

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

MASSMUTUAL PARTICIPATION INVESTORS  
Form N-CSRS  
September 08, 2010

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 811-5531  
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MassMutual Participation Investors  
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(Exact name of registrant as specified in charter)

1500 Main Street, P.O. Box 15189, Springfield, MA 01115-5189  
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(Address of principal executive offices) (Zip code)

Patricia J. Walsh, Vice President, Secretary and Chief Legal Officer  
1500 Main Street, Suite 2800, P.O. Box 15189, Springfield, MA 01115-5189  
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(Name and address of agent for service)

Registrant's telephone number, including area code: 413-226-1000  
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Date of fiscal year end: 12/31  
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Date of reporting period: 06/30/10  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 110 F Street NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORT TO STOCKHOLDERS.

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Attached hereto is the semi-annual shareholder report transmitted to shareholders pursuant to Rule 30e-1 of the Investment Company Act of 1940, as amended.

MASSMUTUAL  
PARTICIPATION INVESTORS

REPORT FOR THE  
SIX MONTHS ENDED JUNE 30, 2010

[LOGO]

ADVISER

Babson Capital Management LLC \*  
1500 Main Street, P.O. Box 15189  
Springfield, Massachusetts 01115-5189

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP  
Boston, Massachusetts 02110

COUNSEL TO THE TRUST

Ropes & Gray LLP  
Boston, Massachusetts 02110

CUSTODIAN

Citibank, N.A.  
New York, New York 10043

TRANSFER AGENT & REGISTRAR

Shareholder Financial Services, Inc. \*  
P.O. Box 173673  
Denver, Colorado 80217-3673  
1-800-647-7374

INTERNET WEBSITE

[www.babsoncapital.com/mpv](http://www.babsoncapital.com/mpv)

[LOGO]

MassMutual Participation Investors  
c/o Babson Capital Management LLC  
1500 Main Street, Suite 2200  
Springfield, Massachusetts 01115  
(413) 226-1516

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\* Member of the MassMutual Financial Group

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### INVESTMENT OBJECTIVE AND POLICY

MassMutual Participation Investors (the "Trust") is a closed-end management investment company, first offered to the public in 1988, whose shares are traded on the New York Stock Exchange under the trading symbol "MPV". The Trust's share price can be found in the financial section of most newspapers as "MassPrt" or "MassMuPrt" under either the New York Stock Exchange listings or Closed-End Fund Listings.

The Trust's investment objective is to maximize total return by providing a high level of current income, the potential for growth of income, and capital appreciation. The Trust's principal investments are privately placed, below-investment grade, long-term debt obligations purchased directly from their issuers, which tend to be smaller companies. At least half of these investments normally include equity features such as common stock, warrants, conversion rights, or other equity features that provide the Trust with the opportunity to realize capital gains. The Trust will also invest in publicly traded debt securities (including high yield securities), again with an emphasis on those with equity features, and in convertible preferred stocks and, subject to certain limitations, readily marketable equity securities. Below-investment grade or high yield securities have predominantly speculative characteristics with respect to the capacity of the issuer to pay interest and repay principal. In addition, the Trust may temporarily invest in high quality, readily marketable securities.

Babson Capital Management LLC ("Babson Capital") manages the Trust on a total return basis. The Trust distributes substantially all of its net income to shareholders each year. Accordingly, the Trust pays dividends to shareholders in January, May, August, and November. All registered shareholders are automatically enrolled in the Dividend Reinvestment and Cash Purchase Plan unless cash distributions are requested.

### FORM N-Q

The Trust files its complete schedule of portfolio holdings with the U.S. Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. This information is available (i) on the SEC's website at <http://www.sec.gov>; and (ii) at the SEC's Public Reference Room in Washington, DC (which information on their operation may be obtained by calling 1-800-SEC-0330). A complete schedule of portfolio holdings as of each quarter-end is available upon request by calling, toll-free, 866-399-1516.

### PROXY VOTING POLICIES & PROCEDURES; PROXY VOTING RECORD

The Trustees of the Trust have delegated proxy voting responsibilities relating to the voting of securities held by the Trust to Babson Capital. A description of Babson Capital's proxy voting policies and procedures is available (1) without charge, upon request, by calling, toll-free 866-399-1516; (2) on the Trust's website: <http://www.babsoncapital.com/mpv>; and (3) on the SEC's website at <http://www.sec.gov>. Information regarding how the Trust voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available (1) on the Trust's website: <http://www.babsoncapital.com/mpv>; and (2) on the SEC's website at <http://www.sec.gov>.

MPV  
LISTED  
NYSE

MassMutual Participation Investors

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TO OUR SHAREHOLDERS

July 31, 2010

We are pleased to present the June 30, 2010 Quarterly Report of MassMutual Participation Investors (the "Trust").

The Board of Trustees declared a quarterly dividend of 25 cents per share, payable on August 13, 2010 to shareholders of record on August 2, 2010. The Trust paid a 25 cent per share dividend for the preceding quarter. The Trust earned 24 cents per share of net investment income for the second quarter of 2010, compared to 24 cents per share in the previous quarter.

During the second quarter, the net assets of the Trust increased to \$114,929,455 or \$11.47 per share compared to \$111,638,992 or \$11.16 per share on March 31, 2010. This translates into a 5.1% total return for the quarter, based on the change in the Trust's net assets assuming the reinvestment of all dividends. Longer term, the Trust returned 13.5%, 4.6%, 9.7%, and 10.7% for the 1-, 3-, 5-, and 10-year time periods, respectively, based on the change in the Trust's net assets assuming the reinvestment of all dividends.

The Trust's market price increased 3.3% during the quarter, from \$12.50 per share as of March 31, 2010 to \$12.91 per share as of June 30, 2010. The Trust's market price of \$12.91 per share equates to a 12.6% premium over the June 30, 2010 net asset value per share of \$11.47. The Trust's average quarter-end premium for the 3-, 5-, and 10-year periods was 1.2%, 6.6% and 6.7%, respectively. U.S. equity markets, as approximated by the Russell 2000 Index, decreased 9.9% for the quarter. U.S. fixed income markets, as approximated by the Barclays Capital U.S. Corporate High Yield Index, decreased 0.1% for the quarter.

The Trust closed two new private placement investments during the second quarter. The two new investments were in O E C Holdings Corporation and Wheaton Holding Corporation. A brief description of these investments can be found in the Consolidated Schedule of Investments. The total amount invested by the Trust in these two transactions was \$1,500,000.

The amount of debt and equity capital available to finance middle market buyout transactions continued to increase during the second quarter. As a result, we saw an improving level of deal flow as the quarter progressed. Our contacts in the private equity and investment banking community indicate they currently are very busy processing a large number of potential transactions, so we expect deal flow during the remainder of 2010 to be very robust. Hopefully, this higher level of deal flow translates into a number of new investments for the Trust in the second half of the year. Leverage multiples continued to expand during the quarter as capital providers aggressively pursued deal opportunities. We expect leverage multiples to continue to increase during the rest of the year. The downward pressure on pricing and return expectations moderated during the quarter and we expect a relatively stable pricing environment for the rest of the year. As I have stated in prior quarters, despite constantly changing market conditions, our approach to investing will not change. We will continue to maintain the same discipline and investment philosophy that has served our shareholders well for so many years.

As the economy continued to rebound during the second quarter, the overall condition of our portfolio continued to improve as well. It was particularly refreshing to see many of our underperforming companies start to report increased sales and earnings. In several situations where we had been deferring interest on our subordinated notes, performance improved to the point where the portfolio company was able to resume paying cash interest on our notes. Realization activity, which generally correlates highly with improved performance, also increased as the quarter progressed. We had two companies,

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Diversco, Inc. and K-Tek Holding Corporation, successfully sold in early July. There continues to be a significant number of portfolio companies that are in various stages of a sale process and we are hopeful that many of these will turn into successful realizations in the upcoming quarters.

Thank you for your continued interest in and support of MassMutual Participation Investors.

Sincerely,

/s/ Michael L. Klofas  
 Michael L. Klofas  
 President

[PIE CHART APPEARS HERE]  
 Portfolio Composition as of 6/30/10 \*

Private / 144A High Yield Debt 70.7%	Public High Yield Debt 14.0%
Private / Restricted Equity 12.8%	Public Equity 0.4%
Cash & Short Term Investments 2.1%	

\* Based on market value of total investments (including cash)  
 Cautionary Notice: Certain statements contained in this report may be "forward looking" statements. Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made and which reflect management's current estimates, projections, expectations or beliefs, and which are subject to risks and uncertainties that may cause actual results to differ materially. These statements are subject to change at any time based upon economic, market or other conditions and may not be relied upon as investment advice or an indication of the Trust's trading intent. References to specific securities are not recommendations of such securities, and may not be representative of the Trust's current or future investments. We undertake no obligation to publicly update forward looking statements, whether as a result of new information, future events, or otherwise.

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES  
 JUNE 30, 2010  
 (UNAUDITED)

ASSETS:

Investments	
(See Consolidated Schedule of Investments)	
Corporate restricted securities at fair value (Cost - \$115,142,081)	\$ 99,640,015
Corporate restricted securities at market value (Cost - \$ 4,127,163)	4,150,991
Corporate public securities at market value (Cost - \$ 18,680,087)	17,951,075
Short-term securities at amortized cost	1,249,894
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	122,991,975
Cash	1,419,608
Interest receivable	2,942,182
Receivable for investments sold	142,982
Other assets	12,569
	-----
TOTAL ASSETS	127,509,316
	-----
LIABILITIES:	
Investment advisory fee payable	258,591
Note payable	12,000,000
Interest payable	88,933
Accrued expenses	130,196
Accrued taxes payable	76,208
Other payables	25,933
	-----
TOTAL LIABILITIES	12,579,861
	-----
TOTAL NET ASSETS	\$114,929,455
	=====
NET ASSETS:	
Common shares, par value \$.01 per share; an unlimited number authorized	\$ 100,186
Additional paid-in capital	93,521,296
Retained net realized gain on investments, prior years	32,871,737
Undistributed net investment income	3,577,580
Accumulated net realized gain on investments	1,142,114
Net unrealized depreciation of investments	(16,283,458)
	-----
TOTAL NET ASSETS	\$114,929,455
	=====
COMMON SHARES ISSUED AND OUTSTANDING	10,018,644
	=====
NET ASSET VALUE PER SHARE	\$ 11.47
	=====

See Notes to Consolidated Financial Statements

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MassMutual Participation Investors

CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2010  
(UNAUDITED)

INVESTMENT INCOME:	
Interest	\$ 5,861,400
Dividends	34,953
Other	21,909
	-----
TOTAL INVESTMENT INCOME	5,918,262
	-----
EXPENSES:	
Investment advisory fees	509,779
Interest	348,000

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Trustees' fees and expenses	89,153
Professional fees	69,000
Reports to shareholders	56,000
Custodian fees	12,000
Transfer agent/registrar's expenses	9,000
Other	19,650
	-----
TOTAL EXPENSES	1,112,582
	-----
INVESTMENT INCOME - NET	4,805,680
	-----
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:	
Net realized gain on investments before taxes	875,185
Income tax expense	(504)
	-----
Net realized gain on investments after taxes	874,681
Net change in unrealized depreciation of investments before taxes	2,394,046
Net change in deferred income tax expense	8,755
	-----
Net change in unrealized depreciation of investments after taxes	2,402,801
	-----
NET GAIN ON INVESTMENTS	3,277,482
	-----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 8,083,162
	=====

See Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JUNE 30, 2010  
(UNAUDITED)

NET DECREASE IN CASH:	
Cash flows from operating activities:	
Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$ 6,276,604
Purchases of portfolio securities	(15,361,797)
Proceeds from disposition of portfolio securities	8,718,138
Interest, dividends and other income received	4,262,140
Interest expense paid	(348,000)
Operating expenses paid	(797,323)
Income taxes paid	(36,504)
	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,713,258
	-----
Cash flows from financing activities:	
Cash dividends paid from net investment income	(4,996,034)
Receipts for shares issued on reinvestment of dividends	421,142
	-----
NET CASH USED FOR FINANCING ACTIVITIES	(4,574,892)
	-----
NET DECREASE IN CASH	(1,861,634)
Cash - beginning of year	3,281,242
	-----
CASH - END OF PERIOD	\$ 1,419,608
	=====

