

MASSMUTUAL PARTICIPATION INVESTORS

Form N-30D

November 20, 2008

MassMutual  
Participation Investors

Report for the  
Nine Months Ended September 30, 2008

[LOGO]

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
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Boston, Massachusetts 02110

COUNSEL TO THE TRUST  
Ropes & Gray LLP  
Boston, Massachusetts 02110

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INTERNET WEBSITE

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

MassMutual Participation Investors  
c/o Babson Capital Management LLC  
[LOGO] 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 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 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 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:

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<http://www.babsoncapital.com/mpv>; and (2) on the SEC's website at <http://www.sec.gov>.

MPV  
Listed  
NYSE

MassMutual Participation Investors

TO OUR SHAREHOLDERS

October 31, 2008

We are pleased to present the September 30, 2008 Quarterly Report of MassMutual Participation Investors (the "Trust").

The Board of Trustees declared a quarterly dividend of 25 cents per share, payable on November 14, 2008 to shareholders of record on October 31, 2008. The Trust had previously paid a 25 cent per share dividend for the preceding quarter.

During the quarter ended September 30, 2008, net assets of the Trust decreased to \$121,973,464 or \$12.29 per share compared to \$125,650,592 or \$12.68 per share on June 30, 2008, which translates into a -1.13% 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 1.14%, 15.73%, and 12.22% 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 33 cents per share of net investment income for the quarter, of which 6 cents per share was from nonrecurring items. The Trust earned 23 cents per share in the previous quarter.

The mezzanine and private equity markets in which the Trust participates were very active during most of the third quarter. Deal flow was very strong as evidenced by the number of new investments the Trust made during the quarter. The leverage and pricing of these new investments was favorable from the Trust's perspective. Leverage levels continued their downward trend while pricing on mezzanine and private equity investments continued to increase throughout the quarter. As the quarter ended however, the turmoil in the financial markets began to impact middle market buyout activity. Senior debt financing became significantly more expensive and increasingly scarce as a number of senior debt providers withdrew from the market. This has resulted in a slowdown in new deal activity which is likely to continue throughout the rest of 2008.

During the quarter, the Trust made private placement investments in eleven new issuers, totaling approximately \$12.5 million. The eleven new issuers were All Current Holding Company, C D N T, Inc., Crane Rental Corporation, Hospitality Mints Holding Company, K P I Holdings, Inc., M V I Holding, Inc., MedSystems Holdings LLC, MEGTEC Holdings, Inc., Milwaukee Gear Company, Synteract Holdings Corporation and Xaloy Superior Holdings, Inc. The weighted average coupon of these investments was 12.96%. (A brief description of these investments can be found in the Consolidated Schedule of Investments.)

U.S. equity markets, as approximated by the Russell 2000 Index, decreased 1.11% for the quarter. U.S. fixed income markets, as approximated by the Lehman Brothers U.S. Corporate High Yield Index decreased 8.89% for the quarter.

During the quarter ended September 30, 2008, the market price of the Trust decreased 14.3% from \$13.19 per share to \$11.31 per share. The Trust's market price of \$11.31 per share equated to an 8.0% discount to the September 30, 2008 net asset value per share. The Trust's average quarter-end premium for the 3-, 5- and 10-year periods was 9.4%, 10.2% and 6.3%, respectively.

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

Sincerely,

/s/ Clifford M. Noreen  
 Clifford M. Noreen  
 President

### PORTFOLIO COMPOSITION AS OF 9/30/08 \*

[PIE CHART APPEARS HERE]

|                                       |   |
|---------------------------------------|---|
| Private / Restricted Equity<br>14.2%  | Public Equity<br>1.1%                   |
| Cash & Short Term Investments<br>8.3% | Private / 144A High Yield Debt<br>62.8% |
| Public High Yield Debt<br>13.6%       |   |

\* 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.

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### CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES SEPTEMBER 30, 2008 (UNAUDITED)

**ASSETS:**

|   |                    |
|---|--------------------|
| Investments   |                    |
| (See Consolidated Schedule of Investments)                              |                    |
| Corporate restricted securities at fair value<br>(Cost - \$110,193,404) | \$ 101,851,295     |
| Corporate public securities at market value<br>(Cost - \$24,078,261)    | 19,453,296         |
| Short-term securities at amortized cost                                 | 10,127,791         |
|   | 131,432,382        |
| Cash  | 862,687            |
| Interest receivable   | 2,984,918          |
| Receivable for investments sold   | 217,006            |
| Other assets  | 6,294              |
|   | 135,503,287        |
| <b>TOTAL ASSETS</b>   | <b>135,503,287</b> |

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|  |                |
|--|----------------|
| <b>LIABILITIES:</b>  |                |
| Payable for investments purchased  | 866,069        |
| Investment advisory fee payable  | 274,440        |
| Note payable   | 12,000,000     |
| Interest payable   | 262,933        |
| Accrued expenses   | 126,381        |
|  | -----          |
| TOTAL LIABILITIES  | 13,529,823     |
|  | -----          |
| TOTAL NET ASSETS   | \$ 121,973,464 |
|  | =====          |
| <br><b>NET ASSETS:</b>   |                |
| Common shares, par value \$.01 per share; an unlimited number authorized | \$ 99,272      |
| Additional paid-in capital   | 92,588,454     |
| Retained net realized gain on investments, prior years                   | 32,808,045     |
| Undistributed net investment income                                      | 4,155,177      |
| Accumulated net realized gain on investments                             | 5,289,590      |
| Net unrealized depreciation of investments                               | (12,967,074)   |
|  | -----          |
| TOTAL NET ASSETS   | \$ 121,973,464 |
|  | =====          |
| COMMON SHARES ISSUED AND OUTSTANDING                                     | 9,927,243      |
|  | =====          |
| NET ASSET VALUE PER SHARE  | \$ 12.29       |
|  | =====          |

See Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENT OF OPERATIONS MassMutual Participation Investors  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008  
 (UNAUDITED)

|                                     |              |
|-------------------------------------|--------------|
| <b>INVESTMENT INCOME:</b>           |              |
| Interest                            | \$ 9,186,525 |
| Dividends                           | 647,849      |
| Other                               | 45,671       |
|                                     | -----        |
| TOTAL INVESTMENT INCOME             | 9,880,045    |
|                                     | -----        |
| <br><b>EXPENSES:</b>                |              |
| Investment advisory fees            | 843,191      |
| Interest                            | 528,229      |
| Trustees' fees and expenses         | 126,000      |
| Professional fees                   | 121,100      |
| Reports to shareholders             | 81,000       |
| Custodian fees                      | 21,757       |
| Transfer agent/registrar's expenses | 18,000       |
| Other                               | 25,265       |
|                                     | -----        |
| TOTAL EXPENSES                      | 1,764,542    |
|                                     | -----        |
| INVESTMENT INCOME - NET             | 8,115,503    |
|                                     | -----        |

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|   |              |
|---|--------------|
| NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS: |              |
| Net realized gain on investments before taxes           | 4,947,574    |
| Income tax expense                                      | (141,562)    |
|   | -----        |
| Net realized gain on investments                        | 4,806,012    |
| Net change in unrealized appreciation of investments    | (13,468,994) |
|   | -----        |
| NET LOSS ON INVESTMENTS                                 | (8,662,982)  |
|   | -----        |
| NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS    | \$ (547,479) |
|   | =====        |

See Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008  
(UNAUDITED)

NET DECREASE IN CASH:

Cash flows from operating activities:

|   |                |
|---|----------------|
| Purchases/Proceeds/Maturities from short-term portfolio securities, net | \$ (2,359,170) |
| Purchases of portfolio securities                                       | (26,406,808)   |
| Proceeds from disposition of portfolio securities                       | 30,659,592     |
| Interest, dividends and other received                                  | 9,472,761      |
| Interest expense paid   | (358,051)      |
| Operating expenses paid   | (1,242,360)    |
| Income taxes paid   | (897,154)      |
|   | -----          |

NET CASH PROVIDED BY OPERATING ACTIVITIES 8,868,810

Cash flows from financing activities:

|   |             |
|---|-------------|
| Cash dividends paid from net investment income            | (9,694,682) |
| Cash dividends paid from net realized gain on investments | (187,646)   |
| Receipts for shares issued on reinvestment of dividends   | 847,131     |
|   | -----       |

NET CASH USED FOR FINANCING ACTIVITIES (9,035,197)

NET DECREASE IN CASH (166,387)

Cash - beginning of year 1,029,074

CASH - END OF PERIOD \$ 862,687

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

NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS \$ (547,479)

|   |           |
|---|-----------|
| Decrease in investments                       | 8,407,398 |
| Decrease in interest receivable               | 8,523     |
| Decrease in receivable for investments sold   | 738,346   |
| Increase in other assets                      | (6,294)   |
| Increase in payable for investments purchased | 866,069   |

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|   |              |
|---|--------------|
| Decrease in investment advisory fee payable     | (10,467)     |
| Increase in interest payable                    | 170,178      |
| Increase in accrued expenses                    | 1,266        |
| Decrease in accrued taxes payable               | (755,592)    |
| Decrease in other payables                      | (3,138)      |
|   | -----        |
| TOTAL ADJUSTMENTS TO NET ASSETS FROM OPERATIONS | 9,416,289    |
|   | -----        |
| NET CASH PROVIDED BY OPERATING ACTIVITIES       | \$ 8,868,810 |
|   | =====        |

See Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENTS  
OF CHANGES IN NET ASSETS

