

TRANS LUX Corp
Form DEF 14A
May 29, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

Information Required in Proxy Statement

Schedule 14a Information

Proxy Statement Pursuant to Section 14(a) of The Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

..

Preliminary Proxy Statement

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Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

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Definitive Proxy Statement

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Definitive Additional Materials

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Soliciting Material Under Rule 14a-12

Trans-Lux Corporation
(Name of Registrant as Specified in Its Charter)

(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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No fee required.

..

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)

Title of each class of securities to which transaction applies:

(2)

Aggregate number of securities to which transaction applies:

(3)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4)

Proposed maximum aggregate value of transaction:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1)

Amount previously paid:

(2)

Form, Schedule or Registration Statement No.:

(3)

Filing Party:

(4)

Date Filed:

TRANS-LUX CORPORATION
445 Park Avenue, Suite 2001
New York, New York 10022

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD JUNE 29, 2015

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of TRANS-LUX CORPORATION (the Corporation or the Company) will be held at Olshan Frome Wolosky LLP, located at Park Avenue Tower, 65 East 55th Street, New York, NY 10022, on June 29, 2015 at 11:00 A.M. local time for the following purposes:

1.

To elect three directors to serve for a term of two years and elect two directors to serve for a term of three years; in each case until their respective successors shall have been duly elected and qualified, namely (a) Jean-Marc Allain, (b) Marco Elser and (c) George W. Schiele, respectively, for a term of two years, and (d) Alberto Shaio and (e) Salvatore J. Zizza, respectively, for a term of three years;

2.

To ratify the appointment of BDO USA, LLP, as the Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2015; and

3.

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To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The close of business on May 21, 2015 has been fixed as the record date for the determination of the stockholders entitled to notice of and to vote at the Annual Meeting.

By Order of the Board of Directors,

Robert J. Conologue
Corporate Secretary

Dated and Mailed:

New York, New York

May 29, 2015

Please mark, date, sign and return promptly the enclosed proxy so that your shares may be represented at the Annual Meeting. A return envelope, which requires no postage if mailed in the United States, is enclosed for your convenience.

PROXY STATEMENT
of
TRANS-LUX CORPORATION

for the Annual Meeting of Stockholders
To Be Held on June 29, 2015

Introduction

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of TRANS-LUX CORPORATION (the Corporation or the Company) of proxies in the accompanying form to be used at the Annual Meeting of the Stockholders of the Corporation to be held on Monday, June 29, 2015 (the Meeting), and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual Meeting. This Proxy Statement and the proxies solicited hereby are being mailed to stockholders on May 29, 2015. The shares represented by the proxies timely received and properly executed pursuant to the solicitation made hereby and not revoked will be voted at the Meeting.

Meeting of Stockholders

The Meeting will be held at Olshan Frome Wolosky LLP, located at Park Avenue Tower, 65 East 55th Street, New York, NY 10022, on June 29, 2015 at 11:00 A.M. local time.

Purposes of the Meeting

The purposes of the Meeting are to vote upon: (1) the election of three directors to serve for a term of two years and the election of two directors to serve for a term of three years, in each case until their respective successors shall have been duly elected and qualified, namely (a) Jean-Marc Allain, (b) Marco Elser and (c) George W. Schiele, respectively, for a term of two years, and (d) Alberto Shaio and (e) Salvatore Zizza, respectively, for a term of three years; (2) the ratification of the appointment of BDO USA, LLP, as the Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2015; and (3) to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Record Date and Voting

The close of business on May 21, 2015 has been fixed as the record date (the Record Date) for the determination of the stockholders entitled to notice of and to vote at the Meeting. There were outstanding as of the close of business on May 21, 2015 and entitled to notice of and to vote at the Meeting, approximately 1,685,085 shares of Common Stock, \$0.001 par value of the Corporation ("Common Stock"). Each outstanding share of Common Stock is entitled to one vote on all matters voted on at the Meeting.

Voting Required

Only stockholders of record of the Common Stock as of the close of business on the Record Date will be entitled to vote at the Meeting.

A majority of the voting power of all shares of the Common Stock outstanding must be present or represented by proxy at the Meeting to constitute a quorum. Abstentions and broker non-votes will be treated as shares present for the purpose of determining the presence of a quorum for the transaction of business at the Meeting. If a quorum is not

present, the Meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum.

On May 22, 2015, the Board of Directors of the Corporation unanimously adopted resolutions approving, declaring advisable and recommending to the Corporation's stockholders the adoption of each of the Proposals.

Proposal Number 1 requires a plurality vote. Proposal Number 2 requires the affirmative vote of a majority of the votes cast affirmatively or negatively of the Common Stock.

Broker Non-Votes

If stockholders do not give their brokers instructions as to how to vote shares held in street name, the brokers have discretionary authority to vote those shares on routine matters, such as the ratification of the independent registered public accounting firm, but not on non-routine proposals, such as the election of directors. As a result, if you hold your shares in street name and do not provide voting instructions to your broker, your shares will not be voted on any proposal on which your broker does not have discretionary authority to vote. Shares held by brokers who do not have discretionary authority to vote on a particular matter and who have not received voting instructions from their customers will be counted as present for the purpose of determining whether there is a quorum at the Meeting, and will have no effect for the purpose of determining whether our stockholders have approved a matter requiring a majority of votes cast affirmatively or negatively or a plurality vote.

Abstentions

Abstentions will not affect the outcome of the vote on the election of Directors, but will have the same effect as a vote AGAINST the proposal to ratify the appointment of BDO USA, LLP.

How to Vote

You may own shares either (1) directly in your name, in which case you are the record holder of such shares, or (2) indirectly through a broker, bank or other nominee, in which case such nominee is the record holder. If your shares are registered directly in your name, we are sending these proxy materials directly to you. If the record holder of your shares is a nominee, you will receive proxy materials from such nominee. If you are a record holder, you may vote in person at the Meeting or by proxy. We recommend that you vote by proxy even if you plan to attend the Meeting. You can always change your vote at the Meeting. To vote by proxy, mark your proxy card, date and sign it, and return it as soon as possible in the postage-paid envelope provided. If your shares are held by a broker, bank or other nominee, such nominee will provide you with instructions that you must follow in order to have your shares voted. If you plan to attend the Meeting and vote in person, you will need to contact the broker, bank or other nominee to obtain evidence of your ownership of shares on May 21, 2015.

Proxies

A stockholder who shall sign and return a proxy in the form enclosed with this statement has the power to revoke it at any time before it is exercised by giving written notice of revocation or a proxy of later date, or by voting in person at the Meeting, each as more fully described in the following paragraph. Unless otherwise specified, the proxies in the accompanying form will be voted in favor of all of the proposals set forth in the Notice of Annual Meeting. In the discretion of the proxy holders, the proxies will also be voted for or against such other matters as may properly come before the Meeting. The Board of Directors is not aware that any other matters are to be presented for action at the Meeting.

Revoking a Proxy

A proxy may be revoked by delivery of a written statement to Continental Stock Transfer & Trust, Co., Attention: Proxy Department, via email at: proxy@continentalstock.com or via facsimile at: 212-509-5152. Such revocation must state that the proxy is revoked. A proxy may also be revoked by a subsequent proxy executed by the person executing the prior proxy and presented at the Meeting, or by voting in person at the Meeting.

Proxy Solicitation and Expenses

The Company will pay for the entire cost of soliciting proxies on its behalf. We will also reimburse brokerage firms, banks and other agents for the cost of forwarding the Company's proxy materials to beneficial owners. In addition, our directors and employees may solicit proxies in person, by mail, by telephone, via the internet, press releases or advertisements. Directors and employees will not be paid any additional compensation for soliciting proxies.

Proxy Materials Available on the Internet

These proxy materials and the Company's 2014 Annual Report on Form 10-K are available on the internet on the following website: <http://proxystatements.trans-lux.com/>.

ELECTION OF DIRECTORS**Proposal Nos. 1(a), 1(b), 1(c), 1(d) and 1(e) (Items 1(a), 1(b), 1(c), 1(d) and 1(e) on Proxy Card)**

The Board of Directors of Trans-Lux Corporation is divided into three classes with the term of office of one of the three classes of directors expiring each year and with each class being elected for a three-year term. The Bylaws of the Corporation allow for the Board of Directors to consist of a minimum of five and a maximum of fifteen members.

The Company did not hold an annual meeting in 2014. If elected at the Annual Meeting of Stockholders to be held on June 29, 2015, (a) the directors listed under Class A below will serve until the Annual Meeting of Stockholders in 2017, or until his successor is duly elected and qualified, (b) the directors listed under Class C below will serve until the Annual Meeting of Stockholders in 2018, or until his successor is duly elected and qualified, and (c) the directors listed under Class B below will continue to serve the terms to which they were elected until the Annual Meeting of Stockholders in 2016, respectively, or until their successors are duly elected and qualified.

Management has no reason to believe that the directors will not be available or will not serve if elected, but if any director should not become available to serve, full discretion is reserved to the persons named as proxies to vote for such other persons as may be nominated. Proxies will be voted FOR the nominee unless the stockholder specifies otherwise.

Directors Standing for Election

Name	Age	Since	Expiration of Proposed Term
<u>CLASS A</u>			
Jean-Marc (J.M.) Allain	45	2011	2017
Marco Elser	56	2012	2017
George W. Schiele	83	2009	2017
<u>CLASS C</u>			
Alberto Shaio	66	2013	2018
Salvatore J. Zizza	69	2009	2018

Directors Whose Term Continues

Name	Age	Since	Expiration of Term
<u>CLASS B</u>			
Alan K. Greene	75	2013	2016
Yaozhong Shi	46	2014	2016

Set forth below is a summary of the business experience for each of the persons named above and the primary aspects of their experience, qualifications, attributes or skills that led to the conclusion that each individual is qualified to serve on the Board. The members of the Nominating Committee recommended to the Board that each of the directors listed below serve as members of the Board of Directors.

DIRECTORS STANDING FOR ELECTION

CLASS A: Serving a Two-Year Term Expiring 2017

J.M. Allain became the President and CEO of Trans-Lux Corporation on February 16, 2010 and has served as a director since June 2011. Mr. Allain served as President of Panasonic Solutions Company from July 2008 through October 2009; Vice President of Duos Technologies from August 2007 through June 2008; General Manager of Netversant Solutions from October 2004 through June 2005; and Vice President of Adesta, LLC from May 2002 through September 2004. Mr. Allain has familiarity with the operational requirements of complex organizations and has experience dealing with reorganizations and turnarounds. Mr. Allain's experience and deep understanding of the operations of the Corporation allow him to make valuable contributions to the Board.

Marco M. Elser has served as a director of Trans-Lux Corporation since May 25, 2012. For over five years, Mr. Elser has been a partner with AdviCorp Plc, a London-based investment banking firm. Mr. Elser also serves on the Board of Directors of Protalex, a Florham Park, NY based biotechnology company, since 2014. He is also one of the independent directors of North Hills Signal Processing Corporation, a Long Island, NY based technology company. Mr. Elser previously served as International Vice President of Northeast Securities, managing distressed funds for family offices and small institutions from 1994 to 2001; he served as a first Vice President of Merrill Lynch Capital Markets in Rome and London until 1994. Mr. Elser was formerly Chairman of the Board of Pine Brook Capital, a Shelton, CT based engineering company and had served in that role for over five years. Mr. Elser was also the president of the Harvard Club of Italy until 2014, an association he founded in 2002 with other Alumni in Italy where he has been living since 1984. He received his BA in Economics from Harvard College in 1981. Mr. Elser's extensive knowledge of international finance and commerce allows him to make valuable contributions to the Board.

George W. Schiele has served as a director of Trans-Lux Corporation since 2009. Mr. Schiele was elected Chairman of the Board (a non-executive position) of Trans-Lux Corporation on September 29, 2010. Mr. Schiele currently serves as President of George W. Schiele, Inc., a trust management and private investment company and has held such position since 1974. He is also President of four other private companies since 1999, 2005, 2006 and 2009, respectively; from 2003 until 2013 he was a Director of Connecticut Innovations, Inc., one of the nation's five most active venture capital firms, and was Chairman of its Investment Advisory and Investment Committees from 2004 until 2013, responsible during his tenure for more than 200 VC investments. Mr. Schiele additionally serves as Trustee of seven private trusts since 1974, 1999, 2007, 2009, 2010, 2011 and 2012, respectively, serving as President of one since 2000, and as an Officer and Director of two others. Mr. Schiele also serves as a Trustee to various other private charitable foundations since 2006, as the Managing Partner of two private investment partnerships since 2008, and as a Director and Executive Board member of The Yankee Institute since 2000. Mr. Schiele was initially elected in accordance with a Settlement Agreement approved by the United States District Court for the Southern District of New York described in the Corporation's proxy statement for the December 11, 2009 Annual Meeting of Stockholders and re-elected by the shareholders at the 2010/2011 Annual Meeting of Stockholders. Mr. Schiele's long experience in previous start-ups and corporate restructurings and his service to other boards of directors allow him to make valuable contributions to the Board.

DIRECTORS STANDING FOR ELECTION

CLASS C: Serving a Three-Year Term Expiring 2018

Alberto Shaio became the Chief Operating Officer of Trans-Lux Corporation on October 6, 2014 and has served as a director since October 2, 2013. He also serves on the Board of Advisors of Scorpion Capital. Previously, Mr. Shaio served as President and CEO of Craftsmen Industries from January 1, 2011 through September 1, 2013. Previously he held various posts with Farrel Corporation (Ansonia, CT and Rochdale, England) from 1986 until December 31, 2010, including the role of President and CEO since 2003. Mr. Shaio was a Director of the HF Mixing Group (Germany) from 2002 until 2010. From 1970 through 1986, Mr. Shaio was General Manager, Vice President or President of various companies such as Pavco, Filmtex (Columbia SA), and the Interamerican Investment Group. He has served on the board of directors of New Energy Corporation, Farrel Corporation, Interactive Systems, Polifilm, Filmtex, PAVCO SA, and Harburg Freudenberg Maschinenbau GmbH (Germany). Mr. Shaio's extensive international experience and service to numerous other boards of directors allow him to provide valuable contributions to the

Board.