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### RECONCILIATION OF NET INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$	8,083,162
		-----
Increase in investments		(3,749,914)
Increase in interest receivable		(1,419,987)
Increase in receivable for investments sold		(97,369)
Increase in other assets		(12,569)
Increase in investment advisory fee payable		13,509
Decrease in accrued expenses		(26,631)
Decrease in accrued taxes payable		(44,755)
Decrease in other payables		(32,188)
		-----
TOTAL ADJUSTMENTS TO NET ASSETS FROM OPERATIONS		(5,369,904)
		-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	2,713,258
		=====

See Notes to Consolidated Financial Statements

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### MassMutual Participation Investors

### CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	For the six months ended 06/30/10 (Unaudited)	For t year e 12/31
	-----	-----
INCREASE (DECREASE) IN NET ASSETS:		
Operations:		
Investment income - net	\$ 4,805,680	\$ 9,37
Net realized gain on investments	874,681	1,01
Net change in unrealized depreciation of investments	2,402,801	(2,29
	-----	-----
Net increase in net assets resulting from operations	8,083,162	8,08
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2010 - 35,405; 2009 - 55,996)	421,142	61
Dividends to shareholders from:		
Net investment income (2010 - \$0.25 per share; 2009 - \$1.00 per share)	(2,500,224)	(9,95
	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	6,004,080	(1,25
NET ASSETS, BEGINNING OF YEAR	108,925,375	110,17
	-----	-----
NET ASSETS, END OF PERIOD/YEAR (including undistributed net investment income of \$3,577,580 and \$1,272,124, respectively)	\$114,929,455	\$108,92
	=====	=====



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See Notes to Consolidated Financial Statements

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## CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

### SELECTED DATA FOR EACH SHARE OF BENEFICIAL INTEREST OUTSTANDING:

	For the six months ended 06/30/2010 (Unaudited)	For the years ended De		
		2009	2008	2007
<b>Net asset value:</b>				
Beginning of year	\$ 10.91	\$ 11.10	\$ 12.84	\$ 12.90
Net investment income (a)	0.48	0.94	1.08	1.23
<b>Net realized and unrealized</b>				
gain (loss) on investments	0.33	(0.13)	(1.82)	(0.05)
Total from investment operations	0.81	0.81	(0.74)	1.18
<b>Dividends from net investment</b>				
income to common shareholders	(0.25)	(1.00)	(1.00)	(1.23)
<b>Dividends from net realized gain</b>				
on investments to common shareholders	--	--	--	(0.02)
Increase from dividends reinvested	0.00 (c)	0.00 (c)	0.00 (c)	0.01
Total dividends	(0.25)	(1.00)	(1.00)	(1.24)
Net asset value: end of period/year	\$ 11.47	\$ 10.91	\$ 11.10	\$ 12.84
<b>Per share market value:</b>				
End of period/year	\$ 12.91	\$ 12.20	\$ 9.05	\$ 13.18
<b>Total investment return</b>				
Net asset value (d)	7.51%	7.60%	(6.01%)	9.95%
Market value	5.82%	40.86%	(25.36%)	(1.30%)
<b>Net assets (in millions):</b>				
End of period/year	\$114.93	\$108.93	\$110.18	\$126.63
<b>Ratio of operating expenses</b>				
to average net assets	1.39% (e)	1.41%	1.33%	1.36%
<b>Ratio of interest expense</b>				
to average net assets	0.63% (e)	0.63%	0.58%	0.56%
<b>Ratio of income tax expense</b>				
to average net assets (f)	0.00% (e)	0.00%	0.00%	0.48%
<b>Ratio of total expenses before custodian fee</b>				
reduction to average net assets (f)	2.02% (e)	2.04%	1.91%	2.40%
<b>Ratio of net expenses after custodian fee</b>				
reduction to average net assets (f)	2.02% (e)	2.04%	1.91%	2.40%
<b>Ratio of net investment income</b>				
to average net assets	8.72% (e)	8.55%	8.74%	9.32%
Portfolio turnover	8%	23%	32%	33%

(a) Calculated using average shares.

(b) Amount includes \$0.10 per share in litigation proceeds.

(c) Rounds to less than \$0.01 per share.

(d) Net asset value return represents portfolio returns based on change in the Trust's net asset value including all dividends and distributions which differs from the total investment return based on the Trust's net asset value and the market value of its shares outstanding of future results.

(e) Annualized

(f) As additional information, this ratio is included to reflect the taxes paid on retained long-term capital gains netted against realized capital gains in the Statement of Operations. The taxes paid are treated as a credit for the taxes paid is passed on to shareholders.

### Senior borrowings:

Total principal amount (in millions)	\$ 12	\$ 12	\$ 12	\$ 12
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Asset coverage per \$1,000 of indebtedness	\$10,577	\$10,077	\$10,181	\$11,552
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See Notes to Consolidated Financial Statements

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### MassMutual Participation Investors

#### CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2010

(Unaudited)

	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE

CORPORATE RESTRICTED SECURITIES - 90.31%: (A)

Private Placement Investments - 86.70%

#### A E COMPANY, INC.

A designer and manufacturer of machined parts and assembly structures for the commercial and military markets.

11% Senior Secured Note due 2015	\$ 807,692	*
13% Senior Subordinated Note due 2016	\$ 807,693	11/10/09
Common Stock (B)	184,615 shs.	11/10/09
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	92,308 shs.	11/10/09

\* 11/10/09 and 11/18/09.

#### A H C HOLDING COMPANY, INC.

A designer and manufacturer of boilers and water heaters for the commercial sector.

15% Senior Subordinated Note due 2015	\$ 1,322,210	11/21/07
Limited Partnership Interest (B)	12.26% int.	11/21/07

#### A S A P INDUSTRIES LLC

A designer and manufacturer of components used on oil and natural gas wells.

12.5% Senior Subordinated Note due 2015	\$ 450,500	12/31/08
Limited Liability Company Unit Class A-2 (B)	677 uts.	12/31/08
Limited Liability Company Unit Class A-3 (B)	608 uts.	12/31/08

#### A S C GROUP, INC.

A designer and manufacturer of high reliability encryption equipment, communications products, and other components primarily for the military and aerospace sectors.

12.75% Senior Subordinated Note due 2016	\$ 1,227,273	10/09/09
Limited Liability Company Unit Class A (B)	1,249 uts.	10/09/09
Limited Liability Company Unit Class B (B)	1,473 uts.	10/09/09

#### A W X HOLDINGS CORPORATION

A provider of aerial equipment rental, sales and repair services to non-residential construction companies operating in the State of Indiana.

10.5% Senior Secured Term Note due 2014	\$ 420,000	05/15/08
13% Senior Subordinated Note due 2015	\$ 420,000	05/15/08
Common Stock (B)	60,000 shs.	05/15/08
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	21,099 shs.	05/15/08

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 CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
 June 30, 2010  
 (Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
	-----	-----
ADVANCED TECHNOLOGIES HOLDINGS		
A provider of factory maintenance services to industrial companies.		
15% Senior Subordinated Note due 2013	\$ 1,164,174	12/27/07
Preferred Stock (B)	546 shs.	12/27/07
AERO HOLDINGS, INC.		
A provider of geospatial services to corporate and government clients.		
10.5% Senior Secured Term Note due 2014	\$ 930,000	03/09/07
14% Senior Subordinated Note due 2015	\$ 720,000	03/09/07
Common Stock (B)	150,000 shs.	03/09/07
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	37,780 shs.	03/09/07
ALL CURRENT HOLDING COMPANY		
A specialty re-seller of essential electrical parts and components primarily serving wholesale di		
12% Senior Subordinated Note due 2015	\$ 603,697	09/26/08
Common Stock (B)	713 shs.	09/26/08
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	507 shs.	09/26/08
AMERICAN HOSPICE MANAGEMENT HOLDING LLC		
A for-profit hospice care provider in the United States.		
12% Senior Subordinated Note due 2013	\$ 1,687,503	*
Preferred Class A Unit (B)	1,706 uts.	**
Preferred Class B Unit (B)	808 uts.	06/09/08
Common Class B Unit (B)	16,100 uts.	01/22/04
Common Class D Unit (B)	3,690 uts.	09/12/06
* 01/22/04 and 06/09/08. ** 01/22/04 and 09/12/06.		
APEX ANALYTIX HOLDING CORPORATION		
A provider of audit recovery and fraud detection services and software to commercial and retail b		
12.5% Senior Subordinated Note due 2016	\$ 1,012,500	04/28/09
Preferred Stock Series B (B)	1,623 shs.	04/28/09
Common Stock (B)	723 shs.	04/28/09

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MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
June 30, 2010  
(Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
<b>ARROW TRU-LINE HOLDINGS, INC.</b>		
A manufacturer of hardware for residential and commercial overhead garage doors in North America.		
12% Senior Subordinated Note due 2012	\$ 984,209	05/18/05
Preferred Stock (B)	33 shs.	10/16/09
Common Stock (B)	263 shs.	05/18/05
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	69 shs.	05/18/05
<b>BRAVO SPORTS HOLDING CORPORATION</b>		
A designer and marketer of niche branded consumer products including canopies, trampolines, in-line urethane wheels.		
12.5% Senior Subordinated Note due 2014	\$ 1,207,902	06/30/06
Preferred Stock Class A (B)	465 shs.	06/30/06
Common Stock (B)	1 sh.	06/30/06
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	164 shs.	06/30/06
<b>C D N T, INC.</b>		
A value-added converter and distributor of specialty pressure sensitive adhesives, foams, films,		
10.5% Senior Secured Term Note due 2014	\$ 429,070	08/07/08
12.5% Senior Subordinated Note due 2015	\$ 429,070	08/07/08
Common Stock (B)	41,860 shs.	08/07/08
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	32,914 shs.	08/07/08
<b>CAPITAL SPECIALTY PLASTICS, INC.</b>		
A producer of desiccant strips used for packaging pharmaceutical products.		
Common Stock (B)	55 shs.	*
*12/30/97 and 05/29/99.		
<b>CLOUGH, HARBOUR AND ASSOCIATES</b>		
An engineering service firm that is located in Albany, NY.		
12.25% Senior Subordinated Note due 2015	\$ 1,270,588	12/02/08
Preferred Stock (B)	147 shs.	12/02/08

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
 June 30, 2010  
 (Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
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COEUR, INC.		
A producer of proprietary, disposable power injection syringes.		
12% Senior Subordinated Note due 2016	\$ 642,857	10/10/08
Common Stock (B)	321 shs.	10/10/08
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	495 shs.	10/10/08
CONNECTICUT ELECTRIC, INC.		
A supplier and distributor of electrical products sold into the retail and wholesale markets.		
10% Senior Subordinated Note due 2014 (D)	\$ 771,051	01/12/07
Limited Liability Company Unit Class A (B)	82,613 uts.	01/12/07
Limited Liability Company Unit Class C (B)	59,756 uts.	01/12/07
Limited Liability Company Unit Class D (B)	671,525 uts.	05/03/10
Limited Liability Company Unit Class E (B)	1,102 uts.	05/03/10
CONNOR SPORT COURT INTERNATIONAL, INC.		
A designer and manufacturer of outdoor and indoor synthetic sports flooring and other temporary f		
Preferred Stock Series B-2 (B)	9,081 shs.	07/05/07
Preferred Stock Series C (B)	4,757 shs.	07/05/07
Common Stock (B)	380 shs.	07/05/07
Limited Partnership Interest (B)	6.88% int.	*
*08/12/04 and 01/14/05.		
COREPHARMA LLC		
A manufacturer of oral dose generic pharmaceuticals targeted at niche applications.		
12% Senior Subordinated Note due 2013	\$ 1,350,000	08/04/05
Warrant, exercisable until 2013, to purchase common stock at \$.001 per share (B)	10 shs.	08/04/05
CRANE RENTAL CORPORATION		
A crane rental company.		
13% Senior Subordinated Note due 2015	\$ 1,215,000	08/21/08
Common Stock (B)	135,000 shs.	08/21/08
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	72,037 shs.	08/21/08

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MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2010

(Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
CUSTOM ENGINEERED WHEELS, INC.		
A manufacturer of custom engineered, non-pneumatic plastic wheels and plastic tread cap tires used in		
products and wheelchairs.		
12.5% Senior Subordinated Note due 2016	\$ 1,155,288	10/27/09
Preferred Stock PIK (B)	156 shs.	10/27/09
Preferred Stock Series A (B)	114 shs.	10/27/09
Common Stock (B)	38 shs.	10/27/09
Warrant, exercisable until 2016, to purchase		
common stock at \$.01 per share (B)	28 shs.	10/27/09
DAVIS-STANDARD LLC		
A manufacturer, assembler, and installer of a broad range of capital equipment that is used in the		
processing of plastic materials.		
12% Senior Subordinated Note due 2014	\$ 978,261	10/30/06
Limited Partnership Interest (B)	0.97% int.	10/30/06
Warrant, exercisable until 2014, to purchase		
preferred stock at \$.01 per share (B)	26 shs.	10/30/06
Warrant, exercisable until 2014, to purchase		
common stock at \$.01 per share (B)	18 shs.	10/30/06
DIVERSCO, INC./DHI HOLDINGS, INC.		
A contract provider of janitorial and equipment maintenance services and temporary production labor		
Membership Interests of MM/Lincap		
Diversco Investments Ltd. LLC (B)	13.57% int.	08/27/98
Preferred Stock (B)	1,293 shs.	12/14/01
Warrants, exercisable until 2011, to purchase common		
stock of DHI Holdings, Inc. at \$.01 per share (B)	6,676 shs.	*
*10/24/96 and 08/28/98.		
DUNCAN SYSTEMS, INC.		
A distributor of windshields and side glass for the recreational vehicle market.		
10% Senior Secured Term Note due 2013	\$ 231,429	11/01/06
13% Senior Subordinated Note due 2014	\$ 488,572	11/01/06
Common Stock (B)	102,857 shs.	11/01/06
Warrant, exercisable until 2014, to purchase		
common stock at \$.01 per share (B)	32,294 shs.	11/01/06

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

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CORPORATE RESTRICTED SECURITIES: (A) (Continued)	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
<b>DWYER GROUP, INC.</b>		
A franchiser of a variety of home repair services.		
Common Stock (B)	3,656 shs.	*
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	1,077 shs.	10/30/03
*10/30/03 and 01/02/04.		
<b>E S P HOLDCO, INC.</b>		
A manufacturer of power protection technology for commercial office equipment, primarily supplying network.		
14% Senior Subordinated Note due 2015	\$ 1,234,994	01/08/08
Common Stock (B)	349 shs.	01/08/08
<b>E X C ACQUISITION CORPORATION</b>		
A manufacturer of pre-filled syringes and pump systems used for intravenous drug delivery.		
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	11 shs.	06/28/04
<b>EATEM HOLDING COMPANY</b>		
A developer and manufacturer of savory flavor systems for soups, sauces, gravies, and other products for retail and foodservice end products.		
12.5% Senior Subordinated Note due 2018	\$ 950,000	02/01/10
Common Stock (B)	50 shs.	02/01/10
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	119 shs.	02/01/10
<b>F C X HOLDINGS CORPORATION</b>		
A distributor of specialty/technical valves, actuators, accessories, and process instrumentation high purity, and energy end markets in North America.		
15% Senior Subordinated Note due 2015	\$ 1,178,146	10/06/08
Preferred Stock (B)	2,298 shs.	10/06/08
Common Stock (B)	1,625 shs.	10/06/08
<b>F H S HOLDINGS LLC</b>		
A national provider of customized disease management services to large self-insured employers.		
12% Senior Subordinated Note due 2014 (D)	\$ 1,265,625	06/01/06
Limited Liability Company Units of Linden/FHS Holdings LLC (B)	84 uts.	06/01/06
Common Unit Class B (B)	734 uts.	06/01/06

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
 June 30, 2010  
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CORPORATE RESTRICTED SECURITIES:(A) (Continued)	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
FLUTES, INC.		
An independent manufacturer of micro fluted corrugated sheet material for the food and consumer products.		
10% Senior Secured Term Note due 2013 (D)	\$ 524,791	04/13/06
14% Senior Subordinated Note due 2014 (D)	\$ 317,177	04/13/06
GOLDEN COUNTY FOODS HOLDING, INC.		
A manufacturer of frozen appetizers and snacks.		
16% Senior Subordinated Note due 2015	\$ 1,012,500	11/01/07
16% PIK Note due 2015	\$ 230,898	12/31/08
8% Series A Convertible Preferred Stock, convertible into fully diluted common shares (B)	77,643 shs.	11/01/07
H M HOLDING COMPANY		
A designer, manufacturer, and importer of promotional and wood furniture.		
7.5% Senior Subordinated Note due 2013 (D)	\$ 362,700	10/15/09
Preferred Stock (B)	21 shs.	*
Preferred Stock Series B (B)	1,088 shs.	10/15/09
Common Stock (B)	180 shs.	02/10/06
Common Stock Class C (B)	296 shs.	10/15/09
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)	67 shs.	02/10/06
* 09/18/07 and 06/27/08.		
HIGHGATE CAPITAL LLC		
An acquirer of controlling or substantial interests in manufacturing and marketing entities.		
Series A Preferred Units (B)	0.30% int.	07/21/94
HOME DECOR HOLDING COMPANY		
A designer, manufacturer and marketer of framed art and wall decor products.		
12.5% Senior Subordinated Note due 2012	\$ 1,081,731	*
Common Stock (B)	33 shs.	*
Warrant, exercisable until 2012, to purchase common stock at \$.02 per share (B)	106 shs.	*
* 06/30/04 and 08/19/04.		

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
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PRINCIPAL AMOUNT,  
SHARES, UNITS,



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CORPORATE RESTRICTED SECURITIES: (A) (Continued)	OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
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<b>HOSPITALITY MINTS HOLDING COMPANY</b>		
A manufacturer of individually-wrapped imprinted promotional mints.		
12% Senior Subordinated Note due 2016	\$ 1,098,837	08/19/08
Common Stock (B)	251 shs.	08/19/08
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	65 shs.	08/19/08
<b>INSURANCE CLAIMS MANAGEMENT, INC.</b>		
A third party administrator providing auto and property claim administration services for insurance		
Common Stock (B)	37 shs.	02/27/07
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	11 shs.	02/27/07
<b>INTERNATIONAL OFFSHORE SERVICES LLC</b>		
A leading provider of marine transportation services, platform decommissioning, and salvage services in the shallow waters of the Gulf of Mexico.		
14.25% Senior Subordinated Secured Note due 2017	\$ 1,350,000	07/07/09
Limited Liability Company Unit (B)	1,647 uts.	07/07/09
<b>JASON, INC.</b>		
A diversified manufacturing company serving various industrial markets.		
13% Senior Subordinated Note due 2010 (D)	\$ 510,187	08/04/00
Limited Partnership Interest of Saw Mill Capital Fund II, L.P. (B)	1.30% int.	08/03/00
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)	26,931 shs.	08/04/00
<b>JUSTRITE MANUFACTURING ACQUISITION CO.</b>		
A manufacturer of safety products such as storage cabinets and containers.		
12% Senior Subordinated Note due 2011	\$ 843,750	12/15/04
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	594 shs.	12/15/04
<b>K H O F HOLDINGS, INC.</b>		
A manufacturer of premium disposable tableware products serving both the foodservice and consumer markets.		
Common Stock (B)	116,827 shs.	10/15/07

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MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
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PRINCIPAL AMOUNT,

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CORPORATE RESTRICTED SECURITIES: (A) (Continued)	SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
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<b>K N B HOLDINGS CORPORATION</b>		
A designer, manufacturer and marketer of products for the custom framing market.		
15.5% Senior Subordinated Note due 2013 (D)	\$ 1,595,057	05/25/06
Common Stock (B)	71,053 shs.	05/25/06
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	43,600 shs.	05/25/06
<b>K P I HOLDINGS, INC.</b>		
Pace Industries is the largest player in the U.S. non-automotive, non-ferrous die casting segment		
13% Senior Subordinated Note due 2014 (D)	\$ 1,115,217	07/16/08
Convertible Preferred Stock Series C (B)	29 shs.	06/30/09
Convertible Preferred Stock Series D (B)	13 shs.	09/17/09
Common Stock (B)	235 shs.	07/15/08
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	388 shs.	*
* 07/16/08 and 09/17/09.		
<b>K W P I HOLDINGS CORPORATION</b>		
A manufacturer and distributor of vinyl windows and patio doors throughout the northwestern United States		
18% Senior Subordinated Note due 2014	\$ 1,555,404	03/14/07
Common Stock (B)	123 shs.	03/13/07
Warrant, exercisable until 2019, to purchase preferred stock at \$.01 per share (B)	71 shs.	07/07/09
Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B)	89 shs.	03/14/07
<b>K-TEK HOLDING CORPORATION</b>		
A manufacturer of instrumentation for liquid and bulk solids level detection for process and storage		
14% Senior Subordinated Note due 2015	\$ 1,211,004	12/20/07
Preferred Stock (B)	192,314 shs.	12/20/07
Common Stock (B)	54,326 shs.	12/20/07
<b>L H D EUROPE HOLDINGS, INC.</b>		
A non-carbonated beverage dispensing company focused on the foodservice industry.		
Common Stock (B)	45 shs.	12/28/09

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
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CORPORATE RESTRICTED SECURITIES: (A) (Continued)	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
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### M V I HOLDING, INC.

A manufacturer of large precision machined metal components used in equipment which services a va  
the oil and gas, mining, and defense markets.

13% Senior Subordinated Note due 2016	\$	654,518	09/12/08
Common Stock (B)		32 shs.	09/12/08
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)		35 shs.	09/12/08

### MAIL COMMUNICATIONS GROUP, INC.

A provider of mail processing and handling services, lettershop services, and commercial printing

12.5% Senior Subordinated Note due 2014	\$	516,177	05/04/07
Limited Liability Company Unit (B)		12,763 uts.	*
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)		1,787 shs.	05/04/07

\* 05/04/07 and 01/02/08.

### MANHATTAN BEACHWEAR HOLDING COMPANY

A designer and distributor of women's swimwear.

12.5% Senior Subordinated Note due 2018	\$	882,353	01/15/10
Common Stock (B)		118 shs.	01/15/10
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)		104 shs.	01/15/10

### MAVERICK ACQUISITION COMPANY

A manufacturer of capsules that cover the cork and neck of wine bottles.

7.03% Senior Secured Tranche A Note due 2010 (C)	\$	103,032	09/03/04
12.5% Senior Secured Tranche B Note due 2011	\$	179,104	09/03/04
6.79% Senior Secured Revolver due 2011 (C)	\$	29,105	09/03/04
Limited Partnership Interest (B)		4.48% int.	09/03/04
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)		243 shs.	09/03/04

### MEDSYSTEMS HOLDINGS LLC

A manufacturer of enteral feeding products, such as feeding tubes and other products related to a

13% Senior Subordinated Note due 2015	\$	619,129	08/29/08
Preferred Unit (B)		66 uts.	08/29/08
Common Unit Class A (B)		671 uts.	08/29/08
Common Unit Class B (B)		250 uts.	08/29/08

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MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
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PRINCIPAL AMOUNT,  
SHARES, UNITS,  
OR OWNERSHIP ACQUISITI

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CORPORATE RESTRICTED SECURITIES: (A) (Continued)

PERCENTAGE  
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DATE  
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MEGTEC HOLDINGS, INC.

A supplier of industrial and environmental products and services to a broad array of industries.

12% Senior Subordinated Note due 2016	\$ 1,144,068	09/24/08
Preferred Stock (B)	56 shs.	09/24/08
Limited Partnership Interest (B)	0.74% int.	09/16/08
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	18 shs.	09/24/08

MICROGROUP, INC.

A manufacturer of precision parts and assemblies, and a value-added supplier of metal tubing and

12% Senior Subordinated Note due 2013 (D)	\$ 1,421,795	*
Common Stock (B)	238 shs.	*
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)	87 shs.	*

\* 08/12/05 and 09/11/06.

MILWAUKEE GEAR COMPANY

A manufacturer of high-precision custom gears and gear drives used by original equipment manufactu industries.

