

PUTNAM PREMIER INCOME TRUST
Form SC TO-I
June 04, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**SCHEDULE TO
TENDER OFFER STATEMENT**
under Section 14(d)(1) or Section 13(e)(1) of the Securities Exchange Act of 1934

PUTNAM PREMIER INCOME TRUST
(Name Of Subject Company (Issuer))

PUTNAM PREMIER INCOME TRUST
(Name of Filing Persons (Offeror))

Common Shares of Beneficial Interest Without Par Value
(Title of Class of Securities)

746853100
(CUSIP Number of Class of Securities)

Charles E. Porter
Executive Vice President
Putnam Premier Income Trust
One Post Office Square
Boston, Massachusetts 02109
(617) 292-1000
(Name, address and telephone number of person authorized
to receive notices and communications on behalf of filing persons)

with copies to:

John W. Gerstmayr, Esq.
Ropes & Gray LLP
One International Place
Boston, Massachusetts 02110
(617) 951-7000

CALCULATION OF FILING FEE

Transaction Valuation*	Amount Of Filing Fee**
\$115,861,882	\$3,556.96

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* Estimated solely for purposes of calculating the filing fee pursuant to Rules 0-11 under the Securities Exchange Act of 1934, as amended, based on the product of (x) \$6.480, the average of the high and low sale prices of common shares on the New York Stock Exchange on May 29, 2007 and (y) 17,879,920, the maximum number of shares that will be purchased in the tender offer described in this Schedule TO.

** The fee is calculated as 0.00307% of the transaction value.

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

Amount Previously Paid: N/A

Form or Registration No.: N/A

Filing Party: N/A

Date Filed: N/A

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

third-party tender offer subject to Rule 14d-1.

issuer tender offer subject to Rule 13e-4.

going-private transaction subject to Rule 13e-3.

amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

This Issuer Tender Offer Statement on Schedule TO (together with the exhibits hereto, this Schedule TO) relates to a tender offer by Putnam Premier Income Trust, a Massachusetts business trust (the "Fund"), to purchase up to 17,879,920 outstanding common shares of beneficial interest without par value of the Fund, at a purchase price equal to 98% of net asset value per share (that is, the value of the Fund's assets minus its liabilities, divided by the number of shares outstanding) determined as of the expiration date of the tender offer, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase dated June 4, 2007 (the Offer to Purchase) and in the related Letter of Transmittal (the Letter of Transmittal which, together with the Offer to Purchase, as each may be amended and supplemented from time to time, constitute the Offer).

The information set forth in the Letter of Transmittal and the Offer to Purchase, copies of which are filed with this Schedule TO as Exhibits (a)(1) and (a)(2) hereto, respectively, is incorporated by reference in answers to Items 1 through 9 and Item 11 of this Schedule TO, and is supplemented by the information specifically provided in this Schedule TO.

ITEM 1. SUMMARY TERM SHEET

The information set forth in the Summary Term Sheet of the Offer to Purchase is incorporated herein by reference.

ITEM 2. SUBJECT COMPANY INFORMATION

The name of the issuer is Putnam Premier Income Trust, a Massachusetts business trust (the Fund). The address of its principal executive offices is One Post Office Square, Boston, Massachusetts 02109. The telephone number at its principal executive offices is (617) 292-1000.

The title of the class of equity securities to which this Schedule TO relates is the common shares of beneficial interest without par value of the Fund (each a Share). As of May 11, 2007, there were 178,799,196 Shares outstanding.

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The Shares are traded on the New York Stock Exchange under the symbol PPT. The information set forth in Section 6 Net Asset Value and Market Price Range of the Shares; Dividends on the Shares of the Offer to Purchase is incorporated herein by reference.

ITEM 3. IDENTITY AND BACKGROUND OF FILING PERSON

The filing person is the subject company.

ITEM 4. TERMS OF THE TRANSACTION

The information set forth in the Summary Term Sheet, Section 1 Terms of the Offer, Section 2 Procedures for Tendering Shares, Section 3 Withdrawal Rights, Section 4 Acceptance for Payment and Payment, and Section 5 Certain U.S. Federal Income Tax Consequences of the Offer to Purchase is incorporated herein by reference.

The Fund has been informed that no trustees, officers or affiliates of the Fund intend to tender Shares pursuant to the Offer.

ITEM 5. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS

The information set forth in Section 9 "Information Concerning the Fund" and Section 10 Interest of Trustees; Transactions and Arrangements Concerning the Shares of the Offer to Purchase is incorporated herein by reference.

ITEM 6. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS

The information set forth in Section 7 Source and Amount of Funds; Effect of the Offer and Section 8 Purpose of the Offer of the Offer to Purchase is incorporated herein by reference.

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ITEM 7. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

The information set forth in Section 7 Source and Amount of Funds; Effect of the Offer of the Offer to Purchase is incorporated herein by reference.

ITEM 8. INTEREST IN SECURITIES OF THE SUBJECT COMPANY

The information set forth in Section 10 Interest of the Trustees; Transactions and Arrangements Concerning the Shares of the Offer to Purchase is incorporated herein by reference.

ITEM 9. PERSONS/ASSETS, RETAINED, EMPLOYED, COMPENSATED OR USED

The information set forth in Section 13 Fees and Expenses of the Offer to Purchase is incorporated herein by reference.

ITEM 10. FINANCIAL STATEMENTS

Not applicable.

ITEM 11. ADDITIONAL INFORMATION

The information set forth in Section 7 Source and Amount of Funds; Effect of the Offer, Section 9 Information Concerning the Fund, Section 10 Interest of Trustees; Transactions and Arrangements Concerning the Shares, and Section 11 Legal Matters; Regulatory Approvals in the Offer to Purchase is incorporated herein by reference.