MassMutual Participation Investors

|  | For the nine<br>months ended<br>09/30/08<br>(Unaudited) | F<br>ye<br>1 |
|--|---|--------------|
|  | -----   | -----        |
| INCREASE (DECREASE) IN NET ASSETS:   |   |              |
| Operations:  |   |              |
| Investment income - net  | \$ 8,115,503  | \$ 1         |
| Net realized gain on investments   | 4,806,012   |              |
| Net change in unrealized appreciation of investments   | (13,468,994)  | (            |
|  | -----   | -----        |
| Net (decrease) increase in net assets resulting from operations  | (547,479)   | 1            |
| Increase from common shares issued on reinvestment of dividends  |   |              |
| Common shares issued (2008 - 65,632; 2007 - 56,329)  | 847,131   |              |
| Dividends to shareholders from:  |   |              |
| Net investment income (2008 - \$0.50; 2007 - \$1.23 per share)   | (4,951,522)   | (1           |
| Net realized gains on investments (2007 - \$0.02 per share)  | --  |              |
|  | -----   | -----        |
| TOTAL (DECREASE) INCREASE IN NET ASSETS  | (4,651,870)   |              |
| NET ASSETS, BEGINNING OF YEAR  | 126,625,334   | 12           |
|  | -----   | -----        |
| NET ASSETS, END OF PERIOD/YEAR (including undistributed net investment<br>income of \$4,155,117 and \$991,196, respectively) | \$ 121,973,464  | \$ 12        |
|  | =====   | =====        |

See Notes to Consolidated Financial Statements

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### CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

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

|   | For the<br>nine months<br>ended<br>09/30/2008<br>(Unaudited) | For the years ended De |                        |                        |
|---|--|------------------------|------------------------|------------------------|
|   | -----<br>-----<br>-----                                      | -----<br>2007<br>----- | -----<br>2006<br>----- | -----<br>2005<br>----- |
| Net asset value:  |  |                        |                        |                        |
| Beginning of year   | \$ 12.84   | \$ 12.90               | \$ 12.21               | \$ 11.13               |
| Net investment income (a)   | 0.82   | 1.23                   | 1.10                   | 0.99                   |
| Net realized and unrealized<br>gain (loss) on investments                           | (0.87)   | (0.05)                 | 0.77                   | 1.09 (b)               |
| Total from investment operations  | (0.05)   | 1.18                   | 1.87                   | 2.08                   |
| Dividends from net investment<br>income to common shareholders                      | (0.50)   | (1.23)                 | (1.18)                 | (1.01)                 |
| Dividends from net realized gain<br>on investments to common shareholders           | --   | (0.02)                 | (0.01)                 | --                     |
| Increase from dividends reinvested  | 0.00 (c)   | 0.01                   | 0.01                   | 0.01                   |
| Total dividends   | (0.50)   | (1.24)                 | (1.18)                 | (1.00)                 |
| Net asset value: End of period/year   | \$ 12.29   | \$ 12.84               | \$ 12.90               | \$ 12.21               |
| Per share market value:   |  |                        |                        |                        |
| End of period/year  | \$ 11.31   | \$ 13.18               | \$ 14.70               | \$ 14.05               |
| Total investment return   |  |                        |                        |                        |
| Net asset value (d)   | (0.45%)  | 9.95%                  | 18.64%                 | 22.51%                 |
| Market value  | (10.08%)   | (1.30%)                | 16.81%                 | 17.25%                 |
| Net assets (in millions):   |  |                        |                        |                        |
| End of period/year  | \$ 121.97  | \$ 126.63              | \$ 126.52              | \$ 119.02              |
| Ratio of operating expenses<br>to average net assets                                | 1.32% (e)  | 1.36%                  | 1.17%                  | 1.45%                  |
| Ratio of interest expense<br>to average net assets                                  | 0.56% (e)  | 0.56%                  | 0.57%                  | 0.80%                  |
| Ratio of income tax expense<br>to average net assets (f)                            | 0.15% (e)  | 0.48%                  | 2.68%                  | 2.83%                  |
| Ratio of total expenses before custodian fee<br>reduction to average net assets (f) | 2.03% (e)  | 2.40%                  | 4.46%                  | 5.12%                  |
| Ratio of net expenses after custodian fee<br>reduction to average net assets (f)    | 2.03% (e)  | 2.40%                  | 4.42%                  | 5.08%                  |
| Ratio of net investment income<br>to average net assets                             | 8.64% (e)  | 9.32%                  | 8.43%                  | 8.45%                  |
| Portfolio turnover  | 22%  | 33%                    | 34%                    | 32%                    |

(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 less all dividends and distributions which differs from the total investment return based on the change in 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.

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

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credit for the taxes paid is passed on to shareholders.

Senior borrowings:

|  |    |        |    |        |    |        |    |        |
|--|----|--------|----|--------|----|--------|----|--------|
| Total principal amount (in millions)       | \$ | 12     | \$ | 12     | \$ | 12     | \$ | 12     |
| Asset coverage per \$1,000 of indebtedness | \$ | 11,167 | \$ | 11,552 | \$ | 11,543 | \$ | 10,918 |

See Notes to Consolidated Financial Statements

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CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2008

MassMutual Participation Investors

(Unaudited)

|   | Principal Amount<br>Shares, Units<br>or Ownership<br>Percentage | Acquisition<br>Date |
|---|---|---------------------|
|   |   |                     |
| CORPORATE RESTRICTED SECURITIES - 83.50%: (A)   |   |                     |
| PRIVATE PLACEMENT INVESTMENTS - 79.98%  |   |                     |
| 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   | \$ 1,253,897  | 11/21/07            |
| Limited Partnership Interest (B)  | 7.93% int.  | 11/21/07            |
| 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            |
| ADVANCED TECHNOLOGIES HOLDINGS  |   |                     |
| A provider of factory maintenance services to industrial companies.   |   |                     |
| 15% Senior Subordinated Note due 2013   | \$ 1,096,623  | 12/27/07            |
| Preferred Stock (B)   | 546 shs.  | 12/27/07            |
| AERO HOLDINGS, INC.   |   |                     |
| A provider of geospatial services to corporate and government clients.  |   |                     |
| 10.5% Senior Secured Term Note due 2014   | \$ 930,000  | 03/09/07            |
| 14% Senior Subordinated Note due 2015   | \$ 720,000  | 03/09/07            |
| Common Stock (B)  | 150,000 shs.  | 03/09/07            |

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Warrant, exercisable until 2015, to purchase  
common stock at \$.01 per share (B) 37,780 shs. 03/09/07

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
September 30, 2008  
(Unaudited)

| CORPORATE RESTRICTED SECURITIES: (A) (Continued)  | Principal Amount<br>Shares, Units<br>or Ownership<br>Percentage<br>----- | Acquisition<br>Date<br>----- |
|---|--|------------------------------|
| 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<br>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                     |
| 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   | 05/18/05                     |
| Common Stock (B)  | 263 shs.   | 05/18/05                     |
| Warrant, exercisable until 2012, to purchase<br>common stock at \$.01 per share (B)   | 69 shs.  | 05/18/05                     |
| BRAVO SPORTS HOLDING CORPORATION  |  |                              |
| A designer and marketer of niche branded consumer products including canopies, trampolines, in-li<br>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<br>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,<br>10.5% Senior Secured Term Note due 2014 |  |                              |
|   | \$ 429,070   | 08/07/08                     |

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|   |             |          |
|---|-------------|----------|
| 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<br>common stock at \$.01 per share (B) | 32,914 shs. | 08/07/08 |

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

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
September 30, 2008 MassMutual Participation Investors  
(Unaudited)

|   | Principal Amount<br>Shares, Units<br>or Ownership<br>Percentage | Acquisition<br>Date |
|---|---|---------------------|
| CORPORATE RESTRICTED SECURITIES: (A) (Continued)  | -----   | -----               |
| <b>CAPESUCCESS LLC</b>  |   |                     |
| A provider of diversified staffing services.  |   |                     |
| Preferred Membership Interests (B)  | 806 uts.  | 04/29/00            |
| Common Membership Interests (B)   | 10,421 uts.   | 04/29/00            |
| <br>  |   |                     |
| <b>CAPITAL SPECIALTY PLASTICS, INC.</b>   |   |                     |
| A producer of desiccant strips used for packaging pharmaceutical products.                        |   |                     |
| Common Stock (B)  | 55 shs.   | *                   |
| <b>COEUR, INC.</b>  |   |                     |
| A producer of proprietary, disposable power injection syringes.                                   |   |                     |
| 8.75% Senior Secured Term Note due 2010   | \$ 141,304  | 04/30/03            |
| 11.5% Senior Subordinated Note due 2011   | \$ 242,754  | 04/30/03            |
| Common Stock (B)  | 72,464 shs.   | 04/30/03            |
| Warrant, exercisable until 2010, to purchase<br>common stock at \$.01 per share (B)               | 50,099 shs.   | 04/30/03            |
| <br>  |   |                     |
| <b>CONNECTICUT ELECTRIC, INC.</b>   |   |                     |
| A supplier and distributor of electrical products sold into the retail and wholesale markets.     |   |                     |
| 12% Senior Subordinated Note due 2014   | \$ 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            |
| <br>  |   |                     |
| <b>CONNOR SPORT COURT INTERNATIONAL, INC.</b>   |   |                     |
| 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)  | 4.43% int.  | **                  |
| <br>  |   |                     |
| <b>COREPHARMA LLC</b>   |   |                     |
| A manufacturer of oral dose generic pharmaceuticals targeted at niche applications.               |   |                     |

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|  |              |          |
|--|--------------|----------|
| 12% Senior Subordinated Note due 2013  | \$ 1,350,000 | 08/04/05 |
| Warrant, exercisable until 2013, to purchase<br>common stock at \$.001 per share (B) | 10 shs.      | 08/04/05 |

\* 12/30/97 and 05/29/99.  
\*\* 08/12/04 and 01/14/05.

