortgage-backed securities [pay option ARMs] produced strong gains. By way of background, Alt-A mortgage securities are considered riskier than bonds backed by standard prime mortgages. However, because Alt-A borrowers must have reasonably adequate credit histories, these securities have higher credit quality than bonds backed by subprime mortgages. Pay option ARM securities are backed by mortgages that allow the borrower to choose between several monthly payment options.

Holdings of commercial mortgage-backed securities [CMBS] were another notable contributor. We held both AAA-rated CMBS and “seasoned mezzanine” securities. CMBS are created when an underwriter assembles a package of commercial mortgages and issues bonds of varying creditworthiness. AAA-rated CMBS occupy the top of the underwriter’s capital structure, and thus offer the greatest principal protection. Mezzanine CMBS are slightly lower in the capital structure, but still provide a meaningful amount of principal protection along with higher yields. The mezzanine bonds we selected were issued prior to 2006, when CMBS underwriting standards were stronger than they were later in the decade.

Our exposure to high-yield corporate bonds also helped the fund’s performance, thanks to an overweight allocation to this strong-performing sector, along with favorable security selection.

Lastly, our international term-structure strategies were an overall contributor. The fund benefited from long-duration positioning in Europe, Japan, and the United Kingdom, along with a strategy designed to benefit from a flattening yield curve in the United Kingdom. These contributors were partially offset by unfavorable short-duration strategies in Australia, Canada, Switzerland, and Sweden.

How did you use derivatives during the period?

We used bond futures and interest-rate swaps — which allow two parties to exchange one stream of future interest payments

This chart shows how the fund’s top weightings have changed over the past six months. Weightings are shown as a percentage of net assets. Summary information may differ from the portfolio schedule included in the financial statements due to the inclusion of derivative securities, the exclusion of as-of trades, if any, and the use of different classifications of securities for presentation purposes. Cash positions may represent collateral used to cover certain derivative contracts. Holdings will vary over time.

for another, based on a specified principal amount — to take tactical positions at various points along the yield curve.

In addition, we employed interest-rate swaps and "swaptions" — which give us the option to enter into a swap contract — to hedge the interest-rate risk associated with our collateralized-mortgage-obligation [CMO] holdings.

Lastly, we used forward currency contracts to hedge the foreign exchange risk associated with non-U.S. bonds, and to efficiently gain exposure to foreign currencies as part of our active strategy toward global currency pairings.

The fund reduced its distribution rate twice during the period. What led to those decisions?

The fund's distribution rate was lowered to $0.043 per share from $0.051 per share in August and was lowered again in November to $0.030 per share. The reductions were due to the lower yields available on asset-backed and commercial mortgage-backed securities, as well as declining yields in the marketplace generally.

What is your outlook for the coming months, and how do you plan to position the fund?

The first estimate of second-quarter gross domestic product was 1.5% on an annualized basis, confirming that the U.S. economy has slowed from the first quarter's 2% rate. Although these were weaker readings than we were expecting, we do not view this weakness as particularly troubling. In our view, most of the recent data flow, especially the labor market and automotive sales data, points to an economy that appears to be bouncing along the bottom of its recent range. Of course, a slow-growing economy is more vulnerable to shocks, and Europe's weakness raises the risk of a shock that could push the United States into another recession.

A word about derivatives

Derivatives are an increasingly common type of investment instrument, the performance of which is *derived* from an underlying security, index, currency, or other area of the capital markets. Derivatives employed by the fund's managers generally serve one of two main purposes: to implement a strategy that may be difficult or more expensive to invest in through traditional securities, or to hedge unwanted risk associated with a particular position.

For example, the fund's managers might use forward currency contracts to capitalize on an anticipated change in exchange rates between two currencies. This approach would require a significantly smaller outlay of capital than purchasing traditional bonds denominated in the underlying currencies. In another example, the managers may identify a bond that they believe is undervalued relative to its risk of default, but may seek to reduce the interest-rate risk of that bond by using interest-rate swaps, a derivative through which two parties "swap" payments based on the movement of certain rates.

Like any other investment, derivatives may not appreciate in value and may lose money. Derivatives may amplify traditional fixed-income risks through the creation of leverage and may be less liquid than traditional securities. And because derivatives typically represent contractual agreements between two financial institutions, derivatives entail "counterparty risk," which is the risk that the other party is unable or unwilling to pay. Putnam monitors the counterparty risks we assume. For some types of derivatives, Putnam also seeks to mitigate the level of ongoing counterparty credit risk by entering into collateral agreements with counterparties that require the counterparties to post collateral on a regular basis to cover their obligations to the fund.

