

PUTNAM PREMIER INCOME TRUST
Form N-CSR
September 28, 2011

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: Beth S. Mazor, Vice President
One Post Office Square
Boston, Massachusetts 02109

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Boston, Massachusetts 02199-3600

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

Date of fiscal year end: July 31, 2011

Date of reporting period: August 1, 2010 – July 31, 2011

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

Annual report
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Message from the Trustees

Dear Fellow Shareholder:

In early August, equity markets around the world were rocked by indications of slowing economic growth and worsening debt issues in Europe and the United States. Significantly, Standard & Poor's downgraded U.S. sovereign debt to AA+ from AAA on August 5. Markets did show signs of stabilizing after the initial shock wore off, but it seems clear that volatility will be with us in the near term.

Putnam's investment team believes the downgrade will have limited impact on the real economy today and that many investment opportunities still exist. Long-term investors are wise to seek the counsel of their financial advisors during volatile times and to remember that market volatility historically has served as an opportunity for nimble managers to both guard against risk and pursue new opportunities. We believe that Putnam's active, research-intensive investment approach offers shareholders a potential advantage in this environment.

We would like to thank John A. Hill, who has served as Chairman of the Trustees since 2000 and who continues on as a Trustee, for his service. We are pleased to announce that Jameson A. Baxter is the new Chair, having served as Vice Chair since 2005 and a Trustee since 1994. Ms. Baxter is President of Baxter Associates, Inc., a private investment firm, and Chair of the Mutual Fund Directors Forum. In addition, she serves as Chair Emeritus of the Board of Trustees of Mount Holyoke College, Director of the Adirondack Land Trust, and Trustee of the Nature Conservancy's Adirondack Chapter.

Lastly, we would like to take this opportunity to welcome new shareholders to 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.

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. Funds that invest in bonds are subject to certain risks including interest-rate risk, credit risk, and inflation risk. As interest rates rise, the prices of bonds fall. Long-term bonds are more exposed to interest-rate risk than short-term bonds. Unlike bonds, bond funds have ongoing fees and expenses. The fund's shares trade on a stock exchange at market prices, which may be lower than the fund's net asset value.

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.

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 to 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.

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Interview with your fund's portfolio manager

D. William Kohli

What was the investment environment like in the bond markets during the fund's fiscal year?

The bond market's non-Treasury sectors generally delivered solid returns during the past 12 months. In early November, the Federal Reserve Board [the Fed] announced a second round of quantitative easing, dubbed "QE2." Under the program, the Fed committed to purchase an additional \$600 billion of Treasury bonds by the end of June 2011. Investors had widely anticipated the Fed's announcement, and Treasury rates jumped higher in the fourth quarter of 2010 and early months of 2011.

During this time, so-called "spread sectors" generally performed well as investors regained their appetite for risk. After relative stability in the first quarter, however, in June and July some weaker-than-expected economic data and political gridlock surrounding attempts to raise the U.S. debt ceiling reignited fears of a double-dip recession. Many investors responded by selling off riskier assets and moving money into U.S. Treasuries and global government bonds. Despite these recent declines, the non-government sectors of the market generated solid total returns during the past year, with corporate and mortgage-related bonds among the top-performing sectors.

The fund outperformed its benchmark by a substantial margin during the past 12 months. What factors drove those gains?

The fund's benchmark, the Barclays Capital Government Bond Index, is composed primarily of U.S. government-backed securities, which continued to offer extremely low yields during the period and lagged the returns of bond market segments with greater perceived risks. Although 2008 may

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

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seem rather distant to some investors, the price declines that certain non-Treasury sectors experienced during the financial crisis were so severe that even today, nearly three years later, we believe many areas of the market still appear undervalued relative to their historical averages.

