

MASSMUTUAL PARTICIPATION INVESTORS

Form N-30D

November 23, 2009

MassMutual
Participation Investors

Report for the
Nine Months Ended September 30, 2009

[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

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

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

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 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>.

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

MPV
Listed
NYSE

MassMutual Participation Investors

TO OUR SHAREHOLDERS

October 31, 2009

We are pleased to present the September 30, 2009 Quarterly Report of MassMutual Participation Investors (the "Trust").

The Board of Trustees declared a quarterly dividend of 25 cents per share, payable on November 13, 2009 to shareholders of record on October 26, 2009. The Trust had previously paid a 25 cent per share dividend for the preceding quarter.

During the third quarter, the net assets of the Trust increased to \$111,833,864 or \$11.22 per share compared to \$109,871,490 or \$11.05 per share on June 30, 2009. This translates into a 3.83% 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 -0.12%, 4.05%, 11.43%, and 11.56% 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 earned 24 cents per share of net investment income for the quarter, compared to 23 cents per share in the previous quarter.

The Trust's share price increased 2.1% during the third quarter, from \$11.04 per share to \$11.27 per share. The Trust's market price of \$11.27 per share equates to a 0.4% premium over the September 30, 2009 net asset value per share of \$11.22. The Trust's average quarter-end premium for the 3, 5 and 10-year periods was 2.9%, 6.5% and 5.0%, respectively. U.S. equity markets, as approximated by the Russell 2000 Index, increased 19.28% for the quarter. U.S. high yield fixed income markets, as approximated by the Barclays Capital U.S. Corporate High Yield Index increased 14.22% for the quarter.

During the third quarter, banks and other senior debt providers finally began to make more capital available to finance middle market buyout transactions. As a result, the deal flow available to the Trust increased steadily as the quarter progressed. The Trust closed two new private placement investments and two "follow-on" investments in existing portfolio companies during the quarter. The total amount invested by the Trust in these transactions was approximately \$3.1 million. The two new investments were in International Offshore Services LLC and Northwest Mailing Services, Inc., while the two follow-on investments were in NetShape Technologies, Inc. and Telecorps Holdings, Inc. (A brief description of these investments can be found in the Consolidated Schedule of Investments.) We are pleased with the quality of the recent additions to the Trust's portfolio, as new investments continue to be more conservatively structured and attractively priced than has been the market norm for the past several years. Transaction activity has remained fairly strong in the early part of the fourth quarter, and our current backlog of deals bodes well for fourth quarter new investment activity.

The weak economy continues to negatively impact the ability of many of our existing portfolio companies to service their debt. We are spending considerable time working closely with the transaction sponsors and the management teams of these companies to remedy these situations. We expect these activities to continue for the next several quarters. One of our portfolio companies, Radiac Abrasives, Inc., was sold during the quarter with the Trust realizing a gain on its investment. While realization activity has been slow during the first three

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

quarters of the year, there are signs that activity levels are increasing.

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

Sincerely,

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

 PORTFOLIO COMPOSITION AS OF 9/30/09 *

[PIE CHART APPEARS HERE]

| | | | |
|-------------------------------|-------|--------------------------------|-------|
| PRIVATE / RESTRICTED EQUITY | 13.1% | PUBLIC EQUITY | 0.5% |
| CASH & SHORT TERM INVESTMENTS | 3.7% | PRIVATE / 144A HIGH YIELD DEBT | 69.8% |
| PUBLIC HIGH YIELD DEBT | 12.9% | | |

* 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.

 1

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES
 SEPTEMBER 30, 2009
 (UNAUDITED)

ASSETS:

| | |
|---|----------------|
| Investments | |
| (See Consolidated Schedule of Investments) | |
| Corporate restricted securities at fair value (Cost - \$117,836,018) | \$ 100,634,812 |
| Corporate public securities at market value (Cost - \$17,319,828) | 16,192,116 |
| | ----- |
| | 116,826,928 |
| Cash | 4,493,817 |
| Interest receivable | 3,017,325 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

| | |
|---------------------------------|-------------|
| Receivable for investments sold | 152,137 |
| Prepaid taxes | 150,000 |
| Other assets | 6,273 |
| | ----- |
| TOTAL ASSETS | 124,646,480 |
| | ----- |

LIABILITIES:

| | |
|-----------------------------------|------------|
| Payable for investments purchased | 132,742 |
| Investment advisory fee payable | 251,626 |
| Note payable | 12,000,000 |
| Interest payable | 262,933 |
| Accrued expenses | 153,786 |
| Other payables | 11,529 |
| | ----- |

| | |
|-------------------|------------|
| TOTAL LIABILITIES | 12,812,616 |
| | ----- |

| | |
|------------------|----------------|
| TOTAL NET ASSETS | \$ 111,833,864 |
| | ===== |

NET ASSETS:

| | |
|---|--------------|
| Common shares, par value \$.01 per share; an unlimited number authorized | \$ 99,644 |
| Additional paid-in capital | 92,963,768 |
| Retained net realized gain on investments, prior years | 32,871,737 |
| Undistributed net investment income | 4,219,476 |
| Accumulated net realized gain on investments | 8,157 |
| Net unrealized depreciation of investments | (18,328,918) |
| | ----- |

| | |
|------------------|----------------|
| TOTAL NET ASSETS | \$ 111,833,864 |
| | ===== |

| | |
|--------------------------------------|-----------|
| COMMON SHARES ISSUED AND OUTSTANDING | 9,964,376 |
| | ===== |

| | |
|---------------------------|----------|
| NET ASSET VALUE PER SHARE | \$ 11.22 |
| | ===== |

See Notes to Consolidated Financial Statements

2

CONSOLIDATED STATEMENT OF OPERATIONS MassMutual Participation Investors
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009
(UNAUDITED)

INVESTMENT INCOME:

| | |
|-----------|--------------|
| Interest | \$ 9,051,041 |
| Dividends | 792 |
| Other | 19,781 |
| | ----- |

| | |
|-------------------------|-----------|
| TOTAL INVESTMENT INCOME | 9,071,614 |
| | ----- |

EXPENSES:

| | |
|-----------------------------|---------|
| Investment advisory fees | 736,088 |
| Interest | 522,000 |
| Trustees' fees and expenses | 124,313 |
| Professional fees | 112,500 |
| Reports to shareholders | 81,000 |
| Custodian fees | 21,000 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

| | |
|---|--------------|
| Transfer agent/registrars' expenses | 18,000 |
| Other | 50,550 |
| | ----- |
| TOTAL EXPENSES | 1,665,451 |
| | ----- |
| INVESTMENT INCOME - NET | 7,406,163 |
| | ----- |
| | |
| NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS: | |
| Net realized gain on investments before taxes | 760,386 |
| Income tax expense | (7,087) |
| | ----- |
| Net realized gain on investments after taxes | 753,299 |
| Net change in unrealized depreciation of investments | (1,942,537) |
| | ----- |
| NET LOSS ON INVESTMENTS | (1,189,238) |
| | ----- |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | \$ 6,216,925 |
| | ===== |

