

MASSMUTUAL PARTICIPATION INVESTORS

Form N-30D

May 31, 2011

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State Street Bank and Trust Company
Boston, MA 02116

* Member of the MassMutual Financial Group

Investment Objective and Policy

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

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

Form N-Q

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

Proxy Voting Policies & Procedures; Proxy Voting Record

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

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

TO OUR SHAREHOLDERS

April 30, 2011

We are pleased to present the March 31, 2011 Quarterly Report of MassMutual Participation Investors (the “Trust”).

The Board of Trustees declared a quarterly dividend of 27 cents per share, payable on May 6, 2011 to shareholders of record on April 25, 2011. This represents an 8.0% increase over the 25 cent per share dividend that the Trust paid for the preceding quarter. The Trust earned 28 cents per share of taxable net investment income for the first quarter of 2011, compared to 29 cents per share in the previous quarter.

During the first quarter, the net assets of the Trust increased to \$123,978,396 or \$12.32 per share compared to \$119,540,235 or \$11.89 per share on December 31, 2010. This translates into a 3.6% 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 20.3%, 7.5%, 9.0%, and 12.8% for the 1-, 3-, 5-, and 10-year time periods, respectively, based on the change in the Trust’s net assets assuming the reinvestment of all dividends.

The Trust’s share price increased 6.6% during the quarter, from \$13.88 per share as of December 31, 2010 to \$14.80 per share as of March 31, 2011. The Trust’s market price of \$14.80 per share equates to a 20.1% premium over the March 31, 2011 net asset value per share of \$12.32. The Trust’s average quarter-end premium for the 3-, 5-, and 10-year periods was 4.0%, 7.1 % and 8.4%, respectively. U.S. equity markets, as approximated by the Russell 2000 Index, increased 7.9% for the quarter. U.S. fixed income markets, as approximated by the Barclays Capital U.S. Corporate High Yield Index, increased 3.9% for the quarter.

The Trust closed two new private placement investments and four “follow-on” investments in existing portfolio companies during the first quarter. The two new investments were in CHG Alternative Education Holding Company and NT Holding Company, while the four follow-on investments were in Advanced Technologies Holdings, KWPI Holdings Corporation, MBWS Ultimate Holdco, Inc., and TruStile Doors, Inc. A brief description of these investments can be found in the Consolidated Schedule of Investments. The total amount invested by the Trust in these six transactions was \$2,452,000.

After the hectic pace of deal activity at the end of 2010, the buyout market took a bit of a breather during the first quarter of 2011. Consequently, deal flow available to the Trust during the quarter was limited. We are, however, now seeing signs of a pickup in deal flow. Many market participants are also indicating that they expect strong deal flow for the rest of year, as there are plentiful amounts of debt and equity capital available to finance middle market buyouts. As a result, we are optimistic that the Trust’s deal flow will improve in the second half of the year. We are starting to see an uptick in leverage levels, though, as the scarcity of deal flow has led lenders to aggressively pursue available deals. We expect leverage multiples to continue to increase as the year progresses, though at a more modest pace as the higher level of deal flow begins to more fully satisfy market demand. While higher leverage multiples are generally not a welcome event, we will react as we always have – by maintaining the same discipline and investment philosophy that has served us well for so many years.

We are pleased with the continued improvement in the operating performance of most of our portfolio companies during the first quarter of 2011. Continuing a trend which began a few quarters ago, several more of our companies were able to resume paying cash interest on their debt obligations due to their improved financial results and liquidity positions. Realization activity for the Trust experienced a lull during the first quarter along with the market, as we only had one realization during the quarter with Navis Global being sold in February. We do have a healthy backlog of companies that are in various stages of a sale process, so we expect realization activity in 2011 to be strong again as it was in 2010.

(Continued)

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Finally, we are saddened to report that for personal reasons Dr. Corine T. Norgaard has resigned as a Trustee of the Trust effective May 2011. Corine has served the Trust and its shareholders well since 1998 and we thank her for her years of dedicated service. Corine's contributions will be missed. Maleyne M. Syracuse will now serve on the Audit Committee.

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

Sincerely,

Michael L. Klofas

President

Portfolio Composition as of 3/31/11 *

* Based on market value of total investments (including cash)

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

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

March 31, 2011

(Unaudited)

Assets:	
Investments	
(See Consolidated Schedule of Investments)	
Corporate restricted securities at fair value (Cost - \$118,058,040)	\$ 109,099,865
Corporate restricted securities at market value (Cost -\$3,001,840)	3,025,190
Corporate public securities at market value (Cost - \$13,872,647)	13,868,061
Short-term securities at amortized cost	5,999,679
Total investments (Cost -\$140,932,206)	131,992,795
Cash	3,465,785
Interest receivable	1,576,066
Receivable for investments sold	3,252,238
Other assets	368,641
Total assets	140,655,525
Liabilities:	
Note payable	12,000,000
Payable for investments purchased	3,593,257
Deferred tax liability	429,196
Investment advisory fee payable	278,951
Interest payable	262,933
Accrued expenses	112,792
Total liabilities	16,677,129
Total net assets	\$ 123,978,396
Net Assets:	
Common shares, par value \$.01 per share	\$ 100,654
Additional paid-in capital	94,036,739
Retained net realized gain on investments, prior years	33,323,976
Undistributed net investment income	4,810,093
Accumulated net realized gain on investments	1,075,541
Net unrealized depreciation of investments	(9,368,607)
Total net assets	\$ 123,978,396
Common shares issued and outstanding (14,785,750 authorized)	10,065,356
Net asset value per share	\$ 12.32

