

BABSON CAPITAL CORPORATE INVESTORS

Form N-30D

November 25, 2014

Babson Capital  
Corporate Investors

Report for the  
Nine Months Ended September 30, 2014

**Adviser**

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

**Transfer Agent & Registrar**

DST Systems, Inc.  
P.O. Box 219086  
Kansas City, Missouri 64121-9086  
1-800-647-7374

**Independent Registered Public Accounting Firm**

**KPMG LLP**  
Boston, Massachusetts 02110

**Internet Website**

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

**Counsel to the Trust**

Ropes & Gray LLP  
Boston, Massachusetts 02110

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

**Custodian**

State Street Bank and Trust Company  
Boston, Massachusetts 02116

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**Investment Objective and Policy**

Babson Capital Corporate Investors (the “Trust”) is a closed-end management investment company, first offered to the public in 1971, whose shares are traded on the New York Stock Exchange under the trading symbol “MCI”. The Trust’s share price can be found in the financial section of most newspapers under either the New York Stock Exchange listings or Closed-End Fund Listings.

The Trust’s investment objective is to maintain a portfolio of securities providing a current yield and at the same time offering an opportunity for capital gains. The Trust’s principal investments are privately placed, below-investment grade, long-term debt obligations with equity features such as common stock, warrants, conversion rights, or other equity features and, occasionally, preferred stocks. The Trust typically purchases these investments, which are not publicly tradable, directly from their issuers in private placement transactions. These investments are typically mezzanine debt instruments with accompanying private equity securities made to small or middle market companies. In addition, the Trust may invest, subject to certain limitations, in marketable investment grade debt securities, other marketable debt securities (including high yield securities) and marketable common stocks. 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.

**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/mci>; 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/mci>; 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. The Trust pays dividends to its shareholders in cash, unless the shareholder elects to participate in the Dividend Reinvestment and Share Purchase Plan.

Babson Capital Corporate Investors

TO OUR SHAREHOLDERS

October 31, 2014

We are pleased to present the September 30, 2014 Quarterly Report of Babson Capital Corporate Investors (the “Trust”).

The Board of Trustees declared a quarterly dividend of \$0.30 per share, payable on November 14, 2014 to shareholders of record on November 3, 2014. The Trust paid a \$0.30 per share dividend for the preceding quarter. The Trust earned \$0.36 per share of net investment income, including \$0.11 per share of non-recurring income, for the third quarter of 2014, compared to \$0.28 per share, including \$0.03 per share of non-recurring income, in the previous quarter.

During the third quarter, the net assets of the Trust increased to \$288,722,584 or \$14.81 per share compared to \$287,553,809 or \$14.77 per share on June 30, 2014. This translates into a 2.3% 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 14.5%, 14.4%, 15.1%, 12.7%, and 13.5% for the 1, 3, 5, 10, and 25-year periods, respectively, based on the change in the Trust’s net assets assuming the reinvestment of all dividends.

The Trust’s share price increased 0.5% during the quarter, from \$15.27 per share as of June 30, 2014 to \$15.35 per share as of September 30, 2014. The Trust’s market price of \$15.35 per share equates to a 3.6% premium over the September 30, 2014 net asset value per share of \$14.81. The Trust’s average quarter-end premium for the 3, 5 and 10-year periods was 17.0%, 16.2% and 12.6%, respectively. U.S. equity markets, as approximated by the Russell 2000 Index, decreased 7.4% for the quarter. U.S. fixed income markets, as approximated by the Barclays Capital U.S. Corporate High Yield Index, decreased 1.9% for the quarter.

The Trust closed three new private placement investments, as well as two “add-on” investments in existing portfolio companies, during the third quarter. The three new investments were in Avantech Testing Services LLC, MES Partners, Inc. and Polytex Holdings LLC, while the two add-on investments were in ARI Holding Corporation and Church Services Holding Company. A brief description of these investments can be found in the Consolidated Schedule of Investments. The total amount invested by the Trust in these transactions was \$7,630,000.

We are pleased with the level of new investment activity in the third quarter. Middle market merger and acquisition activity has remained robust so far in the fourth quarter, and we are optimistic about the level of new investment closings for the Trust through year end. The dark cloud on the horizon though, continues to be the high purchase prices and leverage levels that are common in the market today. Purchase price multiples and leverage levels are at or above the peak levels we last saw in 2007. Though we are making new investments in this market, we are doing so cautiously and with discipline, consistent with our longstanding investment philosophy of seeking to take prudent levels of risk and getting paid appropriately for the risk taken. We are not willing to provide financial leverage at levels that we believe are imprudent. This approach has served us well over the long term and through all kinds of market cycles.

The condition of the Trust’s existing portfolio remained solid through the third quarter. Sales and earnings for the Trust’s portfolio of companies as a whole continued their upward momentum. We had significantly more credit upgrades than downgrades during the quarter. The number of companies on our watch list and in default continues to be at or near the lowest level we have seen over the last five years. We successfully exited eight investments and benefited from dividends associated with the recapitalization of three companies during the third quarter. We realized significant gains from these transactions. We continue to have a large backlog of portfolio companies that are in the

process of being sold, with a number of these expected to close this year. We only had two portfolio companies prepay their debt instruments held by the Trust during the quarter. This low level of prepayment activity is welcome after the unprecedented levels of prepayments we experienced in 2013, when 32 of the Trust's portfolio companies fully or partially prepaid their debt obligations to the Trust.

(Continued)

The Trust was able to maintain its \$0.30 per share quarterly dividend for the third quarter even though net investment income per share, excluding non-recurring income, was once again below the dividend rate. Net investment income per share from recurring sources has been below the dividend rate for every quarter since the third quarter of 2013. As we have discussed in prior reports, net investment income is down due principally to the considerable reduction in the number of private debt securities in the portfolio resulting from the high level of prepayment and exit activity that has occurred in recent quarters. We have been able to maintain the \$0.30 per share quarterly dividend with current income, non-recurring income and earnings carried forward from prior quarters. Over time, however, the Trust's dividend-paying ability tends to be correlated with its recurring earnings capacity. Absent non-recurring income and earnings carried forward from prior quarters, earnings available for the quarterly dividend would have been approximately \$0.25 per share for the third quarter. This quarter, the Trust earned an unusually high \$0.11 per share of non-recurring income, mostly due to dividend distributions from the recapitalization of a few portfolio companies. This income has replenished the Trust's earnings carry-forwards and should be available to supplement recurring income for the next few quarters. Unless market conditions change dramatically though, it is still unlikely that we will be able to rebuild the portfolio back to its former size in the near term. As a result, we and the Board of Trustees will continue to evaluate the current and future earnings capacity of the Trust and formulate a dividend strategy that is consistent with that earnings level.