One example is high-yield corporate debt. The yield spread relative to U.S. Treasuries in the high-yield sector had widened to record levels during the height of the financial crisis, as weaker companies defaulted on their debt or went out of business entirely. Those companies that survived the crisis, however, emerged much stronger. Today, the default rate among high-yield issuers is well below its long-term average, as companies have much stronger balance sheets and continue to generate solid earnings. The fund's significant allocation to high-yield bonds was a key contributor to its outperformance of the benchmark, as the high-yield category was among the top-performing bond market sectors for the period.

Our positioning in the mortgage-backed securities market also continued to produce solid gains, particularly within non-agency residential mortgage-backed securities [RMBS]. Non-agency mortgages lack the support of any government entity, such as Fannie Mae or Freddie Mac. And like high-yield corporate debt, valuations in this

Credit qualities are shown as a percentage of net assets as of 7/31/11. 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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sector still appear depressed relative to their pre-crisis levels. Because of this, even if home prices continue to deteriorate and defaults on mortgage payments increase, we believe our holdings in this sector would still be undervalued relative to the cash flows that we anticipate they will generate. Late in the period, the Fed began to sell portions of its "Maiden Lane" portfolio — a name taken from a street that runs beside the New York Federal Reserve in Manhattan. This led to some weakness in the market, as demand failed to keep pace with the increased supply.

Another form of mortgage-backed security that performed well during the year was interest-only collateralized mortgage obligations, or CMO IOs. By way of background, CMOs are securities backed by the payments from pools of mortgages, and, as the name suggests, IO securities are tied specifically to the interest payments on those mortgages. CMO IOs are designed so that the longer homeowners take to pay down their mortgages, the more money security holders will earn from interest payments on those loans. Refinancing activity on the mortgage pools underlying the CMO IOs that we held remained at low levels, as bank-lending standards remained fairly tight over the period. We also believe that most homeowners who are capable of refinancing already have. This particular strategy has been a strong contributor to the fund's performance for some time, and over the course of 2011 we've been paring our exposure, given that valuations are not as attractive as they had

This table shows the fund's top holdings across three key sectors and the percentage of the fund's net assets that each represented as of 7/31/11. Short-term holdings are excluded. Holdings will vary over time.

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been a year ago. In implementing our CMO IO strategy, we used interest-rate swaps and options to hedge the fund's duration — or sensitivity to interest-rate changes — to isolate the prepayment risks associated with the securities, which we believed offered attractive return potential.

Throughout the period, we took tactical positions designed to benefit from a flattening yield curve. As a reminder, the yield curve is a graphical representation of how the yields of bonds of various maturities compare. Usually, bonds with longer maturities offer higher yields than short-term bonds. This is true today, but the difference between the short and the long end of the curve is greater than is typical. For more than two years, the Fed has kept the short end of the curve anchored around zero after it cut the benchmark for short-term interest rates, the federal funds rate, to a target of less than 0.25%. For comparison, for the first half of 2011, the yield on the 30-year U.S. Treasury bond was more than 4%. Although long-term rates declined slightly in 2011, short-term rates remained essentially unchanged, and our strategy produced mixed results, and we have recently reduced the size of our position. In implementing this strategy, we primarily used Treasury futures, as well as interest-rate swaps and swaptions, which involve the transfer — or “swap” — of a fixed amount and a variable amount between two parties.

How is the fund positioned in the international markets?

The fund has a modest allocation to emerging-market debt, one of the better-performing asset classes in recent years. Our allocation is primarily divided between two types of markets: those that we believe were oversold during the 2008 financial crisis and are still in the process of recovering, such as Argentina and Venezuela, and those countries that

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 and the exclusion of as-of trades, if any, and the use of different classifications of securities for presentation purposes. Holdings will vary over time.

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export commodities and stand to benefit from a global economic recovery, such as Russia and Brazil. While we believe the fundamentals are attractive in emerging markets — where governments and households have manageable debt loads and inflation remains relatively subdued — we feel that valuations have become somewhat stretched, and we are being highly selective with our investments. That said, our exposure to emerging markets was a contributor to relative performance over the fund's fiscal year.