Salvatore J. Zizza has served as an independent director of Trans-Lux Corporation since 2009. Mr. Zizza was elected Vice Chairman of the Board (a non-executive position) of Trans-Lux Corporation on September 29, 2010. Mr. Zizza has previously served as Chief Executive Officer and Chairman of the Board of General Employment Enterprises Inc. from December 23, 2009 until December 26, 2012. Mr. Zizza had served as President and Chief Operating Officer of Bion Environmental Technologies Inc. from January 13, 2003 until December 31, 2005, and has served as Non Executive Chairman of Harbor BioSciences, Inc. since March 27, 2009. He currently serves as the Chairman of Zizza & Associates, LLC. Mr. Zizza serves as Chairman of Metropolitan Paper Recycling Inc. and as the Chairman of Bethlehem Advanced Materials. Additionally, Mr. Zizza serves as a Director of GAMCO Westwood Funds. He has been an Independent Trustee of GAMCO Global Gold, Natural Resources & Income Trust by Gabelli since November 2005 and serves as a Director/trustee of 26 funds in the fund complex of Gabelli Funds. He has been Director of General Employment Enterprises Inc. since January 8, 2010 and has been an Independent Trustee of Gabelli Dividend & Income Trust since 2003. Mr. Zizza has been Independent Director of Gabelli Convertible & Income Securities Fund Inc. since April 24, 1991 and has been a Director of Gabelli Equity Trust, Inc. since 1986 and a Trustee of Gabelli Utility Trust since 1999. He served as Lead Independent Director of Hollis-Eden Pharmaceuticals from March 2006 to March 2009 and as a Director of Earl Scheib Inc. from March 1, 2004 to April 2009. Mr. Zizza was initially elected in accordance with a Settlement Agreement approved by the United States District Court for the Southern District of New York described in the Corporation's proxy statement for the December 11, 2009 Annual Meeting of Stockholders and re-elected by shareholders at the 2012 Annual Meeting of Shareholders. Mr. Zizza received his Bachelor of Arts in Political Science and his Master of Business Administration in Finance from St. John's University, which also has awarded him an Honorary Doctorate in Commercial Sciences. Mr. Zizza's extensive experience and service to numerous other boards of directors allow him to provide valuable contributions to the Board. In addition, Mr. Zizza also serves as Chairman of the Audit Committee and is the audit committee financial expert as required under the rules of the United States Securities and Exchange Commission (the "SEC").

DIRECTORS CLASS B: Serving a Three-Year Term Expiring 2016

Alan K. Greene has served as an independent director of Trans-Lux Corporation since October 2, 2013. Mr. Greene has previously served as a Partner of Price Waterhouse from 1974 to 1995, acting at various times as Managing Partner for cross border transactions and as National Director of tax services for M&A, and in connection with foreign banks and mutual funds with respect to acquisition and investment strategies. Currently, Mr. Greene serves on the board of directors of Intellicorp, Inc. (since 2001) and RAVE, Inc. (since 2005). Previously, he was a director of Connecticut Innovations, Inc. from 2005 until 2015, the Connecticut Clean Energy Fund from 2007 until 2011, Metromedia International Group, Inc. from 2007 until 2011, Enduro Medical Technologies LLC from 2005 until 2013 and Greene Rees Technologies, LLC from 1995 until 2013. Mr. Greene has also held prior board positions at Fortistar Capital, Oswego Hydro, Access Shipping and various other public and private companies through the years. Mr. Greene's experience serving as chairman of various audit committees of many of these organizations and strong aptitude for technologies allow him to provide valuable contributions to the Board.

Yaozhong Shi has served as a director of Trans-Lux Corporation since June 29, 2014. Mr. Shi was appointed as a director of Trans-Lux Corporation pursuant to the terms of that certain Securities Purchase.

Agreement dated as of June 27, 2014 between the Company and Retop Industrial (Hong Kong) Limited. Mr. Shi has served as a Director of Retop LED Display Co. Ltd. since April 2005 and Director of Retop Lighting Landscape Design Engineering Co., Ltd. since April 2013. Mr. Shi has also served as a Vice President of Elec-Tech International Co., Ltd. since July 2009. Previously, Mr. Shi served as General Manager and President of Retop Opto Electronic Co. Ltd. from January 2000 through March 2005. Mr. Shi's contributions to Retop have resulted in a successful, well-known brand in the LED display total solution industry that provides solutions for multiple indoor & outdoor applications primarily in the media, entertainment and sports sectors. Mr. Shi's strong business knowledge and extensive resources in the LED display arena, combined with his twenty years of experience in the LED industry, allow him to provide valuable contributions to the Board.

**THE BOARD OF DIRECTORS RECOMMENDS A
VOTE FOR THE APPROVAL OF EACH OF THE DIRECTORS
STANDING FOR ELECTION LISTED ABOVE.**

**IT IS INTENDED THAT PROXIES SOLICITED HEREBY WILL BE
VOTED FOR EACH OF THE DIRECTOR NOMINEES UNLESS
THE STOCKHOLDER SPECIFIES OTHERWISE.**

**RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Proposal No. 2 (Item 2 on Proxy Card)

Background and Ratification Requirement

BDO USA, LLP (BDO) has served as our independent registered public accounting firm since May 17, 2010, when the Audit Committee of the Corporation's Board of Directors approved their engagement to audit the Corporation's financial statements for the fiscal year ended December 31, 2010. The Audit Committee has appointed BDO as our independent registered public accounting firm for the fiscal year ending December 31, 2015.

The ratification of the appointment by our Audit Committee of BDO as our independent registered public accounting firm for the fiscal year ending December 31, 2015 requires the affirmative vote of a majority of the votes cast affirmatively or negatively of Common Stock of the Corporation voting in person or by proxy. Although stockholder approval of the appointment is not required by law and is not binding on the Audit Committee, the Committee will take the appointment under advisement if such appointment is not approved by the affirmative vote of a majority of the votes cast at the Meeting.

Representatives of BDO may be present at the Annual Meeting to answer appropriate questions and to make a statement if they wish.

The Audit Committee is not aware of any disagreements between management and BDO regarding accounting principles and their application or otherwise.

Audit Committee Pre-Approval of Independent Auditor Services: All audit services provided by BDO for 2014 and 2013 were approved by the Audit Committee in advance of the work being performed.

Audit Fees: BDO audit fees were \$183,339 in 2014 and \$202,525 in 2013. BDO audit fees for both 2014 and 2013 included, but were not limited to, fees associated with the annual audit of the Corporation's financial statements, reviews of the Corporation's quarterly reports on Form 10-Q and reviews of the Corporation's proxy statements.

Audit-Related Fees: There were no audit-related services provided by BDO in 2014 or in 2013.

Tax Fees: BDO did not provide any tax services during 2014 or in 2013.

All Other Fees: BDO did not provide any non-audit related services during 2014 or in 2013.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE
PROPOSAL TO RATIFY THE APPOINTMENT OF BDO, AS
THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
TO AUDIT THE FINANCIAL STATEMENTS OF THE
CORPORATION FOR THE 2015 FISCAL YEAR.**

**IT IS INTENDED THAT PROXIES SOLICITED HEREBY WILL BE VOTED FOR THE
RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP, AS THE
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM TO AUDIT THE
FINANCIAL STATEMENTS OF THE CORPORATION FOR
THE 2015 FISCAL YEAR UNLESS THE STOCKHOLDER SPECIFIES OTHERWISE.**

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS, DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information as of May 21, 2015 (or such other date specified) with respect to (A) the beneficial ownership of Common Stock or shares acquirable within 60 days of such date by (i) each person known by the Corporation to own more than 5% of the Common Stock and who is deemed to be such beneficial owner of Common Stock under Rule 13d-3(a)(ii); (ii) each person who is a director of the Corporation or a nominee for director of the Corporation; (iii) each named executive in the Summary Compensation Table and (iv) all persons as a group who are executive officers and directors of the Corporation, and (B) the percentage of outstanding shares held by them on that date:

Name, Status and Mailing Address	Number of Shares Beneficially Owned		Percent Of Class (%)
<u>5% Stockholders:</u>			
Gabelli Funds, LLC	425,860	(1)	25.0
One Corporate Center			
Rye, NY 10580-1434			
Retop Industrial (Hong Kong) Limited	366,666	(2)	21.1
Unit 27, 13/F Shing Yip Industrial Building			
19-21 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong			
Carlisle Investments Inc.	180,366	(3)	10.6
Trident Chambers			
Wickhams Cay			
P.O. Box 146			
Road Town, Tortola, British Virgin Islands			
Bard Associates, Inc	104,480	(4)	6.1
135 South LaSalle Street, Suite 3700			
Chicago, IL 60603			
<u>Non-Employee Directors:</u>			
Marco Elser	192,389	(5)	11.3
Alan K. Greene	8,333		*
George W. Schiele	47,073	(6)	2.8
Yaozhong Shi	366,666	(7)	21.1
Salvatore J. Zizza	6,620	(8)	*
<u>Named Executive Officers:</u>			
J.M. Allain	2,144		*
Robert J. Conologue	-		*

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Alberto Shaio	8,333		*
Alexandro Gomez	-		*
Todd Dupee	-		*
All directors and executive officers as a group	631,558	(9)	36.2

*Represents less than 1% of total number of outstanding shares.

- (1) Based on Schedule 13D, as amended, dated August 19, 2014 by Mario J. Gabelli, Gabelli Funds, LLC, Teton Advisors, Inc., Gamco Investors, Inc., GGCP, Inc., and Gamco Asset Management Inc., which companies are parent holding companies and/or registered investment advisers. All securities are held as agent for the account of various investment company fund accounts managed by such reporting person. Except under certain conditions, Gabelli Funds, LLC has sole voting power and sole dispositive power over such shares. On January 27, 2015, Gabelli Equity Series Funds, Inc. The Gabelli Small Cap Growth Fund filed a Schedule 13G relating to 404,180 of the aforementioned 425,860 shares.
- (2) The amount includes 33,333 shares of Common Stock acquirable upon exercise of vested warrants. Mr. Shi, a director of Trans-Lux Corporation, is a director of Retop Industrial (Hong Kong) Limited.
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- (3) Based on Schedule 13D dated June 20, 2014. Mr. Elser, a director of Trans-Lux Corporation, exercises voting and dispositive power as investment manager of Carlisle Investments Inc.
- (4) Based on Schedule 13G dated February 13, 2015. Bard Associates, Inc. has sole voting power over 12,280 of such shares and sole dispositive power over all of such shares.
- (5) The amount includes 190,244 shares of Common Stock owned by Carlisle Investments, Elser & Co. and Advicorp plc, of which Mr. Elser exercises voting and dispositive power as investment manager.
- (6) The amount includes 6,620 shares of Common Stock acquirable upon exercise of 6,600 vested warrants and 20 stock options. This amount does not include 13,400 shares of Common Stock acquirable upon exercise of warrants that are not yet vested or exercisable.
- (7) The amount includes 333,333 shares of Common Stock owned by Retop Industrial (Hong Kong) Limited and 33,333 shares of Common Stock acquirable upon exercise of vested warrants owned by Retop Industrial (Hong Kong) Limited.
- (8) Mr. Zizza disclaims any interest in the shares set forth in footnote 1 above. The amount includes 6,620 shares of Common Stock acquirable upon conversion of 6,600 vested warrants and 20 stock options. This amount does not include 13,400 shares of Common Stock acquirable upon exercise of warrants that are not yet vested or exercisable.
- (9) The amount includes 46,573 shares of Common Stock, as set forth in footnotes above, which members of the group have the right to acquire upon exercise of stock options and warrants. This amount does not include 26,800 shares of Common Stock acquirable upon exercise of warrants that are not yet exercisable.

MEETINGS OF THE BOARD OF DIRECTORS AND CERTAIN COMMITTEES

The Board of Directors held five (5) meetings during 2014 and seven (7) meetings during 2013. All directors attended 75% or more of such meetings and of the committee meetings for which they were members. The Corporation does not have a formal policy regarding directors' attendance at annual stockholders meetings, but strongly encourages and prefers that directors attend regular and special Board meetings as well as the Annual Meeting of Stockholders in person, although attendance by teleconference is considered adequate. The Corporation recognizes that attendance of the board members at all meetings may not be possible and excuses absences for good cause.

Non-employee directors (other than our Chairman and Vice Chairman) are due to receive an annual fee of \$10,000, as well as \$1,000 for each meeting of the Board attended in person and \$500 for each telephonic meeting attended, while employee directors are not entitled to receive any fees for their attendance to any meetings or otherwise. Mr. George Schiele and Mr. Salvatore Zizza, the Chairman and Vice Chairman, respectively, receive an annual fee of \$15,000 each, monthly fees of \$3,000 each, \$1,500 for each meeting of the Board attended in person and \$750 for each telephonic meeting attended. Fees for members of the Board and Committees are determined annually by the entire Board of Directors based on review of compensation paid by other similar size companies, the amounts currently paid by the Company, the overall policy for determining compensation paid to officers and employees of the Company and the general financial condition of the Company. During 2014 and 2013, certain board members deferred payment of their fees. In lieu of a cash payment, certain board members and former board members have agreed to receive restricted shares of Common Stock of the Company or a combination of cash and restricted shares of Common Stock of the Company, which such restricted shares shall contain a legend under the Securities Act of 1933, as amended (the "Securities Act") and shall not be transferable unless and until registered or otherwise in accordance with applicable securities laws. Certain of these restricted shares were issued in December 2013.

Corporate Governance Policies and Procedures

The Board of Directors has adopted a Code of Business Conduct and Ethics Guidelines (the "Ethics Code") that applies specifically to board members and executive officers. The Ethics Code is designed to promote compliance with applicable laws and regulations, to promote honest and ethical conduct, including full, fair, accurate and timely disclosure in reports and communications with the public. The Ethics Code is available for viewing on the Corporation's website at www.trans-lux.com. Any amendments to, or waivers from, the Ethics Code will be posted on the website. In addition, the Board of Directors adopted a Whistle Blowing policy, which provides procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls and auditing matters, as well as the confidential, anonymous submission of concerns regarding questionable accounting or auditing practices.

Corporate Leadership Structure

Two separate individuals serve as the Corporation's Chairman of the Board and Chief Executive Officer. The Chairman is not an executive officer. The Chairman provides leadership to the Board in the fulfillment of his responsibilities in presiding over Board meetings. The Chairman also presides over all meetings of the stockholders. The Chief Executive Officer is responsible for directing the operational activities of the Corporation.

Risk Management

Our Board of Directors and its Audit Committee are actively involved in risk management. Both the Board and Audit Committee regularly review the financial position of the Corporation and its operations, and other relevant information, including cash management and the risks associated with the Corporation's financial position and operations.