See pages 54–76 for more information on the types of derivatives used.

We believe that the risks to the United States from Europe are less from its deepening economic downturn and more from the possibility that financial market stress will cause a major European financial institution to fail. However, we believe significant steps are being taken to resolve the underlying crisis. Progress on common banking supervision, or "banking union," and likely intervention by the ECB in the peripheral bond markets represent significant developments in the policy response to the crisis.

In terms of portfolio positioning, at period-end, we continued to de-emphasize interest-rate risk by maintaining a modestly short duration stance and a bias toward a steeper yield curve in the United States. In terms of portfolio structure, the fund's greatest overweight was in securitized mortgage-backed instruments. We believe there are compelling tactical trading opportunities among government-agency mortgage pass-through securities and interest-only CMOs. We also believe non-agency RMBS remain attractive.

Thanks for bringing us up to date, Bill.

The views expressed in this report are exclusively those of Putnam Management and are subject to change. They are not meant as investment advice.

Please note that the holdings discussed in this report may not have been held by the fund for the entire period. Portfolio composition is subject to review in accordance with the fund's investment strategy and may vary in the future. Current and future portfolio holdings are subject to risk.

Portfolio Manager **D. William Kohli** is Co-Head of Fixed Income at Putnam. He has an M.B.A. from the Haas School of Business at the University of California, Berkeley, and a B.A. from the University of California, San Diego. Bill joined Putnam in 1994 and has been in the investment industry since 1986.

In addition to Bill, your fund's portfolio managers are Michael J. Atkin; Kevin F. Murphy; Michael V. Salm; Paul D. Scanlon, CFA; and Raman Srivastava, CFA.

IN THE NEWS

Speculation is high that additional monetary easing may soon be in the works. The U.S. Federal Reserve has engaged in unprecedented attempts to stimulate the economy since the onset of the global financial crisis, beginning with two rounds of bond buying called "quantitative easing." Dubbed "QE1" and "QE2" in the press, these large-scale expansions of the Fed's balance sheets were followed by a program called "Operation Twist," by which the Fed sells short-term debt on its books and uses the proceeds to purchase longer-term Treasuries and mortgage-backed securities. The goal of these programs has been to inject liquidity into the markets and drive down interest rates. Some market watchers believe "QE3" may be around the corner, this time aimed specifically at reducing today's already-low mortgage rates.

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Your fund's performance

This section shows your fund's performance, price, and distribution information for periods ended July 31, 2012, the end of its most recent fiscal year. In accordance with regulatory requirements for mutual funds, we also include performance as of the most recent calendar quarter-end. Performance should always be considered in light of a fund's investment strategy. Data represent past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return, net asset value, and market price will fluctuate, and you may have a gain or a loss when you sell your shares.

Fund performance Total return and comparative index results for periods ended 7/31/12

	NAV	Market price	Barclays Government Bond Index	Lipper Flexible Income Funds (closed-end) category average*
Annual average Life of fund (since 2/29/88)	7.65%	7.23%	6.96%	7.13%
10 years	113.79	115.55	66.49	98.83
Annual average	7.89	7.98	5.23	7.09
5 years	32.79	48.39	37.27	38.11

Annual average	5.84	8.21	6.54	6.58
3 years	37.46	43.36	18.47	35.01
Annual average	11.19	12.76	5.81	10.50
1 year	0.35	–0.63	7.56	4.41

Performance assumes reinvestment of distributions and does not account for taxes.

Index and Lipper results should be compared to fund performance at net asset value. Lipper calculates performance differently than the closed-end funds it ranks, due to varying methods for determining a fund's monthly reinvestment NAV.

* Over the 1–year, 3–year, 5–year, 10–year, and life–of–fund periods ended 7/31/12, there were 5, 5, 4, 3, and 1 fund(s), respectively, in this Lipper category.

Fund price and distribution information For the 12-month period ended 7/31/12

Distributions		
Number	12	
Income	$0.343934	
Return of capital*	0.055066	
Capital gains	—	
Total	**$0.399000**	
Share value	**NAV**	**Market price**
7/31/11	$6.17	$6.09
7/31/12	5.76	5.63
Current yield (end of period)	**NAV**	**Market price**
Current dividend rate†	6.25%	6.39%

The classification of distributions, if any, is an estimate. Final distribution information will appear on your year-end tax forms.