Thank you for your continued interest in and support of Babson Capital Corporate Investors.

Sincerely,

Michael L. Klofas  
President

\* 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.

## Babson Capital Corporate Investors

## CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

September 30, 2014

(Unaudited)

## Assets:

## Investments

(See Consolidated Schedule of Investments)

|  |                |
|--|----------------|
| Corporate restricted securities at fair value<br>(Cost - \$190,152,858)  | \$ 191,847,957 |
| Corporate restricted securities at market value<br>(Cost - \$51,148,074) | 51,414,508     |
| Corporate public securities at market value<br>(Cost - \$57,657,175)     | 58,992,017     |
| Short-term securities at amortized cost                                  | 4,399,745      |
| Total investments (Cost - \$303,357,852)                                 | 306,654,227    |
| Cash   | 12,346,749     |
| Interest receivable  | 3,165,751      |
| Other assets   | 63,451         |
| Total assets   | 322,230,178    |

## Liabilities:

|                                   |               |
|-----------------------------------|---------------|
| Note payable                      | 30,000,000    |
| Payable for investments purchased | 970,000       |
| Investment advisory fee payable   | 902,258       |
| Tax payable                       | 554,372       |
| Deferred tax liability            | 553,014       |
| Interest payable                  | 202,400       |
| Accrued expenses                  | 325,550       |
| Total liabilities                 | 33,507,594    |
| Total net assets                  | \$288,722,584 |

## Net Assets:

|  |               |
|--|---------------|
| Common shares, par value \$1.00 per share                    | \$ 19,499,581 |
| Additional paid-in capital                                   | 115,077,879   |
| Retained net realized gain on investments, prior years       | 133,207,098   |
| Undistributed net investment income                          | 9,034,362     |
| Accumulated net realized gain on investments                 | 9,160,303     |
| Net unrealized depreciation of investments                   | 2,743,361     |
| Total net assets   | \$288,722,584 |
| Common shares issued and outstanding (28,054,782 authorized) | 19,499,581    |
| Net asset value per share                                    | \$ 14.81      |

See Notes to Consolidated Financial Statements





## CONSOLIDATED STATEMENT OF OPERATIONS

For the nine months ended September 30, 2014

(Unaudited)

|   |               |
|---|---------------|
| Investment Income:  |               |
| Interest  | \$ 20,149,861 |
| Dividends   | 2,537,969     |
| Other   | 345,388       |
| Total investment income   | 23,033,218    |
| Expenses:   |               |
| Investment advisory fees  | 2,643,752     |
| Interest  | 1,188,000     |
| Trustees' fees and expenses                                       | 283,000       |
| Professional fees   | 244,564       |
| Reports to shareholders   | 117,500       |
| Custodian fees  | 25,200        |
| Other   | 189,719       |
| Total expenses  | 4,691,735     |
| Investment income - net   | 18,341,483    |
| Net realized and unrealized gain on investments:                  |               |
| Net realized gain on investments before taxes                     | 9,411,503     |
| Income tax expense  | (241,136)     |
| Net realized gain on investments after taxes                      | 9,170,367     |
| Net change in unrealized appreciation of investments before taxes | 1,860,410     |
| Net change in deferred income tax expense                         | 775,214       |
| Net change in unrealized appreciation of investments after taxes  | 2,635,624     |
| Net gain on investments   | 11,805,991    |
| Net increase in net assets resulting from operations              | \$ 30,147,474 |

See Notes to Consolidated Financial Statements

## Babson Capital Corporate Investors

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended September 30, 2014

(Unaudited)

Net increase in cash:

Cash flows from operating activities:

|   |              |
|---|--------------|
| Purchases/Proceeds/Maturities from short-term portfolio securities, net | \$(137,957 ) |
| Purchases of portfolio securities                                       | (72,721,534) |
| Proceeds from disposition of portfolio securities                       | 62,399,200   |
| Interest, dividends and other income received                           | 19,921,754   |
| Interest expense paid   | (1,188,000 ) |
| Operating expenses paid   | (3,373,401 ) |
| Income taxes paid   | (412,245 )   |
| Net cash provided by operating activities                               | 4,487,817    |

Cash flows from financing activities:

|   |              |
|---|--------------|
| Cash dividends paid from net investment income          | (17,486,478) |
| Receipts for shares issued on reinvestment of dividends | 1,555,977    |
| Net cash used for financing activities                  | (15,930,501) |

Net decrease in cash

(11,442,684)

Cash - beginning of year

23,789,433

Cash - end of period

\$12,346,749

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

|  |              |
|--|--------------|
| Net increase in net assets resulting from operations | \$30,147,474 |
| Increase in investments                              | (24,538,748) |
| Increase in interest receivable                      | (730,482 )   |
| Increase in other assets                             | (24,330 )    |
| Decrease in payable for investments purchased        | 449,892      |
| Increase in investment advisory fee payable          | 62,610       |
| Decrease in tax payable                              | (171,109 )   |
| Increase in deferred tax liability                   | (775,214 )   |
| Increase in accrued expenses                         | 67,724       |
| Total adjustments to net assets from operations      | (25,659,657) |
| Net cash provided by operating activities            | \$4,487,817  |