Communication with the Board of Directors

Security holders are permitted to communicate with the members of the Board by forwarding written communications to the Corporation's Corporate Secretary at the Corporation's headquarters in New York, New York. The Corporate Secretary will present all communications, as received and without screening, to the Board at its next regularly scheduled meeting.

Committees of the Board of Directors

The Board of Directors has appointed a Compensation Committee, an Audit Committee, an Executive Committee and a Nominating Committee.

Compensation Committee

The members of the Compensation Committee of the Board of Directors are Messrs. Elser, Greene and Zizza. The Compensation Committee operates under a formal written charter approved by the Compensation Committee and adopted by the Board of Directors. The Compensation Committee reviews compensation and other benefits. The Compensation Committee did not hold any meetings in 2014 or 2013. None of the members of the Compensation Committee is or has been an officer or employee of the Corporation. There are no Compensation Committee interlock relationships with respect to the Corporation. Members of said Committee receive a fee of \$320 for each meeting of the Committee they attend and the Chairperson, Mr. Greene, receives an annual fee of \$1,600.

Audit Committee

The members of the Audit Committee of the Board of Directors are Messrs. Zizza and Greene. The Audit Committee operates under a formal written charter approved by the Committee and adopted by the Board of Directors, a copy of which is available on the Corporation's website at <http://www.trans-lux.com/about/investor-information>. The Board of Directors has determined that Mr. Zizza meets the definition of audit committee financial expert set forth in Item 407 of Regulation S-K, as promulgated by the SEC. The Audit Committee held five (5) telephonic meetings with the independent auditors in 2014 and two (2) such meetings in 2013. The responsibilities of the Audit Committee include the appointment of the independent registered public accounting firm, review of the audit function and the material aspects thereof with the Corporation's independent registered public accounting firm, and compliance with the Corporation's policies and applicable laws and regulations. Members of said Committee receive a fee of \$400 for each meeting of the Committee they attend (other than the quarterly telephonic meetings held with the independent auditors) and the Chairman, Mr. Zizza, receives an annual fee of \$2,400 and a fee of \$100 for his participation in each quarterly telephonic meeting held with the independent auditors.

Executive Committee

The members of the Executive Committee of the Board of Directors are Messrs. Elser, Schiele and Zizza. The Executive Committee operates under a formal written charter approved by the Committee and adopted by the Board of Directors. Mr. Zizza is independent, in accordance with the requirements of Section 952 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Each of the members of the Executive Committee qualify as "non-employee directors" for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act"), and Mr. Zizza is an "outside director" for the purposes of Section 162(m) of the Internal Revenue Code, as amended. The primary purpose of the Executive Committee is to provide the President and Chief Executive Officer of the Company with a confidential sounding board for insights and advice, and to provide the Board with a more active formal interface with management and its day to day policy and actions. Additionally, the secondary objective of the Executive Committee is to exercise the powers and authority of the Board, subject to certain limitations set forth in the charter, during the intervals between meetings of the Board, when, based on the business needs of the Company, it is desirable for the Board to meet but the convening of a special board meeting is not warranted as determined by the Chairman of the Board. It is the general intention that all substantive matters in the ordinary course of business be brought before the full Board for action, but the Board recognizes the need for flexibility to act on substantive matters where action may be necessary between Board meetings, which, in the opinion of the Chairman of the Board, should not be postponed until the next previously scheduled meeting of the Board. Members of the Executive Committee do not receive any fees for their participation.

Nominating Committee

The members of the Nominating Committee of the Board of Directors are Messrs. Schiele, Elser and Shaio. The Nominating Committee operates under a formal written charter approved by the Committee and adopted by the Board of Directors. The Nominating Committee recommends for consideration by the Board of Directors, nominees for election of directors at the Corporation's Annual Meeting of Stockholders. Director nominees are considered on the basis of, among other things, experience, expertise, skills, knowledge, integrity, understanding the Corporation's business and willingness to devote time and effort to Board responsibilities. Members of the Nominating Committee do not receive any fees for their participation. The Nominating Committee does not have a separate policy regarding diversity of the Board.

Corporate Governance Committee

The Board of Directors has not established a corporate governance committee. The Board of Directors acts as the corporate governance committee.

Independence of Non-Employee Directors

The Corporation follows the NYSE MKT Company Guide regarding the independence of directors. A director is considered independent if the Board of Directors determines that the director does not have any direct or indirect material relationship with the Corporation. Mr. Allain and Mr. Shaio are employees of the Corporation and therefore have been determined by the Board to fall outside the definition of independent director. Messrs. Elser, Greene, Schiele, Shi and Zizza are non-employee directors of the Corporation. Mr. Elser, via Carlisle Investments, Inc. over which he exercises voting and dispositive power as investment manager, and Mr. Schiele have made loans to the Corporation and therefore have been determined by the Board to fall outside the definition of independent director. Mr. Shi is a Director of Retop Industrial (Hong Kong) Ltd., which is the Corporation's main supplier of LED modules, and therefore has been determined by the Board to fall outside the definition of independent director. The Board of Directors has determined that Messrs. Greene and Zizza are independent directors since they have no relationship with the Corporation other than their status and payment as non-employee directors and as stockholders. The Board of Directors has determined that its Audit Committee members, namely Messrs. Greene and Zizza, are independent directors.

Non-Employee Director Stock Option Plan

The Board of Directors has previously established a Non-Employee Director Stock Option Plan which, as amended, covers a maximum of 800 shares for grant. Such options are granted for a term of six years and are priced at fair market value on the grant date. The determination as to the amount of options to be granted to directors is based on years of service, and are calculated on a yearly basis as follows: a minimum of 20 stock options are granted for each director; an additional 20 stock options are granted if a director has served for five years or more; an additional 20 stock options are granted if a director has served for ten years or more; and an additional 40 stock options are granted if a director has served for twenty years or more. Such options are exercisable at any time upon the first anniversary of the grant date. The Corporation grants additional stock options upon the expiration or exercise of any such option if such exercise or expiration occurs no earlier than four years after date of grant, in an amount equal to the number of options that have been exercised or that have expired. In addition to the foregoing, the shareholders approved a proposal to grant warrants to purchase 20,000, 20,000 and 2,000 shares to Messrs. Zizza and Schiele and Ms. Firstenberg, respectively, which warrants were granted in 2013.

Compensation of Directors

The following table represents director compensation for 2014 and 2013:

Name	Year	Fees Earned (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
J.M. Allain	2013	-	-	-	-	-	-	-
	2014	-	-	-	-	-	-	-
Marco Elser	2013	13,500	-	-	-	-	-	13,500
	2014	16,600	-	-	-	-	-	16,600
Jean Firstenberg ⁽¹⁾	2013	14,100	-	-	-	-	-	14,100
	2014	-	-	-	-	-	-	-
Alan K. Greene ⁽²⁾	2013	2,500	-	-	-	-	-	2,500
	2014	15,000	-	-	-	-	-	15,000
Richard Nummi ⁽³⁾	2013	11,000	-	-	-	-	-	11,000
	2014	-	-	-	-	-	-	-
George W. Schiele ⁽⁴⁾	2013	21,750	-	-	-	-	-	21,750
	2014	133,500	-	-	-	-	-	133,500
Alberto Shaio ⁽⁵⁾	2013	2,500	-	-	-	-	-	2,500
	2014	13,000	-	-	-	-	-	13,000
Yaozhang Shi ⁽⁶⁾	2013	-	-	-	-	-	-	-
	2014	11,500	-	-	-	-	-	11,500
Elliot Sloyer ⁽⁷⁾	2013	11,500	-	-	-	-	-	11,500
	2014	-	-	-	-	-	-	-
Salvatore J. Zizza ⁽⁴⁾	2013	23,600	-	-	-	-	-	23,600

See Section 5.

To whom can I talk if I have questions about the tender offer?

You can call the information agent at (212) 440-9800 (for banks or brokers) or toll-free at (866) 651-3149. See the back cover of this offer to purchase.

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Dear Shareholder:

INTRODUCTION

Putnam Premier Income Trust, a Massachusetts business trust registered under the Investment Company Act of 1940, as amended, as a closed-end, non-diversified management investment company, hereby offers to purchase up to 17,879,920 of the fund's outstanding common shares at a price per share, net to the seller in cash, equal to 98% of the net asset value per share in U.S. dollars as of the close of regular trading on the New York Stock

Exchange on July 12, 2007, or such later date to which the offer is extended, upon the terms and subject to the conditions set forth in this offer to purchase and in the related letter of transmittal. The maximum number of shares that we will purchase in the tender offer represents approximately 10% of the number of currently outstanding shares.

This offer is open to all common shareholders of the fund and is not conditioned on any minimum number of shares being tendered but is subject to other conditions as outlined in this offer to purchase and in the letter of transmittal. See Section 12 of this offer to purchase.

None of the fund, its board of trustees or its investment manager makes any recommendation as to whether you should tender or not tender shares in the offer. No person has been authorized to give any information or to make any representations in connection with the offer other than those contained in this offer to purchase and in the letter of transmittal, and, if given or made, such information or representations should not be relied upon as having been authorized by the fund, its board of trustees or its investment manager. We have been advised that no trustee or executive officer of the fund intends to tender any shares pursuant to the offer.

As of May 11, 2007, there were 178,799,196 shares issued and outstanding, and the net asset value was \$7.26 per share. We do not expect that the number of shares issued and outstanding will be materially different on the date the offer expires. Shareholders may contact the information agent, toll free at (866) 651-3149 or, for banks and brokers, at (212) 440-9800 or contact the fund directly at its toll free number, 1-800-225-1581, to obtain daily net asset value quotations for the shares prior to 5:00 p.m., New York City time, on the expiration date.

Any shares we acquire pursuant to the offer will become authorized but unissued shares and generally will be available for issuance by the fund without further shareholder action.

Tendering shareholders may be obligated to pay brokerage fees or commissions or, subject to Instruction 6 of the letter of transmittal, transfer taxes on the purchase of shares by the fund. Shareholders may also be subject to other transaction costs, as described in Section 1.

Certain U.S. federal income tax consequences of the sale of shares pursuant to the offer are described in Section 5 [U.S. Federal Income Tax Consequences].

This offer to purchase and the letter of transmittal contain important information and you should read them carefully and in their entirety before you make any decision with respect to the offer.

TENDER OFFERS 1

THE TENDER OFFER

1. Terms of the Offer

Upon the terms and subject to the conditions set forth in this offer to purchase and the letter of transmittal, the fund will accept for payment, and pay for, up to 17,879,920 shares, validly tendered prior to 5:00 p.m., New York City time, on July 12, 2007, or such later date to which the offer is extended, and not withdrawn as permitted by Section 3.

If the number of shares properly tendered and not withdrawn prior to the expiration date is less than or equal to 17,879,920, we will, upon the terms and conditions of the offer, purchase all shares so tendered. If more than 17,879,920 shares are duly tendered pursuant to the offer (and not withdrawn as provided in Section 3), unless we determine not to purchase any shares because one or more conditions described in Section 12 of this offer to purchase are not met, we will purchase shares in the following priority: first, all such shares owned beneficially or of record by a holder of fewer than 100 common shares who validly tenders all of such shares (partial tenders will not qualify for this preference) and completes, or whose broker, bank or other nominee completes, the section captioned [Odd Lots] in the letter of transmittal and, if applicable, in the notice of guaranteed delivery; and, second, after purchase of all of the foregoing shares, all other shares duly tendered on a pro rata basis (disregarding fractions) in accordance with the number of shares duly tendered by or on behalf of each

shareholder (and not withdrawn). On the letter of transmittal, you can designate in which order you wish your shares to be purchased if, as a result of the proration provisions or otherwise, some but not all of your tendered shares are purchased in the offer. If shares duly tendered by or on behalf of a shareholder include shares acquired through the fund's dividend reinvestment plan, the proration will be applied first against other shares tendered and only thereafter, if and as necessary, with respect to shares acquired through that plan. Except as described herein, withdrawal rights expire on the expiration date. The fund does not contemplate extending the offer or increasing the number of shares covered by the offer if more than 17,879,920 shares are tendered.

Shareholders should consider the relative costs of tendering shares at a 2% discount to net asset value pursuant to the offer or selling shares at the market price with the associated transaction costs.

We expressly reserve the right, in our sole discretion, at any time or from time to time, to extend the period of time during which the offer is open by giving oral or written notice of such extension to the depositary. Any such extension will also be publicly announced by press release issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. If we make a material change in the terms of the offer or the information concerning the offer, or if we waive a material condition of the offer, we will extend the offer to the extent required by Rules 13e-4(d)(2) and 13(e)-4(e)(3) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). During any such extension, all shares previously tendered and not withdrawn will remain subject to the offer, subject to the right of any such tendering shareholder to withdraw his or her shares.

Subject to the terms and conditions of the offer, we will pay the consideration offered or return the tendered securities promptly after the expiration or withdrawal of the offer. Any extension, delay or expiration will be followed as promptly as practicable by public announcement thereof.

Under no circumstances will interest be paid on the tender price for tendered shares, regardless of any extension of or amendment to the offer or any delay in paying for such shares.

2. Procedures for Tendering Shares

Proper Tender of Shares. For shares to be properly tendered, **either** (1) **or** (2) below must happen:

(1) The depositary must receive all of the following prior to 5:00 p.m., New York City time, on the expiration date at the depositary's address on the back page of this offer to purchase:

either (a) the certificates for the shares, or (b) in the case of tendered shares delivered in accordance with the procedures for book-entry transfer we describe below, a confirmation of receipt of the shares; and

2 TENDER OFFERS

either (a) a properly completed and executed letter of transmittal or a manually executed facsimile of it, including any required signature guarantees, or (b) in the case of a book-entry transfer, an "agent's message" of the type we describe below; and

any other documents required by the letter of transmittal.

(2) You must comply with the guaranteed delivery procedure set forth below.

Odd lot holders who tender all their shares must also complete the section captioned "Odd Lots" in the letter of transmittal and, if applicable, in the notice of guaranteed delivery, to qualify for the preferential treatment available to odd lot holders as set forth in Section 1.