ITEM 12. EXHIBITS

See Exhibit Index immediately following the signature page.

ITEM 13. INFORMATION REQUIRED BY SCHEDULE 13E-3

Not applicable.

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SIGNATURES

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

PUTNAM PREMIER INCOME TRUST

Dated: June 4, 2007

By: /s/ Jonathan S. Horwitz

Name: Jonathan S. Horwitz

Title: Senior Vice President and Treasurer

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EXHIBIT INDEX

EXHIBIT NUMBER DOCUMENT

(a)(1)	Form of Letter of Transmittal.
(a)(2)	Offer to Purchase dated June 4, 2007.
(a)(3)	Form of Notice of Guaranteed Delivery.
(a)(4)	Form of Letter to Brokers, Dealers, Banks, Trust Companies and Other Nominees.
(a)(5)	Form of Letter to Clients for Use by Brokers, Dealers, Banks, Trust Companies and Other Nominees.
(a)(6)	Form of Letter to Clients.
(a)(7)	Form of Letter to Brokers.
(a)(8)	Press Release issued on June 4, 2007.
(a)(9)	Form of Account Reactivation Letter to Brokers.
(a)(10)	Form of Account Reactivation Letter to Shareholders.
(g)	Q&A Furnished to Individuals Making Oral Solicitations.

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LETTER OF TRANSMITTAL

TO ACCOMPANY COMMON SHARES OF BENEFICIAL INTEREST

OF

PUTNAM PREMIER INCOME TRUST
TENDERED PURSUANT TO THE OFFER TO PURCHASE
DATED JUNE 4, 2007

THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 5:00 P.M. NEW YORK CITY TIME,
ON JULY 12, 2007, UNLESS THE OFFER IS EXTENDED.

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The Depository for our Offer is:
COMPUTERSHARE TRUST COMPANY, N.A.

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

YOU SHOULD READ CAREFULLY THIS LETTER OF TRANSMITTAL, INCLUDING THE ACCOMPANYING INSTRUCTIONS, BEFORE YOU COMPLETE IT. FOR THIS LETTER OF TRANSMITTAL TO BE VALIDLY DELIVERED, IT MUST BE RECEIVED BY THE DEPOSITARY AT ONE OF THE ABOVE ADDRESSES BEFORE OUR OFFER EXPIRES (IN ADDITION TO THE OTHER REQUIREMENTS DETAILED IN THIS LETTER OF TRANSMITTAL AND ITS INSTRUCTIONS). DELIVERY OF THIS LETTER OF TRANSMITTAL 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 DEPOSITARY AND WILL NOT CONSTITUTE A VALID DELIVERY.

TENDER OFFERS 1

DESIGNATION

If you wish to designate the order (by certificate number) in which you wish to tender your shares in the event of proration, fill out the following box and keep a copy for your records (attach an additional signed list if necessary). You are not required to complete this box.

WHEN THIS LETTER OF TRANSMITTAL SHOULD BE USED: You should complete this letter of transmittal only if:

- You are including with this letter of transmittal certificates representing shares that you are tendering (or the certificates will be delivered pursuant to a notice of guaranteed delivery you have previously sent to the depository); or
- You are concurrently tendering shares by book-entry transfer to the account maintained by the depository at The Depository Trust Company (the book-entry transfer facility) pursuant to Section 2 of the offer to purchase and you are not using an agent's message (as defined in instruction 2); or
- You hold fund shares (including shares obtained through your participation in the fund's dividend reinvestment plan) on deposit directly with Putnam Fiduciary Trust Company, the fund's transfer agent, and do not have certificates for these shares.

If you want to tender your shares into our offer but (1) your certificates are not immediately available or cannot be delivered to the depository by the expiration of the offer, (2) you cannot deliver all documents required by this letter of transmittal to the depository before our offer expires, or (3) you cannot comply with the procedure for book-entry transfer on a timely basis, you can still tender your shares if you comply with the guaranteed delivery procedure set forth in Section 2 of the offer to purchase. See instruction 2.

ODD LOTS

As described in Section 1 of the offer to purchase, under certain conditions, shareholders holding fewer than 100 shares may have their shares accepted for payment before any proration of other tendered shares. This preference is not available to partial tenders, or to beneficial or record holders of an aggregate of 100 or more shares, even if these holders have separate accounts representing fewer than 100 shares. Accordingly, this section is 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 an aggregate of fewer than 100 shares and is tendering all of such shares.

2 TENDER OFFERS

ADDITIONAL INFORMATION REGARDING TENDERED SHARES

Check here if any certificate evidencing the shares you are tendering with this letter of transmittal has been lost, stolen, destroyed or mutilated. If so, you must complete an affidavit of loss and return it with your letter of transmittal. A bond may be required to be posted by you to secure against the risk that the certificates may be recirculated. Please call Putnam Fiduciary Trust Company, N.A., the fund's transfer agent, at 1-800-225-1581 to obtain an affidavit of loss, for further instructions and for a determination as to whether you will need to post a bond. See instruction 11.