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF OPERATIONS

For the three months ended March 31, 2011

(Unaudited)

Investment Income:

Interest	\$3,662,725
Dividends	95,523
Other	27,433
Total investment income	3,785,681

Expenses:

Investment advisory fees	278,951
Interest	174,000
Trustees' fees and expenses	45,625
Professional fees	45,400
Reports to shareholders	27,000
Custodian fees	6,000
Other	6,880
Total expenses	583,856

Investment income - net	3,201,825
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Net realized and unrealized gain on investments:

Net realized gain on investments before taxes	103,232
Income tax expense	(22,539)
Net realized gain on investments after taxes	80,693
Net change in unrealized depreciation of investments before taxes	1,116,423
Net change in deferred tax expense	(164,731)
Net change in unrealized depreciation of investments after taxes	951,692

Net gain on investments	1,032,385
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Net increase in net assets resulting from operations	\$4,234,210
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See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended March 31, 2011

(Unaudited)

Net increase in cash:

Cash flows from operating activities:

Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$4,053,843
Purchases of portfolio securities	(7,240,893)
Proceeds from disposition of portfolio securities	4,519,276
Interest, dividends and other received	2,075,735
Operating expenses paid	(479,169)
Income taxes paid	(485,864)
Net cash provided by operating activities	2,442,928

Cash flows from financing activities:

Cash dividends paid from net investment income	(2,512,568)
Receipts for shares issued on reinvestment of dividends	203,951
Net cash used for financing activities	(2,308,617)

Net increase in cash	134,311
Cash - beginning of year	3,331,474
Cash - end of period	\$3,465,785

Reconciliation of net increase in net assets to net cash provided by operating activities:

Net increase in net assets resulting from operations	\$4,234,210
Increase in investments	(1,323,517)
Increase in interest receivable	(246,236)
Increase in receivable for investments sold	(3,252,238)
Increase in other assets	(368,641)
Increase in payable for investments purchased	3,593,257
Increase in investment advisory fee payable	10,359
Increase in interest payable	174,000
Increase in deferred tax liability	164,731
Decrease in accrued expenses	(62,544)
Decrease in accrued taxes payable	(463,325)
Decrease in other payables	(17,128)
Total adjustments to net assets from operations	(1,791,282)
Net cash provided by operating activities	\$2,442,928

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	For the three months ended 03/31/11 (Unaudited)	For the year ended 12/31/10
Increase in net assets:		
Operations:		
Investment income - net	\$ 3,201,825	\$ 10,266,428
Net realized gain on investments after taxes	80,693	1,179,654
Net change in unrealized depreciation of investments after taxes	951,692	8,365,960
Net increase in net assets resulting from operations	4,234,210	19,812,042
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2011 - 15,085; 2010 - 67,032)	203,951	828,922
Dividends to shareholders from:		
Net investment income (2010 - \$1.00 per share)	-	(10,026,104)
Total increase in net assets	4,438,161	10,614,860
Net assets, beginning of year	119,540,235	108,925,375
Net assets, end of period/year (including undistributed net investment income of \$4,810,093 and \$1,608,268 respectively)	\$ 123,978,396	\$ 119,540,235

See Notes to Consolidated Financial Statements

CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

Selected data for each share of beneficial interest outstanding:

	For the three months ended 03/31/2011 (Unaudited)	For the years ended December 31,				
		2010	2009	2008	2007	2006
Net asset value:						
Beginning of year	\$ 11.89	\$ 10.91	\$ 11.10	\$ 12.84	\$ 12.90	\$ 12.21
Net investment income (a)	0.32	1.02	0.94	1.08	1.23	1.10
Net realized and unrealized						
gain (loss) on investments	0.10	0.95	(0.13)	(1.82)	(0.05)	0.77
Total from investment operations	0.42	1.97	0.81	(0.74)	1.18	1.87
Dividends from net investment income to common shareholders						
	-	(1.00)	(1.00)	(1.00)	(1.23)	(1.18)
Dividends from net realized gain on investments to common shareholders						
	-	-	-	-	(0.02)	(0.01)
Increase from dividends reinvested						
	0.01	0.01	0.00 (b)	0.00 (b)	0.01	0.01
Total dividends	0.01	(0.99)	(1.00)	(1.00)	(1.24)	(1.18)
Net asset value: End of period/year	\$ 12.32	\$ 11.89	\$ 10.91	\$ 11.10	\$ 12.84	\$ 12.90
Per share market value:						
End of period/year	\$ 14.80	\$ 13.88	\$ 12.20	\$ 9.05	\$ 13.18	\$ 14.70
Total investment return						
Net asset value (c)	3.62 %	18.71 %	7.60 %	(6.01 %)	9.95 %	18.64 %
Market value (c)	6.63 %	22.94 %	40.86 %	(25.36 %)	(1.30 %)	16.81 %
Net assets (in millions):						
End of period/year	\$ 123.98	\$ 119.54	\$ 108.93	\$ 110.18	\$ 126.63	\$ 126.52
Ratio of operating expenses to average net assets						
	1.37 % ^(e)	1.46 %	1.41 %	1.33 %	1.36 %	1.17 %
Ratio of interest expense to average net assets						
	0.58 % ^(e)	0.61 %	0.63 %	0.58 %	0.56 %	0.57 %
Ratio of income tax expense to average net assets (d)						
	0.29 % ^(e)	0.46 %	0.00 %	0.00 %	0.48 %	2.68 %
Ratio of total expenses before custodian fee reduction to average net assets (d)						
	2.24 % ^(e)	2.53 %	2.04 %	1.91 %	2.40 %	4.46 %

