

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

MASSMUTUAL PARTICIPATION INVESTORS

Form N-30D

May 31, 2007

MassMutual  
Participation Investors

Report for the  
Three Months Ended March 31, 2007

[LOGO]

ADVISER

Babson Capital Management LLC  
1500 Main Street, PO Box 15189  
Springfield, Massachusetts 01115-5189

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP  
Boston, Massachusetts 02110

COUNSEL TO THE TRUST

Ropes & Gray LLP  
Boston, Massachusetts 02110

CUSTODIAN

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

TRANSFER AGENT & REGISTRAR

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

INTERNET WEBSITE

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

[LOGO] MassMutual Participation Investors  
c/o Babson Capital Management LLC  
1500 Main Street, Suite 600  
Springfield, Massachusetts 01115  
(413) 226-1516

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### INVESTMENT OBJECTIVE AND POLICY

MassMutual Participation Investors (the "Trust") is a closed-end management investment company, first offered to the public in 1988, whose shares are traded on the New York Stock Exchange under the trading symbol "MPV." The Trust's share price can be found in the financial section of most newspapers as "MassPrt" or "MassMuPrt" under the New York Stock Exchange 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 corporate 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 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. 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 quarterly 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: <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: <http://www.sec.gov>.

MPV  
Listed  
NYSE

TO OUR SHAREHOLDERS

April 30, 2007

We are pleased to present the March 31, 2007 Quarterly Report of MassMutual

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Participation Investors (the "Trust"). At the Trust's Annual Shareholders Meeting, which was held on April 27, 2007, shareholders elected Donald E. Benson, Donald Glickman, and Robert E. Joyal as Trustees, each for a three-year term; William J. Barrett as Trustee, for a two-year term; and Michael H. Brown as Trustee, for a one-year term.

The Board of Trustees declared a quarterly dividend of 25 cents per share, payable on May 18, 2007 to shareholders of record on May 7, 2007. The Trust had previously paid a 24 cent per share dividend for the preceding quarter (plus a special year-end dividend of 23 cents per share).

U.S. equity markets, as measured by several broad market indices, posted mixed returns for the quarter. Large stocks, as approximated by the Dow Jones Industrial Average, decreased 0.33%. Smaller stocks, as approximated by the Russell 2000 Index, increased 1.95%. U.S. fixed income markets, as measured by several broad market indices increased during the quarter. The Lehman Brothers Government/Credit Index increased 1.47% for the quarter and the Lehman Brothers U.S. Corporate High Yield Index increased 2.64% for the quarter.

During the quarter ended March 31, 2007, net assets of the Trust increased to \$130,015,397 or \$13.22 per share compared to \$126,515,013 or \$12.90 per share on December 31, 2006, which translates into a 2.48% return for the quarter, based on the change in the Trust's net assets assuming the reinvestment of all dividends. Long term, the Trust returned 15.08%, 18.26% and 14.27% for the 1-, 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 25 cents per share of net investment income for the quarter, compared to 39 cents per share in the previous quarter, of which 12 cents per share was from nonrecurring items.

During the quarter, the Trust made private placement investments in five new issuers totaling approximately \$5.4 million. The five new issuers the Trust invested in were Aero Holdings, Inc., Connecticut Electric, Inc., Hawk Precision Components Group, Inc., K W P I Holdings Corporation and Total Equipment & Service, Inc. The weighted average coupon of these investments was 11.87%. (A brief description of these investments can be found in the Schedule of Consolidated Investments.)

The market price per share of the Trust as of March 31, 2007 was \$16.21, which equates to a 22.6% premium over the March 31, 2007 NAV per share. The Trust's average quarter-end premium for the 3, 5 and 10-year periods was 13.5%, 11.1% and 5.1%, respectively.

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

Sincerely,

/s/ Clifford M. Noreen

Clifford M. Noreen  
President

-----  
[PIE CHART APPEARS HERE]

Portfolio Composition as of 03/31/07\*

Public High Yield Debt 21.8%  
Private High Yield Debt 51.8%  
Private Investment Grade Debt 4.6%

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Private/Restricted Equity 17.3%  
Cash & Short Term Investments 4.5%

\*Based on market value of total investments

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CONSOLIDATED STATEMENT OF  
ASSETS AND LIABILITIES

MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007  
(Unaudited)

ASSETS:

Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value (Cost - \$102,419,831)	\$ 103,442,026
Corporate public securities at market value (Cost - \$29,912,867)	30,540,492
Short-term securities at amortized cost	5,331,142
	-----
	139,313,660

Cash	946,839
Interest and dividends receivable	2,849,985
Receivable for investments sold	4,118
Other assets	18,906
	-----
TOTAL ASSETS	\$ 143,133,508
	-----

LIABILITIES:

Payable for investments purchased	\$ 100,000
Investment advisory fee payable	292,535
Note payable	12,000,000
Interest payable	272,180
Accrued expenses	94,087
Accrued taxes payable	359,309
	-----
TOTAL LIABILITIES	13,118,111
	-----

TOTAL NET ASSETS	\$ 130,015,397
	=====

NET ASSETS:

Common shares, par value \$.01 per share; an unlimited number authorized	\$ 98,317
Additional paid-in capital	91,344,494
Retained net realized gain on investments, prior years	32,187,873
Undistributed net investment income	3,467,704
Accumulated net realized gain on investments	1,519,591
Net unrealized appreciation of investments	1,397,418
	-----
TOTAL NET ASSETS	\$ 130,015,397
	=====

COMMON SHARES ISSUED AND OUTSTANDING	9,831,693
	=====

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NET ASSET VALUE PER SHARE \$ 13.22  
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SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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CONSOLIDATED STATEMENT OF OPERATIONS MASSMUTUAL PARTICIPATION INVESTORS

For the three months ended March 31, 2007  
(Unaudited)

INVESTMENT INCOME:	
Interest	\$ 3,002,667
Dividends	59,834
Other	3,031
	-----
TOTAL INVESTMENT INCOME	3,065,532
	-----
EXPENSES:	
Investment advisory fees	292,535
Interest	183,247
Professional fees	35,700
Trustees' fees and expenses	30,000
Reports to shareholders	22,500
Transfer agent/registrar's expenses	3,500
Other	58,994
	-----
TOTAL EXPENSES	626,476
	-----
INVESTMENT INCOME - NET	2,439,056
	-----
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:	
Net realized gain on investments	1,412,221
Net change in unrealized appreciation of investments before taxes	(880,467)
Net change in deferred income tax expense	131,824
	-----
Net change in unrealized appreciation of investments	(748,643)
NET GAIN ON INVESTMENTS	663,578
	-----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 3,102,634
	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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CONSOLIDATED STATEMENT OF CASH FLOWS MASSMUTUAL PARTICIPATION INVESTORS

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For the three months ended March 31, 2007  
(Unaudited)

NET DECREASE IN CASH:

Cash flows from operating activities:	
Interest, dividends and other received	\$ 3,018,337
Operating expenses paid	(465,097)
Income taxes paid	(3,468,168)
	-----
NET CASH USED FOR OPERATING ACTIVITIES	(914,928)
	-----
Cash flows from investing activities:	
Purchases/Proceeds/Maturities from short-term portfolio securities, net	1,599,291
Purchases of portfolio securities	(9,925,486)
Proceeds from disposition of portfolio securities	11,754,964
	-----
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,428,769
	-----
NET CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES	2,513,841
	-----
Cash flows from financing activities:	
Cash dividends paid from net investment income	(4,511,925)
Cash dividends paid from net realized gain on investments	(96,562)
Receipts for shares issued on reinvestment of dividends	397,750
	-----
NET CASH USED FOR FINANCING ACTIVITIES	(4,210,737)
	-----
NET DECREASE IN CASH	(1,696,896)
Cash - beginning of year	2,643,735
	-----
CASH - END OF PERIOD	\$ 946,839
	=====
Reconciliation of net increase in net assets to net cash provided by operating and investing activities:	
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 3,102,634
	-----
Decrease in investments	2,384,417
Decrease in interest and dividends receivable	150,841
Decrease in receivable for investments sold	252,374
Increase in other assets	(18,906)
Increase in payable for investments purchased	100,000
Increase in investment advisory fee payable	7,876
Increase in interest payable	183,247
Decrease in accrued expenses	(48,650)
Decrease in accrued taxes payable	(3,599,992)
	-----
TOTAL ADJUSTMENTS TO NET ASSETS FROM OPERATIONS	(588,793)
	-----
NET CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES	\$ 2,513,841
	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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CONSOLIDATED STATEMENTS OF  
CHANGES IN NET ASSETS