See Notes to Consolidated Financial Statements

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## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

|  | For the nine<br>months ended<br>09/30/2014<br>(Unaudited) | For the<br>year ended<br>12/31/2013 |
|--|---|-------------------------------------|
| Increase in net assets:  |   |                                     |
| Operations:  |   |                                     |
| Investment income - net  | \$18,341,483  | \$22,870,299                        |
| Net realized gain on investments after taxes   | 9,170,367   | (942,568 )                          |
| Net change in unrealized appreciation of investments after taxes   | 2,635,624   | 10,248,182                          |
| Net increase in net assets resulting from operations   | 30,147,474  | 32,175,913                          |
| Increase from common shares issued on reinvestment of dividends<br>Common shares issued (2014 - 105,926; 2013 - 153,982 )      | 1,555,977   | 2,339,460                           |
| Dividends to shareholders from:  |   |                                     |
| Net investment income (2014 - \$0.60 per share; 2013 - \$1.20 per share)   | (11,668,381 )   | (23,206,251 )                       |
| Total increase in net assets   | 20,035,070  | 11,309,122                          |
| Net assets, beginning of year  | 268,687,514   | 257,378,392                         |
| Net assets, end of period/year (including undistributed net investment income of<br>\$9,034,362 and \$2,361,260, respectively) | \$288,722,584   | \$268,687,514                       |

See Notes to Consolidated Financial Statements

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## Babson Capital Corporate Investors

## CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

Selected data for each share of beneficial interest outstanding:

|  | For the<br>nine<br>months<br>ended<br>09/30/2014<br>(Unaudited) | For the years ended December 31, |           |           |           |           |
|--|---|----------------------------------|-----------|-----------|-----------|-----------|
|  |   | 2013                             | 2012      | 2011(a)   | 2010(a)   | 2009(a)   |
| Net asset value:   |   |                                  |           |           |           |           |
| Beginning of year  | \$ 13.85  | \$ 13.38                         | \$ 12.69  | \$ 12.56  | \$ 11.45  | \$ 11.17  |
| Net investment<br>income (b)   | 0.94  | 1.18                             | 1.28      | 1.29      | 1.13      | 1.03      |
| Net realized and<br>unrealized gain<br>(loss) on<br>investments                | 0.61  | 0.48                             | 0.69      | 0.17      | 1.06      | 0.33      |
| Total from<br>investment<br>operations   | 1.55  | 1.66                             | 1.97      | 1.46      | 2.19      | 1.36      |
| Dividends from net<br>investment income<br>to common<br>shareholders           | (0.60 )   | (1.20 )                          | (1.25 )   | (1.34 )   | (1.08 )   | (1.08 )   |
| Dividends from<br>realized gain on<br>investments to<br>common<br>shareholders | -   | -                                | (0.05 )   | (0.01 )   | -         | -         |
| Increase from<br>dividends<br>reinvested                                       | 0.01  | 0.01                             | 0.02      | 0.02      | 0.00 (c)  | 0.00 (c)  |
| Total dividends  | (0.59 )   | (1.19 )                          | (1.28 )   | (1.33 )   | (1.08 )   | (1.08 )   |
| Net asset value:   |   |                                  |           |           |           |           |
| End of period/year   | \$ 14.81  | \$ 13.85                         | \$ 13.38  | \$ 12.69  | \$ 12.56  | \$ 11.45  |
| Per share market<br>value:   |   |                                  |           |           |           |           |
| End of period/year   | \$ 15.35  | \$ 14.93                         | \$ 15.28  | \$ 17.99  | \$ 15.28  | \$ 12.55  |
| Total investment<br>return   |   |                                  |           |           |           |           |
| Net asset value (d)  | 11.45 %   | 12.76 %                          | 17.07 %   | 12.00 %   | 19.81 %   | 12.64 %   |
| Market value (d)   | 7.03 %  | 5.93 %                           | (7.11 %)  | 27.92 %   | 31.73 %   | 39.89 %   |
| Net assets (in<br>millions):   |   |                                  |           |           |           |           |
| End of period/year   | \$ 288.72   | \$ 268.69                        | \$ 257.38 | \$ 241.94 | \$ 237.58 | \$ 214.44 |
| Ratio of total<br>expenses to  | 2.37 % (f)  | 2.42 %                           | 3.17 %    | 2.42 %    | 2.57 %    | 2.33 %    |

|   |      |       |      |   |      |   |      |   |      |   |      |   |
|---|------|-------|------|---|------|---|------|---|------|---|------|---|
| average net assets                                    |      |       |      |   |      |   |      |   |      |   |      |   |
| Ratio of operating expenses to average net assets     | 1.68 | % (f) | 1.64 | % | 1.66 | % | 1.62 | % | 1.60 | % | 1.58 | % |
| Ratio of interest expense to average net assets       | 0.57 | % (f) | 0.59 | % | 0.63 | % | 0.64 | % | 0.70 | % | 0.75 | % |
| Ratio of income tax expense to average net assets (e) | 0.12 | % (f) | 0.19 | % | 0.88 | % | 0.16 | % | 0.27 | % | 0.00 | % |
| Ratio of net investment income to average net assets  | 8.79 | % (f) | 8.50 | % | 9.78 | % | 9.91 | % | 9.46 | % | 9.06 | % |
| Portfolio turnover                                    | 21   | %     | 34   | % | 34   | % | 21   | % | 39   | % | 23   | % |

(a) Per share amounts were adjusted to reflect a 2:1 stock split effective February 18, 2011.

(b) Calculated using average shares.

(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 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.

(e) 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 the shareholders.

(f) Annualized

Senior borrowings:

|                                      |      |      |      |      |      |      |
|--------------------------------------|------|------|------|------|------|------|
| Total principal amount (in millions) | \$30 | \$30 | \$30 | \$30 | \$30 | \$30 |
|--------------------------------------|------|------|------|------|------|------|

|  |          |         |         |         |         |         |
|--|----------|---------|---------|---------|---------|---------|
| Asset coverage per \$1,000 of indebtedness | \$10,624 | \$9,956 | \$9,579 | \$9,065 | \$8,919 | \$8,148 |
|--|----------|---------|---------|---------|---------|---------|