Endorsements and Signature Guarantees. Depending on how your shares are registered and to whom you want payments or deliveries made, you may need to have your certificates endorsed and the signatures on the letter of transmittal and endorsement guaranteed by an "eligible guarantor institution," as such term is defined in Rule 17Ad-15 under the Exchange Act. No endorsement or signature guarantee is required if:

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the letter of transmittal is signed by the registered holder of the shares tendered (which, for purposes of this Section 3, includes any participant in The Depository Trust Company, referred to as the book-entry transfer facility, whose name appears on a security position listing as the owner of the shares) exactly as the name of the registered holder appears on the certificate(s) for the shares and payment and delivery are to be made directly to that holder; or

shares are tendered for the account of a bank, broker, dealer, credit union, savings association or other entity that is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity that is also an eligible guarantor institution, as such term is defined in Rule 17Ad-15 under the Exchange Act, each such entity, referred to as an eligible guarantor institution.

See Instruction 1 of the letter of transmittal.

If a certificate for shares is registered in the name of a person other than the person executing the letter of transmittal or you are completing either the box captioned Special Delivery Instructions or the box captioned Special Payment Instructions in the letter of transmittal, then:

your certificates must be endorsed or accompanied by an appropriate stock power, in either case signed exactly as the name of the registered holder appears on the certificates; and

the signature on (1) the letter of transmittal and (2) your endorsed certificates or stock power must be guaranteed by an eligible guarantor institution.

Method of Delivery. Payment for shares tendered and accepted for payment under the offer will be made only after timely receipt by the depository of all of the following:

certificates for those shares or a timely confirmation of the book-entry transfer of those shares into the depository's account at the book-entry transfer facility as described below;

one of (a) a properly completed and duly executed letter of transmittal or a manually signed facsimile of it, including any required signature guarantees, or (b) an agent's message as described below in the case of a book-entry transfer; and

any other documents required by the letter of transmittal.

The method of delivery of all documents, including share certificates, the letter of transmittal and any other required documents, is at your election and risk. If you decide to make delivery by mail, we recommend you use registered mail with return receipt requested, properly insured. In all cases, sufficient time should be allowed to ensure timely delivery.

TENDER OFFERS 3

All deliveries made in connection with the offer, including a letter of transmittal and certificates for shares, must be made to the depository and not to the fund, the fund's transfer agent, the information agent or the book-entry transfer facility. Any documents delivered to the fund, the fund's transfer agent, the information agent or the book-entry transfer facility will not be forwarded to the depository and, therefore, will not be deemed to have been properly tendered.

Book-Entry Delivery. The depository will establish an account with respect to the shares at the book-entry transfer facility for purposes of the offer within two business days after the date of this offer to purchase. Any institution that is a participant in the book-entry transfer facility's system may make book-entry delivery of the shares by causing that facility to transfer those shares into the depository's account in accordance with that facility's procedure for the transfer. Even if delivery of shares is made through book-entry transfer into the depository's account at the book-entry transfer facility, **either** (1) **or** (2) below must occur:

(1) The depository must receive all of the following before or on the expiration date at the depository's address on the back page of this offer to purchase:

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one of (a) a properly completed and executed letter of transmittal or a manually executed facsimile of it, including any required signature guarantees, or (b) an agent's message as described below in the case of a book-entry transfer; and

any other documents required by the letter of transmittal; or

(2) The guaranteed delivery procedure described below must be followed.

Delivery of the letter of transmittal or any other required documents to the book-entry transfer facility does not constitute delivery to the depository.

The term "agent's message" means a message transmitted by the book-entry transfer facility to, and received by, the depository, which states that the book-entry transfer facility has received an express acknowledgement from the participant in the book-entry transfer facility tendering the shares that the participant in the book-entry transfer facility tendering the shares has received and agrees to be bound by the terms of the letter of transmittal and that we may enforce that agreement against them.

Guaranteed Delivery. If you want to tender your shares but your share certificates are not immediately available or cannot be delivered to the depository before the expiration date, the procedure for book-entry transfer cannot be completed on a timely basis, or if time will not permit all required documents to reach the depository before the expiration date, you can still tender your shares, if all of the following conditions are satisfied:

the tender is made by or through an eligible guarantor institution;

the depository receives by hand, mail, overnight courier or facsimile transmission, prior to the expiration time, a properly completed and duly executed notice of guaranteed delivery in the form we have provided with this offer to purchase, including (where required) signature guarantees by an eligible guarantor institution in the form set forth in the notice of guaranteed delivery; and

all of the following are received by the depository within three New York Stock Exchange trading days after the date of receipt by the depository of the notice of guaranteed delivery, either:

the certificates representing the shares being tendered together with (a) a letter of transmittal, or a facsimile thereof, relating thereto that has been validly completed and duly executed and includes all signature guarantees required thereon and (b) all other required documents; or

in the case of any book-entry transfer of the shares being tendered that is effected in accordance with the book-entry transfer procedures we describe above under "Book-Entry Delivery:" (a) a letter of transmittal or a facsimile thereof, relating thereto that has been validly completed and duly executed and includes all signature guarantees required thereon, or an agent's message, (b) a book-entry confirmation relating to that transfer, and (c) all other required documents.

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Determination of Validity; Rejection of Shares; Waiver of Defects; No Obligation to Give Notice of Defects. We will determine, in our sole discretion, all questions as to the number of shares to be accepted, and the validity, form, eligibility, including time of receipt, and acceptance for payment of any tender of shares. Our determination will be final and binding on all parties. We reserve the absolute right to reject any or all tenders we determine not to be in proper form or the acceptance of or payment for which we determine may be unlawful. We also reserve the absolute right to waive any of the conditions of the offer and any defect or irregularity in the tender of any particular shares or any particular shareholder. No tender of shares will be deemed to be properly made until all defects or irregularities have been cured by the tendering shareholder or waived by us. None of the fund, the depository, the information agent, or any other person will be under any duty to give notice of any defects or irregularities in any tender, or incur any liability for failure to give any such notice. Our interpretation of the terms of and conditions to the offer, including the letter of transmittal and the instructions thereto, will be final and binding. By tendering shares to us, you agree to accept all decisions we make concerning these matters and waive any right you might otherwise have to challenge those decisions.

Your Representation and Warranty; Our Acceptance Constitutes an Agreement. It is a violation of Rule 14e-4 promulgated by the Securities and Exchange Commission under the Exchange Act for a person, acting alone or in concert with others, directly or indirectly, to tender shares for that person's own account unless, at the expiration date, the person so tendering:

within the meaning of Rule 14e-4, has a "net long position" equal to or greater than the amount tendered in our shares or in securities immediately convertible into, or exchangeable or exercisable for, our shares; and

will deliver or cause to be delivered the shares within the period specified in the offer; or

in the case of securities immediately convertible into, or exchangeable or exercisable for our shares, acquires shares by conversion, exchange or exercise of such securities, and, to the extent required by the terms of the offer, delivers or causes to be delivered the shares within the period specified by the offer.

Rule 14e-4 provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person.

A tender of shares under any of the procedures described above will constitute your acceptance of the terms and conditions of the offer, as well as your representation and warranty to us that:

you have a "net long position" in the shares or equivalent securities at least equal to the shares tendered; and

the tender of shares complies with Rule 14e-4.

Our acceptance for payment of shares tendered under the offer will constitute a binding agreement between you and us upon the terms and conditions of the offer described in this and related documents.

Return of Unpurchased Shares. If any tendered shares are not purchased or are properly withdrawn, or if less than all shares evidenced by a shareholder's certificates are tendered, certificates for unpurchased shares will be returned promptly after the expiration or termination of the offer or the proper withdrawal of the shares, as applicable. In the case of shares tendered by book-entry transfer at the book-entry transfer facility, the shares will be credited to the appropriate account maintained by the tendering shareholder at the book-entry transfer facility. In each case, we will not charge the shareholder for costs we incur returning or crediting the shares to the shareholder.

Procedures for Participants in the Dividend Reinvestment Plan. Holders of shares acquired through the fund's dividend reinvestment plan may instruct the depository to tender such shares by completing the appropriate section of the letter of transmittal. If a shareholder tenders shares acquired through the dividend reinvestment plan, all such shares credited to such shareholder's account(s) will be tendered, unless the shareholder otherwise specifies in the letter of transmittal. If a shareholder does not complete the section of the letter of transmittal instructing the depository to tender shares acquired through the dividend reinvestment plan, no shares acquired by that shareholder through the dividend reinvestment plan will be tendered.

TENDER OFFERS 5

Lost or Destroyed Certificates. If your certificate for part or all of your shares has been lost, stolen, misplaced or destroyed, you should contact Putnam Fiduciary Trust Company, the transfer agent of the fund, at 1-800-225-1581 (toll free), for instructions as to obtaining an affidavit of loss. The affidavit of loss will then be required to be submitted together with the letter of transmittal in order to receive payment for shares that are tendered and accepted for payment. A bond may be required to be posted by you to secure against the risk that the certificates may be subsequently recirculated. You are urged to contact the depository immediately in order to receive further instructions, to permit timely processing of this documentation and for a determination as to whether you will need to post a bond.

Backup Withholding. In order to avoid "backup withholding" of U.S. federal income tax on payments of cash pursuant to the offer, a shareholder surrendering shares in the offer must, unless an exemption applies, provide the depository with such shareholder's correct taxpayer identification number on a Substitute Form W-9, certify under penalties of perjury that such tax identification number is correct and provide certain other certifications.

If a shareholder does not provide such shareholder's correct tax identification number or fails to provide the required certifications, the Internal Revenue Service may impose a penalty on such shareholder and payment of cash to such shareholder pursuant to the offer may be subject to backup withholding of 28%. All shareholders surrendering shares pursuant to the offer should complete and sign the main signature form and the Substitute Form W-9 included as part of the letter of transmittal to provide the information and certification necessary to avoid backup withholding. Certain shareholders (including, among others, all corporations, individual retirement accounts and certain foreign individuals and entities) are not subject to backup withholding; however, such shareholders should complete the Substitute Form W-9 to avoid possible erroneous backup withholding. Noncorporate foreign shareholders should complete and sign the main signature form and an appropriate Form W-8 (instead of a Form W-9), a copy of which may be obtained from the depository, in order to avoid backup withholding. See instruction 10 to the letter of transmittal.

3. Withdrawal Rights

Shares tendered pursuant to the offer may be withdrawn pursuant to the procedures set forth below at any time prior to the expiration date and, unless already accepted for payment pursuant to the offer, at any time on or after July 12, 2007.

For a withdrawal to be effective, a written or facsimile transmission notice of withdrawal must be timely received by the depository at one of its addresses set forth on the back cover of this offer to purchase and must specify the name of the person having tendered the shares to be withdrawn, the number of shares to be withdrawn and the name of the registered holder of the shares to be withdrawn, if different from the name of the person who tendered the shares. If certificates for shares have been delivered or otherwise identified to the depository, then, prior to the physical release of such certificates, the serial numbers shown on such certificates must be submitted to the depository and, unless such shares have been tendered by an eligible institution, any and all signatures on the notice of withdrawal must be guaranteed by an eligible institution. If shares have been tendered pursuant to the book-entry transfer procedures described in Section 2, any notice of withdrawal must also specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn shares and otherwise comply with the book-entry transfer facility's procedures. Withdrawals of tenders of shares may not be rescinded, and any shares validly withdrawn will thereafter be deemed not validly tendered for purposes of the offer. However, withdrawn shares may be retendered by again following one of the procedures described in Section 2 at any time prior to the expiration date.

All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by the fund in its sole discretion, which determination will be final and binding. None of the fund, the depository, the information agent, or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

The method of delivery of any documents related to a withdrawal is at the risk of the withdrawing shareholder. Any documents related to a withdrawal will be deemed delivered only when actually received by the depository. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

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4. Acceptance for Payment and Payment

Upon the terms and subject to the conditions of the offer, we will accept for payment, and will pay cash for, shares validly tendered on or before the expiration date, and not properly withdrawn in accordance with Section 3, promptly after the expiration date. In all cases, payment for shares tendered and accepted for payment pursuant to the offer will be made only after timely receipt by the depository of certificates for such shares (unless such shares are held in uncertificated form), a properly completed and duly executed letter of transmittal (or facsimile thereof), and any other documents required by the letter of transmittal. We expressly reserve the right, in our sole discretion, to delay the acceptance for payment of, or payment for, shares, in order to comply, in whole or in part with any applicable law.

For purposes of the offer, we will be deemed to have accepted for payment shares validly tendered and not withdrawn as, if and when we give or cause to be given oral or written notice to the depository of our acceptance

for payment of such shares pursuant to the offer. Payment for shares accepted for payment pursuant to the offer will be made by deposit of the aggregate purchase price therefor with the depository, which will act as agent for the tendering shareholders for purpose of receiving payments from the fund and transmitting such payments to the tendering shareholders. Under no circumstances will interest on the purchase price for shares be paid, regardless of any delay in making such payment.

In the event of proration, we will determine the proration factor and pay for those tendered shares accepted for payment as soon as practicable after the expiration date. However, we expect that we will not be able to announce the final results of any proration or commence payment for any shares purchased pursuant to the offer until at least five business days after the expiration date.

If any tendered shares are not accepted for payment pursuant to the terms and conditions of the offer for any reason, or are not accepted because of an invalid tender, or if certificates are submitted for more shares than are accepted (i) certificates for such unpurchased shares will be returned, without charge by us to the tendering shareholder, as soon as practicable following expiration or termination of the offer, (ii) shares delivered pursuant to the book-entry delivery procedure (as defined in Section 2 above) will be credited to the appropriate account maintained within the book-entry transfer facility and (iii) uncertificated shares held by the fund's transfer agent pursuant to the fund's dividend reinvestment plan will be returned to the dividend reinvestment plan account maintained by the transfer agent.

If we are delayed in our acceptance for payment of, or in our payment for, shares, or are unable to accept for payment or pay for shares pursuant to the offer for any reason, then, without prejudice to our rights under this offer, the depository may, on behalf of the fund, retain tendered shares, and such shares may not be withdrawn, unless and except to the extent tendering shareholders are entitled to withdrawal rights as described in Section 3 of this offer to purchase.

The purchase price of the shares will equal 98% of their net asset value (a 2% discount) as of the close of regular trading on the New York Stock Exchange on July 12, 2007, or such later date to which the offer is extended. Tendering shareholders may be required to pay brokerage commissions or fees. Under the circumstances set forth in Instruction 6 of the letter of transmittal, shareholders may be subject to transfer taxes on the purchase of shares by the fund.