See Notes to Consolidated Financial Statements

3

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009
(UNAUDITED)

| | |
|--|--------------|
| NET INCREASE IN CASH: | |
| Cash flows from operating activities: | |
| Purchases/Proceeds/Maturities from short-term portfolio securities, net | \$ 5,736,626 |
| Purchases of portfolio securities | (17,490,043) |
| Proceeds from disposition of portfolio securities | 15,260,518 |
| Interest, dividends and other income received | 7,274,406 |
| Interest expense paid | (348,000) |
| Operating expenses paid | (1,162,684) |
| Income taxes paid | (180,087) |
| | ----- |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 9,090,736 |
| | ----- |
| | |
| Cash flows from financing activities: | |
| Cash dividends paid from net investment income | (7,450,175) |
| Receipts for shares issued on reinvestment of dividends | 409,373 |
| | ----- |
| NET CASH USED FOR FINANCING ACTIVITIES | (7,040,802) |
| | ----- |
| | |
| NET INCREASE IN CASH | 2,049,934 |
| Cash - beginning of year | 2,443,883 |
| | ----- |
| CASH - END OF PERIOD | \$ 4,493,817 |
| | ===== |
| | |
| RECONCILIATION OF NET INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | \$ 6,216,925 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

| | |
|---|--------------|
| ----- | |
| Decrease in investments | 4,554,707 |
| Increase in interest and dividends receivable | (1,476,597) |
| Increase in receivable for investments sold | (43,486) |
| Increase in other assets | (6,273) |
| Decrease in payable for investments purchased | (280,034) |
| Increase in investment advisory fee payable | 3,730 |
| Increase in interest payable | 174,000 |
| Increase in accrued expenses | 7,372 |
| Decrease in accrued taxes payable | (23,000) |
| Decrease in other payables | (36,608) |
| ----- | |
| TOTAL ADJUSTMENTS TO NET ASSETS FROM OPERATIONS | 2,873,811 |
| ----- | |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 9,090,736 |
| ===== | |

See Notes to Consolidated Financial Statements

4

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS MassMutual Participation Investors

| | For the nine months ended 09/30/09 (Unaudited) | For the year ended 12/31/08 |
|--|---|-----------------------------------|
| | ----- | ----- |
| INCREASE (DECREASE) IN NET ASSETS: | | |
| Operations: | | |
| Investment income - net | \$ 7,406,163 | \$ 10,671,933 |
| Net realized gain (loss) on investments | 753,299 | (1,165,023) |
| Net change in unrealized depreciation of investments | (1,942,537) | (16,888,300) |
| ----- | | |
| Net increase (decrease) in net assets resulting from operations | 6,216,925 | (7,381,390) |
| Increase from common shares issued on reinvestment of dividends | | |
| Common shares issued (2009 - 37,133; 2008 - 65,632) | 409,373 | 847,133 |
| Dividends to shareholders from: | | |
| Net investment income (2009 - \$0.50 per share; 2008 - \$1.00 per share) | (4,968,364) | (9,915,143) |
| ----- | | |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 1,657,934 | (16,449,400) |
| NET ASSETS, BEGINNING OF YEAR | | |
| | 110,175,930 | 126,625,333 |
| ----- | | |
| NET ASSETS, END OF PERIOD/YEAR (including undistributed net investment income of \$4,219,476 and \$1,781,677, respectively) | \$ 111,833,864 | \$ 110,175,933 |
| ===== | | |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

See Notes to Consolidated Financial Statements

5

CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS
 SELECTED DATA FOR EACH SHARE OF BENEFICIAL INTEREST OUTSTANDING:

| | For the nine months ended 09/30/2009 | | For the years en | |
|---|---|-----------|------------------|------|
| | (Unaudited) | 2008 | 2007 | 2 |
| Net asset value: | | | | |
| Beginning of year | \$ 11.10 | \$ 12.84 | \$ 12.90 | \$ |
| Net investment income(a) | 0.74 | 1.08 | 1.23 | |
| Net realized and unrealized gain (loss) on investments | (0.12) | (1.82) | (0.05) | |
| Total from investment operations | 0.62 | (0.74) | 1.18 | |
| Dividends from net investment income to common shareholders | (0.50) | (1.00) | (1.23) | |
| Dividends from net realized gain on investments to common shareholders | -- | -- | (0.02) | |
| Increase from dividends reinvested | -- | 0.00 (c) | 0.01 | |
| Total dividends | (0.50) | (1.00) | (1.24) | |
| Net asset value: End of period/year | \$ 11.22 | \$ 11.10 | \$ 12.84 | \$ |
| Per share market value: | | | | |
| End of period/year | \$ 11.27 | \$ 9.05 | \$ 13.18 | \$ |
| Total investment return | | | | |
| Net asset value(d) | 5.79% | (6.01%) | 9.95% | 1 |
| Market value | 30.12% | (25.36%) | (1.30%) | 1 |
| Net assets (in millions): | | | | |
| End of period/year | \$ 111.83 | \$ 110.18 | \$ 126.63 | \$ 1 |
| Ratio of operating expenses to average net assets | 1.40% (e) | 1.33% | 1.36% | |
| Ratio of interest expense to average net assets | 0.63% (e) | 0.58% | 0.56% | |
| Ratio of income tax expense to average net assets (f) | 0.01% (e) | 0.00% | 0.48% | |
| Ratio of total expenses before custodian fee reduction to average net assets (f) | 2.04% (e) | 1.91% | 2.40% | |
| Ratio of net expenses after custodian fee reduction to average net assets (f) | 2.04% (e) | 1.91% | 2.40% | |
| Ratio of net investment income to average net assets | 9.05% (e) | 8.74% | 9.32% | |
| Portfolio turnover | 13% | 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 difference between the Trust's net asset value and the market value of its shares outstanding at the end of the period of future results.

(e) Annualized.

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

(f) As additional information, this ratio is included to reflect the taxes paid on retained long-term 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 | \$ |
| Asset coverage per \$1,000 of indebtedness | \$ | 10,319 | \$ | 10,181 | \$ | 11,552 | \$ 1 |

See Notes to Consolidated Financial Statements

6

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS
September 30, 2009
(Unaudited)

| | Principal Amount Shares, Units or Ownership Percentage | Acquisition Date |
|---|---|---------------------|
| | | |
| CORPORATE RESTRICTED SECURITIES - 90.13%: (A) | | |
| CORPORATE RESTRICTED SECURITIES - 89.99%: (A) | | |
| PRIVATE PLACEMENT INVESTMENTS - 85.66% | | |
| 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 | \$ 1,302,382 | 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 | \$ 600,667 | 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 T I ACQUISITION COMPANY | | |
| A for-profit post-secondary school serving students in Texas, Florida and Arizona. | | |
| 12% Senior Subordinated Note due 2012 | \$ 1,125,000 | 04/08/04 |
| Warrant, exercisable until 2012, to purchase preferred stock at \$.01 per share (B) | 7 shs. | 11/16/07 |
| Warrant, exercisable until 2012, to purchase common stock at \$.02 per share (B) | 1,230 shs. | 04/08/04 |
| | | |
| A W X HOLDINGS CORPORATION | | |
| A provider of aerial equipment rental, sales and repair services to non-residential construction 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 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

ADVANCED TECHNOLOGIES HOLDINGS

A provider of factory maintenance services to industrial companies.

| | | |
|---------------------------------------|--------------|----------|
| 15% Senior Subordinated Note due 2013 | \$ 1,138,368 | 12/27/07 |
| Preferred Stock (B) | 546 shs. | 12/27/07 |

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2009

(Unaudited)

| | Principal Amount Shares, Units or Ownership Percentage ----- | Acquisition Date ----- |
|---|--|------------------------------|
| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | | |
| 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 |
| APEX ANALYTIX HOLDING CORP. | | |
| 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 |
| ARROW TRU-LINE HOLDINGS, INC. | | |
| A manufacturer of hardware for residential and commercial overhead garage doors in North America. | | |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

| | | |
|---|------------|----------|
| 12% Senior Subordinated Note due 2012 | \$ 861,702 | 05/18/05 |
| 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 |

* 01/22/04 and 06/09/08.