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Ratio of net expenses after
custodian fee

reduction to average net assets (d)	2.24	%(e)	2.53	%	2.04	%	1.91	%	2.40	%	4.42	%
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Ratio of net investment
income

to average net assets	10.70	%(e)	8.96	%	8.55	%	8.74	%	9.32	%	8.43	%
Portfolio turnover	6	%	27	%	23	%	32	%	33	%	34	%

- (a) Calculated using average shares.
 (b) Rounds to less than \$0.01 per share.
 (c) Net asset value return represents portfolio returns based on change in the Trust's net asset value assuming the reinvestment of all dividends and distributions which differs from the total investment return based on the Trust's market value due to the difference between the Trust's net asset value and the market value of its shares outstanding; past performance is no guarantee of future results.
 (d) As additional information, this ratio is included to reflect the taxes paid on retained long-term gains. These taxes paid are netted against realized capital gains in the Statement of Operations. The taxes paid are treated as deemed distributions and a credit for the taxes paid is passed on to shareholders.
 (e) Annualized

Senior borrowings:

Total principal amount (in millions)	\$12	\$12	\$12	\$12	\$12	\$12
Asset coverage per \$1,000 of indebtedness	\$11,332	\$10,962	\$10,077	\$10,181	\$11,552	\$11,543

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2011

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities - 90.44%: (A)				
Private Placement Investments - 88.00%				

A E Company, Inc.

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

11% Senior Secured Note due 2015	\$761,538	*	\$748,973	\$773,132
13% Senior Subordinated Note due 2016	\$807,693	11/10/09	733,509	809,485
Common Stock (B)	184,615 shs.	11/10/09	184,615	140,545
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	92,308 shs.	11/10/09	68,566	70,273
* 11/10/09 and 11/18/09.			1,735,663	1,793,435

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	\$1,362,888	11/21/07	1,343,347	1,362,888
Limited Partnership Interest (B)	12.26% int.	11/21/07	119,009	176,980
			1,462,356	1,539,868

A S A P Industries LLC

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

12.5% Senior Subordinated Note due 2015	\$450,500	12/31/08	403,982	455,005
Limited Liability Company Unit Class A-2 (B)	676 uts.	12/31/08	74,333	215,960
Limited Liability Company Unit Class A-3 (B)	608 uts.	12/31/08	66,899	194,366
			545,214	865,331

A S C Group, Inc.

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

12.75% Senior Subordinated Note due 2016	\$1,227,273	10/09/09	1,074,684	1,251,818
Limited Liability Company Unit Class A (B)	2,186 uts.	*	214,793	136,585
Limited Liability Company Unit Class B (B)	1,473 uts.	10/09/09	144,716	92,036
* 10/09/09 and 10/27/10.			1,434,193	1,480,439

A W X Holdings Corporation

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

10.5% Senior Secured Term Note due 2014 (D)	\$420,000	05/15/08	413,944	315,000
13% Senior Subordinated Note due 2015 (D)	\$420,000	05/15/08	384,627	-
Common Stock (B)	60,000 shs.	05/15/08	60,000	-

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Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	21,099 shs.	05/15/08	35,654	-
			894,225	315,000

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Advanced Technologies Holdings				
A provider of factory maintenance services to industrial companies.				
15% Senior Subordinated Note due 2013	\$ 1,190,565	12/27/07	\$ 1,177,832	\$ 1,190,565
Preferred Stock (B)	546 shs.	12/27/07	270,000	401,588
Preferred Stock Series B (B)	28 shs.	01/04/11	21,600	20,454
			1,469,432	1,612,607
Aero Holdings, Inc.				
A provider of geospatial services to corporate and government clients.				
10.5% Senior Secured Term Note due 2014	\$ 697,500	03/09/07	692,154	704,688
14% Senior Subordinated Note due 2015	\$ 720,000	03/09/07	669,349	720,000
Common Stock (B)	150,000 shs.	03/09/07	150,000	237,829
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	37,780 shs.	03/09/07	63,730	59,901
			1,575,233	1,722,418
All Current Holding Company				
A specialty re-seller of essential electrical parts and components primarily serving wholesale distributors.				
12% Senior Subordinated Note due 2015	\$ 603,697	09/26/08	562,229	609,734
Common Stock (B)	713 shs.	09/26/08	71,303	71,121
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	507 shs.	09/26/08	46,584	50,573
			680,116	731,428
American Hospice Management Holding LLC				
A for-profit hospice care provider in the United States.				
12% Senior Subordinated Note due 2013	\$ 1,687,503	*	1,642,733	1,687,503
Preferred Class A Unit (B)	1,706 uts.	**	170,600	297,987
Preferred Class B Unit (B)	808 uts.	06/09/08	80,789	126,055
Common Class B Unit (B)	16,100 uts.	01/22/04	1	89,802
Common Class D Unit (B)	3,690 uts.	09/12/06	-	20,582

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

01/22/04 and 09/12/06. 1,894,123 2,221,929

Apex Analytix Holding Corporation

A provider of audit recovery and fraud detection services and software to commercial and retail businesses in the U.S. and Europe.