MASSMUTUAL PARTICIPATION INVESTORS

	For the three months ended 03/31/2007 (Unaudited)
INCREASE IN NET ASSETS:	
OPERATIONS:	
Investment income - net	\$ 2,439,056
Net realized gain on investments	1,412,221
Net change in unrealized appreciation of investments	(748,643)
Net increase in net assets resulting from operations	3,102,634
Increase from common shares issued on reinvestment of dividends	
Common shares issued (2007 - 26,411; 2006 - 61,052)	397,750
Dividends to shareholders from:	
Net investment income (2006 - \$1.18 per share)	--
Net realized gains on investments (2006 - \$0.01 per share)	--
TOTAL INCREASE IN NET ASSETS	3,500,384
NET ASSETS, BEGINNING OF YEAR	126,515,013
NET ASSETS, END OF PERIOD (including undistributed net investment income of \$3,467,704 and \$1,028,648, respectively)	\$ 130,015,397

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

MASSMUTUAL PARTICIPATION INVESTORS

Selected data for each share of beneficial interest outstanding:

	For the three months ended 03/31/2007 (Unaudited)	2006	For the years ended	
	-----	-----	2005	2004
Net asset value:				
Beginning of year	\$ 12.90	\$ 12.21	\$ 11.13	\$ 9.
Net investment income (a)	0.25	1.10	0.99	1.
Net realized and unrealized				

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gain (loss) on investments	0.07	0.77	1.09 (b)	1.
	-----	-----	-----	-----
Total from investment operations	0.32	1.87	2.08	2.
	-----	-----	-----	-----
Dividends from net investment income to common shareholders	--	(1.18)	(1.01)	(1.
Dividends from net realized gain on investments to common shareholders	--	(0.01)	--	--
Increase from dividends reinvested	--	0.01	0.01	0.
	-----	-----	-----	-----
Total dividends	--	(1.18)	(1.00)	(1.
	-----	-----	-----	-----
Net asset value:				
End of period/year	\$ 13.22	\$ 12.90	\$ 12.21	\$ 11.
	-----	-----	-----	-----
Per share market value:				
End of period/year	\$ 16.21	\$ 14.70	\$ 14.05	\$ 13.
	=====	=====	=====	=====
Total investment return				
Market value	10.27%	16.81%	17.25%	25.
Net asset value (c)	2.48%	18.64%	22.51%	25.
Net assets (in millions):				
End of period/year	\$ 130.02	\$ 126.52	\$ 119.02	\$ 107.
Ratio of operating expenses to average net assets	1.40% (d)	1.17%	1.45%	1.
Ratio of interest expense to average net assets	0.58% (d)	0.57%	0.80%	0.
Ratio of total expenses before custodian reduction to average net assets	1.98% (d)	1.78%	2.28%	2.
Ratio of net expenses after custodian reduction to average net assets	1.98% (d)	1.74%	2.25%	2.
Ratio of net investment income to average net assets	7.71% (d)	8.43%	8.45%	9.
Portfolio turnover	7.49%	34.14%	31.50%	51.
Senior securities:				
Total principal amount (in millions)	\$ 12	\$ 12	\$ 12	\$ 22.5
Asset coverage per \$1,000 of indebtedness	\$ 11,835	\$ 11,543	\$ 10,918	\$ 5,783

(a) Calculated using average shares.

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

(c) Net asset value return represents portfolio returns based on change in the Trust's net asset all dividends and distributions which differs from the total investment return based on the T difference between the Trust's net asset value and the market value of its shares outstanding of future results.

(d) Annualized.





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AMERICAN HOSPICE MANAGEMENT HOLDING LLC

A for-profit hospice care provider in the United States.

12% Senior Subordinated Note due 2010	\$	1,125,000	01/22/0
Preferred Class A Unit (B)		1,706 uts.	
Common Class B Unit (B)		16,100 uts.	01/22/0
Common Class D Unit (B)		3,690 uts.	09/12/0

ARROW TRU-LINE HOLDINGS, INC.

A manufacturer of hardware for residential and commercial overhead garage doors in North America.

12% Senior Subordinated Note due 2012	\$	861,702	05/18/0
Common Stock (B)		263 shs.	05/18/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)		69 shs.	05/18/0

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

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007

(Unaudited)

		Shares, Units, Warrants, Ownership or Principal Amount	Acquisit Date
		-----	-----

CORPORATE RESTRICTED SECURITIES: (A) (Continued)

AUGUSTA SPORTSWEAR HOLDING CO.

A manufacturer and distributor of athletic apparel, activewear and team uniforms.

12% Senior Subordinated Note due 2012	\$	893,000	12/31/0
Common Stock (B)		275 shs.	
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)		73 shs.	12/31/0

BETA BRANDS LTD.

A manufacturer of hard candy and chocolate-coated products sold primarily to the Canadian market.

5% Promissory Note due 2009 (B)	\$	96,698	03/31/0
Warrant, exercisable until 2009, to purchase common stock at \$.01 per share (B)		2,421 shs.	03/31/0

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### BRAVO SPORTS HOLDING CORPORATION

A designer and marketer of niche branded consumer products including canopies, trampolines, in-line skates, skateboards, and urethane wheels.

12.5% Senior Subordinated Note due 2014	\$	1,207,902		06/30/0
Preferred Stock Class A (B)		465 shs.		06/30/0
Common Stock (B)		1 sh.		06/30/0
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)		164 shs.		06/30/0

### CAINS FOODS, L.P.

A producer of mayonnaise and sauce products for both the retail and food service markets.

Limited Partnership Interest (B)		1.81% int.		09/29/9
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### CAPESUCCESS LLC

A provider of diversified staffing services.

Preferred Membership Interests (B)		806 uts.		04/29/0
Common Membership Interests (B)		10,421 uts.		04/29/0

### CAPITAL SPECIALTY PLASTICS, INC.

A producer of desiccant strips used for packaging pharmaceutical products.

Common Stock (B)		55 shs.		*
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### COEUR, INC.

A producer of proprietary, disposable power injection syringes.

8.75% Senior Secured Term Note due 2010	\$	264,493		04/30/0
11.5% Senior Subordinated Note due 2011	\$	242,754		04/30/0
Common Stock (B)		72,464 shs.		04/30/0
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)		50,099 shs.		04/30/0

\*12/31/04, 03/31/05 and 05/02/06.

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

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007  
(Unaudited)

		Shares, Units, Warrants, Ownership or Principal Amount		Acquisit Date
		-----		-----
CORPORATE RESTRICTED SECURITIES: (A) (Continued)				

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### COINING CORPORATION OF AMERICA LLC

A manufacturer of close tolerance parts and metal stampings.

10.6% Senior Secured Revolving Credit Facility due 2007 (C)	\$	12,346	01/07/0
10.6% Senior Secured Tranche A Note due 2007 (C)	\$	372,493	06/26/0
13% Senior Secured Tranche B Note due 2008 Limited Partnership Interest (B)	\$	370,370	06/26/0
Warrant, exercisable until 2008, to purchase common stock at \$.01 per share (B)		3.65% int.	06/26/0
		61,163 shs.	06/26/0

### CONNECTICUT ELECTRIC, INC.

A supplier and distributor of electrical products sold into the retail and wholesale markets.

12% Senior Subordinated Note due 2014 Limited Liability Company Unit Class A (B)	\$	1,267,387	01/12/0
Limited Liability Company Unit Class C (B)		82,616 uts.	01/12/0
		59,756 uts.	01/12/0

### CONNOR SPORT COURT INTERNATIONAL, INC.

A designer and manufacturer of outdoor and indoor synthetic sports flooring and other temporary flooring products.

12% Senior Subordinated Note due 2012 (D)	\$	1,059,417	
Limited Partnership Interest (B)		4.43% int.	*
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)		92 shs.	

### CONSOLIDATED FOUNDRIES HOLDINGS

A manufacturer of engineered cast metal components for the global aerospace and defense industries.