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
September 30, 2008  
(Unaudited)

| CORPORATE RESTRICTED SECURITIES: (A) (Continued)  | Principal Amount<br>Shares, Units<br>or Ownership<br>Percentage<br>----- | Acquisition<br>Date<br>----- |
|---|--|------------------------------|
| 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<br>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 the processing of plastic materials. |  |                              |
| 12% Senior Subordinated Note due 2014   | \$ 978,261   | 10/30/06                     |
| Limited Partnership Interest (B)  | 0.97% int.   | 10/30/06                     |
| Warrant, exercisable until 2014, to purchase<br>preferred stock at \$.01 per share (B)  | 26 shs.  | 10/30/06                     |
| Warrant, exercisable until 2014, to purchase<br>common stock at \$.01 per share (B)   | 18 shs.  | 10/30/06                     |
| DIVERSCO, INC./DHI HOLDINGS, INC.   |  |                              |
| A contract provider of janitorial and equipment maintenance services and temporary production labor                                 |  |                              |
| Membership Interests of MM/Lincap<br>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<br>common stock of DHI Holdings, Inc. at \$.01 per share (B)                          | 6,676 shs.   | *                            |
| 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<br>common stock at \$.01 per share (B)   | 32,294 shs.  | 11/01/06                     |

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DWYER GROUP, INC.

A franchiser of a variety of home repair services.

|   |            |          |
|---|------------|----------|
| Common Stock (B)  | 3,656 shs. | **       |
| Warrant, exercisable until 2011, to purchase<br>common stock at \$.01 per share (B) | 1,077 shs. | 10/30/03 |

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

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2008

MassMutual Participation Investors

(Unaudited)

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

E S P HOLDCO, INC.

A manufacturer of power protection technology for commercial office equipment, primarily supplying network.

|                                       |              |          |
|---------------------------------------|--------------|----------|
| 14% Senior Subordinated Note due 2015 | \$ 1,186,688 | 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<br>common stock at \$.01 per share (B) | 11 shs. | 06/28/04 |
|---|---------|----------|

ELECTRA BICYCLE COMPANY LLC

A designer and marketer of branded leisure bicycles.

|   |             |          |
|---|-------------|----------|
| 15.5% Senior Secured Term Note A due 2009 | \$ 36,437   | 04/12/07 |
| 10.5% Senior Secured Term Note B due 2012 | \$ 360,729  | 04/12/07 |
| 12% Senior Secured Term Note C due 2012   | \$ 291,498  | 04/12/07 |
| Limited Liability Company Unit Series F   | 36,913 uts. | 04/12/07 |
| Limited Liability Company Unit Series G   | 2,852 uts.  | 04/12/07 |

ENZYMATIC THERAPY, INC.

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

|   |             |          |
|---|-------------|----------|
| Limited Partnership Interest (B)  | 0.70% int.  | 03/30/00 |
| Warrant, exercisable until 2009, to purchase<br>common stock at \$.01 per share (B) | 15,415 shs. | 03/30/00 |

EVANS CONSOLES, INC.

A designer and manufacturer of consoles and control center systems.

|                  |             |          |
|------------------|-------------|----------|
| Common Stock (B) | 45,000 shs. | 05/06/04 |
|------------------|-------------|----------|

F H S HOLDINGS LLC

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

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
September 30, 2008  
(Unaudited)

| CORPORATE RESTRICTED SECURITIES: (A) (Continued)  | Principal Amount<br>Shares, Units<br>or Ownership<br>Percentage<br>----- | Acquisition<br>Date<br>----- |
|---|--|------------------------------|
| <b>FLUTES, INC.</b>   |  |                              |
| An independent manufacturer of micro fluted corrugated sheet material for the food and consumer p         |  |                              |
| 10% Senior Secured Term Note due 2013   | \$ 524,791   | 04/13/06                     |
| 14% Senior Subordinated Note due 2014   | \$ 317,177   | 04/13/06                     |
| Common Stock (B)  | 62,535 shs.  | 04/13/06                     |
| Warrant, exercisable until 2014, to purchase<br>common stock at \$.01 per share (B)                       | 17,680 shs.  | 04/13/06                     |
| <b>FOWLER HOLDING, INC.</b>   |  |                              |
| A provider of site development services to residential homebuilders and developers in the Raleigh         |  |                              |
| 12% Senior Subordinated Note due 2013   | \$ 1,252,174   | 02/03/06                     |
| Common Stock (B)  | 98 shs.  | 02/03/06                     |
| Warrant, exercisable until 2013, to purchase<br>common stock at \$.01 per share (B)                       | 135 shs.   | 02/03/06                     |
| <b>FUEL SYSTEMS HOLDING CORPORATION</b>   |  |                              |
| An independent North American supplier of fuel tanks for a wide variety of commercial vehicles.           |  |                              |
| 12% Senior Subordinated Note due 2014   | \$ 1,237,500   | 01/31/06                     |
| Preferred Stock (B)   | 16,792 shs.  | 06/12/08                     |
| Common Stock (B)  | 112,500 shs.   | 01/31/06                     |
| Warrant, exercisable until 2016, to purchase<br>common stock at \$.01 per share (B)                       | 73,275 shs.  | 01/31/06                     |
| <b>GOLDEN COUNTY FOODS HOLDING, INC.</b>  |  |                              |
| A manufacturer of frozen appetizers and snacks.   |  |                              |
| 12% Senior Subordinated Note due 2015   | \$ 1,012,500   | 11/01/07                     |
| 8% Series A Convertible Preferred Stock, convertible into<br>4.25% of the fully diluted common shares (B) | 77,643 shs.  | 11/01/07                     |
| <b>GQ HOLDINGS LLC</b>  |  |                              |
| A developer and distributor of tools, equipment, and supplies to the natural and engineered stone         |  |                              |
| 15% Senior Subordinated Note due 2015   | \$ 1,217,159   | 06/27/08                     |
| Common Stock (B)  | 3,867 shs.   | 06/27/08                     |

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2008  
(Unaudited)

MassMutual Participation Investors

| CORPORATE RESTRICTED SECURITIES: (A) (Continued)   | Principal Amount<br>Shares, Units<br>or Ownership<br>Percentage<br>----- | Acquisition<br>Date<br>----- |
|--|--|------------------------------|
| <b>H M HOLDING COMPANY</b>   |  |                              |
| 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<br>common stock at \$.02 per share (B)                        | 67 shs.  | 02/10/06                     |
| <b>HIGHGATE CAPITAL LLC</b>  |  |                              |
| An acquirer of controlling or substantial interests in manufacturing and marketing entities.               |  |                              |
| Series A Preferred Units (B)   | 0.30% int.   | 07/21/94                     |
| <b>HOME DeCOR HOLDING COMPANY</b>  |  |                              |
| 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<br>common stock at \$.02 per share (B)                        | 106 shs.   | **                           |
| <b>HOSPITALITY MINTS HOLDING COMPANY</b>   |  |                              |
| A manufacturer of individually-wrapped imprinted promotional mints.  |  |                              |
| 12% Senior Subordinated Note due 2016  | \$ 1,098,837   | 08/19/08                     |
| Common Stock (B)   | 251 shs.   | 08/19/08                     |
| Warrant, exercisable until 2016, to purchase<br>common stock at \$.01 per share (B)                        | 65 shs.  | 08/19/08                     |
| <b>INSURANCE CLAIMS MANAGEMENT, INC.</b>   |  |                              |
| A third party administrator providing auto and property claim administration services for insurance        |  |                              |
| Common Stock (B)   | 37 shs.  | 02/27/07                     |
| Warrant, exercisable until 2011, to purchase<br>common stock at \$.01 per share (B)                        | 11 shs.  | 02/27/07                     |
| <b>INTEGRATION TECHNOLOGY SYSTEMS, INC.</b>  |  |                              |
| A manufacturer of steel protective computer and network systems for the industrial and office environments |  |                              |
| 12% Senior Secured Note due on demand  | \$ 25,055  | 03/01/04                     |
| Common Stock (B)   | 130 shs.   | 06/01/00                     |

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\* 09/18/07 and 06/27/08.

