

PUTNAM PREMIER INCOME TRUST
Form N-CSR
September 25, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number: (811- 05452)

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

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

Name and address of agent for service: Beth S. Mazor, Vice President
One Post Office Square
Boston, Massachusetts 02109

Copy to: John W. Gerstmayr, Esq.
Ropes & Gray LLP
One International Place
Boston, Massachusetts 02110

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

Date of fiscal year end: July 31, 2008

Date of reporting period: August 1, 2007 - July 31, 2008

Item 1. Report to Stockholders:

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

What makes
Putnam different?

A time-honored tradition in

money management

Since 1937, our values have been rooted in a profound sense of responsibility for the money entrusted to us.

A prudent approach to investing

We use a research-driven team approach to seek consistent, dependable, superior investment results over time, although there is no guarantee a fund will meet its objectives.

Funds for every investment goal

We offer a broad range of mutual funds and other financial products so investors and their financial representatives can build diversified portfolios.

A commitment to doing what's right for investors

With a focus on investment performance and in-depth information about our funds, we put the interests of investors first and seek to set the standard for integrity and service.

Industry-leading service

We help investors, along with their financial representatives, make informed investment decisions with confidence.

In 1830, Massachusetts Supreme Judicial Court Justice Samuel Putnam established The Prudent Man Rule, a legal foundation for responsible money management.

THE PRUDENT MAN RULE

All that can be required of a trustee to invest is that he shall conduct himself faithfully and exercise a sound discretion. He is to observe how men of prudence, discretion, and intelligence manage their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety of the capital to be invested.

Putnam
Premier Income
Trust

7|31|08

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Message from the Trustees

Dear Fellow Shareholder:

The past 12 months have presented the economy with a growing set of challenges, and financial markets have responded with losses across a wide range of sectors globally. It is always unsettling to see the markets and one's investment returns declining. Times like these are a reminder of why it is important to keep a long-term perspective, to ensure that your portfolio is well diversified, and to seek the counsel of your financial representative.

At Putnam, we continually strive to offer the best investment returns, innovative products, and award-winning service to our shareholders. In keeping with this tradition, we are pleased to announce that Robert L. Reynolds, a well-known leader and visionary in the mutual fund industry, has joined the Putnam leadership team as President and Chief Executive Officer of Putnam Investments, effective July 1, 2008. Charles E. Haldeman, Jr., former President and CEO, has taken on the role of Chairman of Putnam Investment Management, LLC, the firm's fund management company.

Mr. Reynolds brings to Putnam substantial industry experience and an outstanding record of success, including serving as Vice Chairman and Chief Operating Officer at Fidelity Investments from 2000 to 2007. We look forward to working with Bob as we continue our goal to position Putnam to exceed our shareholders' expectations.

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

About the fund

Seeking broad diversification across global bond markets

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

The bond investment landscape has undergone a transformation in the two decades since the fund's launch. New sectors such as mortgage- and asset-backed securities now make up over one third of the U.S. investment-grade market. The high-yield corporate bond sector has also grown significantly. Outside the United States, the advent of the euro has resulted in a large market of European bonds. And there are also growing opportunities to invest in the debt of emerging-market countries.

The fund is designed to keep pace with this market expansion. To process the market's increasing complexity, Putnam's nearly 100-member fixed-income group aligns teams of specialists with the varied investment opportunities. Each team identifies what it considers to be compelling strategies within its area of expertise. Your fund's management team selects from among these strategies, systematically building a diversified portfolio that seeks to carefully balance risk and return.

We believe the fund's multi-strategy approach is well suited to the expanding opportunities of today's global bond marketplace. As different factors drive the performance of the various fixed-income sectors, the fund's diversified strategy can take advantage of changing market leadership in pursuit of high current income.

Putnam Premier Income Trust balances risk and return across multiple sectors

Portfolio composition as of 7/31/08

Putnam believes that building a diversified portfolio with multiple income-generating strategies is the best way to pursue your fund's objectives. The fund's portfolio is composed of a broad spectrum of government, credit, and securitized debt instruments.

Weightings are shown as a percentage of the fund's net assets. Allocations and holdings in each sector will vary over time. For more information on current fund holdings, see pages 17-50.

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International investing involves certain risks, such as currency fluctuations, economic instability, and political developments. Additional risks may be associated with emerging-market securities, including illiquidity and volatility. Lower-rated bonds may offer higher yields in return for more risk. Mutual funds that invest in government securities are not guaranteed. Mortgage-backed securities are subject to prepayment risk. Mutual funds that invest in bonds are subject to certain risks, including interest-rate risk, credit risk, and inflation risk. As interest rates rise, the prices of bonds fall. Long-term bonds are more exposed to interest-rate risk than short-term bonds. Unlike bonds, bond funds have ongoing fees and expenses. The fund's shares trade on a stock exchange at market prices, which may be higher or lower than the fund's NAV.