** 01/22/04 and 09/12/06.

8

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2009
(Unaudited)

| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | Principal Amount Shares, Units or Ownership Percentage ----- | Acquisition Date ----- |
|--|--|------------------------------|
| BRAVO SPORTS HOLDING CORPORATION | | |
| 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 |
| C D N T, INC. | | |
| 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 |
| CAPITAL SPECIALTY PLASTICS, INC. | | |
| A producer of desiccant strips used for packaging pharmaceutical products. | | |
| Common Stock (B) | 55 shs. | * |
| CLOUGH, HARBOUR AND ASSOCIATES | | |
| 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 |
| 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 | | |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

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.
 12% Senior Subordinated Note due 2014 (D) \$ 1,267,387 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

* 12/30/97 and 05/29/99.

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
 September 30, 2009
 (Unaudited)

| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | Principal Amount Shares, Units or Ownership Percentage ----- | Acquisition Date ----- |
|---|--|------------------------------|
| | | |
| 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. | * |
| | | |
| 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 |
| | | |
| DAVIS-STANDARD LLC | | |
| A manufacturer, assembler, and installer of a broad range of capital equipment that is used in th 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 | | |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

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 lab

Membership Interests of MM/Lincap

Diversco Investments Ltd. LLC (B) 13.57% int. 08/27/98

Preferred Stock (B) 1,639 shs. 12/14/01

Warrants, exercisable until 2011, to purchase

common stock of DHI Holdings, Inc. at \$.01 per share (B) 6,676 shs. **

* 08/12/04 and 01/14/05.

** 10/24/96 and 08/28/98.

10

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2009

(Unaudited)

| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | Principal Amount Shares, Units or Ownership Percentage ----- | Acquisition Date ----- |
|---|--|------------------------------|
| DUNCAN SYSTEMS, INC. | | |
| A distributor of windshields and side glass for the recreational vehicle market. | | |
| 10% Senior Secured Term Note due 2013 | \$ 308,571 | 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 |
| DWYER GROUP, INC. | | |
| 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 |
| E S P HOLDCO, INC. | | |
| A manufacturer of power protection technology for commercial office equipment, primarily supplying network. | | |
| 14% Senior Subordinated Note due 2015 | \$ 1,216,653 | 01/08/08 |
| Common Stock (B) | 349 shs. | 01/08/08 |
| E X C ACQUISITION CORPORATION | | |
| 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 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

F C X HOLDINGS CORPORATION

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 | \$ 1,152,031 | 10/06/08 |
| Preferred Stock (B) | 2,298 shs. | 10/06/08 |
| Common Stock (B) | 1,625 shs. | 10/06/08 |

F H S HOLDINGS LLC

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 |

* 10/30/03 and 01/02/04.

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2009

(Unaudited)

| | Principal Amount Shares, Units or Ownership Percentage | Acquisition Date |
|---|---|---------------------|
| | | |
| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | | |
| FLUTES, INC. | | |
| An independent manufacturer of micro fluted corrugated sheet material for the food and consumer p | | |
| 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 |
| Common Stock (B) 62,535 shs. | 04/13/06 | |
| Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B) | 17,680 shs. | 04/13/06 |
| FOWLER HOLDING, INC. | | |
| A provider of site development services to residential homebuilders and developers in the Raleigh | | |
| 12% Senior Subordinated Note due 2013 (D) | \$ 1,252,174 | 02/03/06 |
| Common Stock (B) | 98 shs. | 02/03/06 |
| Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B) | 135 shs. | 02/03/06 |
| FUEL SYSTEMS HOLDING CORPORATION | | |
| An independent North American supplier of fuel tanks for a wide variety of commercial vehicles. | | |
| 12% Senior Subordinated Note due 2014 (D) | \$ 1,237,500 | 01/31/06 |
| Preferred Stock (B) | 16,792 shs. | 06/12/08 |
| Common Stock (B) | 112,500 shs. | 01/31/06 |
| Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B) | 73,275 shs. | 01/31/06 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

GOLDEN COUNTY FOODS HOLDING, INC.

A manufacturer of frozen appetizers and snacks.

| | | |
|---|--------------|----------|
| 12% Senior Subordinated Note due 2015 | \$ 1,012,500 | 11/01/07 |
| 16% PIK Note due 2015 | \$ 207,545 | 12/31/08 |
| 8% Series A Convertible Preferred Stock, convertible into 4.25% of the 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.

| | | |
|---|--------------|----------|
| 12% Senior Subordinated Note due 2013 (D) | \$ 1,170,000 | 02/10/06 |
| Preferred Stock (B) | 21 shs. | * |
| Common Stock (B) | 180 shs. | 02/10/06 |
| 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.

12

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2009

(Unaudited)

| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | Principal Amount Shares, Units or Ownership Percentage | Acquisition Date |
|--|---|---------------------|
| | ----- | ----- |
| 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. | * |
| HOSPITALITY MINTS HOLDING COMPANY | | |
| 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 |

INSURANCE CLAIMS MANAGEMENT, INC.

A third party administrator providing auto and property claim administration services for insuran

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

| | | |
|---|---------|----------|
| 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 |

INTEGRATION TECHNOLOGY SYSTEMS, INC.

A manufacturer of steel protective computer and network systems for the industrial and office environments in shallow waters of the Gulf of Mexico.

| | | |
|--|-----------|----------|
| 12% Senior Subordinated Note due on demand | \$ 25,055 | 03/01/04 |
| Common Stock (B) | 130 shs. | 06/01/00 |

INTERNATIONAL OFFSHORE SERVICES LLC

A leading provider of marine transportation services, platform decommissioning, and salvage services in shallow waters of the Gulf of Mexico.

| | | |
|--|----------------------------|----------------------|
| 14.25% Senior Subordinated Secured Note due 2017 Limited Liability Company Unit (B) | \$ 1,350,000 1,647 uts. | 07/07/09 07/07/09 |
|--|----------------------------|----------------------|

* 06/30/04 and 08/19/04.

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2009
(Unaudited)

| | Principal Amount Shares, Units or Ownership Percentage | Acquisition Date |
|--|---|---------------------|
| | | |
| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | | |
| JASON, INC. | | |
| 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 |
| JUSTRITE MANUFACTURING ACQUISITION CO. | | |
| 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 |
| K H O F HOLDINGS, INC. | | |
| A manufacturer of premium disposable tableware products serving both the foodservice and consumer markets. | | |
| 14% Senior Subordinated Note due 2014 | \$ 1,282,379 | 10/15/07 |
| Common Stock (B) | 116,827 shs. | 10/15/07 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

K N B HOLDINGS CORPORATION

A designer, manufacturer and marketer of products for the custom framing market.

| | | |
|---|--------------|----------|
| 13.5% Senior Subordinated Note due 2013 | \$ 1,344,732 | 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 |

K P I HOLDINGS, INC.

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) | 51 shs. | 07/16/08 |

14

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2009

(Unaudited)

| | Principal Amount Shares, Units or Ownership Percentage | Acquisition Date |
|--|---|---------------------|
| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | ----- | ----- |

K W P I HOLDINGS CORPORATION

A manufacturer and distributor of vinyl windows and patio doors throughout the northwestern United States.

| | | |
|---|--------------|----------|
| 12.75% Senior Subordinated Note due 2014 | \$ 1,372,848 | 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 |

K-TEK HOLDING CORPORATION

A manufacturer of instrumentation for liquid and bulk solids level detection for process and storage applications.

| | | |
|---------------------------------------|--------------|----------|
| 14% Senior Subordinated Note due 2015 | \$ 1,198,984 | 12/20/07 |
| Preferred Stock (B) | 192,314 shs. | 12/20/07 |
| Common Stock (B) | 54,326 shs. | 12/20/07 |

M V I HOLDING, INC.