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

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 CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
 September 30, 2008  
 (Unaudited)

| CORPORATE RESTRICTED SECURITIES: (A) (Continued)   | Principal Amount<br>Shares, Units<br>or Ownership<br>Percentage<br>----- | Acquisition<br>Date<br>----- |
|--|--|------------------------------|
| JASON, INC.  |  |                              |
| A diversified manufacturing company serving various industrial markets.                            |  |                              |
| 13% Senior Subordinated Note due 2010  | \$ 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<br>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<br>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  |  |                              |
| 14% Senior Subordinated Note due 2014  | \$ 1,250,794   | 10/15/07                     |
| Common Stock (B)   | 116,827 shs.   | 10/15/07                     |
| K N B HOLDINGS CORPORATION   |  |                              |
| A designer, manufacturer and marketer of products for the custom framing market.                   |  |                              |
| 13.5% Senior Subordinated Note due 2013  | \$ 1,319,800   | 05/25/06                     |
| Common Stock (B)   | 71,053 shs.  | 05/25/06                     |
| Warrant, exercisable until 2013, to purchase<br>common stock at \$.01 per share (B)                | 43,600 shs.  | 05/25/06                     |
| K P I HOLDINGS, INC.   |  |                              |
| Pace Industries, a subsidiary of Leggett & Platt, is the largest player in the U.S. non-automotive |  |                              |
| 13% Senior Subordinated Note due 2014  | \$ 1,115,217   | 07/16/08                     |
| Common Stock (B)   | 235 shs.   | 07/15/08                     |
| Warrant, exercisable until 2018, to purchase<br>common stock at \$.01 per share (B)                | 51 shs.  | 07/16/08                     |

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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 | 03/14/07 |
| Common Stock (B)   | 123 shs.     | 03/13/07 |
| Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B) | 89 shs.      | 03/14/07 |

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### CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2008  
(Unaudited)

MassMutual Participation Investors

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

### K-TEK HOLDING CORPORATION

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

|                                  |              |          |
|----------------------------------|--------------|----------|
| 14% Senior Secured Note due 2015 | \$ 1,169,454 | 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  | \$ 642,857 | 09/12/08 |
| Common Stock (B)   | 32 shs.    | 09/12/08 |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B) | 35 shs.    | 09/12/08 |

### MAIL COMMUNICATIONS GROUP, INC.

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

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

### MAVERICK ACQUISITION COMPANY

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

|  |            |          |
|--|------------|----------|
| 7.19% Senior Secured Tranche A Note due 2010 (C)                                 | \$ 210,124 | 09/03/04 |
| 12% 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 |

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### 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 | \$ 607,878 | 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 |

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

### CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2008  
(Unaudited)

|   | Principal Amount<br>Shares, Units<br>or Ownership<br>Percentage | Acquisition<br>Date |
|---|---|---------------------|
| CORPORATE RESTRICTED SECURITIES:(A) (Continued)   | -----   | -----               |
| <b>MEGTEC HOLDINGS, INC.</b>  |   |                     |
| A supplier of industrial and environmental products and services to a broad array of industries, converting, pharmaceutical, electronic, chemical, wood processing, and coal mining 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            |
| <b>MICROGROUP, INC.</b>   |   |                     |
| A manufacturer of precision parts and assemblies, and a value-added supplier of metal tubing and industries.  |   |                     |
| 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.   | *                   |
| <b>MILWAUKEE GEAR COMPANY</b>   |   |                     |
| A manufacturer of high-precision custom gears and gear drives used by original equipment manufact 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            |
| <b>MOMENTUM HOLDING CO.</b>   |   |                     |
| A designer and supplier of upholstery fabric to commercial furniture manufacturers and architectu   |   |                     |
| Limited Partnership Interest (B)  | 11.24% int.   | 08/04/06            |
| Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)  | 586 shs.  | 08/04/06            |

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

### 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  | \$ 1,439,663 | 07/25/08 |
| Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B) | 81 shs.      | 03/31/06 |

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

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### CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2008  
(Unaudited)

MassMutual Participation Investors

|   | Principal Amount<br>Shares, Units<br>or Ownership<br>Percentage | Acquisition<br>Date |
|---|---|---------------------|
| CORPORATE RESTRICTED SECURITIES:(A) (Continued)   | -----   | -----               |
| <b>MORTON INDUSTRIAL GROUP, INC.</b>  |   |                     |
| A manufacturer of highly engineered metal fabricated components.  |   |                     |
| 12% Senior Subordinated Note due 2014 (D)   | \$ 1,292,246  | 08/25/06            |
| 30% Convertible Preferred Stock (B)   | 41,289 shs.   | 07/28/08            |
| <b>NABCO, INC.</b>  |   |                     |
| A producer of explosive containment vessels in the United States.   |   |                     |
| 14% Senior Subordinated Note due 2014   | \$ 403,451  | 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            |
| <b>NAVIS GLOBAL</b>   |   |                     |
| A designer, manufacturer, seller and servicer of finishing machinery for the knit and woven segments                  |   |                     |
| 12% Senior Subordinated Note due 2014 (D)   | \$ 705,457  | 05/28/04            |
| 8.75% Senior Secured Note due 2011 (D)  | \$ 327,478  | 05/28/04            |
| Common Stock (B)  | 385,233 shs.  | 05/28/04            |
| Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)                                      | 116,521 shs.  | 05/28/04            |
| <b>NESCO HOLDINGS CORPORATION</b>   |   |                     |
| A sales and leasing company that provides equipment to the electric utility, telecommunications, and other industries |   |                     |
| 12% Senior 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            |
| <b>NETSHAPE TECHNOLOGIES, INC.</b>  |   |                     |
| A manufacturer of powder metal and metal injection molded precision components used in industrial machinery           |   |                     |
| 12% Senior Subordinated Note due 2014   | \$ 810,000  | 02/02/07            |

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|   |            |          |
|---|------------|----------|
| Limited Partnership Interest of<br>Saw Mill PCG Partners LLC (B)                    | 1.38% int. | 02/01/07 |
| Warrant, exercisable until 2014, to purchase<br>common stock at \$.01 per share (B) | 48 shs.    | 02/02/07 |

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

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
September 30, 2008  
(Unaudited)

|  | Principal Amount<br>Shares, Units<br>or Ownership<br>Percentage | Acquisition<br>Date |
|--|---|---------------------|
| CORPORATE RESTRICTED SECURITIES: (A) (Continued)   | -----   | -----               |
| <b>NYLONCRAFT, INC.</b>  |   |                     |
| 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  | \$ 857,143  | 01/28/02            |
| Common Stock (B)   | 178,571 shs.  | 01/28/02            |
| Warrant, exercisable until 2012, to purchase<br>common stock at \$.01 per share (B)  | 138,928 shs.  | 01/28/02            |
| <b>OAKRIVER TECHNOLOGY, INC.</b>   |   |                     |
| Designs, engineers and assembles high precision automated process equipment for the medical device<br>defibrillators and stents. |   |                     |
| 10% Senior Secured Note due 2012   | \$ 298,260  | 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<br>common stock at \$.01 per share (B)  | 43,073 shs.   | 01/03/06            |
| <b>OLYMPIC SALES, INC.</b>   |   |                     |
| A boat retailer in Washington state, Oregon, California and British Columbia.  |   |                     |
| 12% Senior Subordinated Note due 2008 (D)  | \$ 511,000  | 08/07/98            |
| 12% Senior Subordinated Note due 2008 (D)  | \$ 244,154  | 02/09/00            |
| Limited Partnership Interest of Riverside<br>VIII, VIII-A and VIII-B Holding Company, L.P.                                       | 10.66% int.   | *                   |
| Warrants, exercisable until 2008, to purchase<br>common stock at \$.01 per share (B)   | 15,166 shs.   | **                  |
| <b>ONTARIO DRIVE &amp; GEAR LTD.</b>   |   |                     |
| 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<br>common stock at \$.01 per share (B)  | 328 shs.  | 01/17/06            |

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

### 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 | \$ 1,194,205 | 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 |

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

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

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### CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2008

MassMutual Participation Investors

(Unaudited)

|  | Principal Amount<br>Shares, Units<br>or Ownership<br>Percentage | Acquisition<br>Date |
|--|---|---------------------|
| CORPORATE RESTRICTED SECURITIES: (A) (Continued)   | -----   | -----               |
| <br>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<br>common stock at \$.01 per share (B)  | 7 shs.  | 03/31/06            |
| <br>PACIFIC CONSOLIDATED HOLDINGS LLC  |   |                     |
| A manufacturer of rugged, mobile liquid and gaseous oxygen and nitrogen generating systems used in<br>and medical sectors. |   |                     |
| 12% Senior Subordinated Note due 2012  | \$ 690,683  | 04/27/07            |
| Limited Liability Company Unit (B)   | 928,962 uts.  | 04/27/07            |
| <br>PARADIGM PACKAGING, INC.   |   |                     |
| A manufacturer of plastic bottles and closures for the nutritional, pharmaceutical, personal care                          |   |                     |
| 12% Senior Subordinated Note due 2011  | \$ 1,125,000  | 12/19/00            |
| Membership Interests of MM/Lincap<br>PPI Investments, Inc., LLC (B)  | 1.28% int.  | 12/21/00            |
| <br>POSTLE ALUMINUM COMPANY LLC  |   |                     |
| A manufacturer and distributor of aluminum extruded products.  |   |                     |
| 12% Senior Subordinated Note due 2014  | \$ 1,080,000  | 10/02/06            |
| Limited Liability Company Unit   | 733 uts.  | 10/02/06            |
| Warrant, exercisable until 2016, to purchase<br>common stock at \$.01 per share (B)  | 182 shs.  | 10/02/06            |
| <br>POWER SERVICES HOLDING COMPANY   |   |                     |

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

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)  | 94,092 int.  | 02/11/08 |
| Warrant, exercisable until 2016, to purchase<br>common stock at \$.01 per share (B) | 700 shs.     | 02/11/08 |

### PROTEIN GENETICS, INC.

A producer of bovine artificial insemination products, related breeding and healthcare products and services for the dairy and beef industries.

|  |          |          |
|--|----------|----------|
| 9.8% Redeemable Exchangeable Preferred Stock (B) | 332 shs. | 08/12/94 |
| Common Stock (B)                                 | 867 shs. | *        |

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

### CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2008  
(Unaudited)

MassMutual Participation Investors

|  | Principal Amount<br>Shares, Units<br>or Ownership<br>Percentage | Acquisition<br>Date |
|--|---|---------------------|
|  |   |                     |

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

##### QUALIS AUTOMOTIVE LLC

A distributor of aftermarket automotive brake and chassis products.

|   |              |          |
|---|--------------|----------|
| 12% Senior Subordinated Note due 2012   | \$ 937,500   | 05/28/04 |
| Common Stock  | 187,500 shs. | 05/28/04 |
| Warrant, exercisable until 2012, to purchase<br>common stock at \$.01 per share | 199,969 shs. | 05/28/04 |

##### QUALSERV CORPORATION

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

|                                  |            |          |
|----------------------------------|------------|----------|
| Limited Partnership Interest (B) | 4.90% int. | 07/09/04 |
|----------------------------------|------------|----------|

##### 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<br>common stock at \$.01 per share (B) | 2 shs.       | 12/15/06 |

##### R E I DELAWARE HOLDING, INC.

An engineer and manufacturer of highly complex, close tolerance components, assemblies, tooling and services 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<br>common stock at \$.01 per share (B) | 3 shs.       | 01/18/08 |

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RADIAC ABRASIVES, INC.