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

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

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

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

Putnam Premier Income Trust

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Performance and portfolio snapshots

Average annual total return (%) comparison as of 7/31/08

Data is historical. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return and net asset value will fluctuate, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. Fund returns in the bar chart are at NAV. See pages 5 and 8 for additional performance information, including fund returns at market price. Index and Lipper results should be compared to fund performance at NAV. Lipper calculates performance differently than the closed-end funds it ranks, due to varying methods for determining a fund's monthly reinvestment NAV.

□ In more than 20 years as a money manager, I have never witnessed a more challenging period in the credit markets. At the same time, we believe that the fluctuating markets have presented some of the best opportunities for future returns. □

Bill Kohli, Portfolio Leader, Putnam Premier Income Trust

Credit qualities shown as a percentage of portfolio value as of 7/31/08. A bond rated Baa or higher (MIG3/VMIG3 or higher, for short-term debt) is considered investment grade. The chart reflects Moody's rating; percentages may include bonds not rated by Moody's but considered by Putnam Management to be of comparable quality. Ratings will vary over time.

Credit quality overview

Bill, the bond markets have been unusually volatile in recent months. How did the fund perform during its fiscal year?

The fund returned \square 1.31% at net asset value for the year ended July 31, 2008, and in more than 20 years as a money manager, I have never witnessed a more challenging and volatile period in the credit markets. Over much of the past 12 months, many investors indiscriminately fled even high-quality mortgage and credit instruments for government-backed U.S. Treasury bonds and international government securities. The fund significantly underperformed its benchmark, which is more highly concentrated in these government securities, despite our emphasis on securities of investment-grade and higher quality, and our continued cautious stance on duration \square a measure of portfolio risk. The fund also underperformed its peer group, Lipper Flexible Income Funds, which returned 1.24% on average.

Can you discuss the major events that took place during the period within the global fixed-income marketplace?

The fund's fiscal year roughly coincided with the unfolding of the housing-sparked credit crisis, but November 2007 and January and March of this year stand out as periods when securitized bond prices moved sharply lower. From late 2007 through early 2008, global credit markets grew increasingly illiquid, reaching a low point thus far with the collapse of Bear Stearns on March 17. Other factors contributing to market volatility included spiking energy and commodity prices and rising international tensions.

At first, the U.S. Federal Reserve [the Fed] reacted cautiously to events, but as credit markets ground to a halt, the Fed began to move decisively and creatively to address liquidity and structural issues in the market, in coordination with other major central banks. The Fed cut the federal funds rate dramatically in a relatively short period \square by three and one-quarter percentage points over seven FOMC meetings from September to April. And in an unprecedented move, it extended substantial additional credit to commercial and investment banks through newly created lending facilities.

In response to the measures from the Fed \square and some earlier indications that the United States might avoid a

Broad market index and fund performance

This comparison shows your fund's performance in the context of broad market indexes for the 12 months ended 7/31/08. See the previous page and page 8 for additional fund performance information. Index descriptions can be found on page 10.

recession \square bond prices of high-grade credit securities rose somewhat in April, and interest-rate spreads versus Treasuries retreated. However, spreads widened again in July as the worsening financial situation for mortgage-giants Fannie Mae and Freddie Mac placed another negative spotlight on the mortgage markets.

Of the large number of strategies the fund uses to generate returns, which helped performance during the period?

The fund's \square steepener \square strategy, where we overweight shorter-term securities and underweight longer-term issues, continues to be a strong contributor to performance. This strategy is based on our view that the yield curve will steepen as the Fed either cuts short-term rates or holds them steady, and longer-term rates trend higher due to the liquidity squeeze and investors' inflation concerns. The fund also benefited from exposure to high-quality commercial mortgage-backed securities during the period. We took gains from this position late in the period and shifted a portion into agency collateralized mortgage obligations such as interest-only mortgage instruments,

which we believe should benefit from the current environment of shrinking mortgage prepayment levels. The fund also posted gains from a large position in inflation-linked strategies in Japan. However, we significantly reduced these holdings late in the period as our forecast for global economic growth has become more guarded, reducing the expectation of inflation.

In light of our analysis of risks to the economy and markets, over the period we decreased the fund's longer-dated positions and focused on two-year maturities. In general, we are overweighting European versus U.S. instruments based on our view that the economic fallout in Europe from the global financial crisis is not fully reflected in European bond prices. In addition, we continue to keep the fund's duration close to that of the benchmark in order to lessen the portfolio's vulnerability to the negative impact of any future rate increases. In terms of currency strategy, we have been taking a more tactical, that is, less sweeping, approach in recent weeks based on the slight pullback we have now seen in commodity prices and on our forecast for a decline in global growth. Lastly, the fund holds very reduced weights of credit instruments such as high-yield and investment-grade corporate bonds.