Check here if tendered shares are being delivered by book-entry transfer made to an account maintained by the depository with the book-entry transfer facility and complete the following (only financial institutions that are participants in the system of the book-entry transfer facility may deliver shares by book-entry transfer):

Name of Tendering Institution: _____

Account Number: _____

Transaction Code Number: _____

Check here if tendered shares are being delivered pursuant to a notice of guaranteed delivery previously sent to the depository and complete the following:

Name(s) of Registered Owner(s): _____

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Institution that Guaranteed Delivery: _____

Account Number: _____

Check here if tendered shares are from the Dividend Reinvestment Plan and complete the following:

Check here to instruct the depository to tender on behalf of the undersigned ALL the shares credited to the Dividend Reinvestment Plan account of the undersigned

Check here to instruct the depository to tender on behalf of the undersigned the following number of shares credited to the Dividend Reinvestment Plan account of the undersigned: _____

TENDER OFFERS 3

SPECIAL PAYMENT INSTRUCTIONS

(See instructions 1, 5, 6 and 8)

Complete this box ONLY if you want certificate(s) for shares not tendered or not purchased and/or any check for the purchase price to be issued in the name of someone other than you, or if you want shares that you delivered by book-entry transfer facility to be credited to an account other than the one designated earlier.

Mail: Check
 Certificate to:

Name: _____
(PLEASE PRINT)

Address: _____

(INCLUDE ZIP CODE)

(TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER)

Credit shares delivered by book-entry transfer and not purchased to the account set forth below:

Account No.:

4 TENDER OFFERS

SPECIAL DELIVERY INSTRUCTIONS

(See instructions 1, 5, 6 and 8)

Complete this box ONLY if you want certificate(s) for shares not tendered or not purchased and/or any check for the purchase price, where such shares and check are to be issued in your name, to be mailed or sent to someone other than you or to you at an address other than the one shown above.

Mail: Check
 Certificate to:

Name: _____
(PLEASE PRINT)

Address: _____

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(INCLUDE ZIP CODE)

(TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER)

We have no obligation, pursuant to the [Special Payment Instructions], to transfer any certificates for shares from the name of its registered holder(s), or to order the registration or transfer of any shares tendered by book-entry transfer, if we do not purchase any of the shares represented by such certificate or tendered by such book-entry transfer.

TENDER OFFERS 5

NOTE: SIGNATURES MUST BE PROVIDED IN THE BOX BELOW LABELED
[IMPORTANT] [SHAREHOLDERS SIGN HERE]

IF YOU WANT TO TENDER YOUR SHARES,
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

To Computershare Trust Company, N.A.:

The undersigned hereby tenders to Putnam Premier Income Trust, a Massachusetts business trust (the [fund]), the above-described Putnam Premier Income Trust's common shares of beneficial interest, without par value, at a price per share equal to 98% of net asset value as of the expiration date of the offer, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the offer to purchase, dated June 4, 2007, receipt of which is hereby acknowledged, and in this letter of transmittal which, together with the offer to purchase each, as amended or supplemented from time to time, together constitute the offer.

Subject to, and effective upon, acceptance for payment of the shares tendered in accordance with the terms and subject to the conditions of the offer, including, if the offer is extended or amended, the terms and conditions of the extension or amendment, the undersigned agrees to sell, assign and transfer to, or upon the order of, the fund, all right, title and interest in and to all shares tendered and orders the registration of all shares tendered by book-entry transfer that are purchased under the offer to or upon the order of the fund and irrevocably constitutes and appoints the depositary as the true and lawful agent and attorney-in-fact of the undersigned with respect to the shares with full knowledge that the depositary also acts as the agent of the fund, with full power of substitution (the power of attorney being deemed to be an irrevocable power coupled with an interest), to:

1. deliver certificate(s) representing the shares or transfer ownership of the shares on the account books maintained by the book-entry transfer facility, together, in either case, with all accompanying evidences of transfer and authenticity, to, or upon the order of, the fund upon receipt by the depositary, as the undersigned's agent, of the purchase price with respect to the shares;
2. present certificates for the shares for cancellation and transfer on the fund's books; and
3. receive all benefits and otherwise exercise all rights of beneficial ownership of the shares, subject to the next paragraph, all in accordance with the terms and subject to the conditions of the offer.

The undersigned covenants, represents and warrants to the fund that:

1. the undersigned has full power and authority to tender, sell, assign and transfer the shares tendered hereby and, when and to the extent accepted for payment, the fund will acquire good, marketable and unencumbered title to the tendered shares, free and clear of all security interests, liens, restrictions, charges, encumbrances, conditional sales agreements or other obligations relating to the sale or transfer of the shares, and not subject to any adverse claims;
2. the undersigned understands that tenders of shares pursuant to any one of the procedures described in Section 2 of the offer to purchase and in the instructions to this letter of transmittal will constitute the

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undersigned's acceptance of the terms and conditions of the offer, including the undersigned's representation and warranty that (a) the undersigned has a "net long position," within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, in the shares or equivalent securities at least equal to the shares being tendered, and (b) the tender of shares complies with Rule 14e-4;

3. the undersigned will, upon request, execute and deliver any additional documents deemed by the depositary or the fund to be necessary or desirable to complete the sale, assignment and transfer of the shares tendered; and

4. the undersigned has read, understands and agrees to all of the terms of the offer.

6 TENDER OFFERS

The undersigned understands that the fund's acceptance of shares tendered pursuant to any one of the procedures described in Section 2 of the offer to purchase and in the instructions to this letter of transmittal will constitute a binding agreement between the undersigned and the fund upon the terms and subject to the conditions of the offer. The undersigned acknowledges that under no circumstances will the fund pay interest on the purchase price, including, without limitation, by reason of any delay in making payment.

The name(s) and address(es) of the registered holder(s) should be printed, if they are not already printed above, exactly as they appear on the certificates evidencing shares tendered. The certificate numbers, the number of shares evidenced by the certificates and the number of shares that the undersigned wishes to tender should be set forth in the appropriate boxes above.