12.5% Senior Subordinated Note due 2014	\$ 1,012,500	04/28/09	880,453	1,032,750
Preferred Stock Series B (B)	1,623 shs.	04/28/09	162,269	220,676
Common Stock (B)	723 shs.	04/28/09	723	98,352
			1,043,445	1,351,778

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
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 (D)	\$ 984,209	05/18/05	\$ 914,763	\$ 590,525
Preferred Stock (B)	33 shs.	10/16/09	33,224	-
Common Stock (B)	263 shs.	05/18/05	263,298	-
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	69 shs.	05/18/05	59,362	-
			1,270,647	590,525
Associated Diversified Services				
A provider of routine maintenance and repair services primarily to electric utility companies predominantly on electric power distribution lines.				
10% Senior Secured Term Note due 2016 (C)	\$ 332,000	09/30/10	324,216	326,940
13% Senior Subordinated Note due 2017	\$ 332,000	09/30/10	297,682	322,798
Limited Liability Company Unit Class B (B)	36,000 uts.	09/30/10	36,000	34,200
Limited Liability Company Unit Class B OID (B)	27,520 uts.	09/30/10	27,520	275
			685,418	684,213
Barcodes Group, Inc.				
A distributor and reseller of automatic identification and data capture equipment, including mobile computers, scanners, point-of-sale systems, labels, and accessories.				
13.5% Senior Subordinated Note due 2016	\$ 641,884	07/27/10	612,121	658,792
Preferred Stock (B)	13 shs.	07/27/10	131,496	124,925
Common Stock Class A (B)	44 shs.	07/27/10	437	415
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	8 shs.	07/27/10	76	-
			744,130	784,132
Bravo Sports Holding Corporation				
A designer and marketer of niche branded consumer products including canopies, trampolines, in-line skates, skateboards, and urethane wheels.				
12.5% Senior Subordinated Note due 2014	\$ 1,207,902	06/30/06	1,168,716	1,207,902

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Preferred Stock Class A (B)	465 shs.	06/30/06	141,946	105,680
Common Stock (B)	1 sh.	06/30/06	152	-
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	164 shs.	06/30/06	48,760	37,140
			1,359,574	1,350,722

C D N T, Inc.

A value-added converter and distributor of specialty pressure sensitive adhesives, foams, films, and foils.

10.5% Senior Secured Term Note due 2014	\$ 348,619	08/07/08	344,200	344,416
12.5% Senior Subordinated Note due 2015	\$ 429,070	08/07/08	398,667	418,107
Common Stock (B)	41,860 shs.	08/07/08	41,860	23,697
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	32,914 shs.	08/07/08	32,965	18,633
			817,692	804,853

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Capital Specialty Plastics, Inc. A producer of desiccant strips used for packaging pharmaceutical products.				
Common Stock (B)	55 shs.	*	\$ 252	\$ 578,554
*12/30/97 and 05/29/99.				
Clough, Harbour and Associates An engineering service firm that is located in Albany, NY.				
12.25% Senior Subordinated Note due 2015	\$ 1,270,588	12/02/08	1,199,648	1,283,294
Preferred Stock (B)	147 shs.	12/02/08	146,594	149,652
			1,346,242	1,432,946
CHG Alternative Education Holding Company A leading provider of publicly-funded, for profit pre-K-12 education services targeting special needs children at therapeutic day schools and "at risk" youth through alternative education programs.				
13.5% Senior Subordinated Note due 2018	\$ 712,500	01/19/11	669,716	708,746
Common Stock (B)	375 shs.	01/19/11	37,500	35,625
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)				
	295 shs.	01/19/11	29,250	3
			736,466	744,374
Coeur, Inc. A producer of proprietary, disposable power injection syringes.				
12% Senior Subordinated Note due 2016	\$ 642,857	10/10/08	594,151	644,402
Common Stock (B)	321 shs.	10/10/08	32,143	13,315
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)				
	495 shs.	10/10/08	48,214	20,483
			674,508	678,200
Connecticut Electric, Inc. A supplier and distributor of electrical products sold into the retail and wholesale markets.				
10% Senior Subordinated Note due 2014 (D)	\$ 771,051	01/12/07	719,299	578,288
	82,613 uts.	01/12/07	82,613	-

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Limited Liability Company Unit Class

A (B)

Limited Liability Company Unit Class

C (B)

59,756 uts.

01/12/07

59,756

-

Limited Liability Company Unit Class

D (B)

671,525 uts.

05/03/10

-

-

Limited Liability Company Unit Class

E (B)

1,102 uts.

05/03/10

-

-

861,668

578,288

Connor Sport Court International, Inc.

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

Preferred Stock Series B-2 (B)

9,081 shs.

07/05/07

370,796

908,072

Preferred Stock Series C (B)

4,757 shs.

07/05/07

158,912

475,708

Common Stock (B)

380 shs.

07/05/07

4

444

Limited Partnership Interest (B)

6.88% int.

*

103,135

-

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

632,847

1,384,224

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
CorePharma LLC				
A manufacturer of oral dose generic pharmaceuticals targeted at niche applications.				
14.5% Senior Subordinated Note due 2016	\$ 1,364,927	08/04/05	\$ 1,364,927	\$ 1,364,927
Warrant, exercisable until 2013, to purchase common stock at \$.001 per share (B)	10 shs.	08/04/05	72,617 1,437,544	148,374 1,513,301
Crane Rental Corporation				
A crane rental company.				
13% Senior Subordinated Note due 2015	\$ 1,215,000	08/21/08	1,120,306	1,179,722
Common Stock (B)	135,000 shs.	08/21/08	135,000	-
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	72,037 shs.	08/21/08	103,143 1,358,449	- 1,179,722
Custom Engineered Wheels, Inc.				
A manufacturer of custom engineered, non-pneumatic plastic wheels and plastic tread cap tires used primarily for lawn and garden products and wheelchairs.				
12.5% Senior Subordinated Note due 2016	\$ 1,155,288	10/27/09	1,021,585	1,165,440
Preferred Stock PIK (B)	156 shs.	10/27/09	156,468	119,043
Preferred Stock Series A (B)	114 shs.	10/27/09	104,374	86,975
Common Stock (B)	38 shs.	10/27/09	38,244	-
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	28 shs.	10/27/09	25,735 1,346,406	- 1,371,458
Davis-Standard LLC				
A manufacturer, assembler, and installer of a broad range of capital equipment that is used in the extrusion, conversion, and processing of plastic materials.				
12% Senior Subordinated Note due 2014	\$ 489,131	10/30/06	470,700	489,131
Limited Partnership Interest (B)	0.97% int.	10/30/06	371,739	599,121
Warrant, exercisable until 2014, to purchase preferred stock at \$.01 per share (B)	26 shs.	10/30/06	26,380	40,002
Warrant, exercisable until 2014, to purchase				