Our active currency management detracted from returns during the period. The fund's exposure to the Norwegian krone and Swedish krona proved negative for performance, as did the fund's short positions to the Japanese yen and British pound. The fund's exposure to the Australian dollar as well as some emerging-market currencies helped returns somewhat, as did the fund's short position to the euro, but these positive contributors were not enough to fully offset the detractors. Throughout the period, we primarily implemented our currency views by buying and selling forward currency contracts.

The fund reduced its distribution rate during the year. What led to that decision?

The fund's distribution rate was lowered during the period to \$0.051 per share from \$0.059 per share. During the past 12 months, we've been adopting a more conservative stance and, as a result, the fund has generated less current income. That said, we are always monitoring the fund's risk profile and will adjust it going forward based on market opportunities.

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

Since the close of the fund's fiscal year, volatility in riskier asset classes has increased significantly. Part of the downturn stems from investors' concerns over an uncertain political climate: The eleventh-hour agreement to raise the federal debt ceiling was followed closely by Standard & Poor's unprecedented downgrade of U.S. Treasury debt from AAA to AA+. The Fed, meanwhile, recently stated that its near-zero interest-rate policy would remain in place through the middle of 2013, which many market-watchers have interpreted as a response to increased weakness in the U.S. economy. At Putnam, we believe the chance of a double-dip recession is higher today than six months ago, but we do not believe that a recession is the most likely outcome. Rather, our analysis suggests that, as was the case in 2010, the second half of this year has the potential to be stronger than the first. In our view, temporary setbacks stemming from supply disruptions due to the natural disasters in Japan, as well as from spikes in food and energy prices, should give way to more stable growth in the third and fourth quarters of 2011 barring any unforeseen global economic shocks.

Turning to the bond markets, as I mentioned earlier, credit spreads have narrowed greatly since late 2008, but we believe there are still pockets of opportunity in many market segments. As a result, we plan to maintain the fund's positions in high-yield bonds, CMO IOs, and non-agency RMBS.

With regard to credit, we have a favorable view of both investment-grade and high-yield corporate bonds, as a wide range of companies are benefiting from improving fundamentals and a supportive technical environment in the corporate debt market. And we believe our positions in non-agency RMBS can continue to produce attractive cash flows even under most worst-case scenarios.

With regard to our prepayment strategies, although we are more mindful of valuations today, we still believe IO CMOs should fare relatively well amid ongoing weakness in the housing market and an environment of tighter

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standards for borrowers. Given the prospect of government budget challenges for years to come, combined with increased inflationary pressures, our inclination is to keep duration short in the portfolio. We believe there are more attractive opportunities than taking on interest-rate risk, including those in our credit and prepayment strategies.

Thank you, Bill, for bringing us up to date.

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 1987.

Bill manages your fund with a team of portfolio managers, including Michael Atkin, Kevin Murphy, Michael Salm, and Paul Scanlon. (Former portfolio manager Rob Bloemker departed from Putnam Investments during the fund's fiscal year ended 7/31/11. Mr. Salm joined the portfolio team for the fund in April 2011. From 1977 to present, he has been employed by Putnam Investment Management, LLC, currently as Co-Head of Fixed Income and previously as Team Leader, Liquid Markets and as Mortgage Specialist.)

IN THE NEWS

Citing its belief that the U.S. deficit reduction plan “falls short” of what is needed to stabilize the federal debt situation, ratings agency Standard & Poor’s on August 5 reduced the credit rating of long-term U.S. debt to AA+, one notch below the top grade of AAA, with a negative outlook. U.S. short-term debt retained its top rating of A-1+. The historic action triggered a sell-off in global equity markets, adding to recent market volatility stemming from investor concerns regarding the European sovereign debt crisis. The downgrade came just days after Congress and the White House agreed to raise the federal debt ceiling by at least \$2.1 trillion, removing the threat of default through 2012. The accord, reached after weeks of contentious debate, includes more than \$900 billion in spending cuts during the next 10 years, and establishes a joint congressional committee to identify \$1.5 trillion in additional cuts.