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

| | | |
|---|------------|----------|
| 13% Senior Subordinated Note due 2016 | \$ 649,635 | 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 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

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 |

MAVERICK ACQUISITION COMPANY

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

| | | |
|---|------------|----------|
| 6.78% Senior Secured Tranche A Note due 2010 (C) | \$ 168,042 | 09/03/04 |
| 12.5% Senior Secured Tranche B Note due 2011 | \$ 179,104 | 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 |

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

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2009
(Unaudited)

| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | Principal Amount Shares, Units or Ownership Percentage ----- | Acquisition Date ----- |
|---|--|------------------------------|
| 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 | \$ 614,508 | 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 |

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) | 205,932 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 | \$ 1,421,795 | * |
| Common Stock (B) | 238 shs. | * |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

Warrant, exercisable until 2013, to purchase
common stock at \$.02 per share (B) 87 shs. *

MILWAUKEE GEAR COMPANY

A manufacturer of high-precision custom gears and gear drives used by original equipment manufacturer 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 architectural

| | | |
|---|-------------|----------|
| 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 |

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

16

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2009
(Unaudited)

| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | Principal Amount Shares, Units or Ownership Percentage | Acquisition Date |
|--|---|---------------------|
| | ----- | ----- |

MONESSEN HOLDING CORPORATION

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

| | | |
|---|--------------|----------|
| 14% Senior Subordinated Note due 2014 | \$ 1,350,000 | 07/25/08 |
| 14% PIK Note due 2014 | \$ 359,867 | 07/25/08 |
| Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B) | 81 shs. | 03/31/06 |

NABCO, INC.

A producer of explosive containment vessels in the United States.

| | | |
|---|------------|----------|
| 14% Senior Subordinated Note due 2014 | \$ 431,692 | 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 |

NAVIS GLOBAL

A designer, manufacturer, seller and servicer of finishing machinery for the knit and woven segments.

| | | |
|--|-----------|----------|
| 12% Senior Secured Term Note Series A due 2010 | \$ 67,416 | 11/14/08 |
|--|-----------|----------|

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

| | | |
|---|--------------|----------|
| 14% Senior Subordinated Note due 2014 (D) | \$ 764,921 | 05/28/04 |
| 10.75% Senior Secured Note due 2011 (D) | \$ 348,118 | 05/28/04 |
| Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B) | 116,521 shs. | 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 |

* 02/24/06 and 06/22/07.

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2009
(Unaudited)

| | Principal Amount Shares, Units or Ownership Percentage | Acquisition Date |
|---|---|---------------------|
| | | |
| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | | |
| 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) | 22 uts. | * |
| Preferred Stock Class A (B) | 1 sh. | 12/18/08 |
| Preferred Stock Class A-1 (B) | 1 sh. | 09/30/09 |
| Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B) | 48 shs. | 02/02/07 |
| NORTHWEST MAILING SERVICES, INC. | | |
| A producer of promotional materials for companies that use direct mail as part of their customer | | |
| 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. | | |
| 9% Senior Secured Note due 2009 | \$ 464,286 | 01/28/02 |
| 11.5% Senior Subordinated Note due 2012 (D) | \$ 857,143 | 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 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

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 | \$ 167,771 | 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 |

* 12/18/08 and 09/30/09.

18

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2009

(Unaudited)

| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | Principal Amount Shares, Units or Ownership Percentage ----- | Acquisition Date ----- |
|--|--|------------------------------|
|--|--|------------------------------|

OLYMPIC SALES, INC.

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

| | | |
|---|------------|----------|
| 12% Senior Subordinated Note due 2009 (D) | \$ 511,000 | 08/07/98 |
| 12% Senior Subordinated Note due 2009 (D) | \$ 244,154 | 02/09/00 |

ONTARIO DRIVE & GEAR LTD.

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

| | | |
|--|------------|----------|
| 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 | \$ 1,224,360 | 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 | | |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

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 | \$ 704,835 | 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 and medical sectors.

| | | |
|---|--------------|----------|
| 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 |

 CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
 September 30, 2009
 (Unaudited)

| | Principal Amount Shares, Units or Ownership Percentage | Acquisition Date |
|---|---|---------------------|
| CORPORATE RESTRICTED SECURITIES:(A) (Continued) | | |
| ----- | | |

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 |

POSTLE ALUMINUM COMPANY LLC

A manufacturer and distributor of aluminum extruded products.

| | | |
|---|--------------|----------|
| 3% Senior Subordinated PIK Note due 2014 (D) | \$ 1,163,700 | 10/02/06 |
| Limited Liability Company Unit Class A | 733 uts. | 10/02/06 |
| Limited Liability Company Unit | 76 uts. | 05/22/09 |
| Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B) | 4,550 shs. | 10/02/06 |

POWER SERVICES HOLDING COMPANY

A provider of industrial motor repair services, predictive and preventative maintenance, and performance services serving 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 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

QUALIS AUTOMOTIVE LLC

A distributor of aftermarket automotive brake and chassis products.

| | | |
|---|--------------|----------|
| 12% Senior Subordinated Note due 2012 | \$ 922,612 | 05/28/04 |
| Common Stock (B) | 187,500 shs. | 05/28/04 |
| Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B) | 199,969 shs. | 05/28/04 |

R A J MANUFACTURING HOLDINGS LLC

A designer and manufacturer of women's swimwear sold under a variety of licensed brand names.

| | | |
|---|--------------|----------|
| 12.5% Senior Subordinated Note due 2014 | \$ 1,200,277 | 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 |

20

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2009
(Unaudited)

| | Principal Amount Shares, Units or Ownership Percentage | Acquisition Date |
|---|---|---------------------|
| CORPORATE RESTRICTED SECURITIES:(A) (Continued) | ----- | ----- |
| 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 wood working 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 |
| Common Stock (B) | 324 shs. | * |
| Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B) | 71 shs. | 09/10/04 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

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 |

SMART SOURCE HOLDINGS LLC

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. | ** |

* 09/10/04 and 10/05/07.

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

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2009

(Unaudited)

| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | Principal Amount Shares, Units or Ownership Percentage ----- | Acquisition Date ----- |
|---|--|------------------------------|
| SPECIALTY COMMODITIES, INC. | | |
| A distributor of specialty food ingredients. | | |
| 13.25% Senior Subordinated Note due 2016 | \$ 1,205,175 | 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 |
| SYNTERACT HOLDINGS CORPORATION | | |
| A provider of outsourced clinical trial management services to pharmaceutical and biotechnology c | | |
| 14% Senior Subordinated Note due 2016 | \$ 1,364,800 | 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 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

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 |

TANGENT RAIL CORPORATION

A manufacturer of rail ties and provider of specialty services to the North American railroad industry.

| | | |
|---|--------------|----------|
| 13% Senior Subordinated Note due 2015 | \$ 1,173,909 | 10/14/05 |
| Common Stock (B) | 1,167 shs. | 10/14/05 |
| Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B) | 631 shs. | 09/30/08 |

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.