See Notes to Consolidated Financial Statements

## CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2014

(Unaudited)

| Corporate Restricted Securities - 84.26%: (A)  | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost         | Fair Value   |
|--|---|------------------|--------------|--------------|
| Private Placement Investments - 66.45%   |   |                  |              |              |
| 1492 Acquisition LLC   |   |                  |              |              |
| A leading producer of premium Italian cured meats and deli meats in the U.S.   |   |                  |              |              |
| 14% Senior Subordinated Note due 2019  |   |                  |              |              |
|  | \$ 1,617,885  | 10/17/12         | \$ 1,591,890 | \$ 1,574,664 |
| Limited Liability Company  |   |                  |              |              |
| Unit Class A Common (B)  | 27,273 uts.   | 10/17/12         | 27,273       | 56,043       |
| Limited Liability Company  |   |                  |              |              |
| Unit Class A Preferred (B)   | 245 uts.  | 10/17/12         | 245,450      | 275,526      |
|  |   |                  | 1,855,695    | 1,978,516    |
| A H C Holding Company, Inc.  |   |                  |              |              |
| A designer and manufacturer of boilers and water heaters for the commercial sector.  |   |                  |              |              |
| Limited Partnership Interest (B)   |   |                  |              |              |
|  | 23.16% int.   | 11/21/07         | 181,387      | 506,376      |
| 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. |   |                  |              |              |
| 14% Senior Subordinated Note due 2020  |   |                  |              |              |
|  | \$ 1,962,265  | 12/20/13         | 1,926,290    | 2,001,510    |
| Limited Liability Company  |   |                  |              |              |
| Unit Class A (B)   | 5,843 uts.  | *                | 290,317      | 476,631      |
| Limited Liability Company  |   |                  |              |              |
| Unit Class B (B)   | 2,793 uts.  | 10/09/09         | 100,114      | 227,833      |
|  |   |                  | 2,316,721    | 2,705,974    |
| * 10/09/09 and 12/20/13.   |   |                  |              |              |
| 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 2015 (D)  |   |                  |              |              |
|  | \$ 735,000  | 05/15/08         | 724,402      | 367,500      |
| 13% Senior Subordinated Note due 2015 (D)  |   |                  |              |              |
|  | \$ 735,000  | 05/15/08         | 673,096      | -            |

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|  |              |          |                      |                     |
|--|--------------|----------|----------------------|---------------------|
| Common Stock (B)   | 105,000 shs. | 05/15/08 | 105,000              | -                   |
| Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)                           | 36,923 shs.  | 05/15/08 | 62,395<br>1,564,893  | -<br>367,500        |
| ABC Industries, Inc.   |              |          |                      |                     |
| A manufacturer of mine and tunneling ventilation products in the U.S.                                      |              |          |                      |                     |
| 13% Senior Subordinated  |              |          |                      |                     |
| Note due 2019  | \$ 1,200,000 | 08/01/12 | 1,100,057            | 1,212,000           |
| Preferred Stock Series A (B)   | 300,000 shs. | 08/01/12 | 300,000              | 493,442             |
| Warrant, exercisable until 2022, to purchase common stock at \$.02 per share (B)                           | 53,794 shs.  | 08/01/12 | 101,870<br>1,498,485 | 83,384<br>1,729,357 |
| ACP Cascade Holdings LLC   |              |          |                      |                     |
| A manufacturer and distributor of vinyl windows and patio doors throughout the northwestern United States. |              |          |                      |                     |
| Limited Liability Company  |              |          |                      |                     |
| Unit Class B (B)   | 64 uts.      | 11/09/12 | -                    | -                   |

## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities: (A) (Continued)  | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost         | Fair Value   |
|---|---|------------------|--------------|--------------|
| Advanced Manufacturing Enterprises LLC  |   |                  |              |              |
| A designer and manufacturer of large, custom gearing products for a number of critical customer applications. |   |                  |              |              |
| 14% Senior Subordinated Note due 2018   | \$ 2,723,077  | 12/07/12         | \$ 2,691,171 | \$ 2,707,809 |
| Limited Liability Company Unit (B)  | 3,434 uts.  | *                | 343,385      | 325,529      |
| * 12/07/12 and 07/11/13.  |   |                  | 3,034,556    | 3,033,338    |
| Advanced Technologies Holdings  |   |                  |              |              |
| A provider of factory maintenance services to industrial companies.   |   |                  |              |              |
| Preferred Stock Series A (B)  | 626 shs.  | 12/27/07         | 309,806      | 1,074,813    |
| Convertible Preferred Stock Series B (B)  | 52 shs.   | 01/04/11         | 40,800       | 90,115       |
|   |   |                  | 350,606      | 1,164,928    |
| All Current Holding Company   |   |                  |              |              |
| A specialty re-seller of essential electrical parts and components primarily serving wholesale distributors.  |   |                  |              |              |
| Common Stock (B)  | 1,347 shs.  | 09/26/08         | 134,683      | 270,853      |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)                              | 958 shs.  | 09/26/08         | 87,993       | 192,633      |
|   |   |                  | 222,676      | 463,486      |
| American Hospice Management Holding LLC   |   |                  |              |              |
| A for-profit hospice care provider in the United States.  |   |                  |              |              |
| 12% Senior Subordinated Note due 2014   | \$ 2,337,496  | *                | 2,336,731    | 2,220,621    |
| Preferred Class A Unit (B)  | 3,223 uts.  | **               | 322,300      | -            |
| Preferred Class B Unit (B)  | 1,526 uts.  | 06/09/08         | 152,626      | 187,682      |
| Common Class B Unit (B)   | 30,420 uts.   | 01/22/04         | 1            | -            |
| Common Class D Unit (B)   | 6,980 uts.  | 09/12/06         | 1            | -            |
| * 01/22/04 and 06/09/08.  |   |                  | 2,811,659    | 2,408,303    |
| ** 01/22/04 and 09/16/06.   |   |                  |              |              |



AMS Holding LLC

A leading multi-channel direct marketer of high-value collectible coins and proprietary-branded jewelry and watches.

Limited Liability Company

|                            |          |          |         |         |
|----------------------------|----------|----------|---------|---------|
| Unit Class A Preferred (B) | 273 uts. | 10/04/12 | 272,727 | 622,137 |
|----------------------------|----------|----------|---------|---------|

Arch Global Precision LLC

A leading manufacturer of high tolerance precision components and consumable tools.