What strategy detracted from returns during the period?

The most notable detractor was the fund's position in high-quality commercial mortgage-backed securitized bonds. Interest-rate spreads widened sharply compared with Treasuries, as their bond prices declined in a market environment that was extremely difficult for many fixed-income instruments.

Bill, were there any investment opportunities in the volatile market?

Top holdings

This table shows the fund's top holdings and the percentage of the fund's net assets that each represented as of 7/31/08. Holdings will vary over time.

HOLDING (percent of fund's net assets)	COUPON (%) and MATURITY DATE
Securitized sector	
Federal National Mortgage Association Pass-Through Certificates (30.62%)	5%, 2038
Federal National Mortgage Association Pass-Through Certificates (23.40%)	5%, 2038
Credit Suisse Mortgage Capital Certificates (2.12%)	5.69%, 2040
Credit sector	
VTB Capital SA (0.48%)	6.61%, 2012
VTB Capital (0.39%)	6.32%, 2015
Echostar DBS Corp. (0.39%)	6.625%, 2014
Government sector	
Japan (Government of) CPI Linked Bonds (3.67%)	1%, 2016
U.S. Treasury Strip (1.35%)	zero %, 2024
Sweden (Government of) Debs. (1.13%)	6.75%, 2014

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Absolutely. The volatility we have experienced is almost unprecedented, but at the same time we believe that the fluctuating markets have presented some of the best opportunities for future returns that many of us have seen in two decades. At several junctures during periods of volatility, we increased our positions within very high-quality mortgage and mortgage-backed securities. We believe that we have done so without measurably increasing the portfolio's fundamental credit risk, and we think the opportunity here is very exciting.

What is your outlook for the markets and the fund?

We had been hopeful that the Bear Stearns bailout represented a "bottom" in the extended period of credit market turmoil. However, recent additional write-downs by financial institutions and severe share price declines for Fannie Mae and Freddie Mac probably point to extensive and unresolved structural problems for the mortgage and financial markets. These issues will probably not be fully addressed at least until after the presidential election. The possibility for large mortgage-related write-downs among European financial entities also exists. Congress recently passed legislation to address the solvency of Fannie Mae and Freddie Mac, but the market seems to be calling for additional reforms.

We believe the outlook for a U.S. economic slowdown has already been "priced in" to the financial markets, although the downturn could be deeper and market volatility more persistent than many believe. We also believe the global economy could turn down significantly in the coming year, and we have adjusted the fund's strategies accordingly. In summary, we foresee continued financial market volatility in the short term, but are hopeful that the strategies we have in place will lay the groundwork for future gains for the fund.

Thanks, Bill, for sharing your insights with us.

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

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

I N T H E N E W S

In early September, the U.S. government announced plans to take over the Federal National Mortgage Association (Fannie Mae) and the Federal Home Mortgage Corporation (Freddie Mac), the companies that play key roles in the U.S. home mortgage market. Created by Congress as "government-sponsored enterprises," Fannie Mae and Freddie Mac are publicly traded companies with a mandate to foster a liquid mortgage market by acting as reliable purchasers of mortgage loans, which they repackage and sell as mortgage-backed securities. Under the plan, the U.S. Treasury will buy \$1 billion of preferred shares in each company and place both companies under the control of the Federal Housing Finance Authority. The government also has pledged to provide up to \$200 billion to the companies as they cope with heavy losses resulting from rising home mortgage defaults and falling real estate prices.

Of special interest

We are pleased to report that effective March 2008, your fund's dividend was increased from \$0.033 to \$0.039 per share, and that in June, it was increased again from \$0.039 to \$0.043 per share. These dividend increases were possible due to the higher yield premium offered in bonds from all sectors outside of Treasury bonds, and the fund's increased exposure to these areas.

Comparison of top sector weightings

This chart shows how the fund's top weightings have changed over the past six months. Weightings are shown as a percentage of net assets. Holdings will vary over time. Sector concentrations listed after the portfolio schedule in the Financial Statements section of this shareholder report are exclusive of insured or pre-refunded status and may differ from the summary information below.

Your fund's performance

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This section shows your fund's performance for periods ended July 31, 2008, the end of its most recent fiscal year. In accordance with regulatory requirements for mutual funds, we also include performance as of the most recent calendar quarter-end. Performance should always be considered in light of a fund's investment strategy. Data represents past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return, net asset value, and market price will fluctuate, and you may have a gain or a loss when you sell your shares.