* See page 92.

† Most recent distribution, excluding capital gains, annualized and divided by NAV or market price at end of period.

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Fund performance as of most recent calendar quarter
Total return for periods ended 6/30/12

	NAV	Market price
Annual average		
Life of fund (since 2/29/88)	7.56%	7.01%
10 years	104.78	97.39
Annual average	7.43	7.04
5 years	28.28	32.61
Annual average	5.11	5.81
3 years	44.80	46.98
Annual average	13.13	13.70
1 year	–1.79	–11.94

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Terms and definitions

Important terms

Total return shows how the value of the fund's shares changed over time, assuming you held the shares through the entire period and reinvested all distributions in the fund.

Net asset value (NAV) is the value of all your fund's assets, minus any liabilities, divided by the number of outstanding shares.

Market price is the current trading price of one share of the fund. Market prices are set by transactions between buyers and sellers on exchanges such as the New York Stock Exchange.

Fixed-income terms

Current yield is the annual rate of return earned from dividends or interest of an investment. Current yield is expressed as a percentage of the price of a security, fund share, or principal investment.

Mortgage-backed security (MBS), also known as a mortgage pass-through, is a type of asset-backed security that is secured by a mortgage or collection of mortgages. The following are types of MBSs:

 Agency pass-through has its principal and interest backed by a U.S. government agency, such as the Federal National Mortgage Association (Fannie Mae), Government National Mortgage Association (Ginnie Mae), and Federal Home Loan Mortgage Corporation (Freddie Mac).

 Collateralized mortgage obligation (CMO) represents claims to specific cash flows from pools of home mortgages. The streams of principal and interest payments on the mortgages are distributed to the different classes of CMO interests in tranches. Each tranche may have different principal balances, coupon rates, prepayment risks, and maturity dates. A CMO is highly sensitive to changes in interest rates and any resulting change in the rate at which homeowners sell their properties, refinance, or otherwise prepay loans. CMOs are subject to prepayment, market, and liquidity risks.

 Interest-only (IO) security is a type of CMO in which the underlying asset is the interest portion of mortgage, Treasury, or bond payments.

 Non-agency residential mortgage-backed security (RMBS) is an MBS not backed by Fannie Mae, Ginnie Mae, or Freddie Mac. One type of RMBS is an Alt-A mortgage-backed security.

 Commercial mortgage-backed security (CMBS) is secured by the loan on a commercial property.

Yield curve is a graph that plots the yields of bonds with equal credit quality against their differing maturity dates, ranging from shortest to longest. It is used as a benchmark for other debt, such as mortgage or bank lending rates.

Comparative indexes

Barclays Government Bond Index is an unmanaged index of U.S. Treasury and agency securities.

Barclays U.S. Aggregate Bond Index is an unmanaged index of U.S. investment-grade fixed-income securities.

BofA (Bank of America) Merrill Lynch U.S. 3-Month Treasury Bill Index is an unmanaged index that seeks to measure the performance of U.S. Treasury bills available in the marketplace.

S&P 500 Index is an unmanaged index of common stock performance.

Indexes assume reinvestment of all distributions and do not account for fees. Securities and performance of a fund and an index will differ. You cannot invest directly in an index.

Lipper is a third-party industry-ranking entity that ranks mutual funds. Its rankings do not reflect sales charges. Lipper rankings are based on total return at net asset value relative to other funds that have similar current investment styles or objectives as determined by Lipper. Lipper may change a funds category assignment at its discretion. Lipper category averages reflect performance trends for funds within a category.

Other information for shareholders

Important notice regarding share repurchase program

In September 2012, the Trustees of your fund approved the renewal of a share repurchase program that had been in effect since 2005. This renewal will allow your fund to repurchase, in the 12 months beginning October 8, 2012, up to 10% of the fund’s common shares outstanding as of October 7, 2012.

Important notice regarding Putnam’s privacy policy

In order to conduct business with our shareholders, we must obtain certain personal information such as account holders’ names, addresses, Social Security numbers, and dates of birth. Using this information, we are able to maintain accurate records of accounts and transactions.