12% Senior Subordinated Note due 2013	\$	1,157,143	06/15/0
Common Stock (B)		269 shs.	**
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)		54 shs.	06/15/0

### COREPHARMA LLC

A manufacturer of oral dose generic pharmaceuticals targeted at niche applications.

12% Senior Subordinated Note due 2013	\$	1,350,000	08/04/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)		10 shs.	08/04/0

\*08/12/04 and 01/18/05.

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

\*\*\*06/15/05 and 05/22/06.

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007  
(Unaudited)

	Shares, Units, Warrants, Ownership or Principal Amount	Acquisit Date
CORPORATE RESTRICTED SECURITIES: (A) (Continued)	-----	-----
DAVIS-STANDARD LLC		
A manufacturer, assembler, and installer of a broad range of capital equipment that is used in the extrusion, conversion, and processing of plastic materials.		
12% Senior Subordinated Note due 2014	\$ 978,261	10/30/0
Limited Partnership Interest (B)	371,739 uts.	10/30/0
Warrant, exercisable until 2014, to purchase preferred stock at \$.01 per share (B)	26 shs.	10/30/0
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	18 shs.	10/30/0
DELTA COM, INC.		
A provider of integrated communications services in the southeastern United States.		
13.88% Senior Secured Note due 2009 (C)	\$ 1,190,609	07/26/0
17.38% Senior Secured Note due 2009 (C)	\$ 194,982	07/26/0
Warrant, exercisable until 2009, to purchase convertible preferred stock at \$.03 per share (B)	54,468 shs.	07/26/0
DEXTER MAGNETICS TECHNOLOGIES, INC.		
A designer, fabricator, assembler and distributor of industrial magnets and subassemblies in North America and Europe.		
Common Stock (B)	310 shs.	07/19/0
Warrant, exercisable until 2007, to purchase common stock at \$.01 per share	157 shs.	07/19/0
DIRECTED ELECTRONICS, INC.		
A designer and distributor of brand name automotive security systems, audio products and installation accessories.		
Common Stock (B)	195,118 shs.	
Limited Partnership Interest (B)	4.61% int.	*
DIVERSCO, INC./DHI HOLDINGS, INC.		
A contract provider of janitorial and equipment		

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maintenance services and temporary production labor to industrial customers.

Membership Interests of MM/Lincap		
Diversco Investments Ltd. LLC (B)	13.57% int.	08/27/9
Preferred Stock (B)	1,639 shs.	12/14/0
Warrants, exercisable until 2011, to purchase common stock of DHI Holdings, Inc. at \$.01 per share (B)	6,676 shs.	**

\*12/19/05 and 06/17/06.

\*\*12/22/99 and 09/14/05.

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007  
(Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount	Acquisit 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	11/01/0
13% Senior Subordinated Note due 2014	\$ 488,572	11/01/0
Common Stock (B)	102,857 shs.	11/01/0
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	32,294 shs.	11/01/0
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.	10/30/0
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.	06/28/0
EAGLE PACK PET FOODS, INC.		
A manufacturer of premium pet food sold through independent pet stores.		
12% Senior Subordinated Note due 2011	\$ 803,572	*

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Warrant, exercisable until 2011, to purchase  
common stock at \$.02 per share (B) 2,163 shs. 09/24/0

ENZYMATIC THERAPY, INC.

A manufacturer and distributor of branded natural  
medicines and nutritional supplements.

Limited Partnership Interest (B) 0.70% int. 03/30/0  
Warrant, exercisable until 2009, to purchase  
common stock at \$.01 per share (B) 15,415 shs. 03/30/0

EVANS CONSOLES, INC.

A designer and manufacturer of consoles and control  
center systems.

Common Stock 45,000 shs. 05/06/0

F H S HOLDINGS LLC

A national provider of customized disease management  
services to large self-insured employers.

12% Senior Subordinated Note due 2014 \$ 1,265,625 06/01/0  
Preferred Unit (B) 84 uts. 06/01/0  
Common Unit (B) 844 uts. 06/01/0  
Common Unit Class B (B) 734 shs. 06/01/0

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

\*\*09/24/04 and 4/20/06.

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007  
(Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount	Acquisit Date
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FLUTES, INC.

An independent manufacturer of micro fluted corrugated  
sheet material for the food and consumer products  
packaging industries.

10% Senior Secured Term Note due 2013	\$ 524,791	04/13/0
14% Senior Subordinated Note due 2014	\$ 315,599	04/13/0
Common Stock (B)	62,535 shs.	04/13/0
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	17,680 shs.	04/13/0

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### FOWLER HOLDING, INC.

A provider of site development services to residential homebuilders and developers in the Raleigh/Durham region of North Carolina.

12% Senior Subordinated Note due 2013	\$	1,252,174		02/03/0
Common Stock (B)		98 shs.		02/03/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)			135 shs.	02/03/0

### 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	\$	1,237,500		01/31/0
Common Stock (B)		112,500 shs.		01/31/0
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)			73,275 shs.	01/31/0

### H M HOLDING COMPANY

A designer, manufacturer, and importer of promotional and wood furniture.

12% Senior Subordinated Note due 2013	\$	1,170,000		02/10/0
Common Stock (B)		180 shs.		02/10/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)			67 shs.	02/10/0

### HAWK PRECISION COMPONENTS GROUP, INC.

A manufacturer of powder metal and metal injection molded precision components used in industrial, consumer, and other applications.

12% Senior Subordinated Note due 2014	\$	810,000		02/02/0
Limited Partnership Interest of Saw Mill PCG Partners LLC (B)			540 uts.	02/02/0
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)			48 shs.	02/02/0

### HIGHGATE CAPITAL LLC

An acquirer of controlling or substantial interests in manufacturing and marketing entities.

Series A Preferred Units (B)		0.30% int.		07/21/9
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March 31, 2007  
(Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount -----	Acquisit Date -----
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.	
INTEGRATION TECHNOLOGY SYSTEMS, INC.		
A manufacturer of steel protective computer and network systems for the industrial and office environments.		
12% Senior Secured Note due 2008	\$ 949,004	03/01/0
Common Stock (B)	130 shs.	06/01/0
JASON, INC.		
A diversified manufacturing company serving various industrial markets.		
13% Senior Subordinated Note due 2008	\$ 510,187	08/04/0
14% Cumulative Redeemable Preferred Stock Series A (B)	153 shs.	08/04/0
Limited Partnership Interest of		
Saw Mill Capital Fund II, L.P. (B)	1.30% int.	08/03/0
Warrants, exercisable until 2008 and 2009, to purchase common stock at \$.01 per share (B)	26,931 shs.	08/04/0
JUSTRITE MANUFACTURING ACQUISITION CO.		
A manufacturer of safety products such as storage cabinets and containers.		
12% Senior Subordinated Note due 2011	\$ 843,750	12/15/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	594 shs.	12/15/0
K N B HOLDINGS CORPORATION		
A designer, manufacturer and marketer of products for the custom framing market.		
13.5% Senior Subordinated Note due 2013	\$ 1,290,490	05/25/0
Common Stock (B)	71,053 shs.	05/25/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	43,600 shs.	05/25/0

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### K W P I HOLDINGS CORPORATION

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

12% Senior Subordinated Note due 2014	\$	1,227,000		03/14/0
Common Stock (B)				03/13/0
Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B)			123 shs.	
			89 shs.	03/14/0

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

### CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)      MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007  
(Unaudited)

		Shares, Units, Warrants, Ownership or		Acquisit Date
CORPORATE RESTRICTED SECURITIES: (A) (Continued)		Principal Amount		Date
		-----		-----

#### KEEPSAKE QUILTING, INC.

A seller of quilting fabrics, books, patterns, kits and notions to consumers.

8.35% Senior Secured Revolving Note due 2007 (C)	\$	83,869		06/16/0
8.35% Senior Secured Tranche A Note due 2007 (C)	\$	39,314		07/19/0
12% Senior Secured Tranche B Note due 2008	\$	314,509		06/16/0
Limited Partnership Interest of Riverside XVI Holding Company, L.P. (B)			3.02% int.	06/12/0
Warrant, exercisable until 2008, to purchase common stock at \$.01 per share (B)			633 shs.	06/12/0

#### KELE AND ASSOCIATES, INC.

A distributor of building automation control products.