13% Senior Subordinated Note due 2014	\$ 1,246,154	07/21/08
Preferred Stock (B)	139 shs.	07/21/08
Common Stock (B)	9 shs.	07/21/08
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	6 shs.	07/21/08

MOMENTUM HOLDING CO.

A designer and supplier of upholstery fabric to commercial furniture manufacturers and architectu

Limited Partnership Interest (B)	11.24% int.	08/04/06
Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)	586 shs.	08/04/06

MONESSEN HOLDING CORPORATION

A designer and manufacturer of a broad line of gas, wood, and electric hearth products and access

14% Senior Subordinated Note due 2014 (D)	\$ 1,350,000	07/25/08
14% PIK Note due 2014 (D)	\$ 419,713	07/25/08
Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)	81 shs.	03/31/06

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2010

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SHARES, UNITS,  
OR OWNERSHIP ACQUISITI

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CORPORATE RESTRICTED SECURITIES: (A) (Continued)	PERCENTAGE	DATE
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NABCO, INC.		
A producer of explosive containment vessels in the United States.		
14% Senior Subordinated Note due 2014 (D)	\$ 330,882	02/24/06
Limited Liability Company Unit (B)	437 uts.	*
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	68 shs.	02/24/06
* 02/24/06 and 06/22/07.		

NAVIS GLOBAL		
A designer, manufacturer, seller and servicer of finishing machinery for the knit and woven segme		
10.75% Senior Secured Note due 2011 (D)	\$ 348,118	05/28/04
14% Senior Subordinated Note due 2014 (D)	\$ 764,921	05/28/04

NESCO HOLDINGS CORPORATION		
A sales and leasing company that provides equipment to the electric utility, telecommunications,		
12% Senior Secured Subordinated Note due 2015	\$ 1,125,000	08/02/07
Common Stock (B)	225,000 shs.	08/02/07
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	63,191 shs.	08/02/07

NETSHAPE TECHNOLOGIES, INC.		
A manufacturer of powder metal and metal injection molded precision components used in industrial		
12% Senior Subordinated Note due 2014	\$ 810,000	02/02/07
Limited Partnership Interest of Saw Mill PCG Partners LLC (B)	1.38% int.	02/01/07
Limited Liability Company Unit Class D of Saw Mill PCG Partners LLC (B)	8 uts.	*
Limited Liability Company Unit Class D-1 of Saw Mill PCG Partners LLC (B)	51 uts.	09/30/09
Preferred Stock Class A (B)	1 sh.	12/18/08
Preferred Stock Class A-1 (B)	4 shs.	09/30/09
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	48 shs.	02/02/07
* 12/18/08 and 09/30/09.		

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MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
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CORPORATE RESTRICTED SECURITIES: (A) (Continued)	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP	ACQUISITI DATE
	PERCENTAGE	-----

NORTHWEST MAILING SERVICES, INC.  
A producer of promotional materials for companies that use direct mail as part of their customer

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12% Senior Subordinated Note due 2016	\$ 1,207,895	07/09/09
Limited Partnership Interest (B)	1,421, uts.	07/09/09
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	1,852 shs.	07/09/09

### NYLONCRAFT, INC.

A supplier of engineered plastic components for the automotive industry.

10% Senior Secured Note due 2012	\$ 464,286	01/28/02
15% Senior Subordinated Note due 2012 (D)	\$ 285,714	01/28/02
Convertible Preferred Stock A (B)	571 shs.	01/28/02
Common Stock (B)	178,571 shs.	01/28/02
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	138,928 shs.	01/28/02

### O E C HOLDINGS CORPORATION

Headquartered in Dover Plains, New York, Oracle Elevator Company provides elevator maintenance, r

13% Senior Subordinated Note due 2017	\$ 444,445	06/04/10
Preferred Stock Series A (B)	554 shs.	06/04/10
Preferred Stock Series B (B)	311 shs.	06/04/10
Common Stock (B)	344 shs.	06/04/10

### OAKRIVER TECHNOLOGY, INC.

Designs, engineers and assembles high precision automated process equipment for the medical device  
defibrillators and stents.

10% Senior Secured Note due 2012	\$ 83,264	01/03/06
13% Senior Subordinated Note due 2013	\$ 392,709	01/03/06
Common Stock (B)	184,176 shs.	01/03/06
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	43,073 shs.	01/03/06

### OLYMPIC SALES, INC.

A boat retailer in Washington state, Oregon, California and British Columbia.

12% Senior Subordinated Note due 2010 (D)	\$ 511,000	08/07/98
12% Senior Subordinated Note due 2010 (D)	\$ 244,154	02/09/00

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
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	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
CORPORATE RESTRICTED SECURITIES:(A) (Continued)	-----	-----

### ONTARIO DRIVE & GEAR LTD.

A manufacturer of all-wheel drive, off-road amphibious vehicles and related accessories.

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Limited Liability Company Unit (B)	1,942 uts.	01/17/06
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	328 shs.	01/17/06

P A S HOLDCO LLC

An independent provider of maintenance, repair and overhaul services to the aerospace gas turbine		
14% Senior Subordinated Note due 2014	\$ 1,242,817	07/03/06
Preferred Unit (B)	202 uts.	07/03/06
Preferred Unit (B)	36 uts.	07/03/06
Common Unit Class I (B)	78 uts.	07/03/06
Common Unit Class L (B)	17 uts.	07/03/06

P I I HOLDING CORPORATION

A manufacturer of plastic film and bags for the general industrial, medical, and food industries.		
12% Senior Subordinated Note due 2013	\$ 1,215,000	03/31/06
Preferred Stock (B)	19 shs.	03/31/06
Common Stock (B)	12 shs.	03/31/06
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	7 shs.	03/31/06

PACIFIC CONSOLIDATED HOLDINGS LLC

A manufacturer of rugged, mobile liquid and gaseous oxygen and nitrogen generating systems used in and medical sectors.		
14% Senior Subordinated Note due 2012	\$ 715,460	04/27/07
Limited Liability Company Unit (B)	928,962 uts.	04/27/07

PARADIGM PACKAGING, INC.

A manufacturer of plastic bottles and closures for the nutritional, pharmaceutical, personal care		
12% Senior Subordinated Note due 2011	\$ 1,125,000	12/19/00
Membership Interests of MM/Lincap PPI Investments, Inc., LLC (B)	1.28% int.	12/21/00

PEARLMAN ENTERPRISES, INC.

A developer and distributor of tools, equipment and supplies to the natural and engineered stone		
Preferred Stock Series A (B)	1,236 shs.	05/22/09
Preferred Stock Series B (B)	7,059 shs.	05/22/09
Common Stock (B)	21,462 shs.	05/22/09

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MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
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PRINCIPAL AMOUNT,  
SHARES, UNITS,

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CORPORATE RESTRICTED SECURITIES: (A) (Continued)	OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
	-----	-----
<b>POSTLE ALUMINUM COMPANY LLC</b>		
A manufacturer and distributor of aluminum extruded products.		
15% Senior Subordinated Note due 2013	\$ 810,000	06/03/10
3% Senior Subordinated PIK Note due 2014 (D)	\$ 1,163,700	10/02/06
Limited Liability Company Unit Class A (B)	733 uts.	10/02/06
Limited Liability Company Unit (B)	76 uts.	05/22/09
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	4,550 shs.	10/02/06
<b>POWER SERVICES HOLDING COMPANY</b>		
A provider of industrial motor repair services, predictive and preventative maintenance, and performing the petrochemical, mining, power generation, metals, and paper industries.		
12% Senior Subordinated Note due 2016	\$ 1,255,814	02/11/08
Limited Partnership Interest (B)	12.55% int.	02/11/08
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	700 shs.	02/11/08
<b>PRECISION WIRE HOLDING COMPANY</b>		
A manufacturer of specialty medical wires that are used in non-elective minimally invasive surgical		
14.25% Senior Subordinated Note due 2016	\$ 1,362,978	11/12/09
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	109 shs.	11/12/09
<b>QUALIS AUTOMOTIVE LLC</b>		
A distributor of aftermarket automotive brake and chassis products.		
13% Senior Subordinated Note due 2013	\$ 922,612	05/28/04
Common Stock (B)	187,500 shs.	05/28/04
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	199,969 shs.	05/28/04
<b>R A J MANUFACTURING HOLDINGS LLC</b>		
A designer and manufacturer of women's swimwear sold under a variety of licensed brand names.		
14.5% Senior Subordinated Note due 2014	\$ 1,288,627	12/15/06
Limited Liability Company Unit (B)	1,497 uts.	12/15/06
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	2 shs.	12/15/06

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
June 30, 2010  
(Unaudited)

PRINCIPAL AMOUNT,  
SHARES, UNITS,



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CORPORATE RESTRICTED SECURITIES: (A) (Continued)	OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
	-----	-----
R E I DELAWARE HOLDING, INC.		
An engineer and manufacturer of highly complex, close tolerance components, assemblies, tooling and primarily for aerospace, medical and defense/radar markets.		
12% Senior Subordinated Note due 2016	\$ 1,350,000	01/18/08
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	3 shs.	01/18/08
ROYAL BATHS MANUFACTURING COMPANY		
A manufacturer and distributor of acrylic and cultured marble bathroom products.		
12.5% Senior Subordinated Note due 2011	\$ 562,500	11/14/03
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	74 shs.	11/14/03
SAFETY SPEED CUT MANUFACTURING COMPANY, INC.		
A manufacturer of vertical panel saws and routers for the woodworking industry.		
Class B Common Stock (B)	846 shs.	06/02/99
SAVAGE SPORTS HOLDING, INC.		
A manufacturer of sporting firearms.		
12% Senior Subordinated Note due 2012	\$ 814,655	09/10/04
Preferred Stock Series A (B)	35,038 shs.	05/28/10
Common Stock (B)	324 shs.	*
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	71 shs.	09/10/04
* 09/10/04 and 10/05/07.		
SENCORE HOLDING COMPANY		
A designer, manufacturer, and marketer of decoders, receivers and modulators sold to broadcasters operators for encoding/decoding analog and digital transmission video signals.		
12.5% Senior Subordinated Note due 2014	\$ 934,615	01/15/09
Common Stock (B)	69 shs.	01/15/09
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	149 shs.	01/15/09

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MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
June 30, 2010  
(Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
	-----	-----
SMART SOURCE HOLDINGS LLC		

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A short-term computer rental company.  
 12% Senior Subordinated Note due 2015 \$ 1,176,924 \*  
 Limited Liability Company Unit (B) 328 uts. \*  
 Warrant, exercisable until 2015, to purchase  
 common stock at \$.01 per share (B) 83 shs. \*

\* 08/31/07 and 03/06/08.

SPARTAN FOODS HOLDING COMPANY  
 A manufacturer of branded pizza crusts and pancakes.  
 12.25% Senior Subordinated Note due 2017 \$ 1,012,500 12/15/09  
 Warrant, exercisable until 2018, to purchase  
 common stock at \$.01 per share (B) 136 shs. 12/15/09

SPECIALTY COMMODITIES, INC.  
 A distributor of specialty food ingredients.  
 13.25% Senior Subordinated Note due 2016 \$ 1,216,509 10/23/08  
 Common Stock (B) 15,882 shs. 10/23/08  
 Warrant, exercisable until 2018, to purchase  
 common stock at \$.01 per share (B) 5,852 shs. 10/23/08

STANTON CARPET HOLDING CO.  
 A designer and marketer of high and mid-priced decorative carpets and rugs.  
 12.13% Senior Subordinated Note due 2014 \$ 1,185,366 08/01/06  
 Common Stock (B) 165 shs. 08/01/06  
 Warrant, exercisable until 2014, to purchase  
 common stock at \$.02 per share (B) 55 shs. 08/01/06

SUNDANCE INVESTCO LLC  
 A provider of post-production services to producers of movies and television shows.  
 Limited Liability Company Unit Class A (B) 3,405 shs. 03/31/10

SYNTERACT HOLDINGS CORPORATION  
 A provider of outsourced clinical trial management services to pharmaceutical and biotechnology c  
 14.5% Senior Subordinated Note due 2016 \$ 1,376,910 09/02/08  
 Redeemable Preferred Stock Series A (B) 678 shs. 09/02/08  
 Warrant, exercisable until 2018, to purchase  
 common stock at \$.01 per share (B) 6,778 shs. 09/02/08

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 CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
 June 30, 2010  
 (Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
	-----	-----

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T H I ACQUISITION, INC.