Total return and comparative index results For periods ended 7/31/08

	NAV	Market price	Lehman Government Bond Index	Lipper Flexible Income Funds (closed-end) category*
Annual average				
Life of fund (since 2/29/88)	7.64%	6.77%	7.14%	7.07%
10 years	65.80	54.85	74.62	60.07
Annual average	5.19	4.47	5.73	4.78
5 years	35.09	31.71	26.13	34.11
Annual average	6.20	5.66	4.75	6.00
3 years	9.68	13.43	16.34	10.79
Annual average	3.13	4.29	5.17	3.47
1 year	□1.31	2.84	8.62	1.24

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

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

* Over the 1-year, 3-year, 5-year, 10-year, and life-of-fund periods ended 7/31/08, there were 6, 6, 6, 5, and 1 funds, respectively, in this Lipper category.

Fund price and distribution information For the 12-month period ended 7/31/08

Distributions:

Number	12
Income	\$0.419
Capital gains	□
Total	\$0.419

Share value:	NAV	Market price
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7/31/07	\$7.10	\$6.21
7/31/08	6.55	5.97
Current yield (end of period)	NAV	POP
Current dividend rate*	7.88%	8.64%

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

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

Fund performance as of most recent calendar quarter Total return for periods ended 6/30/08

	NAV	Market price
Annual average Life of fund (since 2/29/88)	7.72%	6.81%
10 years Annual average	68.02 5.33	56.16 4.56
5 years Annual average	34.05 6.04	26.29 4.78
3 years Annual average	11.08 3.56	11.45 3.68
1 year	□1.02	□2.67

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Your fund's management

Your fund is managed by the members of the Putnam Core Fixed-Income and Fixed-Income High Yield teams. D. William Kohli is the Portfolio Leader, and Michael Atkin, Rob Bloemker, Kevin Murphy, and Paul Scanlon are Portfolio Members of your fund. The Portfolio Leader and Portfolio Members coordinate the teams' management of the fund.

For a complete listing of the members of the Putnam Core Fixed-Income and Fixed-Income High-Yield teams, including those who are not Portfolio Leaders or Portfolio Members of your fund, please visit the Individual Investors section of www.putnam.com.

Trustee and Putnam employee fund ownership

As of July 31, 2008, all of the Trustees of the Putnam funds owned fund shares. The table below shows the approximate value of investments in the fund and all Putnam funds as of that date by the Trustees and Putnam

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employees. These amounts include investments by the Trustees and employees' immediate family members and investments through retirement and deferred compensation plans.

	Assets in the fund	Total assets in all Putnam funds
Trustees	\$52,000	\$76,000,000
Putnam employees	\$6,000	\$568,000,000

Other Putnam funds managed by the Portfolio Leader and Portfolio Members

D. William Kohli is also a Portfolio Leader of Putnam Diversified Income Trust, Putnam Global Income Trust, and Putnam Master Intermediate Income Trust.

Michael Atkin is also a Portfolio Member of Putnam Diversified Income Trust, Putnam Global Income Trust, and Putnam Master Intermediate Income Trust.

Rob Bloemker is also a Portfolio Leader of Putnam U.S. Government Income Trust, Putnam American Government Income Fund, and Putnam Income Fund, and a Portfolio Member of Putnam Diversified Income Trust, Putnam Global Income Trust, and Putnam Master Intermediate Income Trust.

Kevin Murphy is also a Portfolio Member of Putnam Income Fund, Putnam Diversified Income Trust, Putnam Master Intermediate Income Trust, and Putnam Utilities Growth and Income Fund.

Paul Scanlon is also a Portfolio Leader of Putnam High Yield Trust, Putnam High Yield Advantage Fund, and Putnam Floating Rate Income Fund, and a Portfolio Member of Putnam Diversified Income Trust and Putnam Master Intermediate Income Trust.

D. William Kohli, Michael Atkin, Rob Bloemker, Kevin Murphy, and Paul Scanlon may also manage other accounts and variable trust funds advised by Putnam Management or an affiliate.

Changes in your fund's Portfolio Leader and Portfolio Members

During the reporting period ended July 31, 2008, Michael Atkin became a Portfolio Member of your fund, following the departure of Portfolio Member Jeffrey Kaufman.

Investment team fund ownership

The following table shows how much the fund's current Portfolio Leader and Portfolio Members have invested in the fund and in all Putnam mutual funds (in dollar ranges). Information shown is as of July 31, 2008, and July 31, 2007.

N/A indicates the individual was not a Portfolio Leader or Portfolio Member as of 7/31/07.

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Terms and definitions

Important terms

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

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

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

Comparative indexes

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

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

Merrill Lynch 91-Day Treasury Bill Index is an unmanaged index that seeks to measure the performance of U.S. Treasury bills available in the marketplace.