12% Senior Subordinated Note due 2012	\$	969,643		02/27/0
Preferred Stock (B)			12 shs.	11/24/0
Common Stock (B)			6 shs.	02/27/0
Warrant, exercisable until 2012, to purchase common stock at \$.02 per share (B)			6 shs.	02/27/0

#### LIH INVESTORS, L.P.

A manufacturer and marketer of a broad line of external accessories for new and used sport utility vehicles, trucks and vans.

12.5% Senior Subordinated Note due 2008 (D)	\$	2,036,000		
Common Stock (B)			3,057 shs.	
Warrant, exercisable until 2008, to purchase common stock at \$.11 per share (B)			8,245 shs.	

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MAGNATECH INTERNATIONAL, INC.

A supplier of process equipment and related parts used in the manufacturing of medium and high-pressure reinforced hoses.

12% Senior Subordinated Note due 2014	\$	675,000	04/05/0
13% Preferred Stock (B)		299 shs.	04/05/0
Common Stock (B)		66 shs.	04/05/0
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)		7 shs.	04/05/0

MAVERICK ACQUISITION COMPANY

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

9.85% Senior Secured Tranche A Note due 2010 (C)	\$	367,783	09/03/0
12% Senior Secured Tranche B Note due 2011	\$	179,104	09/03/0
Limited Partnership Interest (B)		4.48% int.	09/03/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)		243 shs.	09/03/0

\*12/23/98 and 01/28/99.

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007  
(Unaudited)

		Shares, Units, Warrants, Ownership or Principal Amount	Acquisit Date
		-----	-----

CORPORATE RESTRICTED SECURITIES: (A) (Continued)

MAXON CORPORATION

A manufacturer of industrial combustion equipment and related shut-off valves and control valves.

12% Senior Subordinated Note due 2012	\$	549,837	09/30/0
8.75% Senior Subordinated Note due 2012	\$	660,322	09/30/0
Common Stock (B)		218,099 shs.	09/30/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)		87,755 shs.	09/30/0

MEDASSIST, INC.

A provider of patient eligibility and accounts receivable management services to hospitals and physician practices.

8% Preferred Stock (B)		44 shs.	10/28/0
Common Stock (B)		13,863 shs.	10/28/0

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Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	47,090 shs.	05/01/0
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### MICROGROUP, INC.

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

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

### MOMENTUM HOLDING CO.

A designer and supplier of upholstery fabric to commercial furniture manufacturers and architectural and design firms.

12% Senior Subordinated Note due 2014	\$ 618,802	08/04/0
Limited Partnership Interest (B)	56,198 uts.	08/04/0
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	586 shs.	08/04/0

### MONESSEN HOLDING CORPORATION

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

12% Senior Subordinated Note due 2014	\$ 1,350,000	03/31/0
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	81 shs.	03/31/0

### MORTON INDUSTRIAL GROUP, INC.

A manufacturer of highly engineered metal fabricated components.

12% Senior Subordinated Note due 2014	\$ 1,292,246	08/25/0
Common Stock (B)	57,754 shs.	08/25/0
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	91,923 shs.	08/25/0

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)      MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007  
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Shares, Units,  
Warrants,

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CORPORATE RESTRICTED SECURITIES:(A) (Continued)	Ownership or Principal Amount -----	Acquisit Date -----
MOSS, INC.		
A manufacturer and distributor of large display and exhibit structures.		
Limited Partnership Interest of		
Riverside Capital Appreciation Fund I, L.P. (B)	19.20% int.	
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)	122 shs.	12/21/0
NABCO, INC.		
A producer of explosive containment vessels in the United States.		
12% Senior Subordinated Note due 2014	\$ 330,882	02/24/0
Limited Liability Company Unit (B)	344 uts.	02/24/0
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	26 shs.	02/24/0
NAVIS GLOBAL		
A designer, manufacturer, sale and servicer of finishing machinery for the knit and woven segments of the global textile industry.		
12% Senior Subordinated Note due 2014	\$ 705,457	05/28/0
8.75% Senior Secured Note due 2011	\$ 409,310	05/28/0
Common Stock (B)	385,233 shs.	05/28/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	116,521 shs.	05/28/0
NONNI'S FOOD COMPANY		
A producer and distributor of premium biscotti and bagel chips in North America.		
12.25% Senior Subordinated Note due 2012	\$ 986,538	03/29/0
10% Preferred Stock (B)	135 shs.	03/29/0
Common Stock (B)	3,418 shs.	03/29/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	4,565 shs.	03/29/0
NYLONCRAFT, INC.		
A supplier of engineered plastic components for the automotive industry.		
9% Senior Secured Note due 2009	\$ 464,286	01/28/0
11.5% Senior Subordinated Note due 2012	\$ 857,143	01/28/0
Common Stock (B)	178,571 shs.	01/28/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	138,928 shs.	01/28/0

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O R S NASCO HOLDING, INC.

A wholesale distributor of industrial supplies in North America.

13% Senior Subordinated Note due 2013	\$ 1,256,152	12/20/00
Common Stock (B)	93,848 shs.	12/20/00
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	52,820 shs.	12/20/00

\*09/20/00, 05/23/02 and 02/21/07.

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007  
(Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount	Acquisit Date
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OAKRIVER TECHNOLOGY, INC.

Designs, engineers and assembles high precision automated process equipment for the medical device industry, with a focus on defibrillators and stents.

10% Senior Secured Note due 2012	\$ 323,115	01/03/00
13% Senior Subordinated Note due 2013	\$ 392,709	01/03/00
Common Stock (B)	184,176 shs.	01/03/00
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	43,073 shs.	01/03/00

OLYMPIC SALES, INC.

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

12% Senior Subordinated Note due 2008	\$ 803,000	08/07/99
12% Senior Subordinated Note due 2008	\$ 244,154	02/09/00
Limited Partnership Interest of Riverside VIII, VIII-A and VIII-B Holding Company, L.P.	10.66% int.	
Warrants, exercisable until 2007 and 2008, to purchase common stock at \$.01 per share (B)	15,166 shs.	*

ONTARIO DRIVE & GEAR LTD.

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

13% Senior Subordinated Note due 2013	\$ 1,047,115	01/17/00
Limited Liability Company Unit (B)	1,942 uts.	01/17/00
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	328 shs.	01/17/00

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OVERTON'S HOLDING COMPANY

A marketer of marine and water sports accessories in the United States.

12% Senior Subordinated Note due 2014	\$	962,104	04/28/0
Common Stock (B)		50 shs.	04/28/0
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)		49 shs.	04/28/0

P A S HOLDCO LLC

An independent provider of maintenance, repair and overhaul services to the aerospace gas turbine engine and airframe markets.

14% Senior Subordinated Note due 2014	\$	1,158,977	07/03/0
Preferred Unit (B)		202 uts.	07/03/0
Preferred Unit (B)		36 uts.	07/03/0
Common Unit Class I (B)		78 uts.	07/03/0
Common Unit Class L (B)		17 uts.	07/03/0

\*08/07/98, 02/23/99, 12/22/99 and 02/25/03.

\*\*08/07/98 and 02/29/00.

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007

(Unaudited)

		Shares, Units, Warrants, Ownership or Principal Amount	Acquisit Date
		-----	-----

CORPORATE RESTRICTED SECURITIES: (A) (Continued)

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	03/31/0
Preferred Stock (B)		19 shs.	03/31/0
Common Stock (B)		12 shs.	03/31/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)		7 shs.	03/31/0

PARADIGM PACKAGING, INC.

A manufacturer of plastic bottles and closures for the nutritional, pharmaceutical, personal care and food packaging markets.

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12% Senior Subordinated Note due 2008	\$	1,125,000	12/19/0
Membership Interests of MM/Lincap			
PPI Investments, Inc., LLC (B)		1.28% int.	12/21/0

### POSTLE ALUMINUM COMPANY LLC

A manufacturer and distributor of aluminum extruded products.

12% Senior Subordinated Note due 2014	\$	1,080,000	10/02/0
Limited Liability Company Unit (B)		733 uts.	10/02/0
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)		182 shs.	10/02/0

### PROTEIN GENETICS, INC.

A producer of bovine artificial insemination products, related breeding and healthcare products and specialty genetics sold to the dairy and beef industries.

9.8% Redeemable Exchangeable Preferred Stock (B)		332 shs.	08/12/9
Common Stock (B)		867 shs.	

### QUALIS AUTOMOTIVE LLC

A distributor of aftermarket automotive brake and chassis products.