14.75% Senior Subordinated

|               |              |          |           |           |
|---------------|--------------|----------|-----------|-----------|
| Note due 2018 | \$ 2,427,784 | 12/21/11 | 2,385,443 | 2,476,340 |
|---------------|--------------|----------|-----------|-----------|

Limited Liability Company

|                  |         |          |        |         |
|------------------|---------|----------|--------|---------|
| Unit Class B (B) | 79 uts. | 12/21/11 | 85,250 | 248,306 |
|------------------|---------|----------|--------|---------|

Limited Liability Company

|                  |          |          |                      |                        |
|------------------|----------|----------|----------------------|------------------------|
| Unit Class C (B) | 671 uts. | 12/21/11 | 664,750<br>3,135,443 | 1,999,813<br>4,724,459 |
|------------------|----------|----------|----------------------|------------------------|

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities: (A) (Continued)   | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost         | Fair Value   |
|--|---|------------------|--------------|--------------|
| <b>ARI Holding Corporation</b>   |   |                  |              |              |
| A leading national supplier of products used primarily by specialty contractors.   |   |                  |              |              |
| 11.5% Senior Subordinated Note due 2020  |   |                  |              |              |
|  | \$ 3,387,919  | *                | \$ 3,335,429 | \$ 3,379,907 |
| Limited Partnership Interest   |   |                  |              |              |
|  | 1,048 uts.  | 08/01/14         | 1,047,900    | 747,738      |
| * 05/21/13 and 08/01/14.   |   |                  |              |              |
|  |   |                  | 4,383,329    | 4,127,645    |
| <b>Arrow Tru-Line Holdings, Inc.</b>   |   |                  |              |              |
| A manufacturer of hardware for residential and commercial overhead garage doors in North America.  |   |                  |              |              |
| 12% Senior Subordinated Note due 2016  |   |                  |              |              |
|  | \$ 298,056  | 10/16/09         | 265,723      | 298,056      |
| Preferred Stock (B)  |   |                  |              |              |
|  | 63 shs.   | 10/16/09         | 62,756       | 223,519      |
| Common Stock (B)   |   |                  |              |              |
|  | 497 shs.  | 05/18/05         | 497,340      | 37,677       |
| Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)   |   |                  |              |              |
|  | 130 shs.  | 05/18/05         | 112,128      | 9,877        |
|  |   |                  | 937,947      | 569,129      |
| <b>Avantech Testing Services LLC</b>   |   |                  |              |              |
| A manufacturer of custom Non-Destructive Testing ("NDT") systems and provider of NDT and inspections services primarily to the oil country tubular goods market. |   |                  |              |              |
| 15% Senior Subordinated Note due 2020  |   |                  |              |              |
|  | \$ 1,006,250  | 07/31/14         | 986,652      | 1,004,550    |
| Limited Liability Company Unit   |   |                  |              |              |
|  | 75,000 uts.   | 07/31/14         | 750,000      | 712,500      |
|  |   |                  | 1,736,652    | 1,717,050    |
| <b>Baby Jogger Holdings LLC</b>  |   |                  |              |              |
| A designer and marketer of premium baby strollers and stroller accessories.  |   |                  |              |              |
| 14% Senior Subordinated Note due 2019  |   |                  |              |              |
|  | \$ 2,826,634  | 04/20/12         | 2,784,937    | 2,854,901    |
| Common Stock (B)   |   |                  |              |              |
|  | 2,261 shs.  | 04/20/12         | 226,132      | 398,423      |
|  |   |                  | 3,011,069    | 3,253,324    |
| <b>Blue Wave Products, Inc.</b>  |   |                  |              |              |
| A distributor of pool supplies.  |   |                  |              |              |
| 10% Senior Secured Term Note due 2018  |   |                  |              |              |
|  | \$ 714,893  | 10/12/12         | 704,400      | 714,893      |

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|  |              |          |           |           |
|--|--------------|----------|-----------|-----------|
| 13% Senior Subordinated  |              |          |           |           |
| Note due 2019  | \$ 729,115   | 10/12/12 | 686,276   | 734,788   |
| Common Stock (B)   | 114,894 shs. | 10/12/12 | 114,894   | 193,459   |
| Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)                           |              |          |           |           |
|  | 45,486 shs.  | 10/12/12 | 45,486    | 76,589    |
|  |              |          | 1,551,056 | 1,719,729 |
| BP SCI LLC   |              |          |           |           |
| A leading value-added distributor of branded pipes, valves, and fittings (PVF) to diversified end markets. |              |          |           |           |
| 14% Senior Subordinated  |              |          |           |           |
| Note due 2018  | \$ 2,599,754 | 10/17/12 | 2,561,670 | 2,625,752 |
| Limited Liability Company  |              |          |           |           |
| Unit Class A (B)   | 1,000 uts.   | 10/17/12 | 100,000   | 324,325   |
| Limited Liability Company  |              |          |           |           |
| Unit Class B (B)   | 400 uts.     | 10/17/12 | 400,000   | 490,513   |
|  |              |          | 3,061,670 | 3,440,590 |

## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities:<br>(A) (Continued)   | Principal<br>Amount,<br>Shares, Units<br>or<br>Ownership<br>Percentage | Acquisition<br>Date | Cost         | Fair Value   |
|---|--|---------------------|--------------|--------------|
| <b>Bravo Sports Holding Corporation</b>   |  |                     |              |              |
| 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 2015   | \$ 2,281,593   | 06/30/06            | \$ 2,278,514 | \$ 2,231,805 |
| Preferred Stock Class A (B)   | 879 shs.   | 06/30/06            | 268,121      | 209,503      |
| Common Stock (B)  | 1 sh.  | 06/30/06            | 286          | -            |
| Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)  | 309 shs.   | 06/30/06            | 92,102       | 73,629       |
|   |  |                     | 2,639,023    | 2,514,937    |
| <b>C D N T, Inc.</b>  |  |                     |              |              |
| A value-added converter and distributor of specialty pressure sensitive adhesives, foams, films, and foils.                                   |  |                     |              |              |
| 12.5% Senior Subordinated Note due 2015   | \$ 750,872   | 08/07/08            | 738,018      | 750,872      |
| Common Stock (B)  | 73,256 shs.  | 08/07/08            | 73,256       | 172,875      |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)  | 57,600 shs.  | 08/07/08            | 57,689       | 135,929      |
|   |  |                     | 868,963      | 1,059,676    |
| <b>Capital Specialty Plastics, Inc.</b>   |  |                     |              |              |
| A producer of desiccant strips used for packaging pharmaceutical products.  |  |                     |              |              |
| Common Stock (B)  | 109 shs.   | *                   | 503          | 1,575,000    |
| *12/30/97, 05/29/99 and 02/28/01  |  |                     |              |              |
| <b>CG Holdings Manufacturing Company</b>  |  |                     |              |              |
| A coating provider serving the automotive, agricultural, heavy truck and other end markets.   |  |                     |              |              |
| 13% Senior Subordinated Note due 2019   | \$ 3,390,252   | *                   | 3,220,349    | 3,464,863    |
| Preferred Stock (B)   | 3,241 shs.   | *                   | 324,054      | 337,259      |