A machine servicing company providing value-added steel services to long steel products.

12% Senior Subordinated Note due 2016	\$ 1,350,000	01/14/08
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	5 shs.	01/14/08

TELECORPS HOLDINGS, INC.

A provider of equipment and services to producers of television shows and motion pictures.

12.75% Senior Subordinated Note due 2016	\$ 1,681,677	*
Common Stock (B)	143 shs.	09/02/09
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	4,187 shs.	*

\* 05/20/09 and 09/02/09.

TERRA RENEWAL LLC

A provider of wastewater residual management and required environmental reporting, permitting, nu record keeping to companies involved in poultry and food processing.

12% Senior Subordinated Note due 2014	\$ 664,062	*
6.79% Term Note due 2012 (C)	\$ 780,658	*
8.75% Term Note due 2012 (C)	\$ 826	*
Limited Partnership Interest of Saw Mill Capital Fund V, LLC (B)	2.27% int.	**
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	41 shs.	04/28/06

\* 04/28/06 and 09/13/06. \*\* 03/01/05 and 10/10/08.

TORRENT GROUP HOLDINGS, INC.

A contractor specializing in the sales and installation of engineered drywells for the retention and nuisance water flow.

14.5% Senior Subordinated Note due 2013 (D)	\$ 1,185,366	10/26/07
Series A Preferred Stock (B)	219 shs.	10/26/07

TOTAL E & S, INC.

A manufacturer of a wide variety of equipment used in the oil and gas industry.

10.5% Senior Secured Term Note due 2013	\$ 486,487	03/02/07
13% Senior Subordinated Note due 2014 (D)	\$ 341,971	03/02/07

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MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2010

(Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
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TRANSPAC HOLDING COMPANY

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A designer, importer, and wholesaler of home decor and seasonal gift products.

14% Senior Subordinated Note due 2015 (D)	\$	938,651	10/31/07
Common Stock (B)		110 shs.	10/31/07
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)		50 shs.	10/31/07

### TRANSTAR HOLDING COMPANY

A distributor of aftermarket automotive transmission parts.

12% Senior Subordinated Note due 2014	\$	918,000	08/31/05
Common Stock (B)		571 shs.	*
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)		46 shs.	08/31/05

\* 08/31/05 and 04/30/07.

### TRANZONIC COMPANIES (THE)

A producer of commercial and industrial supplies, such as safety products, janitorial supplies, w  
supplies and sanitary care products.

13% Senior Subordinated Note due 2010	\$	1,356,000	02/05/98
Common Stock (B)		315 shs.	02/04/98
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)		222 shs.	02/05/98

### TRUCK BODIES & EQUIPMENT INTERNATIONAL

A designer and manufacturer of accessories for heavy and medium duty trucks, primarily dump bodie  
flat-bed bodies, landscape bodies and other accessories.

8% Senior Subordinated Note due 2011 (D)	\$	1,222,698	*
Preferred Stock Series B (B)		128 shs.	10/20/08
Common Stock (B)		393 shs.	*
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)		81 shs.	*
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)		558 shs.	10/20/08

\* 07/19/05 and 12/22/05.

### TRUSTILE DOORS, INC.

A manufacturer and distributor of interior doors.

Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)		3,060 shs.	04/11/03
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### CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2010

(Unaudited)

#### CORPORATE RESTRICTED SECURITIES: (A) (Continued)

PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITI DATE
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### U M A ENTERPRISES, INC.

An importer and wholesaler of home decor products.

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15% Senior Subordinated Note due 2015	\$	945,838	02/08/08
Convertible Preferred Stock (B)		470 shs.	02/08/08

U-LINE CORPORATION

A manufacturer of high-end, built-in, undercounter ice making, wine storage and refrigeration app

14.5% Senior Subordinated Note due 2012	\$	996,500	04/30/04
14.5% PIK Note due 2012	\$	144,168	10/06/09
Common Stock (B)		96 shs.	04/30/04
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)		122 shs.	04/30/04

VISIONEERING, INC.

A designer and manufacturer of tooling and fixtures for the aerospace industry.

10.5% Senior Secured Term Loan due 2013	\$	458,824	05/17/07
13% Senior Subordinated Note due 2014	\$	370,588	05/17/07
18% PIK Convertible Preferred Stock (B)		21,361 shs.	03/13/09
Common Stock (B)		70,588 shs.	05/17/07
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)		20,003 shs.	05/17/07

VITEX PACKAGING GROUP, INC.

A manufacturer of specialty packaging, primarily envelopes and tags used on tea bags.

10% Senior Subordinated PIK Note due 2011	\$	87,440	10/29/09
5% Senior Subordinated PIK Note due 2011 (D)	\$	450,000	06/30/07
Class B Unit (B)		406,525 uts.	10/29/09
Class C Unit (B)		450,000 uts.	10/29/09
Limited Liability Company Unit Class A (B)		383,011 uts.	*
Limited Liability Company Unit Class B (B)		96,848 uts.	07/19/04

\* 07/19/04 and 10/29/09.

WAGGIN' TRAIN HOLDINGS LLC

A producer of premium quality meat dog treats.

14% Senior Subordinated Note due 2014	\$	1,186,865	11/15/07
Limited Liability Company Unit Class B (B)		224 uts.	11/15/07
Limited Liability Company Unit Class C (B)		224 uts.	11/15/07

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MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2010

(Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)

PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
-----	-----

WALLS INDUSTRIES, INC.

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A provider of branded workwear and sporting goods apparel.

Limited Partnership Interest (B)	0.20% int.	07/12/04
Common Stock (B)	2,133 shs.	12/21/07

WELLBORN FOREST HOLDING CO.

A manufacturer of semi-custom kitchen and bath cabinetry.

14.13% Senior Subordinated Note due 2014	\$ 911,250	11/30/06
Common Stock (B)	101 shs.	11/30/06
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	51 shs.	11/30/06

WHEATON HOLDING CORPORATION

A distributor and manufacturer of laboratory supply products and packaging.

13% Senior Subordinated Note due 2017	\$ 1,000,000	06/08/10
Preferred Stock Series B (B)	703 shs.	06/08/10
Common Stock (B)	353 shs.	06/08/10

WORKPLACE MEDIA HOLDING CO.

A direct marketer specializing in providing advertisers with access to consumers in the workplace

13% Senior Subordinated Note due 2015	\$ 613,692	05/14/07
Limited Partnership Interest (B)	12.26% int.	05/14/07
Warrant, exercisable until 2015, to purchase common stock at \$.02 per share (B)	47 shs.	05/14/07

XALOY SUPERIOR HOLDINGS, INC.

A provider of melt processing components and ancillary equipment for both plastic injection molding

15.5% Senior Subordinated Note due 2015 (D)	\$ 1,229,741	09/08/08
Common Stock (B)	150 shs.	09/08/08

Total Private Placement Investments (E)

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### CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2010

(Unaudited)

	INTEREST RATE	DUE DATE	SHARES OR PRINCIPAL AMOUNT
CORPORATE RESTRICTED SECURITIES:(A) (Continued)			
RULE 144A SECURITIES - 3.16%:			
BONDS - 3.61%			
Advanced Micro Devices, Inc.	8.125%	12/15/17	\$ 190,000
Appleton Papers, Inc.	11.250	12/15/15	252,000
ArcelorMittal	6.125	06/01/18	500,000
Avis Budget Car Rental LLC	9.625	03/15/18	40,000
Cenveo Corporation	10.500	08/15/16	45,000

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Coffeyville Resources LLC	9.000	04/01/15	70,000
Compucom Systems, Inc.	12.500	10/01/15	670,000
Eastman Kodak Co.	9.750	03/01/18	375,000
G F S I, Inc. (C)	10.500	06/01/11	358,000
Gannett Company, Inc.	9.375	11/15/17	60,000
International Lease Finance Corporation	8.625	09/15/15	75,000
JohnsonDiversey, Inc.	8.250	11/15/19	45,000
L B I Escrow Corporation	8.000	11/01/17	100,000
Magnachip Semiconductor	10.500	04/15/18	95,000
NBC Universal	5.150	04/30/20	500,000
Sealed Air Corporation	7.875	06/15/17	500,000
Sinclair Television Group, Inc.	9.250	11/01/17	200,000
ViaSystems, Inc.	12.000	01/15/15	100,000

TOTAL BONDS

CONVERTIBLE PREFERRED STOCK - 0.00%			
ETEX Corporation (B)			194

TOTAL CONVERTIBLE PREFERRED STOCK

PREFERRED STOCK - 0.00%			
TherOX, Inc. (B)			26

TOTAL PREFERRED STOCK

COMMON STOCK - 0.00%			
Touchstone Health Partnership (B)			292

TOTAL COMMON STOCK

TOTAL RULE 144A SECURITIES

TOTAL CORPORATE RESTRICTED SECURITIES

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MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
June 30, 2010  
(Unaudited)

CORPORATE PUBLIC SECURITIES - 15.62%: (A)	INTEREST RATE	DUE DATE	PRINCIPAL AMOUNT
	-----	-----	-----
BONDS - 15.17%			
ACCO Brands Corporation	10.625%	03/15/15	\$ 45,000
Affinia Group, Inc.	9.000	11/30/14	25,000
Allegheny Technologies, Inc.	9.375	06/12/19	500,000
Allied Waste NA	7.125	05/15/16	500,000
American General Finance Corporation	6.500	09/15/17	250,000
C R H America, Inc.	5.300	10/15/13	500,000
Centurytel, Inc.	5.000	02/15/15	500,000
Citigroup, Inc.	5.500	04/11/13	500,000
Cytec Industries, Inc.	8.950	07/01/17	600,000
Equifax, Inc.	4.450	12/01/14	500,000
Exide Corporation	10.500	03/15/13	250,000

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GATX Corporation	4.750	05/15/15	500,000
Gencorp, Inc.	9.500	08/15/13	130,000
General Electric Capital Corporation	5.500	01/08/20	500,000
Goldman Sachs Group, Inc.	4.750	07/15/13	500,000
Goodyear Tire & Rubber Co.	10.500	05/15/16	50,000
Headwaters, Inc.	11.375	11/01/14	45,000
Intelsat Bermuda Ltd.	9.250	06/15/16	690,000
International Game Technology	7.500	06/15/19	500,000
International Lease Finance Corporation	5.875	05/01/13	500,000
Iron Mountain, Inc.	8.750	07/15/18	500,000
Johnson Controls, Inc.	5.500	01/15/16	500,000
Kraft Foods, Inc.	5.375	02/10/20	500,000
Manitowoc Company, Inc.	7.125	11/01/13	100,000
Markwest Energy Operating Co.	6.875	11/01/14	35,000
Masco Corporation	7.125	03/15/20	350,000
Morgan Stanley	5.500	01/26/20	500,000
Nortek, Inc.	11.000	12/01/13	100,444
Owens Corning, Inc.	9.000	06/15/19	30,000
Qwest Diagnostic, Inc.	4.750	01/30/20	500,000
Rental Service Corporation	9.500	12/01/14	175,000
Sheridan Acquisition Corporation	10.250	08/15/11	225,000
Sprint Capital Corporation	6.900	05/01/19	440,000
Stewart & Stevenson LLC	10.000	07/15/14	735,000
Teck Resources Ltd.	10.750	05/15/19	30,000
Texas Industries, Inc.	7.250	07/15/13	35,000
The Valspar Corporation	7.250	06/15/19	500,000
Ticketmaster Entertainment, Inc.	10.750	07/28/16	250,000

### CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2010

(Unaudited)

CORPORATE PUBLIC SECURITIES (A) (Continued)	INTEREST RATE	DUE DATE	PRINCIPAL AMOUNT
	-----	-----	-----
Time Warner Cable, Inc.	5.000%	02/01/20	\$ 500,000
Titan International, Inc.	8.000	01/15/12	70,000
Tube City IMS Corporation	9.750	02/01/15	1,000,000
Tyco International Group SA	8.500	01/15/19	500,000
Tyco International Group SA	6.550	10/01/17	125,000
United Components, Inc.	9.375	06/15/13	535,000
Verso Paper Holdings LLC	9.125	08/01/14	500,000
W P P Finance Corporation	5.875	06/15/14	500,000
TOTAL BONDS			
COMMON STOCK - 0.45%			
CKX, Inc. (B)			52,500
Directed Electronics, Inc. (B)			195,118
Intrepid Potash, Inc. (B)			185
ITC^DeltaCom, Inc. (B)			94,588
Nortek, Inc. (B)			100
Rue21, Inc. (B)			350
TOTAL COMMON STOCK			
TOTAL CORPORATE PUBLIC SECURITIES			