22

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2009
(Unaudited)

| | Principal Amount Shares, Units or Ownership Percentage | Acquisition Date |
|---|---|---------------------|
| | ----- | ----- |
| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | | |
| TERRA RENEWAL LLC | | |
| A provider of wastewater residual management and required environmental reporting, permitting, and record keeping to companies involved in poultry and food processing. | | |
| 12% Senior Subordinated Note due 2014 | \$ 664,062 | * |
| 6.75% Term Note due 2012 (C) | \$ 861,861 | * |
| 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 |

TORRENT GROUP HOLDINGS, INC.

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

| | | |
|---|--------------|----------|
| 12.5% Senior Subordinated Note due 2013 | \$ 1,185,366 | 10/26/07 |
|---|--------------|----------|

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

| | | |
|------------------------------|----------|----------|
| 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 | \$ 341,971 | 03/02/07 |
| Common Stock (B) | 71,542 shs. | 03/02/07 |
| Warrant, exercisable until 2014 to purchase common stock at \$.01 per share (B) | 19,733 shs. | 03/02/07 |

TRANSPAC HOLDING COMPANY

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

| | | |
|---|------------|----------|
| 12% 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 |

* 04/28/06 and 09/13/06.

** 03/01/05 and 10/10/08.

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

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2009

(Unaudited)

| | Principal Amount Shares, Units or Ownership Percentage | Acquisition Date |
|---|---|---------------------|
| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | ----- | ----- |
| | | |
| 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

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

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

| | | |
|---|--------------|----------|
| 16% Senior Subordinated Note due 2010 (D) | \$ 1,222,698 | * |
| 16% PIK Note due 2010 (D) | \$ 338,540 | 12/30/08 |
| 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 |

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 |
|---|------------|----------|

U M A ENTERPRISES, INC.

An importer and wholesaler of home decor products.

| | | |
|---------------------------------------|------------|----------|
| 15% Senior Subordinated Note due 2015 | \$ 924,872 | 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 appliances.

| | | |
|---|------------|----------|
| 12.5% Senior Subordinated Note due 2012 | \$ 996,500 | 04/30/04 |
| 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 |

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

24

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2009

(Unaudited)

| | Principal Amount Shares, Units or Ownership Percentage | Acquisition Date |
|---|---|---------------------|
| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | ----- | ----- |
| 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 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

VITALITY FOODSERVICE, INC.

A non-carbonated beverage dispensing company focused on the foodservice industry.

| | | |
|---|-------------|----------|
| 13% Senior Subordinated Note due 2011 | \$ 999,153 | 09/24/04 |
| Common Stock (B) | 14,006 shs. | * |
| Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B) | 12,593 shs. | 09/24/04 |

VITEX PACKAGING GROUP, INC.

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

| | | |
|---|--------------|----------|
| 12.5% Senior Subordinated Note due 2012 (D) | \$ 900,000 | 07/19/04 |
| 14.5% PIK Note due 2010 (D) | \$ 215,976 | 06/30/07 |
| Limited Liability Company Unit Class A (B) | 219,375 uts. | 07/19/04 |
| Limited Liability Company Unit Class B (B) | 96,848 uts. | 07/19/04 |

WAGGIN' TRAIN HOLDINGS LLC

A producer of premium quality meat dog treats.

| | | |
|--|--------------|----------|
| 14% Senior Subordinated Note due 2014 | \$ 1,169,238 | 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 |

WALLS INDUSTRIES, INC.

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.

| | | |
|---|------------|----------|
| 12.13% 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 |

* 09/24/04 and 12/22/06.

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2009

(Unaudited)

| | Principal Amount Shares, Units or Ownership Percentage | Acquisition Date |
|---|---|---------------------|
| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | ----- | ----- |
| | | |
| 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 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

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% 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)

26

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2009

(Unaudited)

| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | Interest Rate | Due Date | Shares or Principal Amount | Cost |
|--|------------------|-------------|----------------------------------|----------|
| RULE 144A SECURITIES - 4.33%: | | | | |
| BONDS - 4.33% | | | | |
| ACCO Brands Corporation | 10.625% | 03/15/15 | \$ 45,000 | \$ 44,32 |
| Affinia Group, Inc. | 10.750 | 08/15/16 | 25,000 | 24,70 |
| Allegheny Energy Supply | 8.250 | 04/15/12 | 500,000 | 518,94 |
| Anheuser-Busch Inbev Wld, Inc. | 7.720 | 01/15/19 | 500,000 | 499,61 |
| Appleton Papers, Inc. | 11.250 | 12/15/15 | 252,500 | 250,00 |
| Cenveo Corporation | 10.500 | 08/15/16 | 45,000 | 45,00 |
| Compucom Systems, Inc. | 12.500 | 10/01/15 | 670,000 | 650,81 |
| Douglas Dynamics LLC | 7.750 | 01/15/12 | 485,000 | 461,80 |
| G F S I, Inc. (C) | 10.500 | 06/01/11 | 358,000 | 343,94 |
| Gannett Company, Inc. | 8.750 | 11/15/14 | 25,000 | 24,61 |
| Gannett Company, Inc. | 9.375 | 11/15/17 | 60,000 | 59,14 |
| H C A, Inc. | 9.875 | 02/15/17 | 15,000 | 14,52 |
| MGM Mirage, Inc. | 10.375 | 05/15/14 | 30,000 | 29,20 |
| MGM Mirage, Inc. | 11.125 | 11/15/17 | 50,000 | 48,70 |
| Markwest Energy Operating Co. | 6.875 | 11/01/14 | 35,000 | 27,65 |
| Newpage Corporation | 11.375 | 12/31/14 | 375,000 | 367,07 |
| Packaging Dynamics Corporation of America | 10.000 | 05/01/16 | 975,000 | 969,68 |
| Sealed Air Corporation | 7.875 | 06/15/17 | 500,000 | 492,13 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

| | | | | |
|---------------------------------------|-------|----------|---------|--------------|
| Speedway Motorsports, Inc. | 8.750 | 06/01/16 | 35,000 | 33,93 |
| Tunica-Biloxi Gaming Authority | 9.000 | 11/15/15 | 540,000 | 556,04 |
| TOTAL BONDS | | | | 5,461,86 |
| | | | | |
| CONVERTIBLE PREFERRED STOCK - 0.00% | | | | |
| ETEX Corporation (B) | | | 194 | 17 |
| TOTAL CONVERTIBLE PREFERRED STOCK | | | | 17 |
| | | | | |
| PREFERRED STOCK - 0.00% | | | | |
| TherOX, Inc. (B) | | | 26 | 1,03 |
| TOTAL PREFERRED STOCK | | | | 1,03 |
| | | | | |
| COMMON STOCK - 0.00% | | | | |
| Touchstone Health Partnership (B) | | | 292 | 1,06 |
| TOTAL COMMON STOCK | | | | 1,06 |
| | | | | |
| TOTAL RULE 144A SECURITIES | | | | 5,464,14 |
| | | | | |
| TOTAL CORPORATE RESTRICTED SECURITIES | | | | \$117,836,01 |