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|  |              |          |           |           |
|--|--------------|----------|-----------|-----------|
| Preferred Stock (B)  | 1,174 shs.   | *        | 116,929   | 122,192   |
| Common Stock (B)   | 337 shs.     | *        | 35,673    | -         |
| Warrant, exercisable until 2023,<br>to purchase<br>common stock at \$.01 per share<br>(B)<br>*05/09/13 and 11/01/13  | 137 shs.     | 05/09/13 | 13,033    | -         |
|  |              |          | 3,710,038 | 3,924,314 |
| CHG Alternative Education<br>Holding Company   |              |          |           |           |
| A leading provider of publicly-funded, for profit pre-K-12 education services targeting special needs children at<br>therapeutic day schools and "at risk" youth through alternative education programs. |              |          |           |           |
| 13.5% Senior Subordinated Note<br>due 2018   | \$ 2,260,942 | 01/19/11 | 2,184,271 | 2,283,551 |
| 14% Senior Subordinated Note<br>due 2019   | \$ 587,609   | 08/03/12 | 578,748   | 593,485   |
| Common Stock (B)   | 1,125 shs.   | 01/19/11 | 112,500   | 171,320   |
| Warrant, exercisable until 2021,<br>to purchase<br>common stock at \$.01 per share<br>(B)  | 884 shs.     | 01/19/11 | 87,750    | 134,668   |
|  |              |          | 2,963,269 | 3,183,024 |

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities:<br>(A) (Continued)  | Principal<br>Amount,<br>Shares, Units<br>or<br>Ownership<br>Percentage | Acquisition<br>Date | Cost         | Fair Value   |
|--|--|---------------------|--------------|--------------|
| <b>Church Services Holding<br/>Company</b>   |  |                     |              |              |
| A provider of diversified residential services to homeowners in the Houston, Dallas, and Austin markets.           |  |                     |              |              |
| 14.5% Senior Subordinated<br>Note due 2018   | \$ 1,261,647   | 03/26/12            | \$ 1,233,515 | \$ 1,261,988 |
| 10% Senior Subordinated Note<br>due 2015   | \$ 19,079  | 09/15/14            | 19,079       | 19,084       |
| Common Stock (B)   | 3,981 shs.   | *                   | 398,100      | 200,586      |
| Warrant, exercisable until 2022,<br>to purchase<br>common stock at \$.01 per share<br>(B)                          | 172 shs.   | 03/26/12            | 17,220       | 8,666        |
| *03/26/12, 05/25/12 and<br>06/19/12.   |  |                     | 1,667,914    | 1,490,324    |
| <b>Clough, Harbour and Associates</b>  |  |                     |              |              |
| An engineering service firm that<br>is located in Albany, NY.  |  |                     |              |              |
| Preferred Stock (B)  | 277 shs.   | 12/02/08            | 276,900      | 400,114      |
| <b>Connecticut Electric, Inc.</b>  |  |                     |              |              |
| A supplier and distributor of electrical products sold into the retail and wholesale markets.                      |  |                     |              |              |
| Limited Liability Company Unit<br>Class A (B)  | 156,046 uts.   | 01/12/07            | 156,046      | 113,303      |
| Limited Liability Company Unit<br>Class C (B)  | 112,873 uts.   | 01/12/07            | 112,873      | 87,827       |
| Limited Liability Company Unit<br>Class D (B)  | 1,268,437 uts.   | 05/03/10            | -            | 1,415,965    |
| Limited Liability Company Unit<br>Class E (B)  | 2,081 uts.   | 05/03/10            | -            | -            |
|  |  |                     | 268,919      | 1,617,095    |
| <b>Connor Sport Court<br/>International, Inc.</b>  |  |                     |              |              |
| A designer and manufacturer of outdoor and indoor synthetic sports flooring and other temporary flooring products. |  |                     |              |              |
| Preferred Stock Series B-2 (B)   | 17,152 shs.  | 07/05/07            | 700,392      | 571,749      |
| Preferred Stock Series C (B)   | 7,080 shs.   | 07/05/07            | 236,503      | 1,851,562    |
| Common Stock (B)   | 718 shs.   | 07/05/07            | 7            | 329          |
| Limited Partnership Interest (B)   | 12.64% int.  | *                   | 189,586      | -            |

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\*08/12/04 and 01/14/05. 1,126,488 2,423,640

CorePharma LLC

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

Warrant, exercisable until 2015,

to purchase

common stock at \$.001 per

share (B)

20 shs.

08/04/05

137,166

438,918

Crane Rental Corporation

A crane rental company since 1960, headquartered in Florida.

13% Senior Subordinated Note

due 2015

\$ 1,950,750

08/21/08

1,906,601

1,950,750

Common Stock (B)

255,000 shs.

08/21/08

255,000

132,718

Warrant, exercisable until 2016,

to purchase

common stock at \$.01 per share

(B)

136,070 shs.