A manufacturer of bonded abrasive and super abrasive grinding wheels in the United States.

|  |              |          |
|--|--------------|----------|
| 12% Senior Subordinated Note due 2014  | \$ 1,196,809 | 02/10/06 |
| Common Stock (B)   | 153,191 shs. | 02/10/06 |
| Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B) | 69,647 shs.  | 02/10/06 |

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2008  
(Unaudited)

MassMutual Participation Investors

| CORPORATE RESTRICTED SECURITIES: (A) (Continued)                                 | Principal Amount<br>Shares, Units<br>or Ownership<br>Percentage<br>----- | Acquisition<br>Date<br>----- |
|--|--|------------------------------|
| 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                     |
| 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.  | **                           |
| SPECIALTY FOODS GROUP, INC.  |  |                              |
| A manufacturer and distributor of branded meat products.                         |  |                              |
| Limited Partnership Interest of MHD Holdings LLC (B)                             | 0.76% int.   | 08/29/00                     |
| 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                     |

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

|   |          |          |
|---|----------|----------|
| Common Stock (B)  | 165 shs. | 08/01/06 |
| Warrant, exercisable until 2014, to purchase<br>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 companies.

|  |              |          |
|--|--------------|----------|
| 14% Senior Subordinated Note due 2016  | \$ 1,350,000 | 09/02/08 |
| Warrant, exercisable until 2018, to purchase<br>preferred stock at \$.01 per share (B) | 678 shs.     | 09/02/08 |
| Warrant, exercisable until 2018, to purchase<br>common stock at \$.01 per share (B)    | 6,778 shs.   | 09/02/08 |

### 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<br>common stock at \$.01 per share (B) | 5 shs.       | 01/14/08 |

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

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

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2008

(Unaudited)

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

### 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  | 1,167 shs.   | 10/14/05 |
| Warrant, exercisable until 2015, to purchase<br>common stock at \$.01 per share | 631 shs.     | 09/30/08 |

### 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.

|   |            |          |
|---|------------|----------|
| 6.74% Senior Secured Tranche B Note due 2012 (C)                                    | \$ 14,838  | *        |
| 7.05% Senior Secured Tranche B Note due 2012 (C)                                    | \$ 851,552 | *        |
| 8.25% Senior Secured Tranche B Note due 2012 (C)                                    | \$ 824     | 09/30/08 |
| 12% Senior Subordinated Note due 2014   | \$ 664,062 | **       |
| Limited Partnership Interest of<br>Saw Mill Capital Fund V, L.P. (B)                | 2.27% int. | 03/01/05 |
| Warrant, exercisable until 2016, to purchase<br>common stock at \$.01 per share (B) | 41 shs.    | 04/28/06 |

### TORRENT GROUP HOLDINGS, INC.

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

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

|   |              |          |
|---|--------------|----------|
| 12.5% Senior Subordinated Note due 2013 | \$ 1,185,366 | 10/26/07 |
| Series A Preferred Stock (B)            | 219 shs.     | 10/26/07 |

### TOTAL E & S, INC.

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

|   |             |          |
|---|-------------|----------|
| 10.5% Senior Secured Term Note due 2013   | \$ 486,487  | 03/02/07 |
| 13% Senior Subordinated Note due 2014   | \$ 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  | \$ 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 |

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

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

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### CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2008

MassMutual Participation Investors

(Unaudited)

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

### 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 |

### TRANZONIC COMPANIES (THE)

A producer of commercial and industrial supplies, such as safety products, janitorial supplies, waxes, 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 2009, 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, flat-bed bodies, landscape bodies and other accessories.

|  |              |    |
|--|--------------|----|
| 12% Senior Subordinated Note due 2013 (D)  | \$ 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.

|  |            |          |
|--|------------|----------|
| 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 | \$ 890,956 | 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 |

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

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

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2008

(Unaudited)

|  | Principal Amount<br>Shares, Units<br>or Ownership<br>Percentage | Acquisition<br>Date |
|--|---|---------------------|
|  |   |                     |
| CORPORATE RESTRICTED SECURITIES: (A) (Continued)                                 |   |                     |
| VICTORY VENTURES LLC   |   |                     |
| An acquirer of controlling or substantial interests in other entities.           |   |                     |
| Series A Preferred Units (B)   | 1 ut.   | 12/02/96            |
| 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            |
| 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            |

### VITALITY FOODSERVICE, INC.

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

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

|   |             |          |
|---|-------------|----------|
| 13% Senior Subordinated Note due 2011   | \$ 999,153  | 09/24/04 |
| Common Stock (B)  | 14,006 shs. | *        |
| Warrant, exercisable until 2011, to purchase<br>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    | \$ 900,000   | 07/19/04 |
| 14.5% PIK Note due 2010                    | \$ 181,280   | 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      | \$ 1,140,441 | 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 |

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

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### CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2008

MassMutual Participation Investors

(Unaudited)

|   | Principal Amount<br>Shares, Units<br>or Ownership<br>Percentage | Acquisition<br>Date |
|---|---|---------------------|
| CORPORATE RESTRICTED SECURITIES: (A) (Continued)  | -----   | -----               |
| <br>  |   |                     |
| <b>WELLBORN FOREST HOLDING CO.</b>  |   |                     |
| 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<br>common stock at \$.01 per share (B)               | 51 shs.   | 11/30/06            |
| <br>  |   |                     |
| <b>WORKPLACE MEDIA HOLDING CO.</b>  |   |                     |
| A direct marketer specializing in providing advertisers with access to consumers in the workplace |   |                     |
| 13% Senior Subordinated Note due 2015   | \$ 613,692  | 05/14/07            |
| Limited Partnership Interest (B)  | 12.26% int.   | 05/14/07            |
| Warrant, exercisable until 2015, to purchase<br>common stock at \$.02 per share (B)               | 47 shs.   | 05/14/07            |

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

XALOY SUPERIOR HOLDINGS, INC.

A provider of melt processing components and ancillary equipment for both plastic injection molding  
 15% Senior Subordinated Note due 2015 \$ 1,200,000 09/08/08  
 Common Stock (B) 150 shs. 09/08/08

TOTAL PRIVATE PLACEMENT INVESTMENTS (E)

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
 September 30, 2008  
 (Unaudited)

| CORPORATE RESTRICTED SECURITIES: (A) (Continued) | Interest<br>Rate | Due<br>Date | Shares or<br>Principal<br>Amount | Cost      |
|--|------------------|-------------|----------------------------------|-----------|
|  |                  |             |                                  |           |
| RULE 144A SECURITIES - 3.52%:                    |                  |             |                                  |           |
| BONDS - 3.52%                                    |                  |             |                                  |           |
| Cenveo Corporation                               | 10.500%          | 08/15/16    | \$ 45,000                        | \$ 45,000 |
| Charter Communications Op LLC                    | 8.000            | 04/30/12    | 750,000                          | 736,87    |
| Compucom Systems, Inc.                           | 12.500           | 10/01/15    | 670,000                          | 648,85    |
| Douglas Dynamics LLC                             | 7.750            | 01/15/12    | 485,000                          | 462,11    |
| G F S I, Inc. (C)                                | 10.500           | 06/01/11    | 375,000                          | 360,50    |
| Intergen NV                                      | 9.000            | 06/30/17    | 375,000                          | 371,95    |
| Nortek, Inc.                                     | 10.000           | 12/01/13    | 100,000                          | 98,95     |
| Packaging Dynamics Corporation of America        | 10.000           | 05/01/16    | 975,000                          | 969,81    |
| Ryerson, Inc.                                    | 12.000           | 11/01/15    | 30,000                           | 30,00     |
| Ticketmaster                                     | 10.750           | 08/01/16    | 250,000                          | 250,00    |
| TRW Automotive, Inc.                             | 7.250            | 03/15/17    | 500,000                          | 440,00    |
| Tunica-Biloxi Gaming Authority                   | 9.000            | 11/15/15    | 540,000                          | 556,37    |
| TOTAL BONDS                                      |                  |             |                                  | 4,970,45  |
| 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                       |                  |             |                                  | 4,972,72  |

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TOTAL CORPORATE RESTRICTED SECURITIES