12% Senior Subordinated Note due 2012	\$	937,500	05/28/0
Common Stock		187,500 shs.	05/28/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share		199,969 shs.	05/28/0

### QUALSERV CORPORATION

A provider of foodservice equipment and supplies to major restaurant chains and their franchisees.

14% Senior Subordinated Note due 2012 (D)	\$	1,002,475	07/09/0
Limited Partnership Interest (B)		4.90% int.	07/09/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)		280 shs.	07/09/0

\*11/14/01 and 08/12/94.

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)      MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007  
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Shares, Units,



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CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Warrants, Ownership or Principal Amount -----	Acquisit Date -----
<b>R A J MANUFACTURING HOLDINGS LLC</b>		
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	12/15/0
Limited Liability Company Unit (B)	1,497 uts.	12/15/0
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	2 shs.	12/15/0
 <b>RADIAC ABRASIVES, INC.</b>		
A manufacturer of bonded abrasive and super abrasive grinding wheels in the United States.		
12% Senior Subordinated Note due 2014	\$ 1,196,809	02/10/0
Common Stock (B)	153,191 shs.	02/10/0
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	69,647 shs.	02/10/0
 <b>RIVER RANCH FRESH FOODS LLC</b>		
A supplier of fresh produce to the retail and foodservice channels.		
13% Senior Subordinated Note due 2011 (D)	\$ 975,000	09/29/0
Limited Liability Company Unit (B)	21,500 uts.	09/29/0
18% Preferred Stock (B)	75,000 shs.	11/16/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	12,481 shs.	09/29/0
 <b>ROYAL BATHS MANUFACTURING COMPANY</b>		
A manufacturer and distributor of acrylic and cultured marble bathroom products.		
12.5% Senior Subordinated Note due 2011	\$ 562,500	11/14/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	74 shs.	11/14/0
 <b>SAFETY SPEED CUT MANUFACTURING COMPANY, INC.</b>		
A manufacturer of vertical panel saws and routers for the wood working industry.		
8.85% Senior Secured Tranche A Note due 2007 (C)	\$ 80,761	06/02/9
12% Senior Secured Tranche B Note due 2007	\$ 646,089	06/02/9
Class B Common Stock (B)	846 shs.	06/02/9
 <b>SAVAGE SPORTS HOLDING, INC.</b>		
A manufacturer of sporting firearms.		
12% Senior Subordinated Note due 2012	\$ 814,655	09/10/0

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Common Stock (B)	310 shs.	09/10/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	71 shs.	09/10/0

SPECIALTY FOODS GROUP, INC.

A manufacturer and distributor of branded meat products. Limited Partnership Interest of MHD Holdings LLC	0.76% int.	08/29/0
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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)      MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007  
(Unaudited)

	Shares, Units, Warrants, Ownership or Principal Amount	Acquisit Date
CORPORATE RESTRICTED SECURITIES: (A) (Continued)	-----	-----

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	08/01/0
Common Stock (B)	165 shs.	08/01/0
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	55 shs.	08/01/0

STRATEGIC EQUIPMENT & SUPPLY CORPORATION, INC.

A provider of kitchen and restaurant design, equipment fabrication and installation services.		
Warrant, exercisable until 2008, to purchase common stock at \$.01 per share (B)	61,862 shs.	01/14/0

SYNVENTIVE EQUITY LLC

A manufacturer of hot runner systems used in the plastic injection molding process.		
Limited Liability Company Unit (B)	1.05% int.	08/20/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	45,942 shs.	08/21/0

TANGENT RAIL CORPORATION

A manufacturer of rail ties and provides specialty services to the North American railroad industry.		
13% Senior Subordinated Note due 2013	\$ 1,173,909	10/14/0
Preferred Stock (B)	701 shs.	10/14/0
Common Stock (B)	1,167 shs.	10/14/0

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Warrant, exercisable until 2013, to purchase  
common stock at \$.01 per share (B) 618 shs. 10/14/0

TERRA RENEWAL SERVICES, INC.

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

8.65 Senior Secured Tranche B Note due 2012 (C)	\$	874,322	
12% Senior Subordinated Note due 2014	\$	664,062	*
Limited Partnership Interest of Saw Mill Capital Fund V, L.P.		2.30% int.	03/01/0
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)		41 shs.	04/28/0

TOTAL EQUIPMENT & SERVICE, 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	03/02/0
13% Senior Subordinated Note due 2014	\$	341,971	03/02/0
Common Stock (B)		71,542 shs.	03/02/0
Warrant, exercisable until 2014 to purchase common stock at \$.01 per share (B)		19,733 shs.	03/02/0

\*04/28/06 and 12/21/06.

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007  
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CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount	Acquisit Date
	-----	-----

THE TRANZONIC COMPANIES

A producer of commercial and industrial supplies,  
such as safety products, janitorial supplies, work  
apparel, washroom and restroom supplies and sanitary  
care products.

13% Senior Subordinated Note due 2009	\$	1,356,000	02/05/9
Common Stock (B)		315 shs.	02/04/9
Warrant, exercisable until 2009, to purchase common stock at \$.01 per share (B)		222 shs.	02/05/9

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### TRANSTAR HOLDING COMPANY

A distributor of aftermarket automotive transmission parts.

12% Senior Subordinated Note due 2013	\$	918,000		08/31/0
Common Stock (B)			432 shs.	08/31/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)			46 shs.	08/31/0

### TRONAIR, INC.

A designer, engineer and manufacturer of ground support equipment for the business, commuter and commercial aviation markets.

10.5% Senior Secured Term Note due 2008	\$	225,806		01/20/0
12% Senior Subordinated Note due 2010	\$	758,100		01/20/0
Common Stock (B)			129,960 shs.	01/20/0
Warrant, exercisable until 2010, to purchase common stock at \$1 per share (B)			148,911 shs.	01/20/0

### TRUCK BODIES & EQUIPMENT INTERNATIONAL

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

12% Senior Subordinated Note due 2013	\$	1,222,698		
Common Stock (B)			393 shs.	
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)			81 shs.	

### TRUSTILE DOORS, INC.

A manufacturer and distributor of interior doors.

12.5% Senior Subordinated Note due 2010	\$	562,500		04/11/0
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)			3,060 shs.	04/11/0

### U S S HOLDINGS, INC.

A producer of high grade industrial and specialty silica sands.

14% Redeemable Preferred Stock (B)			499 shs.	09/30/9
Convertible Preferred Stock Series A and B, convertible into common stock at \$8.02 per share (B)			72,720 shs.	12/19/9
Common Stock (B)			10,013 shs.	09/30/9
Warrants, exercisable until 2010, to purchase common stock at \$.01 per share (B)			2,459 shs.	*

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

\*\*12/19/96 and 09/30/99.

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007  
(Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount	Acquisit Date
	-----	-----
<b>U-LINE CORPORATION</b>		
A manufacturer of high-end, built-in, undercounter ice making, wine storage and refrigeration appliances.		
12.5% Senior Subordinated Note due 2012	\$ 996,500	04/30/0
Common Stock (B)	96 shs.	04/30/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	122 shs.	04/30/0
<b>VICTORY VENTURES LLC</b>		
An acquirer of controlling or substantial interests in other entities.		
Series A Preferred Units (B)	0.04% int.	12/02/9
<b>VITALITY FOODSERVICE, INC.</b>		
A non-carbonated beverage dispensing company focused on the foodservice industry.		
15% Senior Subordinated Note due 2011	\$ 1,036,622	09/24/0
Common Stock (B)	14,006 shs.	
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	12,593 shs.	09/24/0
<b>VITEX PACKAGING GROUP, INC.</b>		
A manufacturer of specialty packaging, primarily envelopes and tags used on tea bags.		
12.5% Senior Subordinated Note due 2012	\$ 900,000	07/19/0
Limited Liability Company Unit Class A (B)	0.93% int.	07/19/0
Limited Liability Company Unit Class B (B)	0.41% int.	07/19/0
<b>WALLS INDUSTRIES, INC.</b>		
A provider of branded workwear and sporting goods apparel.		
12.35% Senior Subordinated Lien Note due 2009 (C)	\$ 345,395	07/12/0
14% Senior Subordinated Note due 2012	\$ 574,613	07/12/0
Limited Partnership Interest (B)	0.20% int.	07/12/0
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	2,133 shs.	07/12/0

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WELLBORN FOREST HOLDING CO.