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

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

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

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Trustee approval of management contract

General conclusions

The Board of Trustees of the Putnam funds oversees the management of each fund and, as required by law, determines annually whether to approve the continuance of your fund's management contract with Putnam Investment Management ("Putnam Management") and the sub-management contract, in respect of your fund, between Putnam Management's affiliate, Putnam Investments Limited ("PIL"), and Putnam Management. In this regard, the Board of Trustees, with the assistance of its Contract Committee consisting solely of Trustees who are not "interested persons" (as such term is defined in the Investment Company Act of 1940, as amended) of the Putnam funds (the "Independent Trustees"), requests and evaluates all information it deems reasonably necessary under the circumstances. Over the course of several months ending in June 2008, the Contract Committee met several times to consider the information provided by Putnam Management and other information developed with the assistance of the Board's independent counsel and independent staff. The Contract Committee reviewed and discussed key aspects of this information with all of the Independent Trustees. The Contract Committee recommended, and the Independent Trustees approved, the continuance of your fund's management and sub-management contracts, effective July 1, 2008. (Because PIL is an affiliate of Putnam Management and Putnam Management remains fully responsible for all services provided by PIL, the Trustees have not evaluated PIL as a separate entity, and all subsequent references to Putnam Management below should be deemed to include reference to PIL as necessary or appropriate in the context.)

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

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

Putnam Management in providing such services, and

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

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

Management fee schedules and categories; total expenses

The Trustees reviewed the management fee schedules in effect for all Putnam funds, including fee levels and breakpoints, and the assignment of funds to particular fee categories. In reviewing fees and expenses, the Trustees generally focused their attention on material changes in circumstances — for example, changes in a fund's size or investment style, changes in Putnam Management's operating costs or responsibilities, or changes in competitive practices in the mutual fund industry — that suggest that consideration of fee changes might be warranted. The Trustees concluded that the circumstances did not warrant changes to the management fee structure of your fund, which had been carefully developed over the years, re-examined on many occasions and adjusted where appropriate. In this regard, the Trustees also noted that shareholders of your fund voted in 2007 to approve new management contracts containing an identical fee structure. The Trustees focused on two areas of particular interest, as discussed further below:

Competitiveness. The Trustees reviewed comparative fee and expense information for competitive funds, which indicated that, in a custom peer group of competitive funds selected by Lipper Inc., your fund ranked in the 50th percentile in management fees and in the 50th percentile in total expenses as of December 31, 2007 (the first percentile being the least expensive funds and the 100th percentile being the most expensive funds). The Trustees expressed their intention to monitor this information closely to ensure that fees and expenses of your fund continue to meet evolving competitive standards.

Economies of scale. Your fund currently has the benefit of breakpoints in its management fee that provide shareholders with significant economies of scale, which means that the effective management fee rate of the fund (as a percentage of fund assets) declines as the fund grows in size and crosses specified asset thresholds. Conversely, if the fund shrinks in size — as has been the case for many Putnam funds in recent years — these breakpoints result in increasing fee levels. In recent years, the Trustees have examined the operation of the existing breakpoint structure during periods of both growth and decline in asset levels. The Trustees concluded that the fee schedule in effect for your fund represented an appropriate sharing of economies of scale at current asset levels.

In connection with their review of the management fees and total expenses of the Putnam funds, the Trustees also reviewed the costs of the services to be provided and profits to be realized by Putnam Management and its affiliates from the relationship with the funds. This information included trends in revenues, expenses

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and profitability of Putnam Management and its affiliates relating to the investment management and distribution services provided to the funds. In this regard, the Trustees also reviewed an analysis of Putnam Management's revenues, expenses and profitability with respect to the funds' management contracts, allocated on a fund-by-fund basis.

Investment performance

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The quality of the investment process provided by Putnam Management represented a major factor in the Trustees' evaluation of the quality of services provided by Putnam Management under your fund's management contract. The Trustees were assisted in their review of the Putnam funds' investment process and performance by the work of the Investment Oversight Coordinating Committee of the Trustees and the Investment Oversight Committees of the Trustees, which had met on a regular monthly basis with the funds' portfolio teams throughout the year. The Trustees concluded that Putnam Management generally provides a high-quality investment process as measured by the experience and skills of the individuals assigned to the management of fund portfolios, the resources made available to such personnel, and in general the ability of Putnam Management to attract and retain high-quality personnel but also recognized that this does not guarantee favorable investment results for every fund in every time period. The Trustees considered the investment performance of each fund over multiple time periods and considered information comparing each fund's performance with various benchmarks and with the performance of competitive funds.