\$110,193,40

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2008

MassMutual Participation Investors

(Unaudited)

| CORPORATE PUBLIC SECURITIES - 15.95%: (A) | Interest<br>Rate | Due<br>Date | Principal<br>Amount | Cost       |
|---|------------------|-------------|---------------------|------------|
| BONDS - 14.64%                            |                  |             |                     |            |
| Appleton Papers, Inc.                     | 8.125%           | 06/15/11    | \$ 250,000          | \$ 250,000 |
| Aramark Corporation (C)                   | 6.301            | 02/01/15    | 100,000             | 100,000    |
| Boyd Gaming Corporation                   | 7.125            | 02/01/16    | 150,000             | 146,620    |
| C R H America, Inc.                       | 5.300            | 10/15/13    | 500,000             | 418,430    |
| Cincinnati Bell, Inc.                     | 8.375            | 01/15/14    | 550,000             | 503,750    |
| Clayton Williams Energy, Inc.             | 7.750            | 08/01/13    | 375,000             | 357,000    |
| Countrywide Alternative Loan Trust (C)    | 3.508            | 11/20/35    | 979,837             | 719,700    |
| Electronic Data Systems Corporation       | 7.125            | 10/15/09    | 500,000             | 501,530    |
| Ford Motor Credit Co.                     | 7.375            | 10/28/09    | 525,000             | 523,680    |
| Gencorp, Inc.                             | 9.500            | 08/15/13    | 130,000             | 130,000    |
| General Motors Acceptance Corporation     | 5.850            | 01/14/09    | 750,000             | 740,600    |
| Goodyear Tire & Rubber Co.                | 9.000            | 07/01/15    | 64,000              | 65,190     |
| Hughes Network Systems                    | 9.500            | 04/15/14    | 525,000             | 534,870    |
| Indymac INDX Mortgage Loan Trust          | 3.417            | 11/25/36    | 998,668             | 716,880    |
| Inergy LP                                 | 8.250            | 03/01/16    | 75,000              | 75,000     |
| Intelsat Bermuda Ltd                      | 9.250            | 06/15/16    | 690,000             | 715,880    |
| Interline Brands, Inc.                    | 8.125            | 06/15/14    | 830,000             | 824,230    |
| Iron Mountain, Inc.                       | 8.750            | 07/15/18    | 500,000             | 514,110    |
| Majestic Star Casino LLC                  | 9.500            | 10/15/10    | 250,000             | 250,000    |
| Manitowoc Company, Inc.                   | 7.125            | 11/01/13    | 100,000             | 100,000    |
| Mariner Energy, Inc.                      | 8.000            | 05/15/17    | 400,000             | 402,490    |
| Mediacom Broadband LLC                    | 8.500            | 10/15/15    | 750,000             | 765,190    |
| Neiman Marcus Group, Inc.                 | 10.375           | 10/15/15    | 600,000             | 600,000    |
| NOVA Chemicals Corporation (C)            | 5.953            | 11/15/13    | 515,000             | 511,530    |
| O E D Corp/Diamond Jo Company Guarantee   | 8.750            | 04/15/12    | 500,000             | 492,980    |
| Petrohawk Energy Corporation              | 9.125            | 07/15/13    | 750,000             | 761,460    |
| Pliant Corporation (C)                    | 11.850           | 06/15/09    | 809,482             | 817,340    |
| Quebecor Media, Inc.                      | 7.750            | 03/15/16    | 575,000             | 551,380    |
| Quicksilver Resources, Inc.               | 7.125            | 04/01/16    | 600,000             | 583,120    |
| Range Resources Corporation               | 7.250            | 05/01/18    | 25,000              | 25,000     |
| Rental Service Corporation                | 9.500            | 12/01/14    | 500,000             | 506,300    |
| Rogers Wireless, Inc.                     | 7.500            | 03/15/15    | 560,000             | 591,880    |
| Sheridan Acquisition Corporation          | 10.250           | 08/15/11    | 225,000             | 222,000    |
| Steel Dynamics, Inc.                      | 6.750            | 04/01/15    | 100,000             | 100,000    |
| Stewart & Stevenson LLC                   | 10.000           | 07/15/14    | 750,000             | 770,760    |
| Tenneco, Inc.                             | 8.625            | 11/15/14    | 500,000             | 501,090    |

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2008

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(Unaudited)

| CORPORATE PUBLIC SECURITIES: (A) (Continued) | Interest<br>Rate | Due<br>Date | Principal<br>Amount | Cost          |
|--|------------------|-------------|---------------------|---------------|
|  | -----            | -----       | -----               | -----         |
| Tenneco, Inc.                                | 8.125%           | 11/15/15    | \$ 50,000           | \$ 50,000     |
| Tesoro Petroleum Corporation                 | 6.500            | 06/01/17    | 250,000             | 250,000       |
| Texas Industries, Inc.                       | 7.250            | 07/15/13    | 35,000              | 35,000        |
| Titan International, Inc.                    | 8.000            | 01/15/12    | 70,000              | 70,000        |
| Transdigm, Inc.                              | 7.750            | 07/15/14    | 150,000             | 151,250       |
| Tube City IMS Corporation                    | 9.750            | 02/01/15    | 1,000,000           | 991,240       |
| United Components, Inc.                      | 9.375            | 06/15/13    | 535,000             | 535,760       |
| United Rentals, Inc.                         | 7.750            | 11/15/13    | 325,000             | 325,000       |
| Virgin Media Finance PLC                     | 9.125            | 08/15/16    | 790,000             | 813,000       |
| Vought Aircraft Industries                   | 8.000            | 07/15/11    | 650,000             | 647,990       |
| Warner Music Group Corporation               | 7.375            | 04/15/14    | 125,000             | 125,000       |
| <br>   |                  |             |                     |               |
| TOTAL BONDS                                  |                  |             |                     | 20,384,380    |
| <br>   |                  |             |                     |               |
| COMMON STOCK - 1.15%                         |                  |             |                     |               |
| CKX, Inc. (B)                                |                  |             | 52,500              | 422,620       |
| Directed Electronics, Inc. (B)               |                  |             | 195,118             | 982,860       |
| Distributed Energy Systems Corporation (B)   |                  |             | 14,000              | 177,070       |
| El Paso Corporation (B)                      |                  |             | 35,000              | 435,270       |
| EnerNOC, Inc. (B)                            |                  |             | 23,500              | 648,410       |
| ITC^DeltaCom, Inc. (B)                       |                  |             | 94,588              | 827,640       |
| Intrepid Potash, Inc. (B)                    |                  |             | 185                 | 5,920         |
| <br>   |                  |             |                     |               |
| TOTAL COMMON STOCK                           |                  |             |                     | 3,499,810     |
| <br>   |                  |             |                     |               |
| CONVERTIBLE BONDS - 0.16%                    |                  |             |                     |               |
| Citadel Broadcasting Corporation             | 4.000%           | 02/15/11    | 250,000             | 194,060       |
| <br>   |                  |             |                     |               |
| TOTAL CONVERTIBLE BONDS                      |                  |             |                     | 194,060       |
| <br>   |                  |             |                     |               |
| TOTAL CORPORATE PUBLIC SECURITIES            |                  |             |                     | \$ 24,078,260 |

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### CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2008

MassMutual Participation Investors

(Unaudited)

| SHORT-TERM SECURITIES:        | Interest<br>Rate/Yield* | Due<br>Date | Principal<br>Amount | Cost          |
|-------------------------------|-------------------------|-------------|---------------------|---------------|
|                               | -----                   | -----       | -----               | -----         |
| COMMERCIAL PAPER - 8.30%      |                         |             |                     |               |
| Clorox Company                | 6.007 %                 | 10/01/08    | \$ 832,000          | \$ 832,000    |
| Computer Sciences Corporation | 5.506                   | 10/02/08    | 2,503,000           | 2,502,610     |
| Dominion Resources, Inc.      | 6.087                   | 10/03/08    | 2,536,000           | 2,535,140     |
| Duke Energy Carolinas LLC     | 6.007                   | 10/06/08    | 1,753,000           | 1,751,530     |
| Textron, Inc.                 | 6.007                   | 10/07/08    | 2,509,000           | 2,506,490     |
| <br>                          |                         |             |                     |               |
| TOTAL SHORT-TERM SECURITIES   |                         |             |                     | \$ 10,127,790 |

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|                   |         |              |
|-------------------|---------|--------------|
| TOTAL INVESTMENTS | 107.75% | \$144,399,45 |
|                   |         | =====        |
| Other Assets      | 3.34    |              |
| Liabilities       | (11.09) |              |
|                   | -----   |              |
| 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 09/30/08.  
 (D) Defaulted security; interest not accrued.  
 (E) Illiquid security. At September 30, 2008, the values of these securities amounted to \$97,551, of net assets.  
 \* Effective yield at purchase  
 PIK - Payment-in-kind