It is our policy to protect the confidentiality of our shareholder information, whether or not a shareholder currently owns shares of our funds. In particular, it is our policy not to sell information about you or your accounts to outside marketing firms. We have safeguards in place designed to prevent unauthorized access to our computer systems and procedures to protect personal information from unauthorized use.

Under certain circumstances, we must share account information with outside vendors who provide services to us, such as mailings and proxy solicitations. In these cases, the service providers enter into confidentiality agreements with us, and we provide only the information necessary to process transactions and perform other services related to your account. Finally, it is our policy to share account information with your financial representative, if you’ve listed one on your Putnam account.

Proxy voting

Putnam is committed to managing our mutual funds in the best interests of our shareholders. The Putnam funds’ proxy voting guidelines and procedures, as well as information regarding how your fund voted proxies relating to portfolio securities during the 12-month period ended June 30, 2012, are available in the Individual Investors section at putnam.com, and on the Securities and Exchange Commission (SEC) website, www.sec.gov. If you have questions about finding forms on the SEC’s website, you may call the SEC at 1-800-SEC-0330. You may also obtain the Putnam funds’ proxy voting guidelines and procedures at no charge by calling Putnam’s Shareholder Services at 1-800-225-1581.

Fund portfolio holdings

The fund will file a complete schedule of its portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain the fund’s Forms N-Q on the SEC’s website at www.sec.gov. In addition, the fund’s Forms N-Q may be reviewed and copied at the SEC’s Public Reference Room in Washington, D.C. You may call the SEC at 1-800-SEC-0330 for information about the SEC’s website or the operation of the Public Reference Room.

Trustee and employee fund ownership

Putnam employees and members of the Board of Trustees place their faith, confidence, and, most importantly, investment dollars in Putnam mutual funds. As of July 31, 2012, Putnam employees had approximately $332,000,000 and the Trustees had approximately $79,000,000 invested in Putnam mutual funds. These amounts include investments by the Trustees’ and employees’ immediate family members as well as investments through retirement and deferred compensation plans.

Trustee approval of management contract

General conclusions

The Board of Trustees of the Putnam funds oversees the management of each fund and, as required by law, determines annually whether to approve the continuance of your fund’s management contract with Putnam Investment Management (“Putnam Management”) and the sub-management contract with respect to your fund between Putnam Management and its affiliate, Putnam Investments Limited (“PIL”).

The Board of Trustees, with the assistance of its Contract Committee, requests and evaluates all information it deems reasonably necessary under the circumstances in connection with its annual contract review. The Contract Committee consists solely of Trustees who are not "interested persons" (as this term is defined in the Investment Company Act of 1940, as amended (the "1940 Act")) of the Putnam funds ("Independent Trustees").

At the outset of the review process, members of the Board's independent staff and independent legal counsel met with representatives of Putnam Management to review the annual contract review materials furnished to the Contract Committee during the course of the previous year's review and to discuss possible changes in these materials that might be necessary or desirable for the coming year. Following these discussions and in consultation with the Contract Committee, the Independent Trustees' independent legal counsel requested that Putnam Management furnish specified information, together with any additional information that Putnam Management considered relevant, to the Contract Committee. Over the course of several months ending in June 2012, the Contract Committee met on a number of occasions with representatives of Putnam Management, and separately in executive session, to consider the information that Putnam Management provided. Throughout this process, the Contract Committee was assisted by the members of the Board's independent staff and by independent legal counsel for the Putnam funds and the Independent Trustees.

In May 2012, the Contract Committee met in executive session with the other Independent Trustees to discuss the Contract Committee's preliminary recommendations with respect to the continuance of the contracts. At the Trustees' June 22, 2012 meeting, the Contract Committee met in executive session with the other Independent Trustees to review a summary of the key financial data that the Contract Committee considered in the course of its review. The Contract Committee then presented its written report, which summarized the key factors that the Committee had considered and set forth its final recommendations. The Contract Committee then recommended, and the Independent Trustees approved, the continuance of your fund's management and sub-management contracts, effective July 1, 2012. (Because PIL is an affiliate of Putnam Management and Putnam Management remains fully responsible for all services provided by PIL, the Trustees have not evaluated PIL as a separate entity, and all subsequent references to Putnam Management below should be deemed to include reference to PIL as necessary or appropriate in the context.)