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. All shares validly tendered on or before the expiration date and not properly withdrawn will be purchased, subject to the conditions of the offer, odd lot and proration provisions described in the offer to purchase. If any tendered shares are not accepted for payment pursuant to the terms and conditions of the offer for any reason, such shares will be returned without expense to the shareholder in accordance with Section 4 of the offer to purchase.

The undersigned recognizes that under the circumstances set forth in the offer to purchase, the fund may terminate or amend the offer; may postpone the acceptance for payment of, or the payment for, shares tendered; or may accept for payment fewer than all of the shares tendered. The undersigned understands that certificate(s) for any shares not tendered or not purchased will be returned to the undersigned at the address indicated above, unless otherwise indicated in the box entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" above. The undersigned acknowledges that the fund has no obligation, pursuant to the "Special Payment Instructions" box, to transfer any certificate for shares from the name of its registered holder(s), or to order the registration or transfer of any shares tendered by book-entry transfer, if the fund does not purchase any of the shares represented by such certificate or tendered by such book-entry transfer.

The check for the aggregate net purchase price for the shares tendered and purchased will be issued to the order of the undersigned and mailed to the address indicated above, unless otherwise indicated in the boxes entitled "Special Payment Instructions" or "Special Delivery Instructions" above.

All authority conferred or agreed to be conferred by this letter of transmittal will survive the death or incapacity of the undersigned, and any obligation of the undersigned will be binding on the heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and legal representatives of the undersigned. Except as stated in the offer to purchase, this tender is irrevocable.

TENDER OFFERS 7

IMPORTANT

SHAREHOLDERS SIGN HERE

(PLEASE COMPLETE AND RETURN THE ATTACHED SUBSTITUTE FORM W-9)

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(The registered holder(s) must sign this document exactly as name(s) appear(s) on certificate(s) for shares or on a security position listing or the person(s) authorized to become the registered holder(s) by certificates and documents transmitted with this letter of transmittal must sign this document. If a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity is signing this document, please set forth your full title and see instruction 5.)

(Signature of Owner)

Dated: _____

Name(s): _____

Capacity (full title): _____

Address: _____
(Include Zip Code)

Daytime Area Code and Telephone Number: _____

Tax Identification or Social Security Number: _____
(See Substitute Form W-9)

GUARANTEE OF SIGNATURE(S)
(See instructions 1 and 5)

Authorized Signature: _____

Name: _____
(Please Print)

Title: _____

Name of Firm: _____

Address: _____
(Include Zip Code)

Area Code and Telephone Number: _____

Dated: _____

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SUBSTITUTE

Form W-9

Department of the

Treasury

Internal Revenue Service

Request for Taxpayer

Identification Number (TIN)

Name:

Individual

Address:

Partnership

Corporation

Other (specify)

Exempt from backup withholding

and Certification

PART I. TAXPAYER IDENTIFICATION NUMBER (TIN)

Please provide your Taxpayer Identification Number in the space at right and certify by signing and dating below. If awaiting TIN, write Applied For.

SSN: _____
or
EIN: _____

PART II. CERTIFICATION

Under penalties of perjury, I certify that:

- (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me); and
- (2) I am not subject to backup withholding either because: (a) I am exempt from backup withholding, or (b) I have not been notified by the IRS that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- (3) I am a U.S. person (including a U.S. resident alien).

CERTIFICATION INSTRUCTIONS You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return.

Signature _____

Date: _____, 2007

NOTE: FAILURE TO COMPLETE AND RETURN THIS SUBSTITUTE FORM W-9 MAY RESULT IN IRS PENALTIES AND BACKUP WITHHOLDING OF 28% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS. YOU MUST ALSO COMPLETE THE FOLLOWING CERTIFICATE IF YOU ARE AWAITING (OR WILL SOON APPLY FOR) A TAXPAYER IDENTIFICATION NUMBER.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either
(1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal

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Revenue Service Center or Social Security Administration Office, or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number within 60 days, 28% of all reportable payments made to me will be withheld until I provide a taxpayer identification number to the depository.

Signature _____

_____ Date _____, 2007

Name (Please Print)

TENDER OFFERS 9

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GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W9

Guidelines for Determining the Proper Identification Number to Give the Payer. Social Security numbers and individual taxpayer identification numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table below will help determine the number to give the payer.

For this type of account: Give name and the SOCIAL SECURITY number (or individual taxpayer identification number) of

1. An individuals account The individual

2. Two or more individuals (joint account) The actual owner of the account or, if combined funds, the first individual on the account¹

3. Custodian account of a minor (Uniform Gift to Minors Act) The minor²

4 a. The usual revocable savings trust account (grantor is also trustee) The grantor-trustee¹

b. So-called trust account that is not a legal or valid trust under State law. The actual owner¹

For this type of account: Give the name and the EMPLOYER IDENTIFICATION number of

5. Sole proprietorship account or single owner LLC The owner³

6. A valid trust, estate or pension trust	The legal entity ⁴
7. Corporate or LLC electing corporate status on Form 8832	The corporation
8. Religious, charitable, or educational organization account or an association, club or other tax-exempt organization	The organization
9. Partnership or multi-member LLC	The partnership
10. A broker or registered nominee	The broker or nominee
11. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments	The public entity

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has a SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business of "DBA" name on the second name line. You may use either your SSN or EIN (if you have one). If you are a sole proprietor, the IRS encourages you to use your SSN.