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 CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
 September 30, 2008  
 (Unaudited)

| INDUSTRY CLASSIFICATION:          | Fair Value/<br>Market Value |                            |
|-----------------------------------|-----------------------------|----------------------------|
|                                   | -----                       |                            |
| AEROSPACE - 2.92%                 |                             | BUILDINGS & REAL ESTATE -  |
| Gencorp, Inc.                     | \$ 128,050                  | K W P I Holdings Corporati |
| Hughes Network Systems            | 509,250                     | Texas Industries, Inc.     |
| P A S Holdco LLC                  | 1,349,721                   | TruStile Doors, Inc.       |
| Transdigm, Inc.                   | 141,000                     |                            |
| Visioneering, Inc.                | 874,977                     |                            |
| Vought Aircraft Industries        | 565,500                     |                            |
|                                   | -----                       | CHEMICAL, PLASTICS & RUBBE |
|                                   | 3,568,498                   | Capital Specialty Plastics |
|                                   | -----                       | NOVA Chemicals Corporation |
| AUTOMOBILE - 5.87%                |                             |                            |
| Fuel Systems Holding Corporation  | 618,750                     |                            |
| Goodyear Tire & Rubber Co.        | 63,360                      |                            |
| Jason, Inc.                       | 757,707                     | CONSUMER PRODUCTS - 7.42%  |
| Nyloncraft, Inc.                  | 1,083,929                   | Aero Holdings, Inc.        |
| Ontario Drive & Gear Ltd.         | 697,484                     | Bravo Sports Holding Corpo |
| Qualis Automotive LLC             | 1,024,174                   | G F S I, Inc.              |
| Tenneco, Inc.                     | 440,250                     | K N B Holdings Corporation |
| Titan International, Inc.         | 67,900                      | Momentum Holding Co.       |
| Transtar Holding Company          | 1,572,202                   | R A J Manufacturing Holdin |
| TRW Automotive, Inc.              | 395,000                     | Royal Baths Manufacturing  |
| United Components, Inc.           | 444,050                     | The Tranzonic Companies    |
|                                   | -----                       | Walls Industries, Inc.     |
|                                   | 7,164,806                   |                            |
|                                   | -----                       |                            |
| BEVERAGE, DRUG & FOOD - 2.84%     |                             | CONTAINERS, PACKAGING & GL |
| Aramark Corporation               | 87,500                      | Flutes, Inc.               |
| Golden County Foods Holding, Inc. | 912,026                     | Maverick Acquisition Compa |
| Hospitality Mints Holding Company | 1,299,277                   |                            |

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|                                      |           |                            |
|--------------------------------------|-----------|----------------------------|
| Specialty Foods Group, Inc.          | --        | P I I Holding Corporation  |
| Vitality Foodservice, Inc.           | 1,170,851 | Packaging Dynamics Corpora |
|                                      | -----     | Paradigm Packaging, Inc.   |
|                                      | 3,469,654 | Pliant Corporation         |
|                                      | -----     | Vitex Packaging Group, Inc |
| BROADCASTING & ENTERTAINMENT - 2.48% |           |                            |
| Charter Communications Op LLC        | 671,250   |                            |
| Citadel Broadcasting Corporation     | 193,438   |                            |
| CKX, Inc.                            | 323,400   | DISTRIBUTION - 0.71%       |
| Mediacom Broadband LLC               | 618,750   | Duncan Systems, Inc.       |
| Virgin Media Finance PLC             | 661,625   | QualServ Corporation       |
| Workplace Media Holding Co.          | 552,323   |                            |
|                                      | -----     |                            |
|                                      | 3,020,786 |                            |
|                                      | -----     |                            |

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
 September 30, 2008  
 (Unaudited)

MassMutual Participation Investors

| INDUSTRY CLASSIFICATION: (Continued)                | Fair Value/<br>Market Value |  |
|---|-----------------------------|--|
|   | -----                       |  |
| DIVERSIFIED/CONGLOMERATE,<br>MANUFACTURING - 10.32% |                             | FARMING & AGRICULTURE - 1.                               |
| A H C Holdings Company, Inc.                        | \$ 1,291,167                | Protein Genetics, Inc.                                   |
| Arrow Tru-Line Holdings, Inc.                       | 828,882                     | Waggin' Train Holdings LLC                               |
| C D N T, Inc.                                       | 874,696                     |  |
| Douglas Dynamics LLC                                | 397,700                     |  |
| Evans Consoles, Inc.                                | 541,417                     | FINANCIAL SERVICES - 0.87%                               |
| K P I Holdings, Inc.                                | 1,297,449                   | Ford Motor Credit Co.                                    |
| MEGTEC Holdings, Inc.                               | 1,298,034                   | General Motors Acceptance                                |
| Milwaukee Gear Company                              | 1,348,615                   | Highgate Capital LLC                                     |
| Nortek, Inc.  | 89,000                      | Victory Ventures LLC                                     |
| Postle Aluminum Company LLC                         | 1,168,983                   |  |
| Radiac Abrasives, Inc.                              | 1,543,963                   |  |
| Truck Bodies & Equipment International              | 611,349                     |  |
| Xaloy Superior Holdings, Inc.                       | 1,303,367                   | HEALTHCARE, EDUCATION & CH                               |
|   | -----                       | A T I Acquisition Company                                |
|   | 12,594,622                  | American Hospice Managemen                               |
|   | -----                       | F H S Holdings LLC                                       |
| DIVERSIFIED/CONGLOMERATE, SERVICE - 9.12%           |                             | Syneract Holdings Corpora                                |
| A W X Holdings Corporation                          | 868,355                     | Touchstone Health Partners                               |
| Advanced Technologies Holdings                      | 1,321,819                   |  |
| C R H America, Inc.                                 | 455,690                     |  |
| CapeSuccess LLC                                     | --                          |  |
| Crane Rental Corporation                            | 1,309,986                   | HOME & OFFICE FURNISHINGS,<br>AND DURABLE CONSUMER PRODU |
| Diversco, Inc./DHI Holdings, Inc.                   | 633,325                     | Connor Sport Court Interna                               |
| Dwyer Group, Inc.                                   | 769,804                     | H M Holding Company                                      |
| Fowler Holding, Inc.                                | 939,131                     | Home Decor Holding Company                               |
| GQ Holdings LLC                                     | 1,275,258                   | Justrite Manufacturing Acq                               |
| Insurance Claims Management, Inc.                   | 75,728                      | K H O F Holdings, Inc.                                   |
| Interline Brands, Inc.                              | 821,700                     | Monessen Holding Corporati                               |
| Iron Mountain, Inc.                                 | 507,500                     | Stanton Carpet Holding Co.                               |
| Mail Communications Group, Inc.                     | 755,540                     | Transpac Holdings Company                                |
| Nesco Holdings Corporation                          | 1,390,124                   | U M A Enterprises, Inc.                                  |
|   | -----                       |  |

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|  |            |                            |
|--|------------|----------------------------|
|  | 11,123,960 | U-Line Corporation         |
|  | -----      | Wellborn Forest Holding Co |
| ELECTRONICS - 1.46%                    |            |                            |
| Connecticut Electric, Inc.             | 1,073,724  |                            |
| Directed Electronics, Inc.             | 195,118    |                            |
| Distributed Energy Systems Corporation | 210        |                            |
| Electronic Data Systems Corporation    | 508,060    |                            |
|  | -----      |                            |
|  | 1,777,112  |                            |
|  | -----      |                            |

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
September 30, 2008  
(Unaudited)

| INDUSTRY CLASSIFICATION: (Continued)         | Fair Value/<br>Market Value |                            |
|--|-----------------------------|----------------------------|
|  | -----                       |                            |
| LEISURE, AMUSEMENT, ENTERTAINMENT - 2.81%    |                             | MINING, STEEL, IRON & NON  |
| Boyd Gaming Corporation                      | \$ 103,875                  | METALS - 1.87%             |
| Electra Bicycle Company LLC                  | 791,224                     | Ryerson, Inc.              |
| Majestic Star Casino LLC                     | 112,500                     | Steel Dynamics, Inc.       |
| O E D Corp/Diamond Jo Company Guarantee      | 455,000                     | T H I Acquisition, Inc.    |
| Savage Sports Holding, Inc.                  | 1,144,104                   | Tube City IMS Corporation  |
| Ticketmaster                                 | 235,000                     |                            |
| Tunica-Biloxi Gaming Authority               | 496,800                     |                            |
| Warner Music Group Corporation               | 92,813                      |                            |
|  | -----                       | MORTGAGE-BACKED SECURITIES |
|  | 3,431,316                   | Countrywide Alternative Lo |
|  | -----                       | Indymac INDX Mortgage Loan |
| MACHINERY - 10.08%                           |                             |                            |
| Davis-Standard LLC                           | 1,785,356                   |                            |
| E S P Holdco, Inc.                           | 1,283,785                   |                            |
| Integration Technology Systems, Inc.         | --                          | NATURAL RESOURCES - 0.24%  |
| K-Tek Holdings Corporation                   | 1,290,808                   | Appleton Papers, Inc.      |
| M V I Holding, Inc.                          | 646,651                     | Conveo Corporation         |
| Manitowoc Company, Inc.                      | 93,000                      | Intrepid Potash, Inc.      |
| Morton Industrial Group, Inc.                | 1,200,181                   | Range Resources Corporatio |
| Navis Global                                 | 663,833                     |                            |
| NetShape Technologies, Inc.                  | 963,563                     |                            |
| Pacific Consolidated Holdings LLC            | 632,592                     | OIL & GAS - 1.85%          |
| Power Services Holding Company               | 1,288,502                   | Clayton Williams Energy, I |
| R E I Delaware Holding, Inc.                 | 1,278,304                   | Mariner Energy, Inc.       |
| Safety Speed Cut Manufacturing Company, Inc. | 510,588                     | Quicksilver Resources, Inc |
| Stewart & Stevenson LLC                      | 656,250                     | Tesoro Petroleum Corporati |
|  | -----                       | Total E & S, Inc.          |
|  | 12,293,413                  |                            |
|  | -----                       |                            |
| MEDICAL DEVICES/BIOTECH - 3.21%              |                             |                            |
| Coeur, Inc.                                  | 611,106                     |                            |
| E X C Acquisition Corporation                | 105,249                     | PHARMACEUTICALS - 1.36%    |
| ETEX Corporation                             | --                          | CorePharma LLC             |
| MedSystems Holdings LLC                      | 653,790                     | Enzymatic Therapy, Inc.    |
| MicroGroup, Inc.                             | 1,898,307                   |                            |
| OakRiver Technology, Inc.                    | 644,446                     |                            |
| TherOX, Inc.                                 | --                          |                            |
|  | -----                       | PUBLISHING/PRINTING - 0.58 |

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3,912,898  
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Quebecor Media, Inc.  
Sheridan Acquisition Corpo

RETAIL STORES - 1.05%  
Neiman Marcus Group, Inc.  
Olympic Sales, Inc.  
Rental Service Corporation  
United Rentals, Inc.