The Independent Trustees' approval was based on the following conclusions:

• That the fee schedule in effect for your fund represented reasonable compensation in light of the nature and quality of the services being provided to the fund, the fees paid by competitive funds, and the costs incurred by Putnam Management in providing services, and

• That the fee schedule represented an appropriate sharing between fund shareholders and Putnam Management of such economies of scale as may exist in the management of the fund at current asset levels.

These conclusions were based on a comprehensive consideration of all information provided to the Trustees and were not the result of any single factor. Some of the factors that figured particularly in the Trustees' deliberations and how the Trustees considered these factors are described below, although individual Trustees may have evaluated the information presented differently, giving different weights to various factors. It is also important to recognize that the management arrangements for your fund and the other Putnam funds are the result of many years of review and discussion between the Independent Trustees and Putnam Management, that some aspects of the arrangements may receive greater scrutiny in some years than others, and that the Trustees' conclusions may be based, in part, on their consideration of fee arrangements in previous years.

Management fee schedules and total expenses

The Trustees reviewed the management fee schedules in effect for all Putnam funds, including fee levels and breakpoints. In reviewing management fees, the Trustees generally focus their attention on material changes in circumstances — for example, changes in assets under management, changes in a fund's investment style, changes in Putnam Management's operating costs, or changes in competitive practices in the mutual fund industry — that suggest that consideration of fee changes might be warranted. The Trustees concluded that the circumstances did not warrant changes to the management fee structure of your fund.

Your fund has the benefit of breakpoints in its management fee that provide shareholders with significant economies of scale in the form of reduced fee levels as the fund's assets under management increase. In recent years, the Trustees have examined the operation of the existing breakpoint structure during periods of both growth and decline in asset levels. The Trustees concluded that the fee schedule in effect for your fund represented an appropriate sharing of economies of scale at that time.

The Trustees reviewed comparative fee and expense information for a custom group of competitive funds selected by Lipper Inc. This comparative information included your fund's percentile ranking for effective management fees and total expenses, which provides a general indication of your fund's relative standing. In the custom peer group, your fund ranked in the 1st quintile in effective management fees (determined for your fund and the other funds in the custom peer group based on fund asset size and the applicable contractual management fee schedule) and in the 1st quintile in total expenses as of December 31, 2011 (the first quintile representing the least expensive funds and the fifth quintile the most expensive funds). The fee and expense data reported by Lipper as of December 31, 2011 reflected the most recent fiscal year-end data available in Lipper's database at that time.

In connection with their review of the management fees and total expenses of the Putnam funds, the Trustees also reviewed the costs of the services provided and the profits realized by Putnam Management and its affiliates from their contractual relationships with the funds. This information included trends in revenues, expenses and profitability of Putnam Management and its affiliates relating to the investment management, investor servicing and distribution services provided to the funds. In this regard, the Trustees also reviewed an analysis of Putnam Management's revenues, expenses and profitability, allocated on a fund-by-fund basis, with respect to the funds' management, distribution, and investor servicing contracts. For each fund, the analysis presented information about revenues, expenses and profitability for each of the agreements separately and for the agreements taken together on a combined basis. The Trustees concluded that, at current asset levels, the fee schedules in place represented reasonable compensation for the services being provided and represented an

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appropriate sharing of such economies of scale as may exist in the management of the funds at that time.

The information examined by the Trustees as part of their annual contract review for the Putnam funds has included for many years information regarding fees charged by Putnam Management and its affiliates to institutional clients such as defined benefit pension plans, college endowments, and the like. This information included comparisons of those fees with fees charged to the funds, as well as an assessment of the differences in the services provided to these different types of clients. The Trustees observed that the differences in fee rates between institutional clients and mutual funds are by no means uniform when examined by individual asset sectors, suggesting that differences in the pricing of investment management services to these types of clients may reflect historical competitive forces operating in separate markets. The Trustees considered the fact that in many cases fee rates across different asset classes are higher on average for mutual funds than for institutional clients, as well as the differences between the services that Putnam Management provides to the Putnam funds and those that it provides to its institutional clients. The Trustees did not rely on these comparisons to any significant extent in concluding that the management fees paid by your fund are reasonable.