⁴ List first and circle the name of the legal trust, estate or pension trust. (Do not furnish the taxpayer identification number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

TENDER OFFERS 11

**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9**

Obtaining a Number

If you don't have a taxpayer identification number, obtain Forms SS-5, Application for a Social Security Card, Form SS-4, Application for Employer Identification Number or Form W-7, Application for Individual Taxpayer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number.

To complete Substitute Form W-9, if you do not have a taxpayer identification number, write "Applied For" in the space for the taxpayer identification number in Part 1, sign and date the Form, and give it to the requester.

Payee Exempt from Backup Withholding

Payees specifically exempted from backup withholding on ALL payments include the following:

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An organization exempt from tax under section 501(a), or an individual retirement plan, or a custodian account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2).

The United States, or any agency or instrumentality thereof.

A State, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.

An international organization or any agency, or instrumentality thereof.

A foreign government or any of its political subdivisions, agencies or instrumentalities.

Payees that may be specifically exempted from backup withholding on payments of dividends and certain other payments include the following:

A corporation.

A financial institution.

A futures commission merchant registered with the Commodity Futures Trading Commission.

A dealer in securities or commodities registered in the U.S., the District of Columbia or a possession of the U.S.

A real estate investment trust.

A middleman known in the industry as a nominee or custodian.

A common trust fund operated by a bank under section 584(a).

A trust exempt from tax under section 664 or described in section 4947.

An entity registered at all times during the taxable year under the Investment Company Act of 1940.

A foreign central bank of issue.

Exempt payees should file Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, CHECK THE BOX LABELED EXEMPT FROM BACKUP WITHHOLDING, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

Privacy Act Notice. Section 6109 requires most recipients of dividend, interest, or other payments to give taxpayer identification numbers to payers who must report the payments to IRS. The IRS uses the numbers for identification purposes and may also provide this information to various government agencies for tax enforcement of litigation purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold 28% of taxable interest, dividends, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

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Penalties

1. Penalty for Failure to Furnish Taxpayer identification Number. If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

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2. Civil Penalty for False Information With Respect to Withholding. If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500.
3. Criminal Penalty for Falsifying Information. Willfully falsifying certifications or affirmations may be subject to criminal penalties including fines and/or imprisonment.
4. Misuse of Taxpayer Identification Numbers. If the requester discloses or uses taxpayer identification numbers in violation of Federal Law, the requester may be subject to civil and criminal penalties.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX
ADVISOR OR THE INTERNAL REVENUE SERVICE.

TENDER OFFERS 13

INSTRUCTIONS FORMING PART OF THE TERMS AND CONDITIONS OF OUR OFFER

1. *Guarantee Of Signatures.* Depending on how the certificates for your shares are registered and to whom you want payments or deliveries made, you may need to have the signatures on this letter of transmittal guaranteed by an eligible guarantor institution, as such term is defined below. No signature guarantee is required if either:

this letter of transmittal is signed by the registered holder(s) of the shares tendered (which, for these purposes, includes any participant in 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(s) appears on the certificate(s) for the shares and payment and delivery are to be made directly to the holder; or

the shares are tendered for the account of a bank, broker, dealer, credit union, savings association or other entity which 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, as amended, each such entity, referred to as an eligible guarantor institution.

In all other cases, including if you have completed either the box entitled Special Payment Instructions or Special Delivery Instructions above, an eligible guarantor institution must guarantee all signatures on this letter of transmittal. You may also need to have any certificates you deliver endorsed or accompanied by a stock power, and the signatures on these documents also may need to be guaranteed. See instruction 5.

2. *Delivery of Letter of Transmittal and Certificates; Guaranteed Delivery Procedures.* For your shares to be properly tendered, either (1) or (2) below must happen:

(1) The depository must receive all of the following at its address above in this letter of transmittal before or on the date our offer expires:

either (a) the certificates for the shares or (b) a confirmation of receipt of the shares pursuant to the procedure for book-entry transfer described in this instruction, and

either (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 this instruction 2 in the case of a book-entry transfer, and

any other documents required by this letter of transmittal.

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

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Book-Entry Delivery. Any institution that is a participant in the book-entry transfer facility's system may make book-entry delivery of the shares by causing the book-entry transfer facility to transfer shares into the depository's account in accordance with the book-entry transfer facility's procedures for transfer. Delivery of this letter of transmittal or any other required documents to the book-entry transfer facility does not constitute delivery to the depository.

Agent's Message. 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 acknowledgment from the participant in the book-entry transfer facility tendering the shares that the participant has received and agrees to be bound by the terms of this letter of transmittal and that we may enforce the agreement against them.

Guaranteed Delivery. If you wish to tender your shares but your share certificate(s) are not immediately available or cannot be delivered to the depository before the offer expires, 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 offer expires, your shares may still be tendered, if all of the following conditions are satisfied:

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

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the depository receives by hand, mail, overnight courier or facsimile transmission, before the expiration date, a properly completed and duly executed notice of guaranteed delivery in the form provided with this letter of transmittal, including (where required) a signature guarantee 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 (a) the certificates for the shares or (b) a confirmation of receipt of the shares pursuant to the procedure for book-entry transfer described in this instruction 2;

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 this instruction 2 in the case of a book-entry transfer; and

any other documents required by this letter of transmittal.

The method of delivering all documents, including share certificates, this letter of transmittal and any other required documents, is at your election and risk. If delivery is 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.

3. *Inadequate Space.* If the space provided in the box entitled "Description of Shares Tendered" above is inadequate, the certificate numbers and/or the number of shares should be listed on a separate signed schedule and attached to this letter of transmittal.