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
September 30, 2008  
(Unaudited)

MassMutual Participation Investors

INDUSTRY CLASSIFICATION: (Continued)

Fair Value/  
Market Value  
-----

TECHNOLOGY - 1.99%

Compucom Systems, Inc.  
EnerNOC, Inc.  
Smart Source Holdings LLC

\$ 601,325  
242,990  
1,586,675  
-----  
2,430,990  
-----

UTILITIES - 1.31%

El Paso Corporation  
Inergy LP  
InterGen NV  
Petrohawk Energy Corporati

TELECOMMUNICATIONS - 2.07%

All Current Holding Company  
Cincinnati Bell, Inc.  
Intelsat Bermuda Ltd.  
ITC^DeltaCom, Inc.  
Rogers Wireless, Inc.

651,965  
478,500  
641,700  
184,447  
569,233  
-----  
2,525,845  
-----

WASTE MANAGEMENT / POLLUTI  
Terra Renewal LLC  
Torrent Group Holdings, In

TRANSPORTATION - 1.83%

NABCO, Inc.  
Tangent Rail Corporation

201,725  
2,027,190  
-----  
2,228,915  
-----

Total Corporate Restricted  
Public Securities - 99.45%

See Notes to Consolidated Financial Statements

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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

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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 transaction that is exempt from registration under the 1933 Act.

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

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

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

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Unaudited)

MassMutual Participation Investors

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 \$97,551,620 (79.98% of net assets) as of September 30,

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2008 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 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, 2008, 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 discounts on bonds held using the yield-to-maturity method. The Trust does not accrue income when payment is delinquent and when management believes payment is questionable.

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

### C. USE OF ESTIMATES:

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

### D. FEDERAL INCOME TAXES:

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

The Trust is taxed as a regulated investment company and is therefore limited as to the amount of non-qualified income that it may receive as the result of operating a trade or business, e.g. the Trust's pro rata share of income allocable to the Trust by a partnership operating company. The Trust's violation of this limitation could result in the loss of its status as a regulated investment company, thereby subjecting all of its net income and capital gains to corporate taxes prior to distribution to its shareholders. The Trust, from time-to-time, identifies investment opportunities in the securities of entities that could cause such trade or business income to be allocable to the Trust. The MMPI Subsidiary Trust (described in Footnote 1, above) was formed in order to allow investment in such securities without adversely affecting the Trust's status as a regulated investment company.

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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, 2008, 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, 2008, 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 ex-dividend date. The Trust's net investment income dividend is declared four times per year, in April, July, October, and December. The Trust's net realized capital gain distribution, if any, is declared in December.

### F. EXPENSE REDUCTION:

Citibank, N.A. ("Citibank") serves as custodian to the Trust. Pursuant to the custodian agreement, Citibank receives a fee reduced by credits on cash balances the Trust maintains with Citibank. All credit balances, if any, used to reduce the Trust's custodian fees are reported as fees paid indirectly on the Statement of Operations. For the nine months ended September 30, 2008, there were no credit balances used to reduce custodian fees.

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

### 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

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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 nine months ended September 30, 2008, 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 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 \$15,000,000 revolving credit agreement (the "Revolver") with Bank of America N.A. matured on May 30, 2008.

For the nine month period ended September 30, 2008, the Trust incurred a total expense on the Revolver of \$6,229. The expense was incurred on the undrawn portion of the Revolver from January 1, 2008 to the maturity date on May 30, 2008.

### 5. PURCHASES AND SALES OF INVESTMENTS

|                                 | FOR THE NINE<br>MONTHS ENDED<br>9/30/2008 |   |
|---------------------------------|---|---|
|                                 | COST OF<br>INVESTMENTS<br>ACQUIRED        | PROCEEDS FROM<br>SALES OR<br>MATURITIES |
|                                 | -----                                     | -----                                   |
| Corporate restricted securities | \$ 23,214,916                             | \$ 15,996,869                           |
| Corporate public securities     | 4,057,961                                 | 13,924,377                              |

The aggregate cost of investments is substantially the same for financial reporting and federal income tax purposes as of September 30, 2008. The net unrealized depreciation of investments for financial reporting and federal tax purposes as of September 30, 2008 is \$12,967,074 and consists of \$7,394,739 appreciation and \$20,361,813 depreciation.

### 6. QUARTERLY RESULTS OF INVESTMENT OPERATIONS

| MARCH 31, 2008 |           |
|----------------|-----------|
| AMOUNT         | PER SHARE |
| -----          | -----     |
|                |           |

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|   |              |         |
|---|--------------|---------|
| Investment income   | \$ 3,200,898 |         |
| Net investment income   | 2,597,669    | \$ 0.26 |
| Net realized and unrealized<br>loss on investments (net of taxes) | (2,528,865)  | (0.26)  |

| JUNE 30, 2008   |              |           |
|---|--------------|-----------|
|   | AMOUNT       | PER SHARE |
| -----   |              |           |
| Investment income   | \$ 2,861,287 |           |
| Net investment income   | 2,280,789    | \$ 0.23   |
| Net realized and unrealized<br>loss on investments (net of taxes) | (1,496,914)  | (0.15)    |

| SEPTEMBER 30, 2008  |              |           |
|---|--------------|-----------|
|   | AMOUNT       | PER SHARE |
| -----   |              |           |
| Investment income   | \$ 3,817,860 |           |
| Net investment income   | 3,237,045    | \$ 0.33   |
| Net realized and unrealized<br>loss on investments (net of taxes) | (4,637,203)  | (0.46)    |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
(Unaudited) MassMutual Participation Investors

### 7. FAIR VALUE MEASUREMENTS

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 of 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, 2008:

| ASSETS | TOTAL | LEVEL 1 | LEVEL 2 | LEVEL 3 |
|--------|-------|---------|---------|---------|
|--------|-------|---------|---------|---------|

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|                       |               |             |              |              |
|-----------------------|---------------|-------------|--------------|--------------|
| Restricted Securities | \$101,851,295 | \$ --       | \$ 4,299,675 | \$97,551,620 |
| Public Securities     | 19,453,296    | 1,398,263   | 18,055,033   | --           |
| Short-term Securities | 10,127,791    | --          | 10,127,791   | --           |
| TOTAL                 | \$131,432,382 | \$1,398,263 | 32,482,499   | \$97,551,620 |

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

| ASSETS  | RESTRICTED<br>SECURITIES | PUBLIC<br>SECURITIES | SHORT-TERM<br>SECURITIES | TOTAL        |
|---|--------------------------|----------------------|--------------------------|--------------|
| Beginning balance<br>at 12/31/2007                                      | \$94,083,138             | \$ --                | \$ --                    | \$94,083,138 |
| Total gains or losses<br>(realized/unrealized)<br>included in earnings* | (4,629,851)              | --                   | --                       | (4,629,851)  |
| Purchases, sales,<br>issuances & settlements<br>(net)                   | 8,098,333                | --                   | --                       | 8,098,333    |
| ENDING BALANCE<br>AT 9/30/08  | \$97,551,620             | \$ --                | \$ --                    | \$97,551,620 |

\*The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to Level 3 assets still held at 9/30/08 is (\$6,182,251).

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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

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more than 30 days) before the payment date of a dividend or distributions.

Whenever the Trust declares a dividend payable in cash or shares, the Transfer Agent, acting on behalf of each participating shareholder, will take the dividend in shares only if the net asset value is lower than the market price plus an estimated brokerage commission as of the close of business on the valuation day. The valuation day is the last day preceding the day of dividend payment. When the dividend is to be taken in shares, the number of shares to be received is determined by dividing the cash dividend by the net asset value as of the close of business on the valuation date or, if greater than net asset value, 95% of the closing share price. If the net asset value of the shares is higher than the market value plus an estimated commission, the Transfer Agent, consistent with obtaining the best price and execution, will buy shares on the open market at current prices promptly after the dividend payment date.

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

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

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

### MEMBERS OF THE BOARD OF TRUSTEES

Donald Glickman

Robert E. Joyal

William J. Barrett

Michael H. Brown\*

Donald E. Benson\*

Dr. Corine T. Norgaard\*

Roger W. Crandall

Martin T. Hart

Maleyne M. Syracuse

\*Member of the Audit Committee

### OFFICERS

Roger W. Crandall  
Chairman

Clifford M. Noreen  
President

James M. Roy  
Vice President & Chief  
Financial Officer

Patricia J. Walsh  
Vice President, Secretary  
& Chief Legal Officer

Jill A. Fields  
Vice President

Michael P. Hermsen  
Vice President

Mary Wilson Kibbe  
Vice President

Michael L. Klofas  
Vice President

Richard E. Spencer, II  
Vice President

Daniel J. Florence  
Treasurer

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John T. Davitt, Jr.  
Comptroller

Melissa M. LaGrant  
Chief Compliance Officer

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