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2009
(Unaudited)

| | Interest Rate | Due Date | Principal Amount | Cost |
|---|------------------|-------------|---------------------|-----------|
| | | | | |
| CORPORATE PUBLIC SECURITIES - 14.48%: (A) | | | | |
| | | | | |
| BONDS - 13.51% | | | | |
| Allegheny Technologies, Inc. | 9.375% | 06/12/19 | \$ 500,000 | \$ 522,14 |
| Allied Waste NA | 7.125 | 05/15/16 | 500,000 | 506,25 |
| Aramark Corporation (C) | 3.983 | 02/01/15 | 100,000 | 100,00 |
| Bunge Limited Finance Corporation | 8.500 | 06/15/19 | 500,000 | 512,17 |
| C R H America, Inc. | 5.300 | 10/15/13 | 500,000 | 418,43 |
| C V S Caremark Corporation | 5.750 | 06/01/17 | 500,000 | 407,38 |
| Citigroup, Inc. | 5.500 | 04/11/13 | 500,000 | 437,89 |
| Comcast Corporation | 6.500 | 01/15/15 | 500,000 | 443,54 |
| Corrections Corporation of America | 7.750 | 06/01/17 | 75,000 | 72,90 |
| Cytec Industries, Inc. | 8.950 | 07/01/17 | 600,000 | 604,09 |
| Denbury Resources, Inc. | 9.750 | 03/01/16 | 25,000 | 23,31 |
| El Paso Corporation | 12.000 | 12/12/13 | 25,000 | 22,54 |
| Electronic Data Systems Corporation | 7.125 | 10/15/09 | 500,000 | 500,05 |
| Gencorp, Inc. | 9.500 | 08/15/13 | 130,000 | 130,00 |
| Goldman Sachs Group, Inc. | 4.750 | 07/15/13 | 500,000 | 418,64 |
| Goodyear Tire & Rubber Co. | 10.500 | 05/15/16 | 50,000 | 48,00 |
| Inergy LP/Inergy Fin | 8.250 | 03/01/16 | 75,000 | 75,00 |
| Intelsat Bermuda Ltd. | 9.250 | 06/15/16 | 690,000 | 714,78 |
| International Game Technology | 7.500 | 06/15/19 | 500,000 | 499,72 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

| | | | | |
|----------------------------------|--------|----------|---------|--------|
| Iron Mountain, Inc. | 8.750 | 07/15/18 | 500,000 | 513,13 |
| Iron Mountain, Inc. | 8.375 | 07/15/18 | 20,000 | 19,92 |
| Johnson Controls, Inc. | 5.500 | 01/15/16 | 500,000 | 398,12 |
| Lubrizol Corporation | 8.875 | 02/01/19 | 500,000 | 496,28 |
| Manitowoc Company, Inc. | 7.125 | 11/01/13 | 100,000 | 100,00 |
| N R G Energy, Inc. | 8.500 | 06/15/19 | 100,000 | 98,34 |
| Nortek, Inc. | 10.000 | 12/01/13 | 100,000 | 98,95 |
| Owens Corning, Inc. | 9.000 | 06/15/19 | 30,000 | 29,51 |
| Pliant Corporation (C) | 11.850 | 12/15/09 | 857,441 | 834,63 |
| Quicksilver Resources, Inc. | 7.125 | 04/01/16 | 350,000 | 334,25 |
| Rental Service Corporation | 9.500 | 12/01/14 | 175,000 | 175,73 |
| Sheridan Acquisition Corporation | 10.250 | 08/15/11 | 225,000 | 222,00 |
| Stewart & Stevenson LLC | 10.000 | 07/15/14 | 735,000 | 755,03 |
| Teck Resources Ltd | 9.750 | 05/15/14 | 25,000 | 23,89 |
| Teck Resources Ltd | 10.250 | 05/15/16 | 40,000 | 37,95 |
| Teck Resources Ltd | 10.750 | 05/15/19 | 30,000 | 28,50 |
| Texas Industries, Inc. | 7.250 | 07/15/13 | 35,000 | 35,00 |

28

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2009
(Unaudited)

| CORPORATE PUBLIC SECURITIES: (A) (Continued) | Interest Rate | Due Date | Shares or Principal Amount | Cost |
|--|------------------|-------------|----------------------------------|--------------|
| The Valspar Corporation | 7.250% | 06/15/19 | \$ 500,000 | \$ 501,54 |
| Ticketmaster Entertainment, Inc. | 10.750 | 07/28/16 | 250,000 | 250,00 |
| Titan International, Inc. | 8.000 | 01/15/12 | 70,000 | 70,00 |
| Tube City IMS Corporation | 9.750 | 02/01/15 | 1,000,000 | 990,07 |
| Tyco International Group SA | 8.500 | 01/15/19 | 125,000 | 124,99 |
| Tyco International Group SA | 6.550 | 10/01/17 | 500,000 | 457,49 |
| United Components, Inc. | 9.375 | 06/15/13 | 535,000 | 535,44 |
| United Rentals, Inc. | 6.500 | 02/15/12 | 325,000 | 235,62 |
| Vought Aircraft Industries | 8.000 | 07/15/11 | 650,000 | 647,54 |
| TOTAL BONDS | | | | 14,470,89 |
| COMMON STOCK - 0.51% | | | | |
| A123 System, Inc. | | | 350 | 4,72 |
| CKX, Inc. (B) | | | 52,500 | 422,62 |
| Directed Electronics, Inc. (B) | | | 195,118 | 982,86 |
| ITC^DeltaCom, Inc. (B) | | | 94,588 | 827,64 |
| Intrepid Potash, Inc. (B) | | | 185 | 5,92 |
| TOTAL COMMON STOCK | | | | 2,243,78 |
| CONVERTIBLE BONDS - 0.46% | | | | |
| Citadel Broadcasting Corporation | 4.000% | 02/15/11 | \$ 250,000 | 194,06 |
| Transocean, Inc. | 1.500 | 12/15/37 | 500,000 | 411,09 |
| TOTAL CONVERTIBLE BONDS | | | | 605,15 |
| TOTAL CORPORATE PUBLIC SECURITIES | | | | \$ 17,319,82 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

| | | |
|-------------------|---------|--------------|
| TOTAL INVESTMENTS | 104.47% | \$135,155,84 |
| Other Assets | 6.99 | |
| Liabilities | (11.46) | |
| TOTAL NET ASSETS | 100.00% | |

- (A) In each of the convertible note, warrant, and common stock investments, the issuer has agreed certain registration rights.
 (B) Non-income producing security.
 (C) Variable rate security; rate indicated is as of 09/30/09.
 (D) Defaulted security; interest not accrued.
 (E) Illiquid security. At September 30, 2009, the values of these securities amounted to \$95,787, of net assets.
 PIK - Payment-in-kind

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
 September 30, 2009
 (Unaudited)

| INDUSTRY CLASSIFICATION: | Fair Value/ Market Value | |
|--------------------------------------|-----------------------------|-----------------------------|
| AEROSPACE - 3.05% | | CHEMICAL, PLASTICS & RUBBER |
| Gencorp, Inc. | \$ 104,000 | Capital Specialty Plastics |
| P A S Holdco LLC | 1,776,509 | |
| Visioneering, Inc. | 880,987 | CONSUMER PRODUCTS - 7.56% |
| Vought Aircraft Industries | 643,500 | Aero Holdings, Inc. |
| | ----- | Bravo Sports Holding Corpo |
| | 3,404,996 | G F S I, Inc. |
| | ----- | K N B Holdings Corporation |
| AUTOMOBILE - 3.98% | | Momentum Holding Co. |
| Goodyear Tire & Rubber Co. | 54,250 | R A J Manufacturing Holdin |
| Jason, Inc. | 255,094 | Royal Baths Manufacturing |
| Johnson Controls, Inc. | 517,940 | The Tranzonic Companies |
| Nyloncraft, Inc. | 348,215 | Walls Industries, Inc. |
| Ontario Drive & Gear Ltd. | 280,570 | |
| Qualis Automotive LLC | 1,012,305 | CONTAINERS, PACKAGING & GL |
| Titan International, Inc. | 67,725 | Flutes, Inc. |
| Transtar Holding Company | 1,487,558 | Maverick Acquisition Compa |
| United Components, Inc. | 429,337 | P I I Holding Corporation |
| | ----- | Packaging Dynamics Corpora |
| | 4,452,994 | Paradigm Packaging, Inc. |
| | ----- | Pliant Corporation |
| BEVERAGE, DRUG & FOOD - 4.91% | | Sealed Air Corporation |
| Anheuser-Busch | 591,630 | Vitex Packaging Group, Inc |
| Aramark Corporation | 86,750 | |
| Golden County Foods Holding, Inc. | 976,036 | DISTRIBUTION - 1.98% |
| Hospitality Mints Holding Company | 1,155,237 | Duncan Systems, Inc. |
| Specialty Commodities, Inc. | 1,392,269 | FCX Holdings Corporation |
| Vitality Foodservice, Inc. | 1,285,414 | |
| | ----- | |
| | 5,487,336 | |
| | ----- | |
| BROADCASTING & ENTERTAINMENT - 1.39% | | |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