Investment performance

The quality of the investment process provided by Putnam Management represented a major factor in the Trustees' evaluation of the quality of services provided by Putnam Management under your fund's management contract. The Trustees were assisted in their review of the Putnam funds' investment process and performance by the work of the investment oversight committees of the Trustees, which meet on a regular basis with the funds' portfolio teams and with the Chief Investment Officer and other members of Putnam Management's Investment Division throughout the year. The Trustees concluded that Putnam Management generally provides a high-quality investment process — based on the experience and skills of the individuals assigned to the management of fund portfolios, the resources made available to them, and in general Putnam Management's ability to attract and retain high-quality personnel — but also recognized that this does not guarantee favorable investment results for every fund in every time period.

The Trustees considered the investment performance of each fund over multiple time periods and considered information comparing each fund's performance with various benchmarks and, where applicable, with the performance of competitive funds or targeted annualized return. They noted that since 2009, when Putnam Management began implementing major changes to strengthen its investment personnel and processes, there has been a steady improvement in the number of Putnam funds showing above-median three-year performance results. They also noted the disappointing investment performance of some funds for periods ended December 31, 2011 and considered information provided by Putnam Management regarding the factors contributing to the underperformance and actions being taken to improve the performance of these particular funds. The Trustees indicated their intention to continue to monitor performance trends to assess the effectiveness of these efforts and to evaluate whether additional actions to address areas of underperformance are warranted.

In the case of your fund, the Trustees considered that its common share cumulative total return performance at net asset value was in the following quartiles of its Lipper Inc. peer group (Lipper Flexible Income Funds) for the one-year, three-year and five-year periods ended December 31, 2011

(the first quartile representing the best-performing funds and the fourth quartile the worst-performing funds):

One-year period	3rd
Three-year period	1st
Five-year period	3rd

Over the one-year, three-year and five-year periods ended December 31, 2011, there were 5, 4 and 4 funds, respectively, in your fund's Lipper peer group. (When considering performance information, shareholders should be mindful that past performance is not a guarantee of future results.)

Brokerage and soft-dollar allocations; investor servicing

The Trustees considered various potential benefits that Putnam Management may receive in connection with the services it provides under the management contract with your fund. These include benefits related to brokerage allocation and the use of soft dollars, whereby a portion of the commissions paid by a fund for brokerage may be used to acquire research services that are expected to be useful to Putnam Management in managing the assets of the fund and of other clients. Subject to policies established by the Trustees, soft-dollar credits acquired through these means are used primarily to acquire research services that supplement Putnam Management's internal research efforts. However, the Trustees noted that a portion of available soft-dollar credits continues to be allocated to the payment of fund expenses. The Trustees indicated their continued intent to monitor regulatory developments in this area with the assistance of their Brokerage Committee and also indicated their continued intent to monitor the potential benefits associated with fund brokerage and soft-dollar allocations and trends in industry practices to ensure that the principle of seeking best price and execution remains paramount in the portfolio trading process.

Putnam Management may also receive benefits from payments that the funds make to Putnam Management's affiliates for investor services. In conjunction with the annual review of your fund's management and sub-management contracts, the Trustees reviewed your fund's investor servicing agreement with Putnam Investor Services, Inc. ("PSERV"), an affiliate of Putnam Management. The Trustees concluded that the fees payable by the funds to PSERV for such services are reasonable in relation to the nature and quality of such services.

Financial statements

These sections of the report, as well as the accompanying Notes, preceded by the Report of Independent Registered Public Accounting Firm, constitute the fund's financial statements.

The fund's portfolio lists all the fund's investments and their values as of the last day of the reporting period. Holdings are organized by asset type and industry sector, country, or state to show areas of concentration and diversification.

Statement of assets and liabilities shows how the fund's net assets and share price are determined. All investment and non-investment assets are added together. Any unpaid expenses and other liabilities are subtracted from this total. The result is divided by the number of shares to determine the net asset value per share. (For funds with preferred shares, the amount subtracted from total assets includes the liquidation preference of preferred shares.)

Statement of operations shows the fund's net investment gain or loss. This is done by first adding up all the fund's earnings — from dividends and interest income — and subtracting its operating expenses to determine net investment income (or loss). Then, any net gain or loss the fund realized on the sales of its holdings — as well as any unrealized gains or losses over the period — is added to or subtracted from the net investment result to determine the fund's net gain or loss for the fiscal year.

Statement of changes in net assets shows how the fund's net assets were affected by the fund's net investment gain or loss, by distributions to shareholders, and by changes in the number of the fund's shares. It lists distributions and their sources (net investment income or realized capital gains) over the current reporting period and the most recent fiscal year-end. The distributions listed here may not match the sources listed in the Statement of operations because the distributions are determined on a tax basis and may be paid in a different period from the one in which they were earned.