A manufacturer of semi-custom kitchen and bath cabinetry.

12.13% Senior Subordinated Note due 2014

\$ 911,250 11/30/0

Common Stock (B)

101 shs. 11/30/0

Warrant, exercisable until 2014, to purchase  
common stock at \$.01 per share (B)

51 shs. 11/30/0

Total Private Placement Investments

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007

(Unaudited)

CORPORATE RESTRICTED SECURITIES (A) (Continued)	Interest Rate	Due Date	Shares or Principal Amount	C
-----				
RULE 144A SECURITIES - 4.63%: (A)				
BONDS - 4.63%				
Aramark Corporation	8.500%	02/01/15	\$ 100,000	\$
Aramark Corporation	8.860	02/01/15	100,000	
Bombardier, Inc.	6.300	05/01/14	500,000	
Charter Communications Op LLC	8.000	04/30/12	250,000	
Douglas Dynamics LLC	7.750	01/15/12	325,000	
G F S I, Inc. (C)	11.500	06/01/11	375,000	
H C A, Inc.	9.250	11/15/16	500,000	
Idearc, Inc.	8.000	11/15/16	300,000	
Packaging Dynamics Corporation of Ameri	10.000	05/01/16	850,000	
Rental Service Corporation	9.500	12/01/14	500,000	
Steel Dynamics, Inc.	6.750	04/01/15	100,000	
Stewart & Stevenson LLC	10.000	07/15/14	750,000	
Tenaska Alabama Partners LP	7.000	06/30/21	176,110	
Titan International, Inc.	8.000	01/15/12	70,000	
Transdigm, Inc.	7.750	07/15/14	150,000	
Tube City IMS Corporation	9.750	02/01/15	320,000	
Tunica-Biloxi Gaming Authority	9.000	11/15/15	500,000	
TOTAL BONDS				\$ 5,
-----				
WARRANTS - 0.00%				
Winsloew Furniture, Inc. (B)			700	\$
TOTAL WARRANTS				
-----				
TOTAL RULE 144A SECURITIES				5,
-----				

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TOTAL CORPORATE RESTRICTED SECURITIES

\$102,  
-----

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007

(Unaudited)

CORPORATE PUBLIC SECURITIES -- 23.49%: (A)	Interest Rate	Due Date	Principal Amount	C
	-----	-----	-----	-----
BONDS - 23.28%				
Allied Waste NA	7.875%	04/15/13	\$ 500,000	\$
Appleton Papers, Inc.	8.125	06/15/11	250,000	
Atlas Pipeline Partners	8.125	12/15/15	600,000	
BCP Crystal US Holdings Corporation	9.625	06/15/14	355,000	
Basic Energy Services	7.125	04/15/16	625,000	
Blockbuster, Inc. (C)	9.000	09/01/12	275,000	
Cablevision Systems Corporation	8.000	04/15/12	500,000	
Chemed Corporation	8.750	02/24/11	600,000	
Chesapeake Energy Corporation	7.000	08/15/14	650,000	
Cincinnati Bell, Inc.	8.375	01/15/14	550,000	
Clayton Williams Energy, Inc.	7.750	08/01/13	575,000	
Del Monte Corporation	8.625	12/15/12	200,000	
Dynegy Holdings, Inc.	8.375	05/01/16	665,000	
Edison Mission Energy	7.750	06/15/16	35,000	
Electronic Data Systems Corporation	7.125	10/15/09	500,000	
Esterline Technologies	7.750	06/15/13	175,000	
Exco Resources, Inc.	7.250	01/15/11	500,000	
Ford Motor Credit Co.	7.375	10/28/09	750,000	
Ford Motor Credit Co.	8.000	12/15/16	150,000	
Freeport-McMoran Copper & Gold	8.375	04/01/17	190,000	
Gencorp, Inc.	9.500	08/15/13	130,000	
General Motors Acceptance Corporation	5.850	01/14/09	750,000	
Goodyear Tire & Rubber Co.	7.857	08/15/11	350,000	
Goodyear Tire & Rubber Co.	9.000	07/01/15	100,000	
GulfMark Offshore, Inc.	7.750	07/15/14	300,000	
Inergy LP	8.250	03/01/16	75,000	
Interline Brands, Inc.	8.125	06/15/14	150,000	
Iron Mountain, Inc.	8.750	07/15/18	500,000	
K 2, Inc.	7.375	07/01/14	150,000	
Koppers, Inc.	9.875	10/15/13	170,000	
Lazard LLC	7.125	05/15/15	375,000	
Leucadia National Corporation	7.000	08/15/13	350,000	
Liberty Media Corporation	5.700	05/15/13	500,000	
Lodgenet Entertainment Corp.	9.500	06/15/13	375,000	
M G M Mirage, Inc.	6.000	10/01/09	225,000	
Mac-Gray Corporation	7.625	08/15/15	300,000	
Majestic Star Casino LLC	9.500	10/15/10	250,000	
Manitowoc Company, Inc.	7.125	11/01/13	100,000	
Markwest Energy Operating Co.	6.875	11/01/14	550,000	
Mediacom Broadband LLC	8.500	10/15/15	750,000	
Metaldyne Corporation (C)	10.000	11/01/13	340,000	
N R G Energy, Inc.	7.375	02/01/16	600,000	
NTL Cable PLC	9.125	08/15/16	690,000	

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Nalco Co.	7.750	11/15/11	250,000
Neiman Marcus Group, Inc.	10.375	10/15/15	600,000
Nextel Communications, Inc.	7.375	08/01/15	400,000
North American Energy Partners	8.750	12/01/11	200,000
Nova Chemicals Corporation (C)	8.502	11/15/13	215,000
O E D Corp/Diamond Jo Company Guarantee	8.750	04/15/12	500,000
Offshore Logistics, Inc.	6.125	06/15/13	350,000
P Q Corporation	7.500	02/15/13	685,000
Pacific Energy Partners	7.125	06/15/14	250,000
Pacific Energy Partners	6.250	09/15/15	100,000
Petrohawk Energy Corporation	9.125	07/15/13	500,000
Pinnacle Foods Group	8.250	12/01/13	225,000

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007  
(Unaudited)

CORPORATE PUBLIC SECURITIES (A) (Continued)	Interest Rate	Due Date	Principal Amount	
BONDS, CONTINUED				
Pliant Corporation (C)	11.850%	06/15/09	\$ 681,101	\$
Primedia, Inc.	8.000	05/15/13	500,000	
Quicksilver Resources, Inc.	7.125	04/01/16	600,000	
R H Donnelley, Inc.	8.875	01/15/16	325,000	
Rent-A-Center, Inc.	7.500	05/01/10	250,000	
Rock-Tenn Co.	8.200	08/15/11	80,000	
Rogers Wireless, Inc.	7.500	03/15/15	560,000	
Service Corporation International (C)	7.000	06/15/17	500,000	
Sheridan Acquisition Corporation	10.250	08/15/11	225,000	
Sierra Pacific Resources	6.750	08/15/17	330,000	
Tekni-Plex, Inc.	12.750	06/15/10	500,000	
Tenet Healthcare Corporation	6.375	12/01/11	250,000	
Tenet Healthcare Corporation	9.875	07/01/14	350,000	
Tenneco, Inc.	8.625	11/15/14	500,000	
Tennessee Gas Pipeline Co.	7.000	03/15/27	250,000	
Texas Industries, Inc.	7.250	07/15/13	35,000	
Triton P C S, Inc.	8.500	06/01/13	500,000	
Tyco International Group SA	6.375	10/15/11	150,000	
Unisys Corporation	8.000	10/15/12	90,000	
United Components, Inc.	9.375	06/15/13	535,000	
United Rentals, Inc.	7.750	11/15/13	325,000	
Universal City Florida (C)	10.110	05/01/10	100,000	
Universal City Florida (C)	8.375	05/01/10	100,000	
Vought Aircraft Industries	8.000	07/15/11	650,000	
Warner Music Group Corporation	7.375	04/15/14	125,000	
TOTAL BONDS				\$ 29,



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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2007  
(Unaudited)

CORPORATE PUBLIC SECURITIES (A) (Continued)	Interest Rate	Due Date	Shares or Principal Amount	C
	-----	-----	-----	-----
COMMON STOCK - 0.01%				
Distributed Energy Systems Corporation (B)			14,000	\$
TOTAL COMMON STOCK				-----
CONVERTIBLE BONDS - 0.20%				
Citadel Broadcasting Corporation	1.875%	02/15/11	\$ 300,000	\$
TOTAL CONVERTIBLE BONDS				-----
TOTAL CORPORATE PUBLIC SECURITIES				\$ 29,-----
SHORT-TERM SECURITIES:				
	Interest Rate/Yield*	Due Date	Principal Amount	C
	-----	-----	-----	-----
COMMERCIAL PAPER - 4.10%				
Burlington Northern Santa Fe	5.380%	04/02/07	\$ 2,527,000	\$ 2,
ConocoPhillips	5.470	04/03/07	1,703,000	1,
Wellpoint, Inc.	5.330	04/02/07	1,103,000	1,
TOTAL SHORT-TERM SECURITIES				\$ 5,-----
TOTAL INVESTMENTS	107.15%			\$137,----- =====
Other Assets	2.94			
Liabilities	(10.09)			
TOTAL NET ASSETS	100.00%			=====

(A) In each of the convertible note, warrant, convertible preferred and common stock investments agreed to provide certain registration rights.