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Your fund’s performance

This section shows your fund’s performance, price, and distribution information for periods ended July 31, 2011, 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 7/31/11

	NAV	Market price	Barclays Capital Government Bond Index	Lipper Flexible Income Funds (closed-end) category average*
Annual average				
Life of fund (since 2/29/88)	7.98%	7.58%	6.93%	7.44%
10 years	116.13	126.55	68.08	97.18
Annual average	8.01	8.52	5.33	7.01
5 years	41.50	62.86	35.02	40.35
Annual average	7.19	10.25	6.19	6.98
3 years	34.09	45.21	17.50	32.12
Annual average	10.27	13.24	5.52	9.71
1 year	8.65	1.45	3.26	9.59

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 7/31/11, there were 5, 4, 4, 3, and 1 fund(s), respectively, in this Lipper category.

Fund price and distribution information For the 12-month period ended 7/31/11**Distributions**

Number	12
Income	\$0.676
Capital gains	—
Total	\$0.676

Share value	NAV	Market price
7/31/10	\$6.31	\$6.67
7/31/11	6.17	6.09

Current yield (end of period)	NAV	Market price
Current dividend rate*	9.92%	10.05%

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

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

Fund performance as of most recent calendar quarter

Total return for periods ended 6/30/11

	NAV	Market price
Annual average		
Life of fund (since 2/29/88)	7.97%	7.91%
10 years	117.19	142.22
Annual average	8.06	9.25
5 years	42.26	74.87
Annual average	7.30	11.83
3 years	31.95	54.72
Annual average	9.68	15.66

1 year	9.46	12.43
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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.

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.

Comparative indexes

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

Barclays Capital Government Bond Index is an unmanaged index of U.S. Treasury and agency 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 fund's category assignment at its discretion. Lipper category averages reflect performance trends for funds within a category.

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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

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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, which consists solely of Trustees who are not “interested persons” (as this term is defined in the Investment Company Act of 1940, as amended) of the Putnam funds (“Independent Trustees”), requests and evaluates all information it deems reasonably necessary under the circumstances in connection with its annual contract review. Over the course of several months ending in June 2011, 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 and other information developed with the assistance of the Board’s independent counsel and independent staff. The Contract Committee reviewed and discussed key aspects of this information with all of the Independent Trustees on a number of occasions. At the Trustees’ June 17, 2011 meeting, the Contract Committee recommended, and the Independent Trustees approved, the continuance of your fund’s management and sub-management contracts, effective July 1, 2011. (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

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generally focus their attention on material changes in circumstances — for example, changes in assets under management or 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 currently 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 3rd 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, 2010 (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, 2010 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 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

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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 several investment oversight committees of the Trustees, which met 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 with the performance of competitive funds.

The Committee noted the substantial improvement in the performance of most Putnam funds during the 2009–2010 period and Putnam Management's ongoing efforts to strengthen its investment personnel and processes. The Committee also noted the disappointing investment performance of some funds for periods ended December 31, 2010 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

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(closed-end)) for the one-year, three-year and five-year periods ended December 31, 2010 (the first quartile representing the best-performing funds and the fourth quartile the worst-performing funds):

One-year period	1st
Three-year period	2nd
Five-year period	2nd

Over the one-year, three-year and five-year periods ended December 31, 2010, there were 6, 5 and 5 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

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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 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 contract, 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.

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Other information for shareholders

Important notice regarding share repurchase program

In September 2011, 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, 2011, up to 10% of the fund's common shares outstanding as of October 7, 2011.

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, 2011, are available in the Individual Investors section at putnam.com, and on the SEC's 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, 2011, Putnam employees had approximately \$350,000,000 and the Trustees had approximately \$74,000,000 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.