08/21/08

194,826

70,819

2,356,427

2,154,287

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## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities:<br>(A) (Continued)  | Principal<br>Amount,<br>Shares, Units<br>or<br>Ownership<br>Percentage | Acquisition<br>Date | Cost         | Fair Value   |
|--|--|---------------------|--------------|--------------|
| <b>CTM Holding, Inc.</b>   |  |                     |              |              |
| A leading owner and operator of coin-operated children's rides, penny presses and candy kiosks in the U.S.   |  |                     |              |              |
| 15% Senior Subordinated Note<br>due 2019   | \$ 2,425,074   | 11/22/13            | \$ 2,382,240 | \$ 2,485,273 |
| Common Stock (B)   | 62,088 shs.  | 11/22/13            | 886,364      | 745,017      |
|  |  |                     | 3,268,604    | 3,230,290    |
| <b>Custom Engineered Wheels, Inc.</b>  |  |                     |              |              |
| A manufacturer of custom engineered, non-pneumatic plastic wheels and plastic tread cap tires used primarily for lawn and garden products and wheelchairs.                   |  |                     |              |              |
| Preferred Stock PIK (B)  | 296 shs.   | 10/26/09            | 295,550      | 432,250      |
| Preferred Stock Series A (B)   | 216 shs.   | 10/27/09            | 197,152      | 315,818      |
| Common Stock (B)   | 72 shs.  | 10/26/09            | 72,238       | 47,454       |
| Warrant, exercisable until 2016,<br>to purchase<br>common stock at \$.01 per share<br>(B)  | 53 shs.  | 10/27/09            | 48,608       | 34,671       |
|  |  |                     | 613,548      | 830,193      |
| <b>DPL Holding Corporation</b>   |  |                     |              |              |
| A distributor and manufacturer of aftermarket undercarriage parts for medium and heavy duty trucks and trailers.   |  |                     |              |              |
| 14% Senior Subordinated Note<br>due 2019   | \$ 3,221,599   | 05/04/12            | 3,174,771    | 3,202,264    |
| Preferred Stock (B)  | 61 shs.  | 05/04/12            | 605,841      | 691,470      |
| Common Stock (B)   | 61 shs.  | 05/04/12            | 67,316       | 170,953      |
|  |  |                     | 3,847,928    | 4,064,687    |
| <b>E S P Holdco, Inc.</b>  |  |                     |              |              |
| A manufacturer of power protection technology for commercial office equipment, primarily supplying the office equipment dealer network.                                      |  |                     |              |              |
| Common Stock (B)   | 660 shs.   | 01/08/08            | 329,990      | 468,866      |
| <b>Eatem Holding Company</b>   |  |                     |              |              |
| 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<br>due 2018   | \$ 2,850,000   | 02/01/10            | 2,636,750    | 2,878,500    |
| Common Stock (B)   | 150 shs.   | 02/01/10            | 150,000      | 222,094      |
|  | 358 shs.   | 02/01/10            | 321,300      | 529,546      |



Warrant, exercisable until 2018,  
to purchase  
common stock at \$.01 per share  
(B)

3,108,050 3,630,140

ELT Holding Company

A provider of web-based ethics and compliance training solutions for companies in the United States.

Common Stock (B) 122 shs. 03/01/12 272,727 649,688

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities:<br>(A) (Continued)   | Principal<br>Amount,<br>Shares, Units<br>or<br>Ownership<br>Percentage | Acquisition<br>Date | Cost         | Fair Value   |
|---|--|---------------------|--------------|--------------|
| <b>EPM Holding Company</b>  |  |                     |              |              |
| A provider of non-discretionary regulatory driven engineering services that support mission critical safety and operational aspects of nuclear power plants.  |  |                     |              |              |
| 14.5% Senior Subordinated   |  |                     |              |              |
| Note due 2019   | \$ 1,185,427   | 07/26/13            | \$ 1,165,497 | \$ 1,209,136 |
| Common Stock  | 3,069 shs.   | 07/26/13            | 306,947      | 199,508      |
|   |  |                     | 1,472,444    | 1,408,644    |
| <b>ERG Holding Company LLC</b>  |  |                     |              |              |
| A provider of inpatient and outpatient clinical trial services to pharmaceutical companies and contract research organizations.   |  |                     |              |              |
| 13.5% Senior Subordinated   |  |                     |              |              |
| Note due 2019   | \$ 1,901,636   | 04/04/14            | 1,866,213    | 1,914,697    |
| Common Stock (B)  | 63 shs.  | 04/04/14            | 157,314      | 157,325      |
|   |  |                     | 2,023,527    | 2,072,022    |
| <b>F F C Holding Corporation</b>  |  |                     |              |              |
| A leading U.S. manufacturer of private label frozen novelty and ice cream products.   |  |                     |              |              |
| Limited Liability Company   |  |                     |              |              |
| Unit Preferred (B)  | 512 uts.   | 09/27/10            | 175,035      | 622,899      |
| Limited Liability Company   |  |                     |              |              |
| Unit (B)  | 512 uts.   | 09/27/10            | 51,220       | 87,926       |
|   |  |                     | 226,255      | 710,825      |
| <b>F G I Equity LLC</b>   |  |                     |              |              |
| 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. |  |                     |              |              |
| Limited Liability Company   |  |                     |              |              |
| Unit (B)  | 483,355 uts.   | 04/15/14            | -            | 483,355      |
| Limited Liability Company   |  |                     |              |              |
| Unit Class B-1 (B)  | 394,737 uts.   | 12/15/10            | 394,737      | 655,286      |
| Limited Liability Company   |  |                     |              |              |
| Unit Class B-2 (B)  | 49,488 uts.  | 12/15/10            | 49,488       | 82,153       |
| Limited Liability Company   |  |                     |              |              |
| Unit Class B-3 (B)  | 39,130 uts.  | 08/30/12            | 90,000       | 74,626       |
| Limited Liability Company   |  |                     |              |              |
| Unit Class C (B)  | 9,449 uts.   | 12/20/10            | 96,056       | 139,325      |
|   |  |                     | 630,281      | 1,434,745    |
| <b>G C Holdings</b>   |  |                     |              |              |

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A leading manufacturer of gaming tickets, industrial recording charts, security-enabled point-of sale receipts, and medical charts and supplies.

Warrant, exercisable until 2018,

to purchase

common stock at \$.01 per share

|     |          |          |         |         |
|-----|----------|----------|---------|---------|
| (B) | 594 shs. | 10/19/10 | 140,875 | 332,329 |
|-----|----------|----------|---------|---------|

GD Dental Services LLC

A provider of convenient "onestop" general, specialty, and cosmetic dental services with 21 offices located throughout South and Central Florida.