(B) Non-income producing security.

(C) Variable rate security; rate indicated is as of 03/31/07.

(D) Defaulted security; interest not accrued.

\* Effective yield at purchase.

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See Notes to Consolidated Financial Statements.

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
 March 31, 2007  
 (Unaudited)

INDUSTRY CLASSIFICATION:	Fair Value/ Market Value	
-----		
<b>AEROSPACE - 3.16%</b>		
Consolidated Foundries Holdings	\$ 1,598,743	BUILDINGS & REAL ESTATE -
Esterline Technologies	179,813	Adorn, Inc.
Gencorp, Inc.	138,450	K W P I Holdings Corporati
P A S Holdco LLC	1,396,216	Texas Industries, Inc.
Transdigm, Inc.	154,875	TruStile Doors, Inc.
Vought Aircraft Industries	637,000	
	-----	
	4,105,097	
	-----	
<b>AUTOMOBILE - 9.20%</b>		
Ford Motor Credit Co.	893,113	CHEMICAL, PLASTICS & RUBBER
Fuel Systems Holding Corporation	1,577,651	BCP Crystal US Holdings Co
General Motors Acceptance Corporation	740,348	Capital Specialty Plastics
Goodyear Tire & Rubber Co.	475,938	Koppers, Inc.
Jason, Inc.	942,536	Nalco Co.
LIH Investors, L.P.	1,018,000	Nova Chemicals Corporation
Metaldyne Corporation	347,650	P Q Corporation
Nyloncraft, Inc.	869,644	
Ontario Drive & Gear Ltd.	1,481,683	<b>CONSUMER PRODUCTS - 9.21%</b>
Qualis Automotive LLC	1,072,063	Aero Holdings, Inc.
Tenneco, Inc.	521,250	Augusta Sportswear Holding
Titan International, Inc.	72,013	Bravo Sports Holding Corpo
Transtar Holding Company	1,389,801	G F S I, Inc.
United Components, Inc.	553,725	K N B Holdings Corporation
	-----	Momentum Holding Co.
	11,955,415	R A J Manufacturing Holdin
	-----	Royal Baths Manufacturing
		The Tranzonic Companies
<b>BEVERAGE, DRUG &amp; FOOD - 3.85%</b>		
Aramark Corporation	206,375	Walls Industries, Inc.
Beta Brands Ltd.	--	Winsloew Furniture, Inc.
Cains Foods, L.P.	154,384	
Del Monte Corporation	208,000	<b>CONTAINERS, PACKAGING &amp; GL</b>
Eagle Pack Pet Foods, Inc.	859,475	Flutes, Inc.
Nonni's Food Company	1,330,784	Maverick Acquisition Compa
Pinnacle Foods Group	244,699	P I I Holding Corporation
River Ranch Fresh Foods LLC	855,000	Packaging Dynamics Corpora
Specialty Foods Group, Inc.	--	Paradigm Packaging, Inc.
Vitality Foodservice, Inc.	1,145,752	Pliant Corporation
	-----	Tekni-Plex, Inc.
	5,004,469	Vitex Packaging, Inc.
	-----	
<b>BROADCASTING &amp; ENTERTAINMENT - 2.06%</b>		
Cablevision Systems Corporation	507,500	
Charter Communications Op LLC	260,313	

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Citadel Broadcasting Corporation	254,250	
Liberty Media Corporation	479,386	DISTRIBUTION - 3.76%
Lodgenet Entertainment Corporation	409,794	Duncan Systems, Inc.
Mediacom Broadband LLC	766,875	Kele and Associates, Inc.
	-----	Magnatech International, I
	2,678,118	O R S Nasco Holding, Inc.
	-----	QualServ Corporation
		Strategic Equipment & Supp

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
 March 31, 2007  
 (Unaudited)

INDUSTRY CLASSIFICATION: (Cont.)	Fair Value/ Market Value	
	-----	
DIVERSIFIED/CONGLOMERATE, MANUFACTURING - 8.00%		HEALTHCARE, EDUCATION & CHILD CARE - 4.07%
AmerCable, Inc.	\$ 879,335	A T I Acquisition Company
Arrow Tru-Line Holdings, Inc.	1,164,303	American Hospice Management
Bombardier, Inc.	475,000	F H S Holdings LLC
Coining Corporation of America LLC	1,528,477	H C A, Inc.
Dexter Magnetics Technologies, Inc.	756,772	MedAssist, Inc.
Douglas Dynamics LLC	302,250	Tenet Healthcare Corporati
Evans Consoles, Inc.	--	
Postle Aluminum Company LLC	1,342,821	
Radiac Abrasives, Inc.	1,371,280	
Truck Bodies & Equipment International	2,427,274	
Tyco International Group SA	158,515	HOME & OFFICE FURNISHINGS, AND DURABLE CONSUMER PRO
	-----	Connor Sport Court Interna
	10,406,027	H M Holding Company
	-----	Home Decor Holding Company
DIVERSIFIED/CONGLOMERATE, SERVICE - 3.74%		Justrite Manufacturing Acq
Allied Waste NA	518,750	Monessen Holding Coporatio
CapeSuccess LLC	2,512	Stanton Carpet Holding Co.
Chemed Corporation	624,000	U-Line Corporation
Diversco, Inc./DHI Holdings, Inc.	--	Wellborn Forest Holding Co
Dwyer Group, Inc.	607,260	
Fowler Holding, Inc.	1,356,989	
Interline Brands, Inc.	154,875	
Iron Mountain, Inc.	537,500	LEISURE, AMUSEMENT, ENTERTAINMENT - 3.90%
Mac-Gray Corporation	306,000	Harrah's Operating Co.
Moss, Inc.	250,163	K 2, Inc.
Service Corporation International	503,750	Keepsake Quilting, Inc.
	-----	M G M Mirage, Inc.
	4,861,799	Majestic Star Casino LLC
	-----	O E D Corp/Diamond Jo Comp
ELECTRONICS - 2.90%		Overton's Holding Company
Connecticut Electric, Inc.	1,385,824	Savage Sports Holding, Inc
Directed Electronics, Inc.	1,839,798	Tunica-Biloxi Gaming Autho
Distributed Energy Systems Corporation	19,180	Universal City Florida

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Electronic Data Systems Corporation	521,389	Warner Music Group Corpora
	-----	
	3,766,191	
	-----	
FARMING & AGRICULTURE - 0.00%		MACHINERY - 9.75%
Protein Genetics, Inc.	--	Davis-Standard LLC
	-----	Hawk Precision Components
FINANCIAL SERVICES - 0.57%		Integration Technology Sys
Highgate Capital LLC	--	Manitowoc Company, Inc.
Lazard LLC	395,357	Maxon Corporation
Leucadia National Corporation	351,750	Morton Industrial Group, I
Victory Ventures LLC	--	Navis Global
	-----	Safety Speed Cut Manufactu
	747,107	Stewart & Stevenson LLC
	-----	Synventive Equity LLC
		Tronair, Inc.