| | |
|----------------------------------|---------|
| Citadel Broadcasting Corporation | 37,500 |
| CKX, Inc. | 352,275 |
| Comcast Corporation | 557,146 |
| Speedway Motorsports, Inc. | 36,400 |
| Workplace Media Holding Co. | 567,056 |

1,550,377

BUILDINGS & REAL ESTATE - 1.15%

| | |
|------------------------------|-----------|
| K W P I Holdings Corporation | 1,098,278 |
| Owens Corning, Inc. | 32,400 |
| Texas Industries, Inc. | 33,600 |
| TruStile Doors, Inc. | 120,575 |

1,284,853

30

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2009

(Unaudited)

| INDUSTRY CLASSIFICATION: | Fair Value/ Market Value |
|--|-----------------------------|
| | ----- |
| DIVERSIFIED/CONGLOMERATE, MANUFACTURING - 8.61% | |
| A H C Holdings Company, Inc. | \$ 1,441,708 |
| Arrow Tru-Line Holdings, Inc. | 732,447 |
| C D N T, Inc. | 792,028 |
| Douglas Dynamics LLC | 417,100 |
| K P I Holdings, Inc. | 867,883 |
| MEGTEC Holdings, Inc. | 1,185,515 |
| Milwaukee Gear Company | 1,361,889 |
| Nortek, Inc. | 102,000 |
| Northwest Mailing Services, Inc. | 1,391,230 |
| Postle Aluminum Company LLC | 326,974 |
| Truck Bodies & Equipment International | 390,310 |
| Xaloy Superior Holdings, Inc. | 614,870 |
| | ----- |
| | 9,623,954 |
| | ----- |
| DIVERSIFIED/CONGLOMERATE, SERVICE - 10.53% | |
| ACCO Brands Corporation | 47,081 |
| A W X Holdings Corporation | 782,744 |
| Advanced Technologies Holdings | 1,411,154 |
| Affinia Group, Inc. | 26,813 |
| Apex Analytix Holding Corporation | 1,042,898 |
| C R H America, Inc. | 516,065 |
| Clough, Harbour and Associates | 1,447,967 |
| Corrections Corporation of America | 77,438 |
| Crane Rental Corporation | 1,387,692 |
| Diversco, Inc./DHI Holdings, Inc. | 659,713 |
| Dwyer Group, Inc. | 782,926 |
| Fowler Holding, Inc. | -- |
| Insurance Claims Management, Inc. | 78,053 |

ELECTRONICS - 1.10%

A123 Systems, Inc.
Connecticut Electric, Inc.
Directed Electronics, Inc.
Electronic Data Systems Co

FARMING & AGRICULTURE - 1.

Bunge Limited Finance Corp
Waggin' Train Holdings LLC

FINANCIAL SERVICES - 0.92%

Citigroup, Inc.
Goldman Sachs Group, Inc.
Highgate Capital LLC

HEALTHCARE, EDUCATION & CH

A T I Acquisition Company
American Hospice Management
F H S Holdings LLC
H C A, Inc.
Synteract Holdings Corpora
Touchstone Health Partners

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

| | | |
|---------------------------------|------------|----------------------------|
| Iron Mountain, Inc. | 540,675 | HOME & OFFICE FURNISHINGS, |
| Mail Communications Group, Inc. | 716,312 | AND DURABLE CONSUMER PRODU |
| Nesco Holdings Corporation | 1,580,506 | Connor Sport Court Interna |
| Pearlman Enterprises, Inc. | -- | H M Holding Company |
| Tyco International Group | 675,269 | Home Decor Holding Company |
| | ----- | Justrite Manufacturing Acq |
| | 11,773,306 | K H O F Holdings, Inc. |
| | ----- | Monessen Holding Corporati |
| | | Stanton Carpet Holding Co. |
| | | Transpac Holdings Company |
| | | U M A Enterprises, Inc. |
| | | U-Line Corporation |
| | | Wellborn Forest Holding Co |

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2009

(Unaudited)

| INDUSTRY CLASSIFICATION: | Fair Value/ Market Value | |
|--|-----------------------------|-----------------------------|
| | ----- | |
| LEISURE, AMUSEMENT, ENTERTAINMENT - 2.56% | | NATURAL RESOURCES - 2.17% |
| International Game Technology | \$ 554,075 | Appleton Papers, Inc. |
| MGM Mirage, Inc. | 86,650 | Conveo Corporation |
| Savage Sports Holding, Inc. | 1,477,427 | Cytec Industries, Inc. |
| Ticketmaster Entertainment, Inc. | 256,250 | Intrepid Potash, Inc. |
| Tunica-Biloxi Gaming Authority | 486,000 | Lubrizol Corporation |
| | ----- | Newpage Corporation |
| | 2,860,402 | The Valspar Corporation |
| | ----- | |
| MACHINERY - 9.88% | | OIL & GAS - 2.61% |
| A S A P Industries LLC | 689,309 | Denbury Resources, Inc. |
| Davis-Standard LLC | 1,606,776 | International Offshore Ser |
| E S P Holdco, Inc. | 1,240,149 | Quicksilver Resources, Inc |
| Integration Technology Systems, Inc. | -- | Total E & S, Inc. |
| K-Tek Holdings Corporation | 1,468,372 | Transocean, Inc. |
| M V I Holding, Inc. | 730,112 | |
| Manitowoc Company, Inc. | 86,500 | PHARMACEUTICALS - 1.29% |
| Navis Global | 154,446 | CorePharma LLC |
| NetShape Technologies, Inc. | 639,623 | |
| Pacific Consolidated Holdings LLC | 675,760 | PUBLISHING/PRINTING - 0.24% |
| Power Services Holding Company | 1,425,739 | Gannett Company, Inc. |
| R E I Delaware Holding, Inc. | 1,396,183 | Sheridan Acquisition Corpo |
| Safety Speed Cut Manufacturing Company, Inc. | 264,562 | |
| Stewart & Stevenson LLC | 676,200 | |
| | ----- | |
| | 11,053,731 | |
| | ----- | |
| MEDICAL DEVICES/BIOTECH - 3.76% | | RETAIL STORES - 1.02% |
| Coeur, Inc. | 692,684 | CVS Caremark Corporation |
| E X C Acquisition Corporation | 140,506 | Olympic Sales, Inc. |
| ETEX Corporation | -- | Rental Service Corporation |
| MedSystems Holdings LLC | 739,150 | |
| MicroGroup, Inc. | 1,896,515 | |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

| | | |
|---|-----------|---------------------------|
| OakRiver Technology, Inc. | 731,807 | United Rentals, Inc. |
| TherOX, Inc. | -- | |
| | ----- | |
| | 4,200,662 | |
| | ----- | |
| MINING, STEEL, IRON & NON PRECIOUS METALS - 2.57% | | TECHNOLOGY - 2.69% |
| Allegheny Technology, Inc. | 566,085 | Compucom Systems, Inc. |
| T H I Acquisition, Inc. | 1,389,699 | Sencore Holding Company |
| Teck Cominco, Ltd. | 107,575 | Smart Source Holdings LLC |
| Tube City IMS Corporation | 810,000 | |
| | 2,873,359 | |