While the Trustees noted the satisfactory investment performance of certain Putnam funds, they considered the disappointing investment performance of many funds in recent periods, particularly over periods in 2007 and 2008. They discussed with senior management of Putnam Management the factors contributing to such underperformance and actions being taken to improve performance. The Trustees recognized that, in recent years, Putnam Management has taken steps to strengthen its investment personnel and processes to address areas of underperformance, including recent efforts to further centralize Putnam Management's equity research function. In this regard, the Trustees took into consideration efforts by Putnam Management to improve its ability to assess and mitigate investment risk in individual funds, across asset classes, and across the complex as a whole. The Trustees indicated their intention to continue to monitor performance trends to assess the effectiveness of these efforts and to evaluate whether additional changes to address areas of underperformance are warranted.

In the case of your fund, the Trustees considered that your fund's common share cumulative total return performance at net asset value was in the following percentiles of its Lipper Inc. peer group (Lipper Flexible Income Funds (closed-end)) for the one-year, three-year and five-year periods ended December 31, 2007 (the first percentile being the best-performing funds and the 100th percentile being the worst-performing funds):

One-year period	38th
Three-year period	50th
Five-year period	43rd

(Because of the passage of time, these performance results may differ from the performance results for more recent periods shown elsewhere in this report.) Over the one-year, three-year and five-year periods ended December 31, 2007, there were 7, 7, and 6 funds, respectively, in your fund's Lipper peer group.* Past performance is no guarantee of future returns.

As a general matter, the Trustees believe that cooperative efforts between the Trustees and Putnam Management represent the most effective way to address investment performance problems. The Trustees noted that investors in the Putnam funds have, in effect, placed their trust in the Putnam organization, under the oversight of the funds' Trustees, to make appropriate decisions regarding the management of the funds. Based on the responsiveness of Putnam Management in the recent past to Trustee concerns about investment performance, the Trustees concluded that it is preferable to seek change within Putnam Management to address performance shortcomings. In the Trustees' view, the alternative of engaging a new investment adviser for an underperforming fund would entail significant disruptions and would not provide any greater assurance of improved investment performance.

Brokerage and soft-dollar allocations; other benefits

The Trustees considered various potential benefits that Putnam Management may receive in connection with the services it provides under the management contract with your fund. These include benefits related to brokerage

and soft-dollar allocations, whereby a portion of the commissions paid by a fund for brokerage may be used to acquire research services that may be useful to Putnam Management in managing the assets of the fund and of other clients. The Trustees considered changes made in 2008, at Putnam Management's request, to the Putnam funds' brokerage allocation policy, which expanded the permitted categories of brokerage and research services payable with soft dollars and increased the permitted soft dollar allocation to third-party services over what had been authorized in previous years. The Trustees indicated their continued intent to monitor the potential benefits associated

* The percentile rankings for your fund's common share annualized total return performance in the Lipper Flexible Income Funds (closed-end) category for the one-year, five-year, and ten-year periods ended June 30, 2008 were 72%, 43%, and 50%, respectively. Over the one-year, five-year, and ten-year periods ended June 30, 2008, your fund ranked 5th out of 6, 3rd out of 6, and 3rd out of 5 funds, respectively. Note that this more recent information was not available when the Trustees approved the continuance of your fund's management contract.

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with the allocation of fund brokerage and trends in industry practice to ensure that the principle of seeking "best price and execution" remains paramount in the portfolio trading process.

The Trustees' annual review of your fund's management contract arrangements also included the review of your fund's investor servicing agreement with Putnam Fiduciary Trust Company ("PFTC"), which provides benefits to affiliates of Putnam Management. In the case of the investor servicing agreement, the Trustees considered that certain shareholder servicing functions were shifted to a third-party service provider by PFTC in 2007.

Comparison of retail and institutional fee schedules

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

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Other information for shareholders

Important notice regarding share repurchase program

In September 2007, the Trustees of your fund approved the renewal of a share repurchase program that had been in effect since 2005. This renewal will allow your fund to repurchase, in the 12 months beginning October 8, 2007, up to 10% of the fund's common shares outstanding as of October 5, 2007.

Putnam's policy on confidentiality

In order to conduct business with our shareholders, we must obtain certain personal information such as account holders' addresses, telephone numbers, Social Security numbers, and the names of their financial

representatives. We use this information to assign an account number and to help us maintain accurate records of transactions and account balances. It is our policy to protect the confidentiality of your information, whether or not you currently own shares of our funds, and, in particular, not to sell information about you or your accounts to outside marketing firms. We have safeguards in place designed to prevent unauthorized access to our computer systems and procedures to protect personal information from unauthorized use. Under certain circumstances, we share this information with outside vendors who provide services to us, such as mailing and proxy solicitation. In those cases, the service providers enter into confidentiality agreements with us, and we provide only the information necessary to process transactions and perform other services related to your account. We may also share this information with our Putnam affiliates to service your account or provide you with information about other Putnam products or services. It is also our policy to share account information with your financial representative, if you've listed one on your Putnam account. If you would like clarification about our confidentiality policies or have any questions or concerns, please don't hesitate to contact us at 1-800-225-1581, Monday through Friday, 8:30 a.m. to 8:00 p.m., or Saturdays from 9:00 a.m. to 5:00 p.m. Eastern Time.