4. *Partial Tenders and Unpurchased Shares.* (This paragraph does not apply to shareholders who tender by book-entry transfer.) If fewer than all of the shares evidenced by any certificate are to be tendered, fill in the number of shares that are to be tendered in the column entitled "Number of Shares Tendered" in the box entitled "Description of Shares Tendered" above. In that case, if any tendered shares are purchased, a new certificate for the remainder of the shares (including any shares not purchased) evidenced by the old certificate(s) will be issued and sent to the registered holder(s), unless otherwise specified in either the box entitled "Special Payment Instructions" or "Special Delivery Instructions" in this letter of transmittal, as soon as practicable after the expiration date. Unless otherwise indicated, all shares represented by the certificate(s) set forth above and delivered to the depository will be deemed to have been tendered.

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If any tendered shares are not purchased or are properly withdrawn, or if fewer than all shares evidenced by a shareholder's certificates are tendered, certificates for unpurchased shares will be returned as soon as practicable 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.

5. Signatures on Letter of Transmittal; Stock Powers and Endorsements; Exact Signature. If this letter of transmittal is signed by the registered holder(s) of the shares tendered, the signature(s) must correspond exactly with the name(s) as written on the face of the certificate(s) without any change whatsoever.

Joint Holders. If the shares tendered are registered in the names of two or more joint holders, each holder must sign this letter of transmittal.

Different Names on Certificates. If any tendered shares are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate letters of transmittal (or manually signed facsimiles) as there are different registrations of certificates.

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Endorsements. When this letter of transmittal is signed by the registered holder(s) of the shares tendered, no endorsements of certificates representing the shares or separate stock powers are required unless payment is to be made or the certificates for shares not tendered or not purchased are to be issued to a person other than the registered holder(s). Signature(s) on the certificate(s) must be guaranteed by an eligible institution.

If this letter of transmittal is signed by a person other than the registered holder(s) of the certificates listed, or if payment is to be made or certificates for shares not tendered or not purchased are to be issued to a person other than the registered holder(s), the certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appears on the certificates, and the signatures on the certificates or stock powers must be guaranteed by an eligible institution. See instruction 1.

Signatures of Fiduciaries. If this letter of transmittal or any certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or any other person acting in a fiduciary or representative capacity, that person should so indicate when signing and must submit proper evidence satisfactory to us of his or her authority to so act.

6. Stock Transfer Taxes. Except as provided in this instruction 6, no stock transfer tax stamps or funds to cover tax stamps need accompany this letter of transmittal. We will pay any stock transfer taxes payable on the transfer to us of shares purchased pursuant to our offer. If, however,

payment of the purchase price is to be made to any person other than the registered holder(s);

shares not tendered or rejected for purchase are to be registered in the name(s) of any person(s) other than the registered holder(s); or

certificates representing tendered shares are registered in the name(s) of any person(s) other than the person(s) signing this letter of transmittal,

then the depositary will deduct from the purchase price the amount of any stock transfer taxes (whether imposed on the registered holder(s), other person(s) or otherwise) payable on account of the transfer to that person, unless satisfactory evidence of the payment of the taxes or any exemption therefrom is submitted.

7. Special Payment and Delivery Instructions. If certificate(s) for shares not tendered or not purchased and/or check(s) are to be issued in the name of a person other than the signer of this letter of transmittal or if the certificates and/or checks are to be sent to someone other than the person signing this letter of transmittal or to

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the signer at a different address, the box entitled [Special Payment Instructions] and/or the box entitled [Special Delivery Instructions] on this letter of transmittal should be completed as applicable and signatures must be guaranteed as described in instruction 1.

8. *Irregularities.* All questions as to the number of shares to be accepted and the validity (including time of receipt), form, eligibility and acceptance for payment of any tender of shares will be determined by us in our sole discretion. Our determination will be final and binding on all parties. We reserve the absolute right to reject any or all tenders of any shares that we determine are not 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 or any defect or irregularity in any tender with respect to 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 depositary, the information agent, or any other person will be under any duty to give notification of any defects or irregularities in any tender, or incur any liability for failure to give any such notification. Our interpretation of the terms of and conditions to the offer, including the letter of transmittal and the these instructions, 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.

9. *Questions and Requests for Assistance and Additional Copies.* Questions and requests for additional copies of the offer to purchase, this letter of transmittal or the notice of guaranteed delivery may be directed to the information agent at the telephone number and address set forth the back page of the offer to purchase and set forth below.

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10. *Federal Income Tax Withholding.* To prevent backup federal income tax withholding equal to 28% of the gross payments payable pursuant to the offer, each tendering shareholder who is not a foreign shareholder (as defined below) and who does not otherwise establish an exemption from backup withholding must notify the depositary of the shareholder's correct taxpayer identification number (employer identification number or social security number), or certify that that taxpayer is awaiting a taxpayer identification number, and provide various other information by completing, under penalties of perjury, the Substitute Form W-9 included in this letter of transmittal. If a shareholder properly certifies that such shareholder is awaiting a taxpayer identification number, 28% of any payment during the 60-day period following the date of the Substitute Form W-9 will be retained by the depositary and, if the shareholder properly furnishes his or her taxpayer identification number within that 60-day period, the depositary will remit the amount retained to such shareholder and will not withhold amounts from future payments under the backup withholding rules. If the shareholder does not properly furnish his or her taxpayer identification number within that 60-day period, the amount retained will be remitted to the IRS as backup withholding and backup withholding will apply to future payments. Foreign shareholders should generally complete and sign an appropriate Form W-8 to avoid backup withholding.