32

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2009
(Unaudited)

| INDUSTRY CLASSIFICATION: | Fair Value/ Market Value | |
|-------------------------------|-----------------------------|------------------------------|
| | ----- | |
| TELECOMMUNICATIONS - 2.93% | | WASTE MANAGEMENT / POLLUTION |
| All Current Holding Company | \$ 736,118 | Allied Waste NA |
| Intelsat Bermuda Ltd. | 677,925 | Terra Renewal LLC |
| ITC^DeltaCom, Inc. | 122,019 | Torrent Group Holdings, Inc. |
| Telecorps Holdings, Inc. | 1,737,701 | |
| | ----- | |
| | 3,273,763 | |
| | ----- | |
| TRANSPORTATION - 2.01% | | TOTAL INVESTMENTS - 104.47% |
| NABCO, Inc. | 323,769 | |
| Tangent Rail Corporation | 1,926,570 | |
| | ----- | |
| | 2,250,339 | |
| | ----- | |
| UTILITIES - 0.70% | | |
| Allegheny Energy Supply | 550,790 | |
| El Paso Corporation | 28,561 | |
| Inergy LP | 75,375 | |
| Markwest Energy Operating Co. | 32,725 | |
| N R G Energy, Inc. | 100,375 | |
| | ----- | |
| | 787,826 | |
| | ----- | |

See Notes to Consolidated Financial Statements

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 is in effect under the Securities Act of 1933, as amended (the "1933 Act") or pursuant to a

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

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,

34

MassMutual Participation Investors

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 \$95,787,665 (85.66% of net assets) as of September 30, 2009 whose values have been estimated by the Trustees in the absence of 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

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

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 September 30, 2009, 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.

Effective January 1, 2008, the Trust adopted FASB Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. FAS 157 requires companies to provide expanded information about the assets and liabilities measured at fair value and the potential effect of these fair valuations on an entity's financial performance.

Various inputs are used in determining the value of the Trust's investments. Using the hierarchy established under FAS 157, these inputs are summarized in the three broad levels listed below:

Level 1: quoted prices in active markets for identical securities

Level 2: other significant observable inputs (including quoted prices for similar securities, interest rates, prepayments 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 September 30, 2009:

| ASSETS | TOTAL | LEVEL 1 | LEVEL 2 | LEVEL 3 |
|-----------------------|----------------------|------------------|---------------------|---------------------|
| Restricted Securities | \$100,634,812 | \$ -- | \$ 4,847,147 | \$95,787,665 |
| Public Securities | 16,192,116 | 568,069 | 15,624,047 | -- |
| TOTAL | \$116,826,928 | \$568,069 | \$20,471,194 | \$95,787,665 |

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

| ASSETS | RESTRICTED SECURITIES | PUBLIC SECURITIES | SHORT-TERM SECURITIES | TOTAL |
|---|--------------------------|----------------------|--------------------------|--------------|
| Beginning balance at 12/31/2008 | \$97,424,749 | \$ -- | \$ -- | \$97,424,749 |
| Total gains or losses (realized/unrealized) included in earnings* | (6,719,713) | -- | -- | (6,719,713) |
| Purchases, sales, issuances & settlements (net) | 5,082,629 | -- | -- | 5,082,629 |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

| | | | | |
|---|--------------|-------|-------|--------------|
| Transfers in and / or out of Level 3 | -- | -- | -- | -- |
| ----- | | | | |
| ENDING BALANCE | | | | |
| AT 09/30/2009 | \$95,787,665 | \$ -- | \$ -- | \$95,787,665 |

*The amount of net losses for the period included in earnings attributable to the change in unrealized gains or losses relating to Level 3 assets still held at 09/30/09 is \$(5,692,959).

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.

35

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)

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 longterm 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 such securities without

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

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. For the nine months ended September 30, 2009, the MMPI Subsidiary Trust has not accrued any income tax expense.

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES - AN INTERPRETATION OF FASB STATEMENT NO. 109 ("FIN 48"). Management has analyzed the Trust's tax positions taken on federal income tax returns for all open tax years and has concluded that as of September 30, 2009, no provision for income tax would be required in the Trust's financial statements. The Trust's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

E. DISTRIBUTIONS TO SHAREHOLDERS:

The Trust records distributions to shareholders from net investment income and net realized gains, if any, on the exdividend 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 nine months ended September 30, 2009, 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 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 performance of the foregoing services.

B. FEE:

For its services under the Contract, Babson Capital is paid a quarterly investment advisory fee equal to .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 .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.

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

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 nine months ended September 30, 2009, the Trust incurred total interest expense on the Note of \$522,000.

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

36

MassMutual Participation Investors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

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 NINE
MONTHS ENDED
09/30/2009

| | COST OF INVESTMENTS ACQUIRED | PROCEEDS FROM SALES OR MATURITIES |
|---------------------------------|------------------------------------|--|
| | ----- | ----- |
| Corporate restricted securities | \$11,090,241 | \$ 5,155,659 |
| Corporate public securities | 6,119,767 | 10,148,345 |

The aggregate cost of investments is substantially the same for financial reporting and federal income tax purposes as of September 30, 2009. The net unrealized depreciation of investments for financial reporting and federal tax purposes as of September 30, 2009 is \$18,328,918 and consists of \$11,382,396 appreciation and \$29,711,314 depreciation.

6. QUARTERLY RESULTS OF INVESTMENT OPERATIONS

| | MARCH 31, 2009 | |
|---|----------------|-----------|
| | AMOUNT | PER SHARE |
| | ----- | ----- |
| Investment income | \$ 3,196,335 | |
| Net investment income | 2,655,746 | \$ 0.268 |
| Net realized and unrealized loss on investments (net of taxes) | (7,386,587) | (0.744) |

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

| | JUNE 30, 2009 | |
|---|---------------|-----------|
| | AMOUNT | PER SHARE |
| | ----- | ----- |
| Investment income | \$ 2,895,878 | |
| Net investment income | 2,319,080 | \$ 0.233 |
| Net realized and unrealized gain on investments (net of taxes) | 4,384,624 | 0.450 |

| | SEPTEMBER 30, 2009 | |
|---|--------------------|-----------|
| | AMOUNT | PER SHARE |
| | ----- | ----- |
| Investment income | \$ 2,979,401 | |
| Net investment income | 2,431,337 | \$ 0.441 |
| Net realized and unrealized gain on investments (net of taxes) | 1,812,725 | 0.183 |

37

This page is intentionally left blank

This page is intentionally left blank

This page is intentionally left blank

MEMBERS OF THE BOARD OF
TRUSTEES

Donald Glickman

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

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

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

MassMutual Participation Investors

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

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

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-30D

Services, Inc., Agent for MassMutual Participation Investors' Dividend
Reinvestment and Cash Purchase Plan, P.O. Box 173673, Denver, CO 80217-3673.

[LOGO] MassMutual
Participation Investors

PI4641