Proxy voting

Putnam is committed to managing our mutual funds in the best interests of our shareholders. The Putnam funds' proxy voting guidelines and procedures, as well as information regarding how your fund voted proxies relating to portfolio securities during the 12-month period ended June 30, 2008, are available in the Individual Investors section of www.putnam.com, and on the SEC's Web site, www.sec.gov. If you have questions about finding forms on the SEC's Web site, you may call the SEC at 1-800-SEC-0330. You may also obtain the Putnam funds' proxy voting guidelines and procedures at no charge by calling Putnam's Shareholder Services at 1-800-225-1581.

Fund portfolio holdings

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

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Financial statements

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

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

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

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

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

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

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Report of Independent Registered Public Accounting Firm

The Board of Trustees and Shareholders
Putnam Premier Income Trust:

We have audited the accompanying statement of assets and liabilities of Putnam Premier Income Trust, including the fund's portfolio, as of July 31, 2008, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of July 31, 2008 by correspondence with the custodian and brokers or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Putnam Premier Income Trust as of July 31, 2008, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts
September 17, 2008

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The fund's portfolio 7/31/08

U.S. GOVERNMENT AND AGENCY MORTGAGE OBLIGATIONS (61.8%)*	Principal amount	Value
U.S. Government Guaranteed Mortgage Obligations (0.6%) Government National Mortgage Association Pass-Through Certificates 6 1/2s, with due dates from July 20, 2037 to November 20, 2037	\$5,077,508	\$5,235,189
		5,235,189
U.S. Government Agency Mortgage Obligations (61.2%) Federal Home Loan Mortgage Corporation Pass-Through Certificates 6s, with due dates from September 1, 2021 to October 1, 2021	579,285	591,753
Federal National Mortgage Association Pass-Through Certificates 7 1/2s, January 1, 2030	49,829	53,261
6 1/2s, with due dates from September 1, 2036 to November 1, 2037	1,612,299	1,657,676
6 1/2s, April 1, 2016	33,580	34,764
6 1/2s, TBA, September 1, 2038	1,000,000	1,023,477
6 1/2s, TBA, August 1, 2038	1,000,000	1,026,406
6s, July 1, 2021	4,652,042	4,757,985
6s, TBA, September 1, 2038	13,000,000	13,018,789
6s, TBA, August 1, 2038	13,000,000	13,055,860
5 1/2s, with due dates from April 1, 2037 to December 1, 2037	6,113,411	5,992,337
5 1/2s, with due dates from December 1, 2011 to August 1, 2021	2,029,052	2,048,891
5 1/2s, TBA, September 1, 2038	5,000,000	4,880,078
5 1/2s, TBA, August 1, 2038	18,000,000	17,611,875
5s, July 1, 2021	167,737	165,503
5s, TBA, September 1, 2038	242,000,000	229,200,475
5s, TBA, August 1, 2038	316,000,000	299,953,141
4 1/2s, with due dates from August 1, 2033 to June 1, 2034	5,105,674	4,697,038
		599,769,309
Total U.S. government and agency mortgage obligations (cost \$603,002,796)		\$605,004,498
U.S. TREASURY OBLIGATIONS (2.2%)*	Principal amount	Value
U.S. Treasury Bonds 6 1/4s, May 15, 2030	\$2,303,000	\$2,806,241
U.S. Treasury Notes 4 1/4s, August 15, 2013	4,883,000	5,110,746