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common stock at \$.01 per share (B)	18 shs.	10/30/06	18,000	39,036
			886,819	1,167,290
Duncan Systems, Inc.				
A distributor of windshields and side glass for the recreational vehicle market.				
10% Senior Secured Term Note due				
2013	\$ 231,429	11/01/06	229,857	235,423
13% Senior Subordinated Note due				
2014	\$ 488,572	11/01/06	456,134	488,572
Common Stock (B)	102,857 shs.	11/01/06	102,857	55,997
Warrant, exercisable until 2014, to				
purchase				
common stock at \$.01 per share (B)	32,294 shs.	11/01/06	44,663	17,581
			833,511	797,573

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
E S P Holdco, Inc.				
A manufacturer of power protection technology for commercial office equipment, primarily supplying the office equipment dealer network.				
14% Senior Subordinated Note due 2015	\$ 1,253,612	01/08/08	\$ 1,236,151	\$ 1,213,621
Common Stock (B)	349 shs.	01/08/08	174,701	56,864
			1,410,852	1,270,485
E X C Acquisition Corporation				
A manufacturer of pre-filled syringes and pump systems used for intravenous drug delivery.				
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share				
(B)	11 shs.	06/28/04	40,875	44,894
Eatem Holding Company				
A developer and manufacturer of savory flavor systems for soups, sauces, gravies, and other products produced by food manufacturers for retail and foodservice end products.				
12.5% Senior Subordinated Note due 2018		\$ 950,000	02/01/10	834,215
Common Stock (B)		50 shs.	02/01/10	50,000
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)		119 shs.	02/01/10	107,100
				100,626
				991,315
				1,057,007
F C X Holdings Corporation				
A distributor of specialty/technical valves, actuators, accessories, and process instrumentation supplying a number of industrial, high purity, and energy end markets in North America.				
15% Senior Subordinated Note due 2015	\$ 1,204,854	10/06/08	1,187,928	1,224,965
Preferred Stock Series A (B)	122 shs.	12/30/10	12,200	11,590
Preferred Stock Series B (B)	2,298 shs.	10/06/08	229,804	190,048
Common Stock (B)	1,625 shs.	10/06/08	1,625	-
			1,431,557	1,426,603
F F C Holding Corporation				
A leading U.S. manufacturer of private label frozen novelty and ice cream products.				
16% Senior Subordinated Note due 2017	\$ 844,169	09/27/10	828,031	829,186
Limited Liability Company Units				
Preferred (B)	171 uts.	09/27/10	153,659	145,974
Limited Liability Company Units (B)	171 uts.	09/27/10	17,073	16,219
			998,763	991,379
F G I Equity LLC				

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A manufacturer of a broad range of filters and related products that are used in commercial, light industrial, healthcare, gas turbine, nuclear, laboratory, clean room, hotel, educational system, and food processing settings.

14.25% Senior Subordinated Note due 2016	\$ 436,448	12/15/10	424,251	435,941
Limited Liability Company Unit Class B-1 (B)	65,789 uts.	12/15/10	65,789	62,500
Limited Liability Company Unit Class B-2 (B)	8,248 uts.	12/15/10	8,248	82
			498,288	498,523

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
F H Equity LLC				
A designer and manufacturer of a full line of automatic transmission filters and filtration systems for passenger vehicles.				
14% Senior Subordinated Note due 2017	\$ 502,806	12/20/10	\$ 482,288	\$ 502,154
Limited Liability Company Unit Class C (B)	1,575 uts.	12/20/10	16,009	16
			498,297	502,170
Flutes, Inc.				
An independent manufacturer of micro fluted corrugated sheet material for the food and consumer products packaging industries.				
10% Senior Secured Term Note due 2013 (D)		\$524,791	04/13/06	519,050
14% Senior Subordinated Note due 2014 (D)		\$317,177	04/13/06	290,908
			809,958	498,551
G C Holdings				
A leading manufacturer of gaming tickets, industrial recording charts, security-enabled point-of sale receipts, and medical charts and supplies.				
12.5% Senior Subordinated Note due 2017	\$ 1,000,000	10/19/10	935,696	992,508
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	198 shs.	10/19/10	46,958	2
			982,654	992,510
Golden County Foods Holding, Inc.				
A manufacturer of frozen appetizers and snacks.				
16% Senior Subordinated Note due 2015 (D)	\$ 1,012,500	11/01/07	938,215	-
16% PIK Note due 2015 (D)	\$ 250,259	12/31/08	217,663	-
8% Series A Convertible Preferred Stock, convertible into fully diluted common shares (B)	77,643 shs	11/01/07	77,643	-
			1,233,521	-
H M Holding Company				
A designer, manufacturer, and importer of promotional and wood furniture.				
7.5% Senior Subordinated Note due 2013 (D)	\$ 362,700	10/15/09	271,181	181,350
Preferred Stock (B)	21 shs.	*	21,428	-
Preferred Stock Series B (B)	1,088 shs.	10/15/09	813,544	-
Common Stock (B)	180 shs.	02/10/06	180,000	-
Common Stock Class C (B)	296 shs.	10/15/09	-	-
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)	67 shs.	02/10/06	61,875	-