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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.

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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, including the fund's portfolio, as of July 31, 2011, 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, 2011 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, 2011, the results of its operations for the year then ended, the changes in its 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, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts
September 16, 2011

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The fund's portfolio 7/31/11

CORPORATE BONDS AND NOTES (33.8%)*

Principal amount

Value

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Basic materials (2.6%)

Associated Materials, LLC company guaranty sr. notes 9 1/8s, 2017	\$602,000	\$608,020
Atkore International, Inc. 144A sr. notes 9 7/8s, 2018	415,000	438,863
Catalyst Paper Corp. 144A company guaranty sr. notes 11s, 2016 (Canada)	240,000	189,000
Celanese US Holdings, LLC company guaranty sr. unsec. notes 6 5/8s, 2018 (Germany)	620,000	669,600
Celanese US Holdings, LLC sr. notes 5 7/8s, 2021 (Germany)	430,000	455,800
Clondalkin Acquisition BV 144A company guaranty sr. notes FRN 2.247s, 2013 (Netherlands)	165,000	156,750
Dynacast International, LLC/Dynacast Finance, Inc. 144A notes 9 1/4s, 2019	140,000	142,800
Exopack Holding Corp. 144A sr. notes 10s, 2018	345,000	346,725
Ferro Corp. sr. unsec. notes 7 7/8s, 2018	960,000	1,010,400
FMG Resources August 2006 Pty, Ltd. 144A sr. notes 7s, 2015 (Australia)	657,000	690,274
FMG Resources August 2006 Pty, Ltd. 144A sr. notes 6 7/8s, 2018 (Australia)	535,000	554,162
Georgia-Pacific, LLC 144A company guaranty 7 1/8s, 2017	135,000	145,148
Hexion U.S. Finance Corp./Hexion Nova Scotia Finance, ULC company guaranty notes 9s, 2020	476,000	492,660
Hexion U.S. Finance Corp./Hexion Nova Scotia Finance, ULC company guaranty sr. notes 8 7/8s, 2018	375,000	397,500
Huntsman International, LLC company guaranty sr. unsec. sub. notes 8 5/8s, 2021	661,000	736,189
INEOS Finance PLC 144A company guaranty sr. notes 9 1/4s, 2015 (United Kingdom)	EUR 270,000	409,093

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INEOS Finance PLC 144A company guaranty sr. notes 9s, 2015 (United Kingdom)		\$445,000	475,038
INEOS Group Holdings, PLC company guaranty sr. unsec. notes Ser. REGS, 7 7/8s, 2016 (United Kingdom)	EUR	815,000	1,135,770
JMC Steel Group 144A sr. notes 8 1/4s, 2018		\$160,000	166,000
Kronos International, Inc. sr. notes 6 1/2s, 2013 (Germany)	EUR	678,400	984,223
Lyondell Chemical Co. sr. notes 11s, 2018		\$2,150,000	2,434,875
Lyondell Chemical Co. 144A company guaranty sr. notes 8s, 2017		1,008,000	1,139,040
Momentive Performance Materials, Inc. notes 9s, 2021		691,000	711,730
NewPage Corp. company guaranty sr. notes 11 3/8s, 2014		291,000	261,900
Nexeo Solutions, LLC/Nexeo Solutions Finance Corp. 144A company guaranty sr. sub. notes 8 3/8s, 2018		140,000	145,600
Novelis, Inc. company guaranty sr. unsec. notes 8 3/4s, 2020		500,000	556,250
Novelis, Inc. company guaranty sr. unsec. notes 7 1/4s, 2015		546,000	556,920
PE Paper Escrow GmbH sr. notes Ser. REGS, 11 3/4s, 2014 (Austria)	EUR	834,000	1,344,573
PE Paper Escrow GmbH 144A sr. notes 12s, 2014 (Austria)		\$125,000	141,875
Rockwood Specialties Group, Inc. company guaranty sr. unsec. sub. notes 7 5/8s, 2014	EUR	130,000	188,374

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CORPORATE BONDS AND NOTES (33.8%)* cont.