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4s, November 15, 2012	3,000	3,113
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U.S. Treasury Strip zero %, November 15, 2024	28,450,000	13,189,670
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Total U.S. treasury obligations (cost \$18,877,504)		\$21,109,770
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COLLATERALIZED MORTGAGE OBLIGATIONS (42.1%)*	Principal amount	Value
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Asset Backed Funding Certificates 144A FRB Ser. 06-OPT3, Class B, 4.961s, 2036	\$117,000	\$6,891
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Banc of America Alternative Loan Trust Ser. 06-7, Class A2, 5.707s, 2036	8,951,000	8,305,731
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Banc of America Commercial Mortgage, Inc. FRB Ser. 07-3, Class A3, 5.658s, 2049	343,000	332,344
Ser. 07-2, Class A2, 5.634s, 2049	977,000	954,715
Ser. 05-6, Class A2, 5.165s, 2047	2,118,000	2,089,756
Ser. 07-5, Class XW, IO (Interest only), 0.44s, 2051	218,990,822	5,155,338
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Banc of America Commercial Mortgage, Inc. 144A Ser. 01-1, Class J, 6 1/8s, 2036	318,946	307,091
Ser. 01-1, Class K, 6 1/8s, 2036	718,000	572,542
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Banc of America Funding Corp. FRB Ser. 06-D, Class 6A1, 5.99s, 2036	6,525,496	4,894,122
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COLLATERALIZED MORTGAGE OBLIGATIONS (42.1%)* cont.	Principal amount	Value
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Banc of America Large Loan 144A FRB Ser. 05-MIB1, Class K, 4.458s, 2022	\$1,187,000	\$963,325
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Bayview Commercial Asset Trust 144A Ser. 07-5A, IO, 1.55s, 2037	2,818,551	350,628
Ser. 07-1, Class S, IO, 1.211s, 2037	7,745,831	721,911
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Bear Stearns Alternate Trust FRB Ser. 06-5, Class 2A2, 6 1/4s, 2036	4,928,629	3,782,723
FRB Ser. 06-6, Class 2A1, 5.919s, 2036	2,394,287	1,540,421
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Bear Stearns Commercial Mortgage Securities, Inc. FRB Ser. 00-WF2, Class F, 8.188s, 2032	481,000	451,529
Ser. 07-PW17, Class A3, 5.736s, 2050	4,243,000	4,020,327

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Bear Stearns Commercial Mortgage Securities, Inc. 144A Ser. 07-PW18, Class X1, IO, 0.058s, 2050	121,443,940	994,529
Broadgate Financing PLC sec. FRB Ser. D, 6.713s, 2023 (United Kingdom)	GBP 744,625	1,110,855
Citigroup Mortgage Loan Trust, Inc. FRB Ser. 06-AR5, Class 2A5A, 6.196s, 2036	\$3,224,335	2,219,159
FRB Ser. 06-AR7, Class 2A2A, 5.661s, 2036	564,939	384,158
IFB Ser. 07-6, Class 2A5, IO, 4.189s, 2037	3,577,737	284,580
Citigroup/Deutsche Bank Commercial Mortgage Trust Ser. 06-CD3, Class A4, 5.658s, 2048	217,000	210,369
Citigroup/Deutsche Bank Commercial Mortgage Trust 144A Ser. 07-CD5, Class XS, IO, 0.062s, 2044	71,344,948	504,484
Commercial Mortgage Acceptance Corp. Ser. 97-ML1, IO, 0.774s, 2017	1,489,709	53,013
Commercial Mortgage Pass-Through Certificates 144A FRB Ser. 05-F10A, Class A1, 2.558s, 2017	496,801	481,209
Countrywide Alternative Loan Trust Ser. 06-45T1, Class 2A2, 6s, 2037	2,035,289	1,506,114
Ser. 06-J8, Class A4, 6s, 2037	5,091,361	3,513,039
Ser. 07-HY5R, Class 2A1A, 5.544s, 2047	4,053,215	3,520,597
IFB Ser. 04-2CB, Class 1A5, IO, 5.139s, 2034	3,684,160	205,075
Countrywide Home Loans FRB Ser. 05-HYB7, Class 6A1, 5.713s, 2035	4,659,860	3,355,100
Ser. 05-2, Class 2X, IO, 1.16s, 2035	5,384,683	108,325
Countrywide Home Loans 144A IFB Ser. 05-R1, Class 1AS, IO, 3.511s, 2035	5,634,617	399,704

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Credit Suisse Mortgage Capital Certificates

FRB Ser. 07-C4, Class A2,

5.811s, 2039 1,632,000 1,614,383

Ser. 07-C5, Class A3, 5.694s, 2040 21,660,000 20,736,872

CRESI Finance Limited

Partnership 144A

FRB Ser. 06-A, Class D, 3.261s, 2017 167,000 154,318

FRB Ser. 06-A, Class C, 3.061s, 2017 495,000 465,377

Criimi Mae Commercial Mortgage

Trust 144A Ser. 98-C1, Class B,

7s, 2033 2,634,485 2,637,119

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COLLATERALIZED

MORTGAGE OBLIGATIONS (42.1%)* *cont.*

Principal

amount

Value

CS First Boston Mortgage

Securities Corp. 144A

Ser. 98-C2, Class F, 6 3/4s, 2030 \$3,176,400 \$3,100,391

Ser. 98-C1, Class F, 6s, 2040 1,880,000 1,193,759

Ser. 02-CP5, Class M, 5 1/4s, 2035 691,000 186,570

FRB Ser. 05-TFLA, Class L, 4.308s, 2020 1,356,000 1,152,600

FRB Ser. 05-TFLA, Class K, 3.758s, 2020 758,000 712,520

Deutsche Mortgage & Asset