The depositary will withhold United States federal income taxes equal to 30% of the gross payments payable to a foreign shareholder unless the depositary and we determine that an exemption is available. For example, an applicable income tax treaty may reduce or eliminate such tax, in which event a foreign shareholder claiming a reduction in or exemption from such tax under the applicable income tax treaty provides through the third party withholding agent a properly completed IRS Form W-8BEN (or suitable successor form claiming the benefit of the applicable tax treaty). Alternatively, an exemption applies if the gain is effectively connected with a U.S. trade or business of the foreign shareholder and the foreign shareholder provides an appropriate statement to that effect on a properly completed IRS Form W-8ECI (or suitable successor or substitute form). For this purpose, a [foreign shareholder] is any shareholder that is not:

a citizen or resident of the United States;

a corporation, partnership, or other entity created or organized in or under the laws of the United States, any State or any political subdivision thereof;

an estate, the income of which is subject to United States federal income taxation regardless of the source of the income; or

a trust whose administration is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all of its substantial decisions.

To comply with IRS Circular 230, you are hereby notified that: (a) any discussion of federal tax issues contained or referred to herein is not intended or written to be used, and cannot be used by you, for the purposes of avoiding penalties that may be imposed on you under the Internal Revenue Code; (b) such discussion is written to support the promotion or marketing of the offer addressed by the written advice herein; and (c) you should seek advice based on your particular circumstances from an independent tax advisor.

11. *Lost, Stolen, Destroyed or Mutilated 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 for our shares, 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 this 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 Computershare Trust Company, N.A. 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.

12. *Order of Purchase in Event of Proration.* As described in Section 1 of the offer to purchase, shareholders can designate in the Designation box of this letter of transmittal the order in which they wish to have their shares purchased if, as a result of the proration provisions or otherwise, some but not all of the tendered shares are purchased in the offer. The order of purchase may have an effect on the federal income tax treatment of the purchase price for the shares purchased. See Sections 1 and 5 of the offer to purchase.

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IMPORTANT. This letter of transmittal, together with any required signature guarantees, or, in the case of a book-entry transfer, an agent's message, and any other required documents, must be received by the depositary on or before July 12, 2007, or such later date to which the offer is extended, and either certificates for tendered shares must be received by the depositary or shares must be delivered pursuant to the procedures for book-entry transfer, in each case prior to the expiration of the offer, or the tendering shareholder must comply with the procedures for guaranteed delivery.

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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 depositary as follows:

The Depositary 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 depositary.

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 depositary.

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

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**OFFER TO PURCHASE FOR CASH
BY
Putnam Premier Income Trust**

**up to 17,879,920 of its Issued and Outstanding Common
Shares of Beneficial Interest, without par value**

**THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M.
NEW YORK CITY TIME, ON JULY 12, 2007, UNLESS THE OFFER IS EXTENDED.**

This tender offer 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 related letter of transmittal.

If we complete the tender offer, we will purchase shares at a price equal to 98% of the per share net asset value as of the close of regular trading on the New York Stock Exchange on the tender offer expiration date.

None of the fund, its board of trustees or Putnam Investment Management, LLC, the fund's investment manager and administrator, makes any recommendation as to whether to tender or not to 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 may not be relied upon as having been authorized by us, our trustees, our officers or our investment manager. We have been advised that no trustee or officer of the fund intends to tender any shares pursuant to the Offer.

You may direct questions and requests for assistance to Georgeson Inc., the information agent for the tender offer, at its address and telephone number set forth on the back cover of this offer to purchase. Shareholders may obtain additional copies of this offer to purchase, the letter of transmittal, the notice of guaranteed delivery or any other tender materials from the information agent and may also contact their brokers, dealers, banks, trust companies or other nominees for copies of these documents.

If you do not wish to tender your shares, you need not take any action.

June 4, 2007

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Important procedures

If you want to tender all or part of your shares, you must do one of the following before the offer expires:

if your shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, contact the nominee and have the nominee tender your shares for you; or

if you hold certificates in your own name, complete and sign a letter of transmittal according to its instructions, and deliver it, together with any required signature guarantees, the certificates for your shares and any other documents required by the letter of transmittal, to Computershare Trust Company, N.A., the depository for the offer; or

if you are an institution participating in The Depository Trust Company, which we call the book-entry transfer facility in this offer to purchase, tender your shares according to the procedure for book-entry transfer described in Section 2; or

if you hold shares in the fund's dividend reinvestment plan, you may tender such shares by completing and signing a letter of transmittal, including the appropriate section for shares acquired through the dividend reinvestment plan.

If you want to tender your shares, but:

your certificates for the shares are not immediately available or cannot be delivered to the depository by the expiration of the offer; or

you cannot comply with the procedure for book-entry transfer by the expiration of the offer; or

your other required documents cannot be delivered to the depository by the expiration of the offer, you can still tender your shares if you comply with the guaranteed delivery procedure described in Section 2.

To tender your shares, you must follow the procedures described in this offer to purchase, the letter of transmittal and the other documents related to the tender offer.

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TENDER OFFERS iii

SUMMARY TERM SHEET

Securities Sought:	Up to 17,879,920 common shares of beneficial interest of the fund
Price Offered Per Share:	98% of net asset value as calculated as of 4:00 pm on the expiration date of the offer
Scheduled Expiration Date:	July 12, 2007
Purchaser:	Putnam Premier Income Trust. This is an issuer tender offer.
Board Recommendation:	Our Board of Trustees is not making a recommendation.

The following are some of the questions that you, as a shareholder, may have and answers to those questions.