Financial highlights provide an overview of the fund's investment results, per-share distributions, expense ratios, net investment income ratios, and portfolio turnover in one summary table, reflecting the five most recent reporting periods. In a semiannual report, the highlights table also includes the current reporting period.

Report of Independent Registered Public Accounting Firm

The Board of Trustees and Shareholders
Putnam Premier Income Trust:

We have audited the accompanying statement of assets and liabilities of Putnam Premier Income Trust (the fund), including the fund□s portfolio, as of July 31, 2012, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the fund□s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of July 31, 2012 by correspondence with the custodian and brokers or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Putnam Premier Income Trust as of July 31, 2012, the results of its operations, the changes in its net assets and the financial highlights for the periods specified in the first paragraph above, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts
September 17, 2012

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The fund's portfolio 7/31/12

MORTGAGE-BACKED SECURITIES (31.5%)*	Principal amount	Value
American Home Mortgage Assets Ser. 07-5, Class XP, IO, PO,		
2.781s, 2047	$26,672,873	$2,695,575
American Home Mortgage Investment Trust Ser. 07-1,		
Class GIOP, IO, 2.078s, 2047	3,028,098	369,125
Banc of America Commercial Mortgage, Inc. 144A		
Ser. 01-1, Class J, 6 1/8s, 2036	318,946	236,020
Ser. 01-1, Class K, 6 1/8s, 2036	677,530	93,115
Ser. 07-5, Class XW, IO, 0.412s, 2051	201,748,830	2,880,166
Barclays Capital, LLC Trust 144A		
Ser. 09-RR7, Class 1A7, IO, 1.792s, 2046	44,834,123	1,905,450
Ser. 09-RR7, Class 2A7, IO, 1.579s, 2047	87,893,287	3,656,361
Ser. 09-RR7, Class 2A1, IO, 0 3/4s, 2047	97,082,417	2,475,602
Ser. 09-RR7, Class 1A1, IO, 0 3/4s, 2046	99,385,188	2,534,322
Bear Stearns Commercial Mortgage Securities, Inc.		
FRB Ser. 06-PW12, Class AJ, 5.757s, 2038	1,500,000	1,289,940
Ser. 05-PWR7, Class B, 5.214s, 2041	1,641,000	1,493,310
Bear Stearns Mortgage Funding Trust		
Ser. 06-AR2, Class 1X, IO, 0.7s, 2046	16,455,702	431,139
Ser. 07-AR5, Class 1X2, IO, 0 1/2s, 2047	10,013,535	213,288
Ser. 06-AR5, Class 1X, IO, 0 1/2s, 2046	22,212,319	422,034
Ser. 06-AR3, Class 1X, IO, 0.4s, 2036	11,430,229	161,166
Citigroup Mortgage Loan Trust, Inc. FRB Ser. 06-AR3,		

Class 1A2A, 5.621s, 2036		3,653,985	3,266,224
Citigroup/Deutsche Bank Commercial Mortgage Trust 144A			
Ser. 07-CD5, Class XS, IO, 0.046s, 2044		61,047,306	229,437
Commercial Mortgage Pass-Through Certificates FRB			
Ser. 04-LB3A, Class E, 5.358s, 2037 F		1,522,000	1,464,131
Cornerstone Titan PLC 144A			
FRB Ser. 05-CT1A, Class D, 1.88s, 2014 (United Kingdom)	GBP	868,987	1,144,451
FRB Ser. 05-CT2A, Class E, 1.789s, 2014 (United Kingdom)	GBP	284,623	397,159
Countrywide Alternative Loan Trust			
Ser. 06-0A19, Class XP, IO, 2.588s, 2047		$32,732,044	2,291,243
FRB Ser. 05-38, Class A1, 1.647s, 2035		2,210,490	1,492,081
FRB Ser. 05-62, Class 2A1, 1.147s, 2035		2,520,741	1,518,746
Ser. 07-HY9, Class X, IO, 0.65s, 2047		13,334,356	542,708
FRB Ser. 05-59, Class 1A1, 0.577s, 2035		11,111,704	6,444,788
FRB Ser. 06-OA6, Class 1A1A, 0.456s, 2046		13,735,597	7,966,646
FRB Ser. 06-OA21, Class A1, 0.437s, 2047		15,432,467	8,102,045
FRB Ser. 06-OA16, Class A1C, 0.436s, 2046		3,422,636	2,720,996
FRB Ser. 06-OA8, Class 1A1, 0.436s, 2046		5,547,396	3,106,542
FRB Ser. 07-OA7, Class A1B, 0.386s, 2047		2,499,959	1,462,476
FRB Ser. 07-OA3, Class 1A1, 0.386s, 2047		3,313,287	2,186,769
FRB Ser. 06-OA18, Class A1, 0.366s, 2046		9,422,528	5,841,968
Countrywide Home Loans			
FRB Ser. 07-HYB2, Class 3A1, 2.894s, 2047		3,713,290	2,088,726
FRB Ser. 05-HY10, Class 3A1B, 2.721s, 2036		8,301,112	5,229,701
FRB Ser. 05-3, Class 1A2, 0.536s, 2035		1,223,058	819,449
FRB Ser. 06-OA4, Class A2, 0.516s, 2046		2,473,010	1,088,124
FRB Ser. 06-OA5, Class 2A1, 0.445s, 2046		4,000,578	2,240,324