We normally calculate the net asset value of our shares daily at the close of regular trading of the New York Stock Exchange. On May 17, 2007, the net asset value was \$7.26 per share. The shares are listed on the New York Stock Exchange. On May 17, 2007, the last sales price at the close of regular trading on the New York Stock Exchange was \$6.57 per share, representing a 9.50% discount from net asset value. The net asset value of the shares will be available daily until the expiration date, by calling the information agent, toll free at (866) 651-3149 or, for banks or brokers, at (212) 440-9800 or through the fund's toll free number at 1-800-225-1581.

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5. Certain U.S. Federal Income Tax Consequences

The following discussion describes certain U.S. federal income tax consequences of the sale of shares pursuant to the offer. Except where noted, it deals only with shares held as capital assets and does not deal with special situations, such as those of dealers in securities or commodities, traders in securities that elect to mark their holdings to market, insurance companies, persons holding shares as a part of a hedging, conversion or constructive sale transaction or a straddle, or shareholders whose functional currency is not the U.S. dollar. Furthermore, the discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified so as to result in U.S. federal income tax consequences different from those discussed below. Shareholders should consult their own tax advisors concerning the U.S. federal income tax consequences of participating in the offer in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

As used herein, a "U.S. Shareholder" means a shareholder that is (i) a citizen or resident of the U.S., (ii) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes), partnership, or other entity created or organized in or under the laws of the U.S., any State or any political subdivision thereof, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of the source of the

income, or (iv) a trust if it (x) is subject to the supervision of a court within the U.S. and one or more U.S. persons has the authority to control all substantial decisions of the trust or (y) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person. A "Non-U.S. Shareholder" is a shareholder that is not a U.S. Shareholder.

An exchange of shares for cash in the offer will be a taxable transaction for U.S. federal income tax purposes. As a consequence of the exchange, depending on a shareholder's particular circumstances, the sale of shares pursuant to the offer will be treated either as a "sale or exchange" producing gain or loss or as the receipt of a distribution from the fund taxable as a dividend to the extent of such shareholder's allocable share of the fund's "earnings and profits." Under Section 302(b) of the Code, a sale of shares pursuant to the offer generally will be treated as a sale or exchange if the receipt of cash by the shareholder: (a) results in a complete termination of the shareholder's interest in the fund, (b) results in a "substantially disproportionate" redemption with respect to the shareholder, or (c) is "not essentially equivalent to a dividend" with respect to the shareholder. For this purpose a "substantially disproportionate" redemption is one that reduces the shareholder's percentage voting interest in the fund by more than 20% and after which the shareholder owns a less-than-50% voting interest in the fund. Also for this purpose, a redemption is "not essentially equivalent to a dividend" if it results in a "meaningful reduction" of a shareholder's percentage interest in the fund. Whether a reduction is "meaningful" depends on a shareholder's particular facts and circumstances; in general, the smaller a shareholder's percentage interest in the fund, the more likely it is that any such reduction therein will be treated as "meaningful."

In determining whether any of these tests has been met, shares actually owned, as well as shares considered to be owned by the shareholder by reason of certain constructive ownership rules set forth in Section 318 of the Code, generally must be taken into account. If any of these three tests for sale or exchange treatment under Section 302(b) is met, a shareholder will recognize gain or loss equal to the difference between the price paid by the fund for the shares purchased in the offer and the shareholder's adjusted basis in such shares. If such shares are held as a capital asset, the gain or loss will be capital gain or loss. The maximum tax rate applicable to capital gains recognized by individuals and other non-corporate taxpayers is (i) the same as the applicable ordinary income rate for capital assets held for one year or less or (ii) 15% for capital assets held for more than one year. The deductibility of capital losses is subject to limitations.

If the requirements of Section 302(b) of the Code are not met, amounts received by a shareholder who sells shares pursuant to the offer will be taxable to the shareholder as a dividend to the extent of such shareholder's allocable share of the fund's current or accumulated earnings and profits. To the extent that amounts received exceed such shareholder's allocable share of the fund's current and accumulated earnings and profits for a taxable year,

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the distribution will first be treated as a non-taxable return of capital, causing a reduction in the adjusted basis of such shareholder's shares, and any amounts in excess of the shareholder's adjusted basis will constitute taxable gain. Any remaining adjusted basis in the shares tendered to the fund will be transferred to any remaining shares held by such shareholder.

Provided that no tendering shareholder is treated as receiving a dividend as a result of selling shares pursuant to the offer, shareholders who do not sell shares pursuant to the offer will not realize any taxable income. In the event that any shareholder is deemed to receive a dividend as a result of selling shares pursuant to the offer, there is a risk that shareholders whose percentage interests in the fund increase as a result of the offer (whether because they do not tender shares pursuant to the offer, or sell fewer shares than other shareholders) may be deemed to have received a constructive distribution from the fund under Section 305 of the Code, in an amount equal to the increase in such shareholder's percentage ownership of the fund that is taxable as a dividend to the extent of such shareholder's allocable share of the fund's earnings and profits.

Backup Federal Income Tax Withholding. Backup withholding tax will be imposed on the gross proceeds paid to a tendering U.S. Shareholder unless the U.S. Shareholder provides such U.S. Shareholder's taxpayer identification number (employer identification number or social security number) to the depositary, certifies as to no loss of exemption from backup withholding, complies with applicable requirements of the backup withholding rules or is otherwise exempt from backup withholding. Therefore, each tendering U.S. Shareholder should complete and sign the Substitute Form W-9 included as part of the letter of transmittal so as to provide the information and

certification necessary to avoid backup withholding. Certain U.S. Shareholders (including, among others, all corporations) are not subject to these backup withholding requirements; however, such shareholders should complete the Substitute Form W-9 to avoid erroneous backup withholding. In addition, Non-U.S. Shareholders are subject to these withholding requirements. In order for a Non-U.S. Shareholder to qualify as an exempt recipient, that Non-U.S. Shareholder must submit an IRS Form W-8 or a Substitute Form W-8. Such statements can be obtained from the depository.

To prevent backup U.S. federal income tax withholding, each shareholder who does not otherwise establish an exemption from such withholding must provide the depository with the shareholder's correct taxpayer identification number and provide certain other information by completing the Substitute Form W-9 included in the letter of transmittal.

Withholding for Non-U.S. Shareholders. Even if a Non-U.S. Shareholder has provided the required certification to avoid backup withholding, the depository will withhold U.S. federal income tax equal to 30% of the gross payments payable to a Non-U.S. Shareholder or his or her agent unless the depository determines that a reduced rate of withholding is available pursuant to a tax treaty or that an exemption from withholding is applicable because such gross proceeds are effectively connected with the conduct of a trade or business within the U.S. In order to obtain a reduced rate of withholding pursuant to a tax treaty, a Non-U.S. Shareholder must deliver to the depository before the payment a properly completed and executed IRS Form W-8BEN. In order to obtain an exemption from withholding on the grounds that the gross proceeds paid pursuant to the offer are effectively connected with the conduct of a trade or business within the U.S., a Non-U.S. Shareholder must deliver to the depository a properly completed and executed IRS Form W-8ECI. The depository will determine a shareholder's status as a Non-U.S. Shareholder and eligibility for a reduced rate of, or exemption from, withholding by reference to any outstanding certificates or statements concerning eligibility for a reduced rate of, or exemption from, withholding (e.g., IRS Forms W-8BEN or W-8ECI) unless facts and circumstances indicate that such reliance is not warranted. A Non-U.S. Shareholder may be eligible to obtain a refund of all or a portion of any tax withheld if such shareowner meets the "complete redemption," "substantially disproportionate" or "not essentially equivalent to a dividend" test described above or is otherwise able to establish that no tax or a reduced amount of tax is due. Backup withholding generally will not apply to amounts subject to the 30% or a treaty-reduced rate of withholding. Non-U.S. Shareholders are urged to consult their own tax advisors regarding the application of U.S. federal income tax withholding, including eligibility for a withholding tax reduction or exemption, and the refund procedure.

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6. Net Asset Value and Market Price Range of the Shares; Dividends on the Shares

The shares are traded on the New York Stock Exchange. The following table sets forth for the periods indicated the net asset value (as of the last day of each such period), and the high and low price per share on the New York Stock Exchange during each such period:

First Quarter Ended	High	Low	Net Asset Value
April 30, 2007	\$6.66	\$6.46	\$7.25
January 31, 2007	6.50	6.22	7.17
October 31, 2006	6.30	6.04	7.17
July 31, 2006	6.09	5.96	7.02
April 30, 2006	6.21	6.08	7.01
January 31, 2006	6.26	5.97	7.08
October 31, 2005	6.34	6.05	7.04
July 31, 2005	6.60	6.17	7.16

The tender of shares, unless and until such tendered shares are accepted for purchase, will not affect the record ownership of any such tendered shares for purposes of entitlement to any dividends payable by the fund.

On May 17, 2007, the net asset value was \$7.26 per share and the reported sales price on the New York Stock Exchange was \$6.57 per share, representing a 9.50% discount from net asset value. **Shareholders are urged to obtain current market quotations for the shares.**

7. Source and Amount of Funds; Effect of the Offer

Cost to the Fund. The actual cost of the offer to the fund cannot be determined at this time because the number of shares to be purchased will depend on the number tendered, and the price will be based on the net asset value per share on the expiration date. If the net asset value per share on the expiration date were the same as the net asset value per share on May 17, 2007, and if shareholders tender 17,879,920 shares, the maximum number of securities we will purchase pursuant to the offer, the estimated payment by the fund to the shareholders would be approximately \$127,126,228. See the Pro Forma Capitalization Table below.

The monies we use to purchase shares in the offer will be obtained from cash and from sales of securities in the fund's investment portfolio. There are no financing conditions to this offer.

Effect on Net Asset Value and Consideration Received by Tendering Shareholders.

The offer may have certain adverse consequences for tendering and non-tendering shareholders.

If the fund were required to sell a substantial amount of portfolio securities to raise cash to finance the offer, the market prices of portfolio securities being sold and/or the fund's remaining portfolio securities may decline and hence the fund's net asset value may decline. If any such decline occurs, we cannot predict what its magnitude would be or whether such a decline would be temporary or continue to or beyond the expiration date. Because the price per share to be paid in the offer will be dependent upon the net asset value per share as determined on the expiration date, if such a decline continued up to the expiration date, the consideration received by tendering shareholders would be reduced. In addition, the sale of portfolio securities will cause the fund to incur increased brokerage and related transaction expenses, and the fund may receive proceeds from the sale of portfolio securities less than their valuations by the fund. Accordingly, obtaining the cash to consummate the offer may result in a decrease in the fund's net asset value per share, thereby reducing the amount of proceeds received by tendering shareholders and the net asset value per share for non-tendering shareholders.

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Shareholders should note, however, that the offer may result in accretion to the fund's net asset value per share following the offer, due to the fact that the tender price would represent a 2% discount to the fund's net asset value per share at that time. The potential accretion to the fund's net asset value per share may offset, in whole or in part, any decline in the fund's net asset value as discussed above and the expenses of the offer.

The fund will likely sell portfolio securities during the pendency of the offer to raise cash for the purchase of shares. During the pendency of the offer, consequently, and possibly after that, the fund will likely hold a greater than normal percentage of its net assets in cash and cash equivalents. The fund will pay for tendered shares it accepts for payment promptly after the expiration date of this offer. Because the fund will not know the number of shares tendered until the expiration date, the fund will not know until the expiration date the amount of cash required to pay for such shares. If on or prior to the expiration date, the fund does not have, or believes it is unlikely to have, sufficient cash to pay for all shares tendered, it may extend the offer to allow additional time to sell portfolio securities and raise sufficient cash.

Recognition of Capital Gains by the Fund. As noted above, the fund will likely be required to sell portfolio securities to finance the offer. If the fund's tax basis for the securities sold is less than the sale proceeds, the fund will recognize capital gains. The fund would expect to declare and distribute any such gains to shareholders of record (reduced by net capital losses realized during the fiscal year, if any). In addition, some of the distributed gains may be realized on securities held for one year or less, which would generate income taxable to the non-tendering shareholders at ordinary income rates. This recognition and distribution of gains, if any, would

have certain negative consequences. First, shareholders remaining at the time of a declaration of distributions would be required to pay taxes on a greater amount of distributions than otherwise would be the case. Second, to raise cash to make the distributions, the fund might need to sell additional portfolio securities thereby possibly being forced to realize and recognize additional capital gains. It is impossible to predict what the amount of unrealized gains or losses would be in the fund's portfolio at the time that the fund is required to liquidate portfolio securities (and the amount of capital gains or losses that would be realized and recognized). As of March 31, 2007, there was net unrealized appreciation of \$18,626,569 in the fund's portfolio as a whole, and as of March 31, 2007, there were net capital loss carryforwards of \$(269,212,648) that for tax purposes would offset future gains actually realized.

Tax Consequences of Repurchases to Shareholders. Our purchase of tendered shares pursuant to the offer will have tax consequences for tendering shareholders and may have tax consequences for non-tendering shareholders (or in certain cases tendering shareholders whose percentage interests in the fund nonetheless increase as a result of the offer). See Section 5 of this offer to purchase.

Higher Expense Ratio and Less Investment Flexibility. If we purchase a substantial number of shares pursuant to the offer, the net assets of the fund will be reduced accordingly. The reduced net assets of the fund as a result of the offer will result in a higher expense ratio for the fund and possibly in less investment flexibility for the fund.

Reduction in Shares Outstanding. Our purchase of shares in the offer will reduce the number of our shares that might otherwise trade publicly and may reduce the number of our shareholders. Assuming the offer is fully subscribed, we will have approximately 160,919,276 shares outstanding following the purchase of shares tendered in the offer. The actual number of shares outstanding will depend on the number of shares tendered and purchased in the offer. This may reduce the volume of trading in the shares and make it more difficult to buy or sell significant amounts of shares without affecting the market price, which could adversely affect continuing shareholders.

The shares are currently "margin securities" under the rules of the Federal Reserve Board. This has the effect, among other things, of allowing brokers to extend credit on the collateral of the shares. We believe that, following the purchase of shares pursuant to the offer, the shares will continue to be "margin securities" for purposes of the Federal Reserve Board's margin regulations.

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Our shares are registered under the Exchange Act, which requires, among other things, that we furnish specific information to our shareholders and to the Securities and Exchange Commission and comply with the Securities and Exchange Commission's proxy rules in connection with meetings of our shareholders. We believe that our purchase of shares in the offer will not result in the shares becoming eligible for deregistration under the Exchange Act.