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SHORT-TERM SECURITIES:	INTEREST RATE/YIELD^	DUE DATE	PRINCIPAL AMOUNT
COMMERCIAL PAPER - 1.09%			
Pacific Gas & Electric	0.380%	07/09/10	\$ 1,250,000
TOTAL SHORT-TERM SECURITIES			
TOTAL INVESTMENTS	107.02%		
Other Assets	3.93		
Liabilities	(10.95)		
TOTAL NET ASSETS	100.00%		

- (A) In each of the convertible note, warrant, and common stock investments, the issuer has agreed rights.
- (B) Non-income producing security.
- (C) Variable rate security; rate indicated is as of 06/30/10.
- (D) Defaulted security; interest not accrued.
- (E) Illiquid security. As of June 30, 2010, the values of these securities amounted to \$99,640,01
- ^ Effective yield at purchase
- PIK - Payment-in-kind

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MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS  
June 30, 2010  
(Unaudited)

Industry Classification	Fair Value/ Market Value	Industry Classification
AEROSPACE - 4.18%		BUILDINGS & REAL ESTATE - 1
A E Company, Inc.	\$ 1,810,391	K W P I Holdings Corporation
Gencorp, Inc.	131,463	Masco Corporation
P A S Holdco LLC	2,013,868	Owens Corning, Inc.
Visioneering, Inc.	851,127	Texas Industries, Inc.
	-----	TruStile Doors, Inc.
	4,806,849	
	-----	
AUTOMOBILE - 4.98%		CHEMICAL, PLASTICS & RUBBER
Exide Corporation	252,500	Capital Specialty Plastics,
Goodyear Tire & Rubber Co.	54,375	
Jason, Inc.	25,509	CONSUMER PRODUCTS - 9.93%
Johnson Controls, Inc.	554,205	Aero Holdings, Inc.
Nyloncraft, Inc.	583,929	Bravo Sports Holding Corpor
Ontario Drive & Gear Ltd.	322,586	Custom Engineered Wheels, I
Qualis Automotive LLC	1,528,008	Eastman Kodak Co.
Titan International, Inc.	72,800	G F S I, Inc.
Transtar Holding Company	1,793,978	Johnson Diversey, Inc.
United Components, Inc.	537,675	K N B Holdings Corporation
	-----	Manhattan Beachwear Holding
	5,725,565	Momentum Holding Co.
	-----	

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BEVERAGE, DRUG & FOOD - 6.97%		
Eatem Holding Company	1,004,851	R A J Manufacturing Holding
Golden County Foods Holding, Inc.	1,209,243	Royal Baths Manufacturing C
Hospitality Mints Holding Company	1,099,476	The Tranzonic Companies
Kraft Foods, Inc.	533,918	Walls Industries, Inc.
L H D Europe Holding, Inc.	12,825	
Spartan Foods Holding Company	1,027,227	
Specialty Commodities, Inc.	1,437,526	CONTAINERS, PACKAGING & GLA
Waggin' Train Holdings LLC	1,688,692	Flutes, Inc.
	-----	Maverick Acquisition Compan
	8,013,758	P I I Holding Corporation
	-----	Paradigm Packaging, Inc.
BROADCASTING & ENTERTAINMENT - 2.15%		Sealed Air Corporation
CKX, Inc.	261,975	Vitex Packaging Group, Inc.
NBC Universal	521,249	
Sinclair Television Group, Inc.	202,000	
Time Warner Cable, Inc.	511,321	
WPP Finance Corporation	542,493	DISTRIBUTION - 1.87%
Workplace Media Holding Co.	429,584	Duncan Systems, Inc.
	-----	F C X Holdings Corporation
	2,468,622	
	-----	

CONSOLIDATED SCHEDULE OF INVESTMENTS  
June 30, 2010  
(Unaudited)

Industry Classification	Fair Value/ Market Value	Industry Classification
-----		
DIVERSIFIED/CONGLOMERATE, MANUFACTURING - 7.98%		ELECTRONICS - 0.49%
A H C Holdings Company, Inc.	\$ 1,519,917	Connecticut Electric, Inc.
Arrow Tru-Line Holdings, Inc.	853,187	Directed Electronics, Inc.
C D N T, Inc.	786,047	
Headwaters, Inc.	45,450	
K P I Holdings, Inc.	947,934	
MEGTEC Holdings, Inc.	1,086,865	FINANCIAL SERVICES - 2.97%
Milwaukee Gear Company	1,121,539	American General Finance Co
Nortek, Inc.	108,913	Citigroup, Inc.
O E C Holdings Corporation	499,073	GATX Corporation
Postle Aluminum Company LLC	847,953	General Electric Capital Co
Truck Bodies & Equipment International	733,619	Goldman Sachs Group, Inc.
Xaloy Superior Holdings, Inc.	614,870	Highgate Capital LLC
	-----	International Lease Finance
	9,165,367	L B I Escrow Corporation
	-----	Morgan Stanley
DIVERSIFIED/CONGLOMERATE, SERVICE - 13.89%		
A S C Group, Inc.	1,371,824	
A W X Holdings Corporation	765,737	HEALTHCARE, EDUCATION & CHI
ACCO Brands Corporation	48,825	American Hospice Management
Advanced Technologies Holdings	1,391,371	F H S Holdings LLC
Affinia Group, Inc.	25,125	Qwest Diagnostic, Inc.
Apex Analytix Holding Corporation	1,303,260	Synteract Holdings Corporat
C R H America, Inc.	537,491	Touchstone Health Partnersh
Clough, Harbour and Associates	1,474,576	Wheaton Holdings Corporatio
Crane Rental Corporation	1,246,131	
Diversco, Inc./DHI Holdings, Inc.	1,485,329	

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Dwyer Group, Inc.	820,480	
Equifax, Inc.	522,084	
Insurance Claims Management, Inc.	152,028	HOME & OFFICE FURNISHINGS,
Iron Mountain, Inc.	516,250	DURABLE CONSUMER PRODUCTS -
Mail Communications Group, Inc.	717,035	Connor Sport Court Internat
Nesco Holdings Corporation	1,466,974	H M Holding Company
Northwest Mailing Services, Inc.	1,379,151	Home Decor Holding Company
Pearlman Enterprises, Inc.	--	Justrite Manufacturing Acqui
Tyco International Group	735,246	K H O F Holdings, Inc.
	-----	Monessen Holding Corporatio
	15,958,917	Stanton Carpet Holding Co.
	-----	Transpac Holdings Company
		U M A Enterprises, Inc.
		U-Line Corporation
		Wellborn Forest Holding Co.

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MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS  
June 30, 2010  
(Unaudited)

Industry Classification	Fair Value/ Market Value	Industry Classification
-----		-----
LEISURE, AMUSEMENT & ENTERTAINMENT - 2.06%		NATURAL RESOURCES - 2.25%
International Game Technology	\$ 580,606	Appleton Papers, Inc.
Savage Sports Holding, Inc.	1,522,214	ArcelorMittal
Ticketmaster Entertainment, Inc.	269,375	Cytec Corporation
	-----	Cytec Industries, Inc.
	2,372,195	Intrepid Potash, Inc.
	-----	The Valspar Corporation
MACHINERY - 9.13%		Verso Paper Holdings LLC
A S A P Industries LLC	634,728	
Davis-Standard LLC	1,243,048	
E S P Holdco, Inc.	1,231,578	
K-Tek Holdings Corporation	1,616,961	OIL & GAS - 1.80%
M V I Holding, Inc.	622,315	Coffeyville Resources LLC
Manitowoc Company, Inc.	96,500	International Offshore Serv
Navis Global	330,712	Total E & S, Inc.
NetShape Technologies, Inc.	645,578	
Pacific Consolidated Holdings LLC	654,991	
Power Services Holding Company	1,237,951	
R E I Delaware Holding, Inc.	1,350,787	PHARMACEUTICALS - 1.26%
Safety Speed Cut Manufacturing Company, Inc.	156,850	CorePharma LLC
Stewart & Stevenson LLC	668,850	
	-----	PUBLISHING/PRINTING - 0.25%
	10,490,849	Gannett Company, Inc.
	-----	Sheridan Acquisition Corpor
MEDICAL DEVICES/BIOTECH - 4.08%		
Coeur, Inc.	708,257	
E X C Acquisition Corporation	32,339	
ETEX Corporation	--	RETAIL STORES - 0.26%
MedSystems Holdings LLC	725,082	Olympic Sales, Inc.
MicroGroup, Inc.	1,208,526	Rental Service Corporation

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OakRiver Technology, Inc.	638,581	Rue21, Inc.
Precision Wire Holding Company	1,378,738	
TherOX, Inc.	--	
	-----	
	4,691,523	TECHNOLOGY - 2.85%
	-----	Advanced Micro Devices, Inc.
MINING, STEEL, IRON		Compucom Systems, Inc.
& NON-PRECIOUS METALS - 2.33%		Magnachip Semiconductor
Allegheny Technology, Inc.	590,387	Sencore Holding Company
T H I Acquisition, Inc.	1,080,000	Smart Source Holdings LLC
Teck Resources, Ltd.	36,759	ViaSystems, Inc.
Tube City IMS Corporation	967,500	
	-----	
	2,674,646	
	-----	

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CONSOLIDATED SCHEDULE OF INVESTMENTS  
June 30, 2010  
(Unaudited)

Industry Classification	Fair Value/ Market Value
-----	-----
TELECOMMUNICATIONS - 3.47%	
All Current Holding Company	\$ 667,866
Centurytel, Inc.	502,117
Intelsat Bermuda Ltd.	684,825
ITC^DeltaCom, Inc.	137,153
Sprint Capital Corporation	398,200
Sundance Investco LLC	--
Telecorps Holdings, Inc.	1,597,593
	-----
	3,987,754
	-----
TRANSPORTATION - 0.18%	
Avis Budget Car Rental LLC	40,100
NABCO, Inc.	165,441
	-----
	205,541
	-----
UTILITIES - 1.12%	
Markwest Energy Operating Co.	33,600
Pacific Gas & Electric	1,249,894
	-----
	1,283,494
	-----
WASTE MANAGEMENT/POLLUTION - 1.56%	
Allied Waste NA	536,250
Terra Renewal LLC	1,256,474
Torrent Group Holdings, Inc.	--
	-----
	1,792,724
	-----
Total Investments - 107.02%	\$122,991,975
	=====

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See Notes to Consolidated Financial Statements

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MassMutual Participation Investors

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

### 1. HISTORY

MassMutual Participation Investors (the "Trust") was organized as a Massachusetts business trust under the laws of the Commonwealth of Massachusetts pursuant to a Declaration of Trust dated April 7, 1988. The Trust is a diversified closed-end management investment company. Babson Capital Management LLC ("Babson Capital"), a wholly-owned indirect subsidiary of Massachusetts Mutual Life Insurance Company ("MassMutual"), acts as its investment adviser. The Trust's investment objective is to maximize total return by providing a high level of current income, the potential for growth of income, and capital appreciation. The Trust's principal investments are privately placed, below-investment grade, long-term debt obligations purchased directly from their issuers, which tend to be smaller companies. At least half of these investments normally include equity features such as common stock, warrants, conversion rights, or other equity features that provide the Trust with the opportunity to realize capital gains. The Trust will also invest in publicly traded debt securities (including high yield securities), again with an emphasis on those with equity features, and in convertible preferred stocks and, subject to certain limitations, readily marketable equity securities. Below-investment grade or high yield securities have predominantly speculative characteristics with respect to the capacity of the issuer to pay interest and repay capital. In addition, the Trust may temporarily invest in high quality, readily marketable securities.

On January 27, 1998, the Board of Trustees authorized the formation of a wholly-owned subsidiary of the Trust ("MMPI Subsidiary Trust") for the purpose of holding certain investments. The results of the MMPI Subsidiary Trust are consolidated in the accompanying financial statements. Footnote 2.D below discusses the Federal tax consequences of the MMPI Subsidiary Trust.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed consistently by the Trust in the preparation of its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America.