Principal amount

Value

Basic materials cont.

SGL Carbon SE company guaranty sr. sub. notes FRN Ser. EMTN, 2.67s, 2015 (Germany)	EUR	339,000	\$480,942
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Smurfit Kappa Funding PLC sr. unsec. sub. notes 7 3/4s, 2015 (Ireland)	\$259,000	264,180
Solutia, Inc. company guaranty sr. unsec. notes 8 3/4s, 2017	341,000	378,510
Solutia, Inc. company guaranty sr. unsec. notes 7 7/8s, 2020	732,000	803,370
Steel Dynamics, Inc. company guaranty sr. unsec. unsub. notes 7 3/8s, 2012	98,000	103,513
Steel Dynamics, Inc. sr. unsec. unsub. notes 7 3/4s, 2016	550,000	583,000
Styrolution Group GmbH 144A sr. notes 7 5/8s, 2016 (Germany)	245,000	340,794
Teck Resources Limited sr. notes 10 1/4s, 2016 (Canada)	291,000	349,200
Thompson Creek Metals Co., Inc. 144A company guaranty sr. notes 7 3/8s, 2018 (Canada)	240,000	237,900
TPC Group, LLC 144A sr. notes 8 1/4s, 2017	531,000	564,851
Tube City IMS Corp. company guaranty sr. unsec. sub. notes 9 3/4s, 2015	502,000	517,060
USG Corp. 144A company guaranty sr. notes 8 3/8s, 2018	165,000	160,875
Verso Paper Holdings, LLC/Verso Paper, Inc. sr. notes 11 1/2s, 2014	494,000	524,875
Verso Paper Holdings, LLC/Verso Paper, Inc. 144A sr. notes 8 3/4s, 2019	200,000	185,500
		23,179,722
Capital goods (1.9%)		
Alliant Techsystems, Inc. sr. sub. notes 6 3/4s, 2016	466,000	478,815
Allison Transmission, Inc. 144A company guaranty sr. unsec. notes 7 1/8s, 2019	17,000	16,660
Altra Holdings, Inc. company guaranty sr. notes 8 1/8s, 2016	225,000	241,875
American Axle & Manufacturing, Inc. company guaranty sr. unsec. notes 5 1/4s, 2014	244,000	243,695

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American Axle & Manufacturing, Inc. company guaranty sr. unsec. unsub. notes 7 7/8s, 2017		80,000	81,700
American Axle & Manufacturing, Inc. 144A company guaranty sr. notes 9 1/4s, 2017		185,000	204,194
ARD Finance SA 144A 11 1/8s, 2018 (Luxembourg)	EUR	100,000	147,541
Ardagh Packaging Finance PLC sr. notes Ser. REGS, 7 3/8s, 2017 (Ireland)	EUR	190,000	271,059
Ardagh Packaging Finance PLC 144A company guaranty sr. notes 7 3/8s, 2017 (Ireland)	EUR	130,000	185,461
BE Aerospace, Inc. sr. unsec. unsub. notes 6 7/8s, 2020		\$689,000	740,675
Berry Plastics Corp. company guaranty notes FRN 4.122s, 2014		450,000	416,250
Berry Plastics Corp. company guaranty sr. notes 9 1/2s, 2018		225,000	225,563
Berry Plastics Corp. notes 9 3/4s, 2021		56,000	55,720
Briggs & Stratton Corp. company guaranty sr. unsec. notes 6 7/8s, 2020		330,000	349,800
Crown Americas, LLC/Crown Americas Capital Corp. III 144A sr. notes 6 1/4s, 2021		330,000	337,425
Crown Euro Holdings SA 144A sr. notes 7 1/8s, 2018 (France)	EUR	100,000	148,279