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

1,348,028 181,350

Highgate Capital LLC

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

Series A Preferred Units (B)	0.30% int.	07/21/94	91,867	-
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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Home Décor Holding Company				
A designer, manufacturer and marketer of framed art and wall décor products.				
12.5% Senior Subordinated Note due 2013	\$1,081,731 *		\$ 1,036,927	\$ 1,081,731
Common Stock (B)	33 shs. *		33,216	47,513
Warrant, exercisable until 2012, to purchase common stock at \$.02 per share (B)	106 shs. *		105,618	151,063
* 06/30/04 and 08/19/04.			1,175,761	1,280,307
Hospitality Mints Holding Company				
A manufacturer of individually-wrapped imprinted promotional mints.				
12% Senior Subordinated Note due 2016	\$ 1,308,732	08/19/08	1,236,996	1,275,372
Common Stock (B)	251 shs.	08/19/08	251,163	45,534
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	65 shs.	08/19/08	60,233	11,770
			1,548,392	1,332,676
Insurance Claims Management, Inc.				
A third party administrator providing auto and property claim administration services for insurance companies.				
Common Stock (B)	37 shs.	02/27/07	1,100	163,700
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	11 shs.	02/27/07	324	48,223
			1,424	211,923
International Offshore Services LLC				
A leading provider of marine transportation services, platform decommissioning, and salvage services to oil and gas producers in the shallow waters of the Gulf of Mexico.				
14.25% Senior Subordinated Secured Note due 2017	\$ 1,350,000	07/07/09	1,233,664	1,337,347
Limited Liability Company Unit (B)	1,647 uts.	07/07/09	98,833	79,820
			1,332,497	1,417,167
J A C Holding Enterprises, Inc.				

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A supplier of luggage racks and accessories to the original equipment manufacturers.

12.5% Senior Subordinated Note due 2017	\$ 833,333	12/20/10	713,766	826,615
Preferred Stock A (B)	165 shs.	12/20/10	165,000	156,750
Preferred Stock B (B)	0.06 shs	12/20/10	-	-
Common Stock (B)	33 shs.	12/20/10	1,667	1,583
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	12 shs.	12/20/10	105,643	-
			986,076	984,948

Jason Partners Holdings LLC

A diversified manufacturing company serving various industrial markets.

Limited Liability Company Unit (B)	48 uts.	09/21/10	449,086	25,511
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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Justrite Manufacturing Acquisition Company A manufacturer of safety products such as storage cabinets and containers.				
12% Senior Subordinated Note due 2011	\$ 843,750	12/15/04	\$ 835,585	\$ 843,750
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	594 shs.	12/15/04	53,528	115,769
			889,113	959,519
K H O F Holdings, Inc. A manufacturer of premium disposable tableware products serving both the foodservice and consumer channels.				
Common Stock (B)	116,827 shs.	10/15/07	71,515	127,308
K N B Holdings Corporation A designer, manufacturer and marketer of products for the custom framing market.				
15.5% Senior Subordinated Note due 2013 (D)	\$ 1,595,057	05/25/06	1,413,829	1,578,779
Common Stock (B)	71,053 shs.	05/25/06	71,053	-
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	43,600 shs.	05/25/06	37,871	-
			1,522,753	1,578,779
K P H I Holdings, Inc. A manufacturer of highly engineered plastic and metal components for a diverse range of end-markets, including medical, consumer and industrial, automotive and defense.				
15% Senior Subordinated Note due 2017	\$ 876,208	12/10/10	859,121	858,511
Common Stock (B)	130,435 shs.	12/10/10	130,435	123,913
			989,556	982,424
K P I Holdings, Inc. The largest player in the U.S. non-automotive, non-ferrous die casting segment.				
12.75% Senior Subordinated Note due 2015 (D)	\$ 1,301,869	07/16/08	1,212,647	1,288,119
Convertible Preferred Stock Series C (B) 29 shs.		06/30/09	29,348	58,000
Convertible Preferred Stock Series D (B) 13 shs.		09/17/09	12,958	38,880

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Common Stock (B)	235 shs.	07/15/08	234,783	27,852
Warrant, exercisable until 2018, to purchase				
common stock at \$.01 per share (B)	51 shs.	07/16/08	50,836	6,031
Warrant, exercisable until 2018, to purchase				
common stock at \$.01 per share (B)	67 shs.	09/17/09	-	7,996
			1,540,572	1,426,878

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
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 2015 (D)	\$ 1,724,474	03/14/07	\$ 1,561,816	\$ 1,379,579
Preferred Stock PIK (B)	793 shs.	02/07/11	306,750	245,334
Common Stock (B)	123 shs.	03/13/07	123,000	-
Warrant, exercisable until 2019, to purchase preferred stock at \$.01 per share (B) 71 shs.		07/07/09	-	-
Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B) 89 shs.		03/14/07	85,890	-
			2,077,456	1,624,913
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 and gas, mining, and defense markets.				
13% Senior Subordinated Note due 2016	\$ 659,439	09/12/08	621,127	593,495
Common Stock (B)	32 shs.	09/12/08	32,143	-
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B) 35 shs.		09/12/08	34,714	-
			687,984	593,495
Mail Communications Group, Inc.				
A provider of mail processing and handling services, lettershop services, and commercial printing services.				
12.5% Senior Subordinated Note due 2014	\$ 516,177	05/04/07	497,661	516,177
Limited Liability Company Unit (B) 12,764 uts.		*	166,481	173,412
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B) 1,787 shs.		05/04/07	22,781	24,279
* 05/04/07 and 01/02/08.			686,923	713,868

Manhattan Beachwear Holding

Company

A designer and distributor of women's swimwear.