#### A. VALUATION OF INVESTMENTS:

Valuation of a security in the Trust's portfolio is made on the basis of the market price whenever market quotations are readily available and all securities of the same class held by the Trust can be readily sold in such market.

Nearly all securities which are acquired by the Trust directly from the issuers and shares into which such securities may be converted or which may be purchased on the exercise of warrants attached to such securities will be subject to legal or contractual delays in, or restrictions on, resale and will therefore be "restricted securities." Generally speaking, as contrasted with open-market sales of unrestricted securities, which may be effected immediately if the market is adequate, restricted securities can be sold only in a public offering for which a registration statement

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is in effect under the Securities Act of 1933, as amended (the "1933 Act") or pursuant to a transaction that is exempt from registration under the 1933 Act.

The value of restricted securities, and of any other assets for which there are no reliable market quotations, is the fair value as determined in good faith by the Trust's Board of Trustees (the "Trustees"). Each restricted security is valued by the Trustees at the time of its acquisition and at least quarterly thereafter. The Trustees have established guidelines to aid in the valuation of each security. Generally, restricted securities are initially valued at cost or less at the time of acquisition by the Trust. Values greater or less than cost are used thereafter for restricted securities in appropriate circumstances. Among the factors ordinarily considered are the existence of restrictions upon the sale of a security held by the Trust; an estimate of the existence and the extent of a market for the security; the extent of any discount at which the security was acquired; the estimated period of time during which the security will not be freely marketable; the estimated expenses of registering or otherwise qualifying the security for public sale; estimated underwriting commissions if underwriting would be required to effect a sale; in the case of a convertible security, whether or not it would trade on the basis of its stock equivalent; in the case of a debt obligation which would trade independently of any equity equivalent, the current yields on comparable securities; the estimated amount of the floating supply of such securities available for purchase; the proportion of the issue held by the Trust; changes in the financial condition and prospects of the issuer; the existence of merger proposals or tender offers affecting the issuer; and any other factors affecting fair value, all in accordance with the Investment Company Act of 1940, as amended (the "1940 Act"). In making valuations, opinions of counsel may be relied upon as to whether or not securities are restricted securities and as to the legal requirements for public sale.

When market quotations are readily available for unrestricted securities of an issuer, restricted securities of the same class are generally valued at a discount from the market price of such unrestricted securities. The Trustees, however, consider all factors in fixing any discount, including the filing of a registration statement for such securities under the 1933 Act and any other developments which are likely to increase the probability that the securities may be publicly sold by the Trust without restriction.

The Trustees meet at least once each quarter to approve the value of the Trust's portfolio securities as of the close of business on the last business day of the preceding quarter. This valuation requires the approval of a majority of the Trustees of the Trust, including a majority of the Trustees who are not interested persons of the Trust or of Babson Capital. In making valuations,

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)

the Trustees will consider reports by Babson Capital analyzing each portfolio security in accordance with the relevant factors referred to above. Babson Capital has agreed to provide such reports to the Trust at least quarterly.

The consolidated financial statements include private placement restricted securities valued at \$99,640,015 (86.70% of net assets) as of June 30, 2010 whose values have been estimated by the Trustees in the absence of

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readily ascertainable market values. Due to the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

The values for Rule 144A restricted securities and corporate public securities are stated at the last reported sales price or at prices based upon quotations obtained from brokers and dealers as of June 30, 2010, subject to discount where appropriate, and are approved by the Trustees.

Short-term securities with more than sixty days to maturity are valued at fair value and short-term securities having a maturity of sixty days or less are valued at amortized cost, which approximates market value.

In accordance with the authoritative guidance on fair value measurements and disclosures under accounting principles generally accepted in the United States of America ("U.S. GAAP"), the Trust discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

- Level 1: quoted prices in active markets for identical securities
- Level 2: other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3: significant unobservable inputs (including the Trust's own assumptions in determining the fair value of investments)

The inputs and methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Trust's net assets as of June 30, 2010:

ASSETS:	TOTAL	LEVEL 1	LEVEL 2
-----			
Restricted Securities			
Bonds	\$ 87,929,664	\$ --	\$ 4,150,991
Common Stock	7,736,501	--	--
Preferred Stock	4,447,172	--	--
Partnerships and LLCs	3,647,669	--	--
Public Securities			
Bonds	17,430,095	--	17,430,095
Common Stock	520,980	516,780	4,200
Preferred Stock	--	--	--
Short-term Securities	1,249,894	--	1,249,894
-----			
TOTAL	\$122,991,975	\$516,780	\$22,835,180

Following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value:

TOTAL GAINS                      PURCHASES,

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ASSETS:	BEGINNING BALANCE AT 12/31/2009	OR LOSSES (REALIZED/ UNREALIZED)	SALES, ISSUANCES & SETTLEMENTS (NET)	TRANSFERS IN AND/OR OUT OF LEVEL
-----				
Restricted Securities				
Bonds	\$81,465,949	\$ 977,224	\$1,335,500	\$ --
Common Stock	7,767,378	503,842	(534,719)	--
Preferred Stock	3,468,130	1,034,542	(25,500)	--
Partnerships and LLCs	3,536,247	89,775	21,647	--
-----				
	\$96,237,704	\$2,605,383	\$ 796,928	\$ --
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MassMutual Participation Investors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
(UNAUDITED)

B. ACCOUNTING FOR INVESTMENTS:

Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis, including the amortization of premiums and accretion of discounts on bonds held using the yield-to-maturity method. The Trust does not accrue income when payment is delinquent and when management believes payment is questionable. Realized gains and losses on investment transactions and unrealized appreciation and depreciation of investments are reported for financial statement and Federal income tax purposes on the identified cost method.

C. USE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. FEDERAL INCOME TAXES:

The Trust has elected to be taxed as a "regulated investment company" under the Internal Revenue Code, and intends to maintain this qualification and to distribute substantially all of its net taxable income to its shareholders. In any year when net long-term capital gains are realized by the Trust, management, after evaluating the prevailing economic conditions, will recommend that Trustees either designate the net realized long-term gains as undistributed and pay the Federal capital gains taxes thereon, or distribute all or a portion of such net gains.

The Trust is taxed as a regulated investment company and is therefore limited as to the amount of non-qualified income that it may receive as the result of operating a trade or business, e.g. the Trust's pro rata share of income allocable to the Trust by a partnership operating company. The Trust's violation of this limitation could result in the loss of its status as a regulated investment company, thereby subjecting all of its net income and capital gains to corporate taxes prior to distribution to its shareholders. The Trust, from time-to-time, identifies investment opportunities in the securities of entities that could cause such trade or business income to be allocable to the Trust. The MMPI Subsidiary Trust (described in Footnote 1 above) was formed in order to allow investment in



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such securities without adversely affecting the Trust's status as a regulated investment company.

The MMPI Subsidiary Trust is not taxed as a regulated investment company. Accordingly, prior to the Trust receiving any distributions from the MMPI Subsidiary Trust, all of the MMPI Subsidiary Trust's taxable income and realized gains, including non-qualified income and realized gains, is subject to taxation at prevailing corporate tax rates. As of June 30, 2010, the MMPI Subsidiary Trust has a deferred tax liability of \$504.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of the existing assets and liabilities and their respective tax basis. As of June 30, 2010, the MMPI Subsidiary Trust has a deferred tax liability of \$76,208.

Beginning with the 2009 annual financial statements, the Trust recognizes a tax benefit from an uncertain position only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority's widely understood administrative practices and precedents. If this threshold is met, the Trust measures the tax benefit as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Trust has evaluated and determined that the tax positions did not have a material effect on the Trust's financial position and results of operations for the six months ended June 30, 2010.

### E. DISTRIBUTIONS TO SHAREHOLDERS:

The Trust records distributions to shareholders from net investment income and net realized gains, if any, on the ex-dividend date. The Trust's net investment income dividend is declared four times per year, in April, July, October, and December. The Trust's net realized capital gain distribution, if any, is declared in December.

### F. EXPENSE REDUCTION:

Citibank, N.A. ("Citibank") serves as custodian to the Trust. Pursuant to the custodian agreement, Citibank receives a fee reduced by credits on cash balances the Trust maintains with Citibank. All credit balances, if any, used to reduce the Trust's custodian fees are reported as fees paid indirectly on the Statement of Operations. For the six months ended June 30, 2010, there were no credit balances used to reduce custodian fees.

## 3. INVESTMENT ADVISORY AND ADMINISTRATIVE SERVICES CONTRACT

### A. SERVICES:

Under an Investment Advisory and Administrative Services Contract (the "Contract") with the Trust, Babson Capital has agreed to use its best efforts to present to the Trust a continuing and suitable investment program consistent with the investment objectives and policies of the Trust. Babson Capital represents the Trust in any negotiations with issuers, investment banking firms, securities brokers or dealers and other institutions or investors relating to the Trust's investments. Under the Contract, Babson Capital also provides administration of the

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)

day-to-day operations of the Trust and provides the Trust with office space and office equipment, accounting and bookkeeping services, and necessary executive, clerical and secretarial personnel for the

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performance of the foregoing services.

### B. FEE:

For its services under the Contract, Babson Capital is paid a quarterly investment advisory fee equal to 0.225% of the value of the Trust's net assets as of the last business day of each fiscal quarter, an amount approximately equivalent to 0.90% on an annual basis. A majority of the Trustees, including a majority of the Trustees who are not interested persons of the Trust or of Babson Capital, approve the valuation of the Trust's net assets as of such day.

### C. BASIS FOR BOARD RENEWAL OF CONTRACT:

At a meeting of the Board of Trustees held on April 16, 2010, the Trustees (including a majority of the Trustees who are not "interested persons" of the Trust or Babson Capital) unanimously approved a one year continuance of the Contract.

Prior to the meeting, the Board of Trustees requested and received from Ropes & Gray LLP, counsel to the Trust, a memorandum describing the Board of Trustees' legal responsibilities in connection with its review and reapproval of the Contract. The Board of Trustees also requested and received from Babson Capital extensive written and oral information regarding among other matters: the principal terms of the Contract; the reasons why Babson Capital was proposing the continuance of the Contract; Babson Capital and its personnel; the Trust's investment performance, including comparative performance information; the nature and quality of the services provided by Babson Capital to the Trust; financial strength of Babson Capital; the fee arrangement between Babson Capital and the Trust; fee and expense information, including comparative fee and expense information; profitability of the advisory arrangement to Babson Capital; and "fallout" benefits to Babson Capital resulting from the Contract.

Among other things, the Trustees discussed and considered with management (i) the aforementioned guidance provided by Ropes & Gray LLP and the information provided by Babson Capital prior to the meeting, and ((ii) the reasons Babson Capital put forth in support of its recommendation that the Trustees approve the continuance of the Contract. These considerations are summarized below.

### NATURE, EXTENT AND QUALITY OF SERVICES TO BE PROVIDED BY BABSON CAPITAL TO THE TRUST

In evaluating the scope and quality of the services provided by Babson Capital to the Trust, the Trustees considered, among other factors: (i) the scope of services required to be provided by Babson Capital to the Trust under the Contract; (ii) Babson Capital's ability to find and negotiate private placement securities having equity features that are consistent with the stated investment objectives of the Trust; (iii) the experience and quality of Babson Capital's staff; (iv) the strength of Babson Capital's financial condition; (v) the nature of the private placement market compared to public markets (including the fact that finding, analyzing, negotiating and servicing private placement securities is more labor-intensive than buying and selling public securities and the administration of private placement securities is more extensive, expensive, and requires greater time and expertise than a portfolio of only public securities); (vi) the potential advantages afforded to the Trust by its ability to co-invest in negotiated private placements with MassMutual and its affiliates; and (vii) the expansion of the scope of services provided by Babson Capital as a result of recent regulatory and legislative initiatives that have required increased legal, compliance and business attention and diligence. Based on such considerations, the Trustees concluded that, overall, they are satisfied with the nature,

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extent and quality of services provided by Babson Capital, and expected to be provided in the future, under the renewed Contract.