Pro Forma Effects on Capitalization. The following table sets forth the net assets of the fund as of January 31, 2007, adjusted to give effect to the offer (excluding expenses and assuming we repurchase 17,879,920 outstanding shares):

Pro Forma Capitalization (1)			
	As of	Adjustment for	Pro Forma as
	January 31, 2007	Purchase at \$7.03 Per Share (2)	Adjusted (1)
Total net assets	\$1,281,142,554	(\$125,695,838)	\$1,155,446,716
Shares outstanding	178,799,196	(17,879,920)	160,919,276
Net asset value per share (3)	\$7.17	\$7.03	\$7.18

(1) This table assumes purchase by the fund of 17,879,920 shares, equal to approximately 10% of the fund's outstanding shares as of January 31, 2007.

(2) This amount represents 98% of the fund's net asset value as determined on January 31, 2007. Shares tendered pursuant to the offer will be purchased at a 2% discount to net asset value on the expiration date, which may be higher or lower, and the actual net asset value per share also may be higher or lower than that shown above.

(3) The net asset value per share of the fund is normally determined on each day that the New York Stock Exchange is open, as of the close of regular trading on the New York Stock Exchange, and is determined by dividing the total net assets of the fund by the number of shares outstanding.

8. Purpose of the Offer

Purpose

The purpose of the offer is to enhance liquidity for shareholders seeking to exit the fund at a price reflecting a smaller discount to net asset value than currently available in the market.

None of the fund, its board of trustees or the investment manager makes any recommendation to any shareholder as to whether to tender or refrain from tendering any of such shareholder's shares, and none of such persons has authorized any person to make any such recommendation. Shareholders are urged to evaluate carefully all information in this offer to purchase, consult their own investment and tax advisors and make their own decisions whether to tender shares.

Use of Securities Acquired

Shares acquired pursuant to the offer will be canceled and returned to the status of authorized but unissued equity.

Plans

Except as indicated in this offer to purchase, the fund has no present plans or proposals which relate to or would result in (1) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the fund, (2) any purchase, sale or transfer of a material amount of assets of the fund, (3) any material change in the present dividend rate or policy, or indebtedness or capitalization of the fund, except that the fund's dividend reinvestment plan may be suspended to the extent necessary for this offer, as amended, to comply with applicable law (4) any change to the fund's present board of trustees or management, including, but not limited to, any plans or proposals to change the number or the term of trustees or to fill any existing vacancies on the board or to change any material term of the employment contract of any executive officer, (5) any other material changes in the fund's corporate structure or business, including any plans or proposals to make any changes in its investment policy for which a vote would be required by Section 13 of the Investment Company Act of 1940, (6) any class of

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equity securities of the fund being delisted from a national securities exchange or ceasing to be authorized to be quoted in an automated quotations system operated by a national securities association, (7) any class or equity securities of the fund becoming eligible for termination of registration under Section 12(g)(4) of the Exchange Act, (8) the suspension of the fund's obligation to file reports under Section 15(d) of the Exchange Act, (9) the acquisition by any person of additional securities of the fund, or the disposition of securities of the fund, or (10) any changes in the fund's declaration of trust, bylaws or other governing instruments or other actions that could impede the acquisition of control of the fund.

The fund's board of trustees intends to continue to review the fund's investment performance, capitalization, management and prospects. Accordingly, the fund reserves the right to change its plans and intentions at any time, as it deems appropriate.

9. Information Concerning the Fund

The fund is a closed-end, non-diversified investment company organized as a Massachusetts business trust. The shares were first issued to the public in February 1988. As a closed-ended investment company, the fund differs from an open-end investment company in that it does not redeem its shares at the election of a shareholder and does not continuously offer its shares for sale to the public (see Section 8 of this offer to purchase). Instead the shares trade on the secondary market through their listing on the NYSE. The fund's investment objective is to seek high current income consistent with the preservation of capital by allocating its investments among the U.S. government sector, high yield sector and international sector of the fixed-income securities market. The principal executive offices of the fund are located at One Post Office Square, Boston, Massachusetts 02109. The fund's business telephone number is (617) 292-1000.

Putnam Investment Management, LLC (Putnam Management) is the fund's investment manager and administrator. On February 1, 2007, Marsh & McLennan Companies, Inc. (MMC) announced that it had signed a definitive agreement to sell its ownership interest in Putnam Investments Trust, the parent company of Putnam Management and its affiliates, to Great-West Lifeco Inc. Great-West Lifeco Inc. is a financial services holding company with operations in Canada, the United States and Europe and is a member of the Power Financial Corporation group of companies. Power Financial Corporation, a global company with interests in the financial services industry, is a subsidiary of Power Corporation of Canada, a financial, industrial, and communications holding company. The transaction has been approved by the respective boards of directors of MMC and Great-West Lifeco Inc., and is expected to close in 2007, subject to regulatory approval, required client consents, and other customary conditions.

The fund has various agreements with Putnam Management and its affiliates relating to advisory, custodial and investor services. The amounts paid by the fund to Putnam Management and its affiliates for these services are disclosed in the fund's financial statements and the notes to the financial statements, which can be found in the fund's annual and semi-annual reports.

The fund is subject to the information and reporting requirements of the Investment Company Act of 1940 and is obligated to file reports and other information with the Securities and Exchange Commission relating to its business, financial condition and other matters. The fund has also filed the Schedule TO with the Securities and Exchange Commission. Such reports and other information should be available for inspection at the public reference room at the Securities and Exchange Commission's office, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The fund's filings are also available to the public on the Securities and Exchange Commission's internet site (<http://www.sec.gov>). Copies may be obtained, by mail, upon payment of the Securities and Exchange Commission's customary charges, by writing to its Public Reference Section at 100 F Street, N.E., Washington, D.C. 20549.

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10. Interest of Trustees; Transactions and Arrangements Concerning the Shares

The trustees of the fund and the aggregate number and percentage of the shares each of them beneficially owns as of April 30, 2007 is set forth in the table below. The address of each of them is in care of the fund at One Post Office Square, Boston, Massachusetts 02109.

Name and Position	Aggregate Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
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Non-Interested Trustees:

John A. Hill, Chairman	3,712.505	*
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Jameson A. Baxter, <i>Vice Chairman</i>	498.242	*
Charles B. Curtis	242.980	*
Myra R. Drucker	217.050	*
Paul L. Joskow	201.176	*
Elizabeth T. Kennan	292.060	*
Kenneth R. Leibler	100.000	*
Robert E. Patterson	803.529	*
W. Thomas Stephens	201.000	*
Richard B. Worley	204.718	*

Interested Trustees:

Charles E. Haldeman, Jr.**	1,005.000	*
George Putnam, III	2,505.000	*

* Less than 1%

** Charles E. Haldeman, Jr. is also the President of the fund

Neither the fund nor, to the best of our knowledge, any of the fund's officers or trustees, any person controlling the fund, or any executive officer, trustee or director of any corporation or other person ultimately in control of the fund, has effected any transaction in shares, except for dividend reinvestments, during the past 60 days.

We know of no agreement, arrangement or understanding, contingent or otherwise or whether or not legally enforceable, between (a) the fund, any of the fund's executive officers or trustees, any person controlling the fund or any executive officer, trustee or director of any corporation or other person ultimately in control of the fund and (b) any person with respect to any securities of the fund (including any agreement, arrangement or understanding concerning the transfer or the voting of any such securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss, or the giving or withholding of proxies, consents or authorizations).

We have been advised by each of our trustees and executive officers that such individuals do not intend to tender any shares owned by them in the tender offer.

11. Legal Matters; Regulatory Approvals

Except as described in this offer to purchase, we are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by our acquisition of shares as contemplated by

the offer or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for our acquisition or ownership of shares as contemplated by the offer. Should any such approval or other action be required, we currently contemplate that we will seek approval or such other action. We cannot predict whether we may determine that we are required to delay the acceptance for payment of, or payment for, shares tendered in response to the offer, pending the outcome of any such matters. There can be no assurance that any approval or other action, if needed, would be obtained or would

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be obtained without substantial conditions or that the failure to obtain any approval or other action might not result in adverse consequences to our business. Our obligation to accept for payment and pay for shares under the offer is subject to various conditions. See Section 12.

12. Conditions to the Offer

Notwithstanding any other provision of the offer, the fund will not accept tenders during any period when (a) such transactions, if consummated, would (i) result in the delisting of the fund's shares from the New York Stock Exchange or (ii) impair the fund's status as a regulated investment company under the Code (which would make the fund a taxable entity, causing the fund's income to be taxed at the fund level in addition to the taxation of shareholders who receive distributions from the fund); (b) there is any (i) legal or regulatory action or proceeding instituted or threatened challenging such transaction, (ii) suspension of or limitation on prices for trading securities generally on the New York Stock Exchange or other national securities exchanges, (iii) declaration of a banking moratorium by federal or state authorities or any suspension of payment by banks in the United States or New York State, (iv) limitation affecting the fund imposed by federal or state authorities on the extension of credit by lending institutions, or (v) outbreak or escalation of hostilities, declaration by the United States of a national emergency or war, or other calamity or crisis the effect of which on financial markets is such as to make it, in the good faith judgment of the board of trustees of the fund, impractical or inadvisable to proceed with the offer; or (c) the board of trustees of the fund determines in good faith that effecting any such transaction would constitute a breach of its fiduciary duty owed to the fund or its shareholders.

The foregoing conditions are for the sole benefit of the fund and may be asserted by the fund regardless of the circumstances giving rise to any such conditions or may be waived by the fund in whole or in part at any time and from time to time in its sole discretion. The failure by the fund at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by the fund concerning the events described in this Section shall be final and binding on all parties.

A public announcement shall be made of a material change in, or waiver of, such conditions, and the offer may, in certain circumstances, be extended in connection with any such change or waiver.

If the offer is suspended or postponed, the fund will provide notice to shareholders of such suspension or postponement.

13. Fees and Expenses

We have retained Georgeson Inc. to act as information agent and Computershare Trust Company, N.A. to act as depositary in connection with the offer. The information agent may contact holders of shares by mail, telephone, telegraph and in person and may request that brokers, dealers, commercial banks, trust companies and other nominee shareholders forward materials relating to the offer to beneficial owners. The information agent and the depositary will each receive reasonable and customary compensation for their services, will be reimbursed by us for specified out-of-pocket expenses and will be indemnified against certain liabilities in connection with the offer, including certain liabilities under the federal securities laws.

We will not pay fees or commissions to any broker, dealer, commercial bank, trust company or other person for soliciting any shares under the offer, other than as described above. We will, however, on request, reimburse brokers, dealers, commercial banks, trust companies and other persons for customary handling and mailing expenses incurred in forwarding the offer and related materials to the beneficial owners for when they act as

nominees. No broker, dealer, commercial bank or trust company has been authorized to act as our agent or as an agent of our investment manager, information agent or depository for purposes of the offer.

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14. Miscellaneous

The offer is not being made to (nor will tenders be accepted from or on behalf of) holders of shares in any jurisdiction in which the making of the offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. We are not aware of any jurisdiction where the making of the offer is not in compliance with applicable law. If we become aware of any jurisdiction where the making of the offer is not in compliance with any applicable law, we will make a good faith effort to comply with the applicable law.

In accordance with Rule 13e-4 under the Exchange Act, we have filed with the Securities and Exchange Commission a Tender Offer Statement on Schedule TO that contains additional information with respect to the offer. The Schedule TO, including the exhibits and any amendments thereto, may be examined, and copies may be obtained, at the places and in the manner set forth in Section 9.

We have not authorized any person to make any recommendation on our behalf regarding whether you should tender or refrain from tendering your shares in the offer. We have not authorized any person to provide any information or make any representation in connection with the offer, other than those contained in this offer to purchase or in the letter of transmittal. You should not rely upon any recommendation, information or representation that is given or made to you as having been authorized by the fund, our investment manager, the fund's transfer agent, the depository or the information agent.

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The letter of transmittal, certificates for shares and any other required documents should be sent or delivered by each fund shareholder or the shareholder's broker, dealer, commercial bank, trust company or nominee to the depository as follows:

The Depository for the Tender Offer is:

By Mail:

By Hand or Overnight Courier:

Computershare Trust Company, N.A. Computershare Trust Company, N.A.

Attention: Corporate Actions
P.O. Box 859208
Braintree, MA 02185-9208

Attention: Corporate Actions
161 Bay State Drive
Braintree, MA 02184

Delivery of the letter of transmittal to an address other than as set forth above will not constitute a valid delivery to the depository.

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Any questions, requests for assistance or requests for additional copies of this offer to purchase, the letter of transmittal or the notice of guaranteed delivery may be directed to the information agent at the telephone number or address set forth below. You may also contact your broker, dealer, commercial bank, trust company or nominee for assistance concerning the offer. To confirm delivery of shares, shareholders are directed to contact the depository.

The Information Agent for the Tender Offer is:

17 State Street

New York, NY 10004

Banks and brokers call: (212) 440-9800

All others call: (866) 651-3149

245049 5/07

PUTNAM PREMIER INCOME TRUST

NOTICE OF GUARANTEED DELIVERY

FOR

TENDER OF COMMON SHARES OF BENEFICIAL INTEREST

This notice of guaranteed delivery, or one substantially in the form hereof, must be used to accept the tender offer by Putnam Premier Income Trust (the "fund") if:

certificates evidencing shares of the fund's common shares of beneficial interest, without par value, are not immediately available or cannot be delivered to the depository before the expiration date (as defined in the offer to purchase);

the procedure for book-entry transfer described in the offer to purchase, dated June 4, 2007, and the related letter of transmittal cannot be completed on a timely basis; or

time will not permit all required documents, including a properly completed and duly executed letter of transmittal (or a manually signed facsimile of the letter of transmittal), an agent's message in the case of a book-entry transfer (as defined in the offer to purchase) and any other required documents, to reach the depository prior to the expiration date.

This notice of guaranteed delivery, properly completed and duly executed, may be delivered by hand, mail, overnight courier or facsimile transmission to the depository. See Section 2 of the offer to purchase.

The Depository for the Tender Offer is:

By Mail:

By Facsimile Transmission:

By Hand or Overnight Courier:

Computershare Trust Company, N.A.

For Eligible Institutions Only:

Computershare Trust Company, N.A.