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15% Senior Subordinated Note due 2018	\$ 216,329	10/05/10	212,205	221,705
12.5% Senior Subordinated Note due 2018	\$ 882,353	01/15/10	779,740	891,177
Common Stock (B)	35 shs.	10/05/10	35,400	63,572
Common Stock Class B (B)	118 shs.	01/15/10	117,647	211,277
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	104 shs.	01/15/10	94,579	186,979
			1,239,571	1,574,710

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
MBWS Ultimate Holdco, Inc.				
A provider of services throughout North Dakota that address the fluid management and related transportation needs of an oil well.				
12% Senior Subordinated Note due 2016	\$ 1,117,495	*	\$1,014,392	\$1,139,396
Preferred Stock Series A (B)	1,388 shs.	09/07/10	138,797	131,860
Common Stock (B)	162 shs.	03/01/11	16,226	15,388
Common Stock (B)	153 shs.	09/07/10	15,282	14,535
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	103 shs.	03/01/11	10,325	1
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	386 shs.	09/07/10	38,623	4
* 09/07/10 and 03/01/11.			1,233,645	1,301,184
MedSystems Holdings LLC				
A manufacturer of enteral feeding products, such as feeding tubes and other products related to assisted feeding.				
13% Senior Subordinated Note due 2015	\$ 623,784	08/29/08	565,416	630,022
Preferred Unit (B)	66 uts.	08/29/08	66,451	79,984
Common Unit Class A (B)	671 uts.	08/29/08	671	33,798
Common Unit Class B (B)	250 uts.	08/29/08	63,564	12,576
			696,102	756,380
MEGTEC Holdings, Inc.				
A supplier of industrial and environmental products and services to a broad array of industries.				
12% Senior Subordinated Note due 2016	\$ 1,144,068	09/24/08	1,068,752	1,166,949
Preferred Stock (B)	56 shs.	09/24/08	54,040	67,613
Limited Partnership Interest (B)	0.74% int.	09/16/08	205,932	206,013
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	18 shs.	09/24/08	18,237	10,090
			1,346,961	1,450,665
MicroGroup, Inc.				
A manufacturer of precision parts and assemblies, and a value-added supplier of metal tubing and bars.				
12% Senior Subordinated Note due 2013 (D)	\$ 1,421,795	*	1,364,411	1,137,436
Common Stock (B)	238 shs.	*	238,000	-
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)	87 shs.	*	86,281	-
* 08/12/05 and 09/11/06.			1,688,692	1,137,436

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Milwaukee Gear Company				
A manufacturer of high-precision custom gears and gear drives used by original equipment manufacturers operating in a number of industries.				
13% Senior Subordinated Note due 2014	\$ 1,246,154	07/21/08	\$ 1,196,622	\$ 1,216,071
Preferred Stock (B)	139 shs.	07/21/08	138,374	110,100
Common Stock (B)	9 shs.	07/21/08	10,000	-
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	6 shs.	07/21/08	5,510	-
			1,350,506	1,326,171
Momentum Holding Company				
A designer and supplier of upholstery fabric to commercial furniture manufacturers and architectural and design firms.				
Limited Partnership Interest (B)	11.24% int.	08/04/06	56,198	161,710
Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)	586 shs.	08/04/06	56,705	168,565
			112,903	330,275
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 (D)	\$ 1,350,000	07/25/08	1,281,479	675,000
14% PIK Note due 2014 (D)	\$ 419,713	07/25/08	345,704	209,856
Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)	81 shs.	03/31/06	73,125	-
			1,700,308	884,856
Motion Controls Holdings				
A manufacturer of high performance mechanical motion control and linkage products.				
14.25% Senior Subordinated Note due 2017	\$ 911,631	11/30/10	894,513	900,767
Limited Liability Company Unit Class B-1 (B)	93,750 uts.	11/30/10	93,750	89,063
Limited Liability Company Unit Class B-2 (B)	8,501 uts.	11/30/10	8,501	85
			996,764	989,915
NABCO, Inc.				

A producer of explosive containment vessels in the United States.

14% Senior Subordinated Note due 2014 (D)	\$ 330,882	02/24/06	306,091	-
Limited Liability Company Unit (B)	437 uts.	*	436,984	-
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	68 shs.	02/24/06	19,687	-
* 02/24/06 and 06/22/07.			762,762	-