### INVESTMENT PERFORMANCE

The Trustees also examined the Trust's short-term, intermediate-term, and long-term performance as compared against various benchmark indices presented at the meeting. In addition, the Trustees considered comparisons of the Trust's performance with the performance of (i) selected closed-end investment companies and funds that may invest in private placement securities and/or bank loans; (ii) selected business development companies with comparable types of investments; and (iii) investment companies included in the Lipper closed-end bond universe. It was acknowledged that, while such comparisons are helpful in judging performance, they are not directly comparable in terms of types of investments due to the fact that business development companies often report returns based on market value, which is affected by factors other than the performance of the underlying portfolio investments. Based on these considerations and the detailed performance information provided to the Trustees at the regular Board meetings each quarter, the Trustees concluded that the Trust's absolute and relative performance over time have been sufficient to warrant renewal of the Contract.

### ADVISORY FEE/COST OF SERVICES PROVIDED AND PROFITABILITY/ MANAGER'S "FALL-OUT" BENEFITS

In connection with the Trustees' consideration of the advisory fee paid by the Trust to Babson Capital under the Contract, Babson Capital noted that it was unaware of any registered closed-end investment companies that are directly comparable to the Trust in terms of the types of investments and percentages invested in private placement securities (which require more extensive advisory and administrative services than a portfolio of publicly traded securities, as previously discussed) other than MassMutual Corporate Investors, which also is advised

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MassMutual Participation Investors

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)

by Babson Capital. Under the terms of its Investment Services Contract, MassMutual Corporate Investors is charged a quarterly investment advisory fee of 0.3125% of net asset value as of the end of each quarter, which is approximately equal to 1.25% annually. In considering the fee rate provided in the Contract, the Trustees noted the advisory fee charged by Babson Capital to Tower Square Capital Partners, L.P., Tower Square Capital Partners II, L.P., and Tower Square Capital Partners III, L.P., each a private mezzanine debt fund also managed by Babson Capital, and that the fee the Trust charged compares favorable.

At the request of the Trustees, Babson Capital provided information concerning the profitability of Babson Capital's advisory relationship with the Trust. The Trustees also considered the non-economic benefits Babson Capital and its affiliates derived from its relationship with the Trust, including the reputational benefits derived from having the Trust listed on the New York Stock Exchange, and the de minimis amount of commissions resulting from the Trust's portfolio transactions used by Babson Capital for third-party soft dollar arrangements. The Trustees recognized that Babson Capital should be entitled to earn a reasonable level of profit for services provided to the Trust and, based on their

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review, concluded that they were satisfied that Babson Capital's historical level of profitability from its relationship with the Trust was not excessive and that the advisory fee structure under the Contract is reasonable.

### ECONOMIES OF SCALE

Finally, the Trustees considered the concept of economies of scale and possible advisory fee reductions if the Trust were to grow in assets. Given that the Trust is not continuously offering shares, such growth comes principally from retained net realized gain on investments and dividend reinvestment. The Trustees also examined the breakpoint features of selected competitive funds and noted that the minimum starting point for fee reductions in those funds was at least \$200 million, whereas the Trust's current net assets are near \$115 million. The Trustees concluded that the absence of breakpoints in the fee schedule under the Contract was currently acceptable given the Trust's current size and closed-end fund structure.

#### 4. SENIOR SECURED INDEBTEDNESS

MassMutual holds the Trust's \$12,000,000 Senior Fixed Rate Convertible Note (the "Note") issued by the Trust in 1995. The Note, as amended, is due December 13, 2011 and accrues interest at 5.80% per annum. MassMutual, at its option, can convert the principal amount of the Note into common shares. The dollar amount of principal would be converted into an equivalent dollar amount of common shares based upon the average price of the common shares for ten business days prior to the notice of conversion. For the six months ended June 30, 2010, the Trust incurred total interest expense on the Note of \$348,000.

The Trust may redeem the Note, in whole or in part, at the principal amount proposed to be redeemed together with the accrued and unpaid interest thereon through the redemption date plus a Make Whole Premium. The Make Whole Premium equals the excess of (i) the present value of the scheduled payments of principal and interest which the Trust would have paid but for the proposed redemption, discounted at the rate of interest of U.S. Treasury obligations whose maturity approximates that of the Note plus 0.50% over (ii) the principal of the Note proposed to be redeemed.

#### 5. PURCHASES AND SALES OF INVESTMENTS

	FOR THE SIX MONTHS ENDED 06/30/2010 -----	
	COST OF INVESTMENTS ACQUIRED -----	PROCEEDS FROM SALES OR MATURITIES -----
Corporate restricted securities	\$9,108,935	\$7,204,597
Corporate public securities	6,252,863	1,610,910

The aggregate cost of investments is substantially the same for financial reporting and Federal income tax purposes as of June 30, 2010. The net unrealized depreciation of investments for financial reporting and Federal tax purposes as of June 30, 2010 is \$16,283,458 and consists of \$10,655,226 appreciation and \$26,938,684 depreciation.

Net unrealized depreciation of investments on the Statement of Assets and Liabilities reflects the balance net of a deferred tax accrual of \$76,208 on net unrealized gains on the MMPI Subsidiary Trust.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
(UNAUDITED)

6. QUARTERLY RESULTS OF INVESTMENT OPERATIONS

	MARCH 31, 2010	
	AMOUNT	PER SHARE
	-----	-----
Investment income	\$2,911,112	
Net investment income	2,361,286	\$0.24
Net realized and unrealized gain on investments (net of taxes)	142,746	0.01
	JUNE 30, 2010	
	AMOUNT	PER SHARE
	-----	-----
Investment income	\$3,007,150	
Net investment income	2,444,394	\$0.24
Net realized and unrealized gain on investments (net of taxes)	3,134,736	0.32

7. RESULTS OF SHAREHOLDER MEETING

The Annual Meeting of Shareholders was held on Friday, April 16, 2010. The Shareholders were asked to vote to re-elect as trustees Donald E. Benson, Donald Glickman, and Robert E. Joyal for three year terms. The Shareholders approved the proposals. The Trust's other Trustees, William J. Barrett, Michael H. Brown, Martin T. Hart, Corine T. Norgaard, Clifford M. Noreen, and Maleyne M. Syracuse continued to serve their respective terms following the April 16, 2010 Annual Shareholders Meeting. The results of the Shareholder voting are set forth below.

SHARES FOR	WITHHELD	TOTAL	% OF SHARES VOTED FOR
-----	-----	-----	-----
Donald E. Benson 8,349,469	262,945	8,612,414	83.59%
Donald Glickman 8,322,201	290,213	8,612,414	83.31%
Robert E. Joyal 8,386,066	226,348	8,612,414	83.95%

8. BY-LAWS AMENDMENT

On April 16, 2010, the Board of Trustees approved an amendment to the By-Laws of the Trust to include an advance notice provision that would require shareholders seeking to nominate Trustee candidates or bring business before an annual meeting to provide timely notice to the Trust, consistent with certain specified requirements, of their intent to do so.

MEMBERS OF THE  
BOARD OF TRUSTEES

Donald Glickman

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Robert E. Joyal

William J. Barrett

Michael H. Brown\*

Donald E. Benson\*

Dr. Corine T. Norgaard\*

Clifford M. Noreen

Martin T. Hart

Maleyne M. Syracuse

\*Member of the Audit Committee

### OFFICERS

Clifford M. Noreen

Chairman

Michael L. Klofas

President

James M. Roy

Vice President & Chief

Financial Officer

Patricia J. Walsh

Vice President, Secretary

& Chief Legal Officer

Jill A. Fields

Vice President

Michael P. Hermsen

Vice President

Mary Wilson Kibbe

Vice President

Richard E. Spencer, II

Vice President

Daniel J. Florence

Treasurer

John T. Davitt, Jr.

Comptroller

Melissa M. LaGrant

Chief Compliance Officer

### DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

MassMutual Participation Investors offers a Dividend Reinvestment and Cash Purchase Plan (the "Plan"). The Plan provides a simple and automatic way for

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shareholders to add to their holdings in the Trust through the receipt of dividend shares issued by the Trust or through the reinvestment of cash dividends in Trust shares purchased in the open market. The dividends of each shareholder will be automatically reinvested in the Trust by Shareholder Financial Services Inc., the Transfer Agent, in accordance with the Plan, unless such shareholder elects not to participate by providing written notice to the Transfer Agent. A shareholder may terminate his or her participation by notifying the Transfer Agent in writing.

Participating shareholders may also make additional contributions to the Plan from their own funds. Such contributions may be made by personal check or other means in an amount not less than \$100 nor more than \$5,000 per quarter. Cash contributions must be received by the Transfer Agent at least five days (but no more than 30 days) before the payment date of a dividend or distributions.

Whenever the Trust declares a dividend payable in cash or shares, the Transfer Agent, acting on behalf of each participating shareholder, will take the dividend in shares only if the net asset value is lower than the market price plus an estimated brokerage commission as of the close of business on the valuation day. The valuation day is the last day preceding the day of dividend payment.

When the dividend is to be taken in shares, the number of shares to be received is determined by dividing the cash dividend by the net asset value as of the close of business on the valuation date or, if greater than net asset value, 95% of the closing share price. If the net asset value of the shares is higher than the market value plus an estimated commission, the Transfer Agent, consistent with obtaining the best price and execution, will buy shares on the open market at current prices promptly after the dividend payment date.

The reinvestment of dividends does not, in anyway, relieve participating shareholders of any Federal, state or local tax. For Federal income tax purposes, the amount reportable in respect of a dividend received in newly-issued shares of the Trust will be the fair market value of the shares received, which will be reportable as ordinary income and/or capital gains.

As compensation for its services, the Transfer Agent receives a fee of 5% of any dividend and cash contribution (in no event in excess of \$2.50 per distribution per shareholder.)

Any questions regarding the Plan should be addressed to Shareholder Financial Services, Inc., Transfer Agent for MassMutual Participation Investors' Dividend Reinvestment and Cash Purchase Plan, P.O. Box 173673, Denver, CO 80217-3673.

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ITEM 2. CODE OF ETHICS.

Not applicable for this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable for this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable for this filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable for this filing.

ITEM 6. SCHEDULE OF INVESTMENTS

A schedule of investments for the Registrant is included as part of this report to shareholders under Item 1 of this Form N-CSR.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable for this filing.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable to this filing. There have been no changes in any of the Portfolio Managers identified in the Registrant's most recent annual report on Form N-CSR.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable for this filing.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable for this filing.

ITEM 11. CONTROLS AND PROCEDURES.

- (a) The principal executive officer and principal financial officer of the Registrant evaluated the effectiveness of the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "Act")) as of a date within 90 days of the filing date of this report and based on that evaluation have concluded that such disclosure controls



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and procedures are effective to provide reasonable assurance that material information required to be disclosed by the Registrant on Form N-CSR is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

- (b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) during the Registrant's second fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

- (a) (1) ANY CODE OF ETHICS, OR AMENDMENTS THERETO, THAT IS THE SUBJECT OF DISCLOSURE REQUIRED BY ITEM 2, TO THE EXTENT THAT THE REGISTRANT INTENDS TO SATISFY THE ITEM 2 REQUIREMENTS THROUGH THE FILING OF AN EXHIBIT.

None.

- (a) (2) A SEPARATE CERTIFICATION FOR EACH PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER OF THE REGISTRANT AS REQUIRED BY RULE 30a-2 UNDER THE ACT.

Attached hereto as EX-99.31.1
Attached hereto as EX-99.31.2

- (a) (3) ANY WRITTEN SOLICITATION TO PURCHASE SECURITIES UNDER RULE 23c-1 UNDER THE ACT (17 CFR 270.23c-1) SENT OR GIVEN DURING THE PERIOD COVERED BY THE REPORT BY OR ON BEHALF OF THE REGISTRANT TO 10 OR MORE PERSONS.

Not applicable for this filing.

- (b) CERTIFICATIONS PURSUANT TO RULE 302-2(b) UNDER THE ACT.

Attached hereto as EX-99.32

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant): MassMutual Participation Investors
By: /s/ Michael L. Klofas
Michael L. Klofas, President
Date: September 8, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Michael L. Klofas

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Michael L. Klofas, President  
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Date: September 8, 2010  
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By: /s/ James M. Roy  
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James M. Roy, Vice President and  
Chief Financial Officer  
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Date: September 8, 2010  
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