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
March 31, 2007  
(Unaudited)

INDUSTRY CLASSIFICATION: (Cont.)	Fair Value/ Market Value	
	-----	
MEDICAL DEVICES/BIOTECH - 2.70%		RETAIL STORES - 3.15%
Coeur, Inc.	\$ 822,631	Blockbuster, Inc.
E X C Acquisition Corporation	81,825	Neiman Marcus Group, Inc.
MicroGroup, Inc.	1,736,702	Olympic Sales, Inc.
OakRiver Technology, Inc.	871,356	Rent-A-Center, Inc.
	-----	Rental Service Corporation
	3,512,514	United Rentals, Inc.
	-----	
MINING, STEEL, IRON & NON PRECIOUS METALS - 0.85%		TECHNOLOGY - 0.07%
Freeport-McMoran Copper & Gold	205,438	Unisys Corporation
Steel Dynamics, Inc.	100,250	
Tube City IMS Corporation	332,800	TELECOMMUNICATIONS - 3.38%
U S S Holdings, Inc.	466,871	Cincinnati Bell, Inc.
	-----	DeltaCom, Inc.
	1,105,359	Nextel Communications, Inc
	-----	NTL Cable PLC
NATURAL RESOURCES - 0.26%		Rogers Wireless, Inc.
Appleton Papers, Inc.	256,875	Triton P C S, Inc.
Rock-Tenn Co.	84,800	
	-----	
	341,675	
	-----	
OIL AND GAS - 4.25%		TRANSPORTATION - 1.70%
Atlas Pipeline Partners	618,000	NABCO, Inc.
Basic Energy Services	609,375	Tangent Rail Corporation

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Chesapeake Energy Corporation	669,500	
Clayton Williams Energy, Inc.	540,500	
Exco Resources, Inc.	501,250	
GulfMark Offshore, Inc.	304,500	
North American Energy Partners	204,000	UTILITIES - 2.59%
Offshore Logistics, Inc.	333,375	Dynegy Holdings, Inc.
Quicksilver Resources, Inc.	591,000	Edison Mission Energy
Tennessee Gas Pipeline Co.	267,011	Inergy LP
Total Equipment & Service, Inc.	883,399	Markwest Energy Operating
	-----	N R G Energy, Inc.
	5,521,910	Pacific Energy Partners
	-----	Petrohawk Energy Corporati
		Sierra Pacific Resources
		Tenaska Alabama Partners L
PHARMACEUTICALS - 1.12%		
CorePharma LLC	1,400,412	
Enzymatic Therapy, Inc.	56,250	
	-----	
	1,456,662	WASTE MANAGEMENT / POLLUTI
	-----	Terra Renewal Services, In
PUBLISHING/PRINTING - 1.08%		
Idearc, Inc.	308,625	
Primedia, Inc.	517,500	Total Corporate Restricted
R H Donnelley, Inc.	345,313	Public Securities - 103.05
Sheridan Acquisition Corporation	235,406	
	-----	
	1,406,844	
	-----	

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS      MASSMUTUAL PARTICIPATION INVESTORS (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 such income, and capital appreciation, by investing primarily in a portfolio of privately placed, below investment grade, long-term corporate debt obligations purchased directly from their issuers, at least half of which normally will include equity features.

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

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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 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, absent an exemption from registration, 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").

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 as of 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 thereafter used 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 in 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

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who are not interested persons of the Trust or of Babson Capital. In making valuations, the Trustees will consider Babson Capital's reports 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 \$97,416,793 (74.93% of net assets) as of March 31, 2007 whose values have been determined by the Trustees in the absence of readily ascertainable market values. Due to the inherent uncertainty of valuation, those values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS      MASSMUTUAL PARTICIPATION INVESTORS (CONTINUED)

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 March 31, 2007, 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.

#### 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 discount on bonds held using the yield-to-maturity method. The Trust does not accrue income when payment is delinquent and when management believes payment is questionable.

Realized gains and losses on investment transactions and unrealized appreciation and depreciation of investments are reported for financial statement and federal income tax purposes on the identified cost method.

#### C. USE OF ESTIMATES:

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

#### D. FEDERAL INCOME TAXES:

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

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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 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's 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 three months ended March 31, 2007, the MMPI Subsidiary Trust has reduced accrued deferred tax income expenses on net unrealized gains by \$131,824.

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 109 ("FIN 48"). FIN 48 supplements FASB 109 by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The adoption of FIN 48 requires financial statements to be adjusted to reflect only those tax positions that are more likely than not to be sustained as of the adoption date. As of March 31, 2007, the Trust has properly recorded all tax liabilities.

### 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 three months ended March 31, 2007, there were no credit balances used to reduce custodian fees.

## 3. INVESTMENT ADVISORY AND ADMINISTRATIVE SERVICES FEE

### 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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS      MASSMUTUAL PARTICIPATION INVESTORS  
(CONTINUED)

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.

## 4. SENIOR SECURED INDEBTEDNESS

## A. NOTE PAYABLE:

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 three months ended March 31, 2007, the Trust incurred total interest expense on the Note of \$174,000.

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

## B. REVOLVING CREDIT AGREEMENT:

The Trust entered into a \$15,000,000 Revolving Credit Agreement with Bank of America (formerly Fleet National Bank) (the "Agent Bank") dated May 29, 1997, which had a stated maturity date of May 31, 2004. The maturity date of this loan was extended to May 31, 2007, and its terms amended and restated pursuant to the First Amended and Restated Revolving Credit Agreement (the "Revolver") dated May 27, 2004, between the Trust and the Agent Bank.

The Revolver bears interest payable quarterly in arrears at a per annum rate that varies depending upon whether the Trust requests a Base Rate Loan or LIBOR Rate Loan. Interest on Base Rate loans equals the higher of: (i) the annual "Base Rate" as set periodically by the Agent Bank and (ii) the most recent Federal Funds Effective Rate plus .50% per annum.

Per annum interest on LIBOR Rate Loans equals .60% plus the London Inter Bank

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Offered Rate ("LIBOR") rate, divided by 1 minus LIBOR Reserve Rate. The Trust also incurs expense on the undrawn portion of the total Revolver at a rate of .25% per annum.

As of March 31, 2007, there were no outstanding loans against the Revolver. For the three months ended March 31, 2007, the Trust incurred expense on the Revolver of \$9,247 related to the undrawn portion.

### 5. PURCHASES AND SALES OF INVESTMENTS

FOR THE THREE MONTHS  
ENDED 3/31/2007

	COST OF INVESTMENTS ACQUIRED -----	PROCEEDS FROM SALES OR MATURITIES -----
Corporate restricted securities	\$ 8,127,408	\$ 4,633,336
Corporate public securities	1,898,079	6,869,234

The aggregate cost of investments is substantially the same for financial reporting and federal income tax purposes as of March 31, 2007. The net unrealized appreciation of investments for financial reporting and federal tax purposes as of March 31, 2007 is \$1,649,820 and consists of \$14,172,177 appreciation and \$12,522,357 depreciation.

Net unrealized appreciation of investments on the Statement of Assets and Liabilities reflects the balance net of a deferred tax accrual of \$252,402 on net unrealized gains in the MMPI Subsidiary Trust.

### 6. NEW ACCOUNTING PRONOUNCEMENTS

In September 2006, FASB issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157"). FAS 157 establishes a single authoritative definition of fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 applies to fair value measurements already required or permitted by existing standards. The change to current generally accepted accounting principles from the application of FAS 157 relates to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. Management of the Trust does not believe the adoption of FAS 157 will materially impact the financial statement amounts, however, additional disclosures may be required about the inputs used to develop the measurements and the effect of certain of the measurements on changes in net assets for the period. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years.

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TRUSTEES	OFFICERS	
William J. Barrett	Roger W. Crandall	Chairman
Donald E. Benson*	Clifford M. Noreen	President
Michael H. Brown	James M. Roy	Vice President & Chief Financial Officer
Roger W. Crandall		

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Donald Glickman	Rodney J. Dillman	Vice President & Secretary
Martin T. Hart*	Jill A. Fields	Vice President
Robert E. Joyal	Michael P. Hermsen	Vice President
Corine T. Norgaard*	Mary Wilson Kibbe	Vice President
	Michael L. Klofas	Vice President
	Richard E. Spencer, II	Vice President
* MEMBER OF THE AUDIT COMMITTEE	Ronald S. Talala	Treasurer
	John T. Davitt, Jr.	Comptroller
	Melissa M. LaGrant	Chief Compliance Officer

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### 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 any way, 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.)

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

MassMutual  
Participation Investors

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