MORTGAGE-BACKED SECURITIES (31.5%)* *cont.*	**Principal amount**	**Value**
Credit Suisse Mortgage Capital Certificates FRB Ser. 06-C1,		

Class AJ, 5.593s, 2039	$1,057,000	$991,466
CS First Boston Mortgage Securities Corp. Ser. 05-C6, Class AJ, 5.23s, 2040 F	1,737,000	1,705,395
CS First Boston Mortgage Securities Corp. 144A Ser. 02-CP5, Class M, 5 1/4s, 2035	684,281	40,919
Deutsche Alt-A Securities, Inc. Mortgage Loan Trust FRB Ser. 06-OA1, Class A1, 0.446s, 2047	2,372,195	1,435,178
DLJ Commercial Mortgage Corp. Ser. 98-CF2, Class B4, 6.04s, 2031	552,708	541,654
Federal Home Loan Mortgage Corp.		
IFB Ser. 3182, Class SP, 27.605s, 2032	526,015	841,750
IFB Ser. 3408, Class EK, 24.792s, 2037	318,280	507,775
IFB Ser. 2979, Class AS, 23.361s, 2034	162,461	220,700
IFB Ser. 3072, Class SM, 22.885s, 2035	543,941	860,658
IFB Ser. 3072, Class SB, 22.738s, 2035	487,217	767,844
IFB Ser. 3951, Class CS, IO, 6.508s, 2026	12,319,888	2,063,828
IFB Ser. 3727, Class PS, IO, 6.451s, 2038	5,395,607	566,907
IFB Ser. 3895, Class SM, IO, 6.401s, 2040	11,266,857	1,770,183
IFB Ser. 4048, Class GS, IO, 6.401s, 2040	4,786,744	1,013,258
IFB Ser. 3940, Class PS, IO, 6.401s, 2040	13,738,949	1,942,773
IFB Ser. 4032, Class SA, IO, 6.251s, 2042	13,796,383	1,976,706
IFB Ser. 3922, Class CS, IO, 5.851s, 2041	4,930,111	720,127
IFB Ser. 3768, Class PS, IO, 5.751s, 2036	13,436,156	1,444,387
IFB Ser. 3753, Class S, IO, 5.701s, 2040	5,868,597	958,232
Ser. 3632, Class CI, IO, 5s, 2038	2,212,107	138,788
Ser. 3626, Class DI, IO, 5s, 2037	1,382,082	51,261
Ser. 268, Class S3, IO, 4 1/2s, 2042 Δ	7,884,000	2,119,219
Ser. 4000, Class PI, IO, 4 1/2s, 2042	6,737,056	810,552
Ser. 4019, Class GI, IO, 4 1/2s, 2041	8,785,831	1,166,868
Ser. 4024, Class PI, IO, 4 1/2s, 2041	12,031,467	1,639,287
Ser. 3747, Class HI, IO, 4 1/2s, 2037	1,322,393	129,843
Ser. 4010, Class NI, IO, 4s, 2041 F	9,351,744	1,328,776
Ser. 3738, Class MI, IO, 4s, 2034	13,781,925	825,437
Ser. 3748, Class NI, IO, 4s, 2034	6,797,383	