Attention: Corporate Actions

(781) 930-4942

Attention: Corporate Actions

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P.O. Box 859208
Braintree, MA 02185-9208

For Confirmation Only Telephone:
(781) 930-4900

161 Bay State Drive
Braintree, MA 02184

For this notice to be validly delivered, it must be received by the depository at one of the above addresses before the offer expires. Delivery of this notice to another address will NOT constitute a valid delivery. Deliveries to the fund, the fund's transfer agent, the information agent or the book-entry transfer facility will not be forwarded to the depository and will NOT constitute a valid delivery.

This notice of guaranteed delivery is not to be used to guarantee signatures. If a signature on the letter of transmittal is required to be guaranteed by an eligible guarantor institution (as defined in the offer to purchase) under the instructions to the letter of transmittal, the signature guarantee must appear in the applicable space provided in the signature box on the letter of transmittal.

TENDER OFFERS 1

NOTICE OF GUARANTEED DELIVERY

By signing this notice of guaranteed delivery, you tender to Putnam Premier Income Trust at a price per share equal to 98% of the per share net asset value as of the close of regular trading on the New York Stock Exchange on July 12, 2007 (or if the tender offer is extended, on the date to which the tender offer is extended), upon the terms and subject to the conditions described in the offer to purchase and the related letter of transmittal, receipt of which you hereby acknowledge, the number of shares specified below pursuant to the guaranteed delivery procedure described in Section 2 of the offer to purchase.

Number of shares to be tendered: _____ shares.

2 TENDER OFFERS

ODD LOTS

To be completed only if shares are being tendered by or on behalf of a person owning, beneficially or of record, an aggregate of fewer than 100 shares. The undersigned either (check one box):

is the beneficial or record owner of fewer than 100 shares in the aggregate, all of which are being tendered; or

is a broker, dealer, commercial bank, trust company, or other nominee that (a) is tendering for the beneficial owner(s), shares with respect to which it is the record holder, and (b) believes, based upon representations made to it by the beneficial owner(s), that each such person is the beneficial owner of fewer than 100 shares in the aggregate and is tendering all of the shares.

TENDER OFFERS 3

GUARANTEE OF DELIVERY

(Not to be Used for a Signature Guarantee)

The undersigned, a bank, broker, dealer, credit union, savings association or other entity that is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity that is also an [eligible guarantor institution,] as that term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934 (each of the foregoing constituting an [eligible institution]), guarantees the delivery to the depository of the shares tendered, in proper form for transfer, or a confirmation

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that the shares tendered have been delivered pursuant to the procedure for book-entry transfer described in the offer to purchase into the depository's account at the book-entry transfer facility, in each case together with a properly completed and duly executed letter of transmittal (or a manually signed facsimile of the letter of transmittal), or an agent's message in the case of a book-entry transfer, and any other required documents, all within three (3) New York Stock Exchange trading days after the date of receipt by the depository of this notice of guaranteed delivery.

The eligible institution that completes this form must communicate the guarantee to the depository and must deliver the letter of transmittal and certificates representing shares to the depository within the time period set forth in the offer to purchase. Failure to do so could result in a financial loss to the eligible institution.

Name of Firm:

Address: _____
(Zip Code)

Area Code and Telephone Number: _____

Authorized Signature _____

Name: _____
(Please Type or Print)

Title: _____

Dated: _____, _____

Note: Do not send share certificates with this form. Certificates for shares should be sent with the letter of transmittal.

245102 5/07

4 TENDER OFFERS

William T. Connolly, Jr., CFA

Senior Managing Director

Head of Retail Management

Putnam Retail Management LP

One Post Office Square

Boston, Massachusetts 02109

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June 4, 2007

Dear Investment Colleague:

I am writing to inform you that Putnam Premier Income Trust (the fund) has approved a tender offer program, in which the fund is making an offer to purchase up to 10% of its outstanding common shares. The Putnam Trustees decided to introduce this program after considering requests from certain of its shareholders for enhanced fund liquidity and after undertaking extended discussions with Putnam Investments.

This offer is made at a price per share equal to 98% of net asset value (NAV) as of the expiration date of the offer. The offer is for up to 17,879,920 shares. These shares constitute approximately 10% of the number of currently outstanding shares. Only shares properly offered to the fund (and not properly withdrawn) will be purchased. However, because of the proration provisions described in the offer to purchase, all of the shares tendered may not be purchased if more than 17,879,920 shares are properly tendered. If more shares are properly tendered, the fund will purchase all other shares properly tendered on a pro rata basis, with appropriate adjustments to avoid purchases of fractional shares. All shares tendered and not purchased, including shares not purchased because of proration, will be returned at the fund's expense as soon as practicable following the expiration date.

For your information and for forwarding to your clients for whom you hold shares registered in your name or in the name of your nominee, we are enclosing the following documents:

The offer to purchase, dated June 4, 2007;

A letter that you may send to your clients for whose accounts you hold shares registered in your name or in the name of your nominee, with an Instruction Form for obtaining those clients' direction with regard to the tender offer;

The letter of transmittal, which is for your use and which you may make available at your discretion to your clients (the letter of transmittal also includes accompanying instructions for your use as well as a Substitute Form W-9);

A Notice of Guaranteed Delivery. This is to be used to accept the tender offer if the share certificates and all other required documents cannot be delivered to the depository before the expiration date or if the procedure for book-entry transfer cannot be completed before the expiration date; and

Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9.

(over, please)

Putnam Retail Management

244949 6/07

Your prompt action is requested, and I urge you to contact your clients at your earliest convenience. **The tender offer and withdrawal rights will expire at 5:00 p.m. Eastern Time, on July 12, 2007, unless the offer is extended.**

No fees or commissions will be payable to brokers, dealers, commercial banks, trust companies, or any person for soliciting tenders of shares under the tender offer (other than fees paid to the information agent as described in the offer to purchase). The fund will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding any of the enclosed materials to the beneficial owners of shares held by you as a nominee or in a fiduciary capacity. The fund will pay or cause to be paid any stock transfer taxes applicable to its purchase of shares, except as otherwise provided in the offer to purchase and the letter of transmittal.

In order to properly tender shares under the tender offer, a shareholder must do either (1) or (2) below:

(1) Provide that the depository receives the following before the offer expires:

Either (a) certificates for the shares or (b) a confirmation of receipt for the shares pursuant to the procedure for book-entry transfer described in Section 2 of the offer to purchase; and

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Either (a) a properly completed and executed letter of transmittal or a manually executed facsimile of it, including any required signature guarantees or (b) an agent's message of the type described in Section 2 of the offer to purchase in the case of a book-entry transfer; and

Any other documents required by the letter of transmittal.

(2) Comply with the guaranteed delivery procedure set forth in Section 2 of the offer to purchase.

Any inquiries you may have with respect to the tender offer should be addressed to the information agent, Georgeson Inc., at its address and telephone number set forth on the back page of the offer to purchase. Georgeson will also supply additional copies of the enclosed material upon request.

Sincerely,

Enclosures

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON AS AN AGENT OF THE FUND, ITS INVESTMENT ADVISOR OR ANY OF THEIR AFFILIATES, THE INFORMATION AGENT OR THE DEPOSITARY, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER TO PURCHASE, OTHER THAN THE DOCUMENTS ENCLOSED HERewith AND THE STATEMENTS CONTAINED THEREIN.

John A. Hill

The Putnam Funds

Chairman of the Trustees

One Post Office Square

Boston, Massachusetts 02109

The Putnam Funds

June 2007

Dear Shareholder:

On behalf of The Putnam Funds' Board of Trustees, I am writing to inform you that Putnam Premier Income Trust (the fund) has approved a tender offer program, in which the fund is making an offer to purchase up to 10% of its outstanding common shares. The Putnam Trustees decided to introduce this program after considering requests from certain of its shareholders for enhanced fund liquidity and after undertaking extended discussions with Putnam Investments.

This offer is made at a price per share equal to 98% of net asset value (NAV) as of the expiration date of the offer. **If you wish to tender your shares, you will need to do so through your financial representative. Please instruct your representative accordingly by completing the attached Instruction Form and returning it to your representative. If you do not want to tender your shares, you do not need to take any action. No changes to your account will occur as a result.**

The following is a summary of several important points of the tender offer:

Expiration. The offer and withdrawal rights will expire at 5:00 p.m. Eastern Time, on July 12, 2007, unless the fund extends the offer.

Specified percentage of shares. The offer is for up to 17,879,920 shares. These shares constitute approximately 10% of the number of currently outstanding shares.

Proration provision. If more shares are tendered than the fund offers to purchase, then the purchase will be made on a pro rata basis. More details on this provision can be found in the fund's offer to purchase.

Active account required to tender shares. If for any reason your account is currently subject to a suspension of activity, you may not tender your shares until your account has been reactivated.

Trustees have a neutral view of the offer. The Trustees of the Putnam Funds have authorized the tender offer. However, the fund, its Board of Trustees, and Putnam Investment Management, LLC, do not make any recommendation as to whether to tender or not to tender shares.

If you wish to tender your shares, please forward your Instruction Form as soon as possible to allow your representative ample time to tender your shares on your behalf prior to the expiration of the offer.

This tender offer is part of an initiative by the Trustees to take into account the expressed wishes of fund shareholders for greater liquidity. You can also be confident that the Funds' Trustees will continue to monitor fund performance with the goal of protecting the interests of fund shareholders.

We appreciate the time and consideration you give to this matter. If you have any questions about the tender offer, please call Georgeson Inc., the information agent for the tender offer, at 1-866-651-3149, or call your financial representative.

Sincerely,

John A. Hill

INSTRUCTION FORM

INSTRUCTIONS FOR TENDER OF SHARES OF PUTNAM PREMIER INCOME TRUST

By signing this Instruction Form, you acknowledge receipt of our letter and the enclosed offer to purchase, dated June 4, 2007. Putnam Premier Income Trust, a Massachusetts business trust (the fund), offers to purchase up to 17,879,920 common shares, at a price per share equal to 98% of net asset value as of the expiration date of the offer.

This form will instruct us to tender to the fund, on your behalf, the number of shares indicated below (or if no number is indicated below, all shares) which are beneficially owned by you but registered in our name, upon the terms and subject to the conditions of the offer.

Number of shares to be tendered: _____

The method of delivery of this document is at the option and risk of the tendering shareholder. If you decide to send this form by mail, we recommend you use registered mail with return receipt requested, properly insured. In all cases, sufficient time should be allowed to ensure delivery.

SIGN HERE:

Signature(s): _____

Print name(s): _____

Address(es): _____

Area code and telephone number: _____

Taxpayer identification or Social Security number: _____

Date: _____

My account number with you: _____

245048 6/07

John A. Hill

The Putnam Funds

Chairman of the Trustees

One Post Office Square

Boston, Massachusetts 02109

The Putnam Funds

June 4, 2007

Dear Shareholder:

On behalf of The Putnam Funds Board of Trustees, I am writing to inform you that Putnam Premier Income Trust (the fund) has approved a tender offer program, in which the fund is making an offer to purchase up to 10% of its outstanding common shares. The Putnam Trustees decided to introduce this program after considering requests from certain of its shareholders for enhanced fund liquidity and after undertaking extended discussions with Putnam Investments.

Enclosed for your consideration are the offer to purchase, dated June 4, 2007, and the related letter of transmittal. This offer is made at a price per share equal to 98% of net asset value (NAV) as of the expiration date of the offer. **If you wish to tender your shares, please follow the instructions contained in the offer to purchase and the letter of transmittal. If you do not want to tender your shares, you do not need to take any action. No changes to your account will occur as a result.**

Eight Putnam closed-end funds are conducting separate but approximately concurrent tender offers. Please be aware that there is specific documentation for each tender offer, and the expiration dates are not all the same. Accordingly, please be certain to follow the instructions applicable to the particular fund in which you invest. If you hold shares in more than one Putnam closed-end fund conducting a tender offer, I urge you to evaluate carefully all information in the tender offer materials provided to you by each such fund.

The following is a summary of several important points of the tender offer:

Expiration. The offer and withdrawal rights will expire at 5:00 p.m. Eastern Time, on July 12, 2007, unless the fund extends the offer.

Specified percentage of shares. The offer is for up to 17,879,920 shares. These shares constitute approximately 10% of the number of currently outstanding shares.

Proration provision. If more shares are tendered than the fund offers to purchase, then the purchase will be made on a pro rata basis. More details on this provision can be found in the fund's offer to purchase.

(over, please)

245047 6/07

Active account required to tender shares. If for any reason your account is currently subject to a suspension of activity, you may not tender your shares until your account has been reactivated.

Brokerage commissions and other fees. Tendering shareholders who are registered shareholders or who tender their shares directly to Computershare Trust Company, N.A., as the depositary, will not be obligated to pay any brokerage commissions or fees, solicitation fees, or, except as set forth in the offer to purchase and the letter of transmittal, stock transfer taxes on the fund's purchase of shares under the offer. However, a broker, dealer, commercial bank, trust company, or other nominee may charge a fee for processing transactions on behalf of a shareholder.

Trustees have a neutral view of the offer. The Trustees of the Putnam Funds have authorized the tender offer. However, the fund, its Board of Trustees, and Putnam Investment Management, LLC, do not make any recommendation as to whether to tender or not to tender shares.

This offer is part of a continuing effort by the Trustees to take into account the expressed wishes of fund shareholders. You can also be confident that the Funds' Trustees will continue to monitor fund performance and expenses with the goal of protecting the interests of fund shareholders.

We appreciate the time and consideration you give to this matter. If you have any questions about the tender offer, please call Georgeson Inc., information agent for the tender offer, at 1-866-651-3149, or call your financial representative.

Respectfully yours,

John A. Hill

William T. Connolly, Jr., CFA

Senior Managing Director
Head of Retail Management

Putnam Retail Management LP

One Post Office Square
Boston, Massachusetts 02109

June 4, 2007

Dear Investment Colleague:

I am writing to inform you that Putnam Premier Income Trust (the fund) has approved a tender offer program, in which the fund is making an offer to purchase up to 10% of its outstanding common shares. The Putnam Trustees decided to introduce this program after considering requests from certain of its shareholders for enhanced fund liquidity and after undertaking extended discussions with Putnam Investments. This offer is made at a price per share equal to 98% of net asset value as of the expiration date of the offer.