We urge you to read carefully the remainder of this offer to purchase, the letter of transmittal and the other documents to which we have referred because the information in this summary term sheet is not complete. Additional important information is contained in the remainder of this offer to purchase and the letter of transmittal.

Who is offering to buy my shares?

Putnam Premier Income Trust, which we refer to as the fund, is offering to re-purchase shares it previously issued. The fund is a Massachusetts business trust.

How much is the fund offering to pay?

We are offering to purchase up to 17,879,920 of our outstanding common shares for cash, 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 conditions set forth in this offer to purchase and the letter of transmittal.

When will the tender offer expire and may the offer be extended?

The tender offer will expire at 5:00 pm, New York City time, on July 12, 2007, unless extended. We may extend the period of time the tender offer will be open by issuing a press release or making some other public

announcement by no later than the next business day after the tender offer otherwise would have expired. See Section 1 of this offer to purchase.

What is the net asset value per common share as of a recent date?

As of May 17, 2007, the net asset value per common share was \$7.26. See Section 6 of this offer to purchase for additional information regarding net asset values and market prices. During the pendency of the tender offer, daily net asset value quotations can be obtained by calling the information agent toll free at (866) 651-3149, or for banks and brokers, by calling (212) 440-9800 between 8:00 a.m. and 7:00 p.m., New York City time, Monday through Thursday (except holidays) and between 9:00 a.m. and 5:00 p.m., New York City time, Friday (except holidays) or by visiting the fund's website at www.putnam.com. The other contents of the fund's website are not part of this offer to purchase.

What was the market value of my shares as of a recent date?

On May 17, 2007, the closing price of the shares reported on the New York Stock Exchange was \$6.57 per share. Shares may trade at a discount or premium to net asset value and as such the price offered per share may be more or less than the current market price. We advise you to obtain a recent quotation for shares in deciding whether to tender your shares. See Section 6 of this offer to purchase.

Is there a limit on the number of Shares I may tender?

No; however only up to 17,879,920 of our outstanding common shares will be accepted for tender. See Section 1 of this offer to purchase.

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In what order will the fund purchase tendered shares?

If the terms and conditions of the tender offer have been satisfied or waived and more than 17,879,920 shares have been validly tendered and not validly withdrawn on or prior to the expiration of the offer, we will purchase shares in the following order of priority:

First, all shares owned in odd lots that have been validly tendered; and

Second, after purchase of all of the foregoing shares, all other tendered shares on a *pro rata* basis (disregarding fractions) in accordance with the number of shares tendered by each shareholder (and not timely withdrawn). Our present intention, if the tender offer is oversubscribed, is not to purchase more than 17,879,920 shares. See Section 1 of this offer to purchase.

If I decline to tender, how will the tender offer affect the shares I hold?

Your percentage ownership interest in the fund will likely increase after completion of the offer.

Will I have to pay any fees or commissions?

If you are the record owner of your shares and you tender your shares to us in the offer, you will not have to pay brokerage fees or similar expenses. You may be required to pay transfer taxes under certain circumstances described in the letter of transmittal. If you hold shares through a bank or broker, you are responsible for paying any fees or expenses you incur in tendering your shares in the offer. If you own your shares through a broker or other nominee, and your broker tenders your shares on your behalf, your broker or nominee may charge you a fee for doing so. You should consult your broker or nominee to determine whether any charges will apply.

Does the fund have the financial resources to make payment?

Yes. We do not expect to borrow money to finance the purchase of any tendered shares. See Section 7 of this offer to purchase.

If shares I tender are accepted by the fund, when will payment be made?

Payment for tendered shares, if accepted, will be made in United States dollars promptly after the expiration date of the offer.

How do I tender my shares?

To tender your shares, you must complete one of the actions described under Important Procedures on the inside front cover page of this offer to purchase before the tender offer expires.

If your shares are held in street name (i.e., through a broker, dealer or other nominee), you must contact your nominee and request that your shares be tendered in the offer.

For additional information on the procedures for tendering your shares, see Section 2 of this offer to purchase.

May I tender shares in the offer held in my Dividend Reinvestment Plan account?

Yes. Holders of shares in the Dividend Reinvestment Plan may tender their shares by completing the appropriate sections of the letter of transmittal. See Section 2.

In connection with the offer, the Dividend Reinvestment Plan will be suspended for the regular monthly dividend distributions to be declared in June 2007. The June 2007 dividend will accordingly be paid in cash to all shareholders. We expect that the Dividend Reinvestment Plan will resume for subsequent regular monthly dividends.

Until what time can I withdraw previously tendered shares?

You can withdraw shares that you tender at any time until the expiration of the offer. Also, if we have not accepted your shares for payment by July 31, 2007, you can withdraw shares at any time after that date until we do accept your shares for payment. See Section 1 and Section 3 of this offer to purchase.

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How do I withdraw previously tendered shares?

You or your nominee must deliver a written notice of withdrawal, or a facsimile of one, with the required information to the depository while you still have the right to withdraw the shares. See Section 1 and Section 3 of this offer to purchase.

What action need I take if I decide not to tender my shares?

None.

Does the fund's board of trustees encourage shareholders to participate in the tender offer, and will management participate in the tender offer?

None of the fund, its board of trustees or the fund's investment manager and administrator, Putnam Investment Management, LLC, is making any recommendation to tender or not to tender shares in the offer. We have been advised that no trustee or executive officer of the fund intends to tender shares. See Section 10 of this offer to purchase.

What are the United States federal income tax consequences of tendering shares?

The receipt of cash for shares pursuant to the offer will be a taxable transaction for United States federal income tax