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value	
Nesco Holdings Corporation					
A sales and leasing company that provides equipment to the electric utility, telecommunications, and various other industries.					
12% Senior Secured Subordinated Note due 2015	\$ 1,125,000	08/02/07	\$ 1,040,304	\$ 1,125,000	
Common Stock (B)	225,000 shs.	08/02/07	225,000	721,507	
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	63,191 shs.	08/02/07	102,842	202,634	
			1,368,146	2,049,141	
NetShape Technologies, Inc.					
A manufacturer of powder metal and metal injection molded precision components used in industrial, consumer, and other applications.					
12% Senior Subordinated Note due 2014		\$ 98,061	02/02/07	827,051	449,031
Limited Partnership Interest of Saw Mill PCG Partners LLC (B)		1.38% int.	02/01/07	539,990	-
Limited Liability Company Unit Class D of Saw Mill PCG Partners LLC (B)		8 uts.	*	8,147	-
Limited Liability Company Unit Class D-1 of Saw Mill PCG Partners LLC (B)		111 uts.	09/30/09	111,486	-
Preferred Stock Class A (B)		1 sh.	12/18/08	726	-
Preferred Stock Class A-1 (B)		10 shs.	09/30/09	9,674	-
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)		48 shs.	02/02/07	48,087	-
* 12/18/08 and 09/30/09.				1,545,161	449,031
Nicoat Acquisitions LLC					
A manufacturer of water-based and ultraviolet coatings for high-performance graphic arts, packaging and other specialty coating applications.					
12.5% Senior Subordinated Note due 2016	\$ 482,759	11/05/10	438,080	475,450	
Limited Liability Company Unit Series B (B)	17,241 uts.	11/05/10	17,241	16,379	
Limited Liability Company Unit Series B - OID (B)	34,931 uts.	11/05/10	34,931	349	
Limited Liability Company Unit Series F (B)	52,172 uts.	11/05/10	-	522	
			490,252	492,700	

Northwest Mailing Services, Inc.

A producer of promotional materials for companies that use direct mail as part of their customer retention and loyalty programs.

12% Senior Subordinated Note due 2016	\$ 1,492,105	*	1,239,471	1,493,256
Limited Partnership Interest (B)	1,740 uts.	*	174,006	124,746
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	2,605 shs.	*	260,479	186,740
* 07/09/09 and 08/09/10.			1,673,956	1,804,742

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
NT Holding Company				
A leading developer, manufacturer and provider of medical products used primarily in interventional pain management.				
13.5% Senior Subordinated Note due 2019				
	\$ 883,117	02/02/11	\$ 813,263	\$ 874,283
Common Stock (B)	117 shs.	02/02/11	116,883	111,036
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share				
(B)	59 shs.	02/02/11	52,987	1
			983,133	985,320
Nyloncraft, Inc.				
A supplier of engineered plastic components for the automotive industry.				
Convertible Preferred Stock A				
(B)	571 shs.	01/28/02	549,507	744,917
Common Stock (B)	178,571 shs.	01/28/02	178,571	198,411
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share				
(B)	138,929 shs.	01/28/02	92,597	154,365
			820,675	1,097,693
O E C Holding Corporation				
A provider of elevator maintenance, repair and modernization services.				
13% Senior Subordinated Note due 2017				
	\$ 444,445	06/04/10	407,168	445,860
Preferred Stock Series A (B)	554 shs.	06/04/10	55,354	52,586
Preferred Stock Series B (B)	311 shs.	06/04/10	31,125	3
Common Stock (B)	344 shs.	06/04/10	344	327
			493,991	498,776
OakRiver Technology, Inc.				
Designs, engineers and assembles high precision automated process equipment for the medical device industry with a focus on defibrillators and stents.				
Common Stock (B)	184,176 shs.	01/03/06	184,176	275,801
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share				
(B)	43,073 shs.	01/03/06	35,900	64,501

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			220,076	340,302
Ontario Drive & Gear Ltd.				
A manufacturer of all-wheel drive, off-road amphibious vehicles and related accessories.				
Limited Liability Company				
Unit (B)	1,942 uts.	01/17/06	302,885	512,241
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share				
(B)	328 shs.	01/17/06	90,424	86,485
			393,309	598,726
P K C Holding Corporation				
A manufacturer of plastic film and badges for the general industrial, medical, and food industries.				
14% Senior Subordinated Note due 2016				
	\$ 1,561,011	12/21/10	1,519,612	1,550,711
Preferred Stock Class A (B)	29 shs.	12/21/10	180,380	285,100
Common Stock (B)	29 shs.	12/21/10	13,500	-
			1,713,492	1,835,811

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
P P T Holdings LLC				
A high-end packaging solutions provider that targets customers who have multiple packaging needs, require a high number of low volume SKUs, short lead times, technical expertise, and overall supply chain management.				
15% Senior Subordinated Note due 2017	\$ 900,297	12/20/10	\$ 882,819	\$ 895,776
Limited Liability Company Unit Class A (B)	33 uts.	12/20/10	106,071	100,777
Limited Liability Company Unit Class B (B)	33 uts.	12/20/10	1,072 989,962	1,018 997,571
Pacific Consolidated Holdings LLC				
A manufacturer of rugged, mobile liquid and gaseous oxygen and nitrogen generating systems used in the global defense, oil and gas, and medical sectors.				
14% Senior Subordinated Note due 2012	\$ 716,295	04/27/07	696,755	596,832
5% Senior Subordinated Note due 2012	\$ 42,187	07/21/10	42,187	42,121
Preferred Shares Series E (B)	42,187 uts.	07/21/10	-	-
Limited Liability Company Unit (B)	928,962 uts.	04/27/07	33,477 772,419	- 638,953
Paradigm Packaging, Inc.				
A manufacturer of plastic bottles and closures for the nutritional, pharmaceutical, personal care, and food packaging markets.				
12% Senior Subordinated Note due 2011	\$ 1,125,000	12/19/00	1,115,209	1,125,000
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	197 shs.	12/21/00	140,625 1,255,834	111,539 1,236,539
Pearlman Enterprises, Inc.				
A developer and distributor of tools, equipment and supplies to the natural and engineered stone industry.				
Preferred Stock Series A (B)	1,236 shs.	05/22/09	59,034	-
Preferred Stock Series B (B)	7,059 shs.	05/22/09	290,050	-
Common Stock (B)	21,462 shs.	05/22/09	993,816 1,342,900	- -
Postle Aluminum Company LLC				

A manufacturer and distributor of
aluminum extruded products.