The Trustees of the Putnam Funds have sent the enclosed letter outlining this offer to your clients who are record holders of shares in any of the eight Putnam closed-end funds that are conducting separate but approximately concurrent tender offers. In addition, these clients will have received the official offer to purchase, dated June 4, 2007, and the related letter of transmittal, which together constitute the offer, subject to any supplements and amendments. Please be advised that if your clients do not want to tender their shares, they do not need to take any action. No changes to their account will occur as a result. If, on the other hand, your clients are interested in tendering their shares, they should follow the instructions contained in the offer to purchase and the letter of transmittal.

The Board of Trustees of the fund has approved the offer. However, the fund, its Board of Trustees, and Putnam Investment Management, LLC, are not making any recommendation as to whether to tender or not to tender shares in the offer. Shareholders are urged to evaluate carefully all information in the offer to purchase and the letter of transmittal, consult their own investment and tax advisors, and make their own decisions whether to tender shares.

The initiative to undertake this tender offer is part of a continuing effort by the Trustees to take into account the expressed wishes of fund shareholders. You can also be confident that the Funds' Trustees will continue to monitor fund performance and expenses with the goal of protecting the interests of fund shareholders.

If you have any questions about the tender offer, please call Georgeson Inc., information agent for the tender offers, at 1-866-651-3149.

Respectfully yours,

SHAREHOLDERS
1-800-225-1581

MEDIA
Sinead Martin: 617-760-8515

PUTNAM LAUNCHES TENDER OFFERS FOR EIGHT CLOSED-END FUNDS

BOSTON, June 4, 2007 Putnam Investments today announced the launch of separate tender offers for the following closed-end funds:

Fund	Tender offer expiration date
Putnam High Income Securities Fund (NYSE: PCF)	Expires July 10, 2007
Putnam High Yield Municipal Trust (NYSE: PYM)	Expires July 9, 2007
Putnam Investment Grade Municipal Trust (NYSE: PGM)	Expires July 9, 2007
Putnam Managed Municipal Income Trust (NYSE: PMM)	Expires July 10, 2007
Putnam Master Intermediate Income Trust (NYSE: PIM)	Expires July 11, 2007
Putnam Municipal Bond Fund (NYSE: PMG)	Expires July 11, 2007
Putnam Municipal Opportunities Trust (NYSE: PMO)	Expires July 12, 2007
Putnam Premier Income Trust (NYSE: PPT)	Expires July 12, 2007

Specific documentation for each tender offer is being mailed to shareholders of the funds. As indicated above, the expiration dates for the tender offers vary.

As previously disclosed in February, each fund is offering to purchase up to 10% of its outstanding common shares for cash at a price per share equal to 98% of the net asset value per share (NAV) as of the expiration date. The tender offers are part of an effort by the Trustees of the Funds to enhance liquidity for fund shareholders.

In approving this program, the Trustees considered that tender offers would give shareholders an opportunity to sell at least some of their shares at a price close to NAV, and that the tender offer price of 98% of NAV would help offset the costs that shareholders who retain their shares would otherwise bear in connection with the tender offers.

About Putnam Investments: Founded in 1937, Putnam Investments is one of the nation's oldest and largest money management firms. As of April 30, 2007, Putnam managed \$192 billion assets. Mutual fund assets were \$121 billion. Institutional assets were \$71 billion. Putnam has offices in Boston, London, and Tokyo. For more information, go to www.putnam.com.

Steven D. Krichmar

Senior Managing Director
Chief of Operations

Putnam Investor Services

P.O. Box 41203
Providence, Rhode Island 02940
www.putnam.com

June 2007

Dear Investment Colleague:

On June 4, 2007 we wrote to you and your clients about the tender offer program in which eight Putnam closed-end funds are offering to purchase up to 10% of their outstanding common shares at 98% of their net asset value.

We are writing now to remind you that some of your clients who own these funds have accounts that remain subject to a suspension of activity. Should these clients wish to tender their shares, it is necessary for them to reactivate their accounts, as indicated in the tender offer materials.

We have sent a letter to each client explaining that, in order for the funds to accept tendered shares for purchase, accounts will need to be reactivated prior to the expiration date of the tender offers. It would be best to reactivate all accounts by Friday, July 6, because the tender offers expire on staggered dates between July 9 and July 12. We have also indicated that clients can contact you with questions about tendering shares or reactivating their accounts.

To reactivate these accounts, please direct your clients to call Putnam at 1-800-225-1581.

Please note that your clients are not required to tender shares, and if they prefer not to do so, they need not reactivate their accounts at this time. The Trustees of the Putnam Funds have authorized the tender offer, but the funds, the Trustees, and Putnam Investment Management, LLC do not make any recommendation as to whether to tender or not to tender shares.

If you have questions about the tender offer, please call Georgeson Inc., information agent for the tender offer, at 1-888-605-7531.

Thank you for the assistance you provide to your clients and for your support of Putnam Investments.

Respectfully yours,

Steve Krichmar Chief of Operations

245733 6/07

Steven D. Krichmar

Senior Managing Director
Chief of Operations

Putnam Investor Services

P.O. Box 41203

Providence, Rhode Island 02940

www.putnam.com

June 2007

Dear Shareholder:

On June 4, 2007 we wrote to you about Putnam's tender offer program in which eight Putnam closed-end funds are offering to purchase up to 10% of their outstanding common shares at 98% of their net asset value.

We are writing now to remind you that, should you desire to tender your shares, it remains necessary for you to reactivate your Putnam account as indicated in the tender offer materials. Currently, your account remains subject to a suspension of activity. This suspension can result for several reasons, but two reasons account for the large majority of cases: the account is a joint account and one of the registered shareholders is deceased; or the fund merged with another fund, and Putnam never received the outstanding certificates of the fund that was acquired.

To speak to a Putnam representative about how to reactivate your account, call 1-800-225-1581. In order for the fund to repurchase your shares, your account will need to be reactivated prior to the expiration date of the tender offers. It would be best to reactivate all accounts by Friday, July 6, because the tender offers expire on staggered dates between July 9 and July 12.

Please note, you are not required to tender your shares, and if you prefer not to do so, you need not take steps at this time to reactivate your account. The Trustees of the Putnam Funds have authorized the tender offers, but the funds, the Trustees, and Putnam Investment Management, LLC, do not make any recommendation as to whether to tender or not to tender shares. Please note that following the tender offers the Board of Trustees will continue to monitor Putnam closed-end funds with the goal of protecting the interests of fund shareholders.

If you have any questions about the tender offers, please call Georgeson Inc., information agent for the tender offers, at 1-888-605-7531. If you have questions about whether to tender shares or to reactivate your account, you can also call your financial representative.

Thank you for your attention to this matter and for your support of Putnam Investments.

Respectfully yours,

Steve Krichmar
Chief of Operations

245730 6/07

Q&A for Closed-end Fund Tender Offers

On February 15, 2007, Putnam Investments and the Board of Trustees of the Putnam Funds announced their approval of a comprehensive initiative that would (1) concentrate the lineup of closed-end funds managed by Putnam

Investments through mergers combining certain funds, and (2) provide shareholders of a number of closed-end funds with enhanced liquidity opportunities either through merger into an open-end fund or through a tender offer by the fund to purchase up to 10% of the outstanding common shares.

This Q&A covers issues related to the tender offer, which are being made for eight closed-end Putnam funds.

General response to requests for additional information about the tender offer:

Shareholders will receive tender offer materials that contain complete information about the tender offer. These materials direct inquiries to Georgeson, the third party information agent for the tender offer. Georgeson has set up separate phone numbers for each of the eight funds. A list of these numbers can be found at the end of this Q&A.

What should I say if I get a call from the press?

Please direct any calls from the press to Sinead Martin in Public Relations (internal calls, x18515, external calls 617-760-8515). Public Relations will handle all communications with the news media.

Which funds are conducting a tender offer and during what period of time may shareholders tender shares?

The table below lists the funds conducting a tender offer. The tender offers commenced on June 4, 2007 and will close in July of 2007 on the dates shown in the table below, unless extended.

Funds conducting tender offers	Tender offer expiration Date (2007)
Putnam High Yield Municipal Trust (NYSE: PYM)	July 9
Putnam Investment Grade Municipal Trust (NYSE: PGM)	July 9
Putnam Managed Municipal Income Trust (NYSE: PMM)	July 10
Putnam High Income Securities Fund (NYSE: PCF)	July 10
Putnam Master Intermediate Income Trust (NYSE: PIM)	July 11
Putnam Municipal Bond Fund (NYSE: PMG)	July 11
Putnam Premier Income Trust (NYSE: PPT)	July 12
Putnam Municipal Opportunities Trust (NYSE: PMO)	July 12

How many shares will the fund repurchase?

Each fund may purchase up to 10% of its outstanding common shares. (The maximum number of shares each fund may purchase is shown in a table in Appendix 1 at the end of this Q&A.)

How much will shareholders receive for their shares?

The fund will pay cash for validly tendered shares at a price per share equal to 98% of the net asset value per share (NAV) as of the expiration date of the offer. The daily NAV of the funds can be found at Putnam's Web site at www.putnam.com/individual/ and at Putnam's financial representative Web site at www.putnam.com/advisor/.

Why is the tender offer price per share equal to 98% of NAV?

The Trustees considered that the difference between NAV and the tender offer price of 98% of NAV would help offset the costs that shareholders who retain their shares might otherwise bear in connection with the tender offer. In other words, the discount to NAV accepted by shareholders who tender shares serves to offset the costs to the fund that results from the tender offer.

Will any funds redeem preferred shares as a part of the tender offer?

There are no current plans for any of the funds to redeem preferred shares in connection with the tender offer.

Are shareholders required to tender their shares?

No. If you do not want to tender your shares, you do not need to take any action. No changes to your account will occur as a result.

What do shareholders need to do to if they want to tender their shares?

It is important to note that the steps for tendering shares vary based on the fund and whether the shareholder holds physical certificates for his or her shares or whether the shareholder holds shares through a brokerage account.

- **Certificated shares** (held directly with Putnam) owners of these shares tender them by returning a signed letter of transmittal to Putnam indicating whether they want to tender their shares. The letter of transmittal is included with the Offer to Purchase and other tender offer materials mailed to shareholders.
- **Shares held in a brokerage account** owners of these shares tender them by providing instructions to their financial representatives indicating whether they want to tender any or all of their shares.

The tender offer is being made upon the terms and subject to the conditions set forth in the offer to purchase, dated June 4, 2007, and in the related letter of transmittal.

What happens if shareholders tender more than 10% of a fund's outstanding shares?

If more than 10% of a fund's shares are tendered, the fund will repurchase shares on a prorated basis, meaning that the fund will repurchase an equal proportion of the shares validly tendered by each shareholder. However, if a shareholder who owns fewer than

100 shares (an odd lot) validly tenders all of his or her shares, the fund will repurchase all of that shareholder's shares, without pro-ration. The shares that are not repurchased remain outstanding and shareholders continue to own them.

How will the fund communicate the results of the tender?

Each fund will issue a press release with preliminary results of the tender offer within two (2) business days following the expiration date of the tender offer, including the approximate number of shares tendered and the preliminary pro-ratio results, if applicable.

When can shareholders expect to receive their money?

The fund does not expect to announce final results or send payment for any shares purchased pursuant to the offer until at least five business days after the expiration date of the tender offer (please see the table on page 1 for the expiration date of the tender offer for each fund).

Why have the Trustees approved this program of tender offers?

The Putnam Trustees decided to introduce this program after considering requests from shareholders for enhanced fund liquidity and after undertaking extended discussions with Putnam Investments. In approving this program, the Trustees considered that tender offers would give shareholders an opportunity to sell at least some of their shares at a price close to NAV.

The tender offer is part of a continuing effort by Putnam Investments and the funds' Trustees to maintain a diverse array of closed-end products, while taking into account changing market circumstances. Putnam Investments believes that the closed-end funds continue to hold an important position in the broad range of Putnam products.

In what other ways do the Trustees pursue the interests of Putnam closed-end fund shareholders?

The Trustees meet regularly with Putnam Investments regarding the closed-end funds, and they carefully monitor the funds' performance, the trading prices of fund shares and the expressed views of shareholders in the funds. In managing the closed-end funds, especially during periods of significant trading discounts, Putnam Investments works with the Trustees to take actions that they believe are in the long-term best interests of fund shareholders. The tender offer program is consistent with actions taken by Putnam Investments and the Trustees in recent years, including:

- **Instituting a share repurchase program**, under which each fund is authorized to repurchase up to 10% of its outstanding shares over a 2-year period ending in October 2007. This program enhances shareholder value, as repurchases made at a discount increase the net asset value per share of a fund's remaining shares, and has made a meaningful contribution to investment return. Following the expiration of the tender offers, the eight funds conducting tender offers will continue to be eligible to participate in the share repurchase program. However, please note that the repurchase program has been suspended indefinitely for

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Putnam New York Investment Grade Municipal Trust (AMEX: PMN) and Putnam Tax-Free Health Care Fund (NYSE: PMH) in light of the recently-announced merger proposals affecting these funds.

- **Management fee reductions** for most of the closed-end funds, effective January 1, 2006.

- **Merging funds.** In 2005, two pairs of closed-end funds merged for greater efficiencies. In 2006, a closed-end fund merged into an open-end fund managed by Putnam Investments. To date in 2007, the Trustees have approved plans to merge two additional closed-end funds into open-end funds in 2007. These last two mergers remain subject to shareholder approval.

· **Promoting the funds** with enhanced disclosure and providing greater transparency to investors on the merits of the closed-end funds.

· **Expanding the tools available to Fund management teams**, including a 2005 initiative to allow the taxable income funds to employ leverage through borrowing.

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Appendix 1

Reference information for tender offer program expiration dates and phone numbers for additional information, by fund.

Fund	Information number (Georgeson)	Tender offer expiration date (2007)	Number of fund shares available for tender*
Putnam High Yield Municipal Trust	866-580-6945	July 9	2,113,198
Putnam Investment Grade Municipal Trust	866-580-7026	July 9	2,023,539
Putnam Managed Municipal Income Trust	866-651-3135	July 10	4,465,888
Putnam High Income Securities Fund	866-651-3130	July 10	2,154,697
Putnam Master Intermediate Income Trust	866-651-3134	July 11	9,138,976
Putnam Municipal Bond Fund	866-651-3079	July 11	1,678,471
Putnam Premier Income Trust	866-651-3149	July 12	17,879,920
Putnam Municipal Opportunities Trust	866-651-3106	July 12	1,517,251

* Please note, the numbers in this column reflect approximately 10% of each fund's outstanding common shares.

Putnam Retail Management

Job no. 5/07