Limited Liability Company

|                 |            |          |       |        |
|-----------------|------------|----------|-------|--------|
| Unit Common (B) | 1,840 uts. | 10/05/12 | 1,840 | 92,925 |
|-----------------|------------|----------|-------|--------|

Limited Liability Company

|                    |          |          |         |         |
|--------------------|----------|----------|---------|---------|
| Unit Preferred (B) | 182 uts. | 10/05/12 | 182,209 | 202,394 |
|--------------------|----------|----------|---------|---------|

|  |  |  |         |         |
|--|--|--|---------|---------|
|  |  |  | 184,049 | 295,319 |
|--|--|--|---------|---------|

GenNx Novel Holding, Inc.

A manufacturer and distributor of nutraceutical ingredients.

13% Senior Subordinated Note

|          |              |          |           |           |
|----------|--------------|----------|-----------|-----------|
| due 2020 | \$ 3,193,916 | 03/27/14 | 3,134,041 | 3,211,336 |
|----------|--------------|----------|-----------|-----------|

|                  |          |          |         |         |
|------------------|----------|----------|---------|---------|
| Common Stock (B) | 315 shs. | 03/27/14 | 315,000 | 282,112 |
|------------------|----------|----------|---------|---------|

|  |  |  |           |           |
|--|--|--|-----------|-----------|
|  |  |  | 3,449,041 | 3,493,448 |
|--|--|--|-----------|-----------|

## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities: (A)<br>(Continued)  | Principal<br>Amount,<br>Shares, Units<br>or<br>Ownership<br>Percentage | Acquisition<br>Date | Cost         | Fair Value   |
|--|--|---------------------|--------------|--------------|
| <b>gloProfessional Holdings, Inc.</b>  |  |                     |              |              |
| A marketer and distributor of premium mineral-based cosmetics, cosmeceuticals and professional hair care products to the professional spa and physician's office channels. |  |                     |              |              |
| 14% Senior Subordinated Note due<br>2019   | \$ 2,799,521   | 03/27/13            | \$ 2,754,865 | \$ 2,808,759 |
| Common Stock (B)   | 2,835 shs.   | 03/27/13            | 283,465      | 362,853      |
|  |  |                     | 3,038,330    | 3,171,612    |
| <b>Golden County Foods Holding, Inc.</b>   |  |                     |              |              |
| A manufacturer of frozen appetizers and snacks.  |  |                     |              |              |
| 14% Senior Subordinated Note due<br>2019 (D)   | \$ 73,550  | 11/13/13            | 436,682      | -            |
| Preferred Stock (B)  | 287,658 shs.   | 11/13/13            | 146,658      | -            |
| Preferred Stock Series F (B)   | 147,100 shs.   | 11/13/13            | 1,746,726    | -            |
|  |  |                     | 2,330,066    | -            |
| <b>GTI Holding Company</b>   |  |                     |              |              |
| A designer, developer, and marketer of precision specialty hand tools and handheld test instruments.   |  |                     |              |              |
| 12% Senior Subordinated Note due<br>2020   | \$ 1,455,729   | 02/05/14            | 1,360,527    | 1,462,570    |
| Common Stock (B)   | 1,693 shs.   | 02/05/14            | 169,271      | 146,430      |
| Warrant, exercisable until 2024, to<br>purchase<br>common stock at \$.01 per share (B)   | 795 shs.   | 02/05/14            | 73,633       | 68,761       |
|  |  |                     | 1,603,431    | 1,677,761    |
| <b>Handi Quilter Holding Company</b>   |  |                     |              |              |
| A designer and manufacturer of long-arm quilting machines and related components for the consumer quilting market.   |  |                     |              |              |
| Common Stock (B)   | 115 shs.   | 11/14/11            | 115,385      | 393,731      |
| Warrant, exercisable until 2021, to<br>purchase<br>common stock at \$.01 per share (B)   | 83 shs.  | 11/14/11            | 76,788       | 281,880      |
|  |  |                     | 192,173      | 675,611      |
| <b>Hartland Controls Holding<br/>Corporation</b>   |  |                     |              |              |
| A manufacturer and distributor of electronic and electromechanical components.   |  |                     |              |              |
| 14% Senior Subordinated Note due<br>2019   | \$ 2,211,488   | 02/14/14            | 2,170,722    | 2,277,530    |

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|   |              |          |           |           |
|---|--------------|----------|-----------|-----------|
| Preferred Stock Series A (B)                            | 5,169 shs.   | 02/14/14 | 516,852   | 536,269   |
| Common Stock (B)  | 1,666 shs.   | 02/14/14 | 1,667     | 129,010   |
|   |              |          | 2,689,241 | 2,942,809 |
| Healthcare Direct Holding Company                       |              |          |           |           |
| A direct-to-consumer marketer of discount dental plans. |              |          |           |           |
| 14% Senior Subordinated Note due 2019 (D)               | \$ 2,206,356 | 03/09/12 | 2,169,715 | 2,169,980 |
| 16% Senior Subordinated PIK Note due 2019               | \$ 139,110   | 03/31/14 | 139,110   | 136,693   |
| Common Stock (B)  | 1,552 shs.   | 03/09/12 | 155,172   | 176,706   |
|   |              |          | 2,463,997 | 2,483,379 |

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities: (A)<br>(Continued)  | Principal<br>Amount,<br>Shares, Units<br>or<br>Ownership<br>Percentage | Acquisition<br>Date | Cost         | Fair Value   |
|--|--|---------------------|--------------|--------------|
| <b>HHI Group, LLC</b>  |  |                     |              |              |
| A developer, marketer, and distributor of hobby-grade radio control products.  |  |                     |              |              |
| 14% Senior Subordinated Note due<br>2020   | \$ 3,090,072   | 01/17/14            | \$ 3,033,891 | \$ 3,104,968 |
| Limited Liability Company Unit (B)   | 203 uts.   | 01/17/14            | 203,125      | 167,249      |
|  |  |                     | 3,237,016    | 3,272,217    |
| <b>Hi-Rel Group LLC</b>  |  |                     |              |              |
| A manufacturer and distributor of precision metal piece parts for the microelectronic packaging industry, serving the aerospace/ defense, telecommunications, and medical end markets. |  |                     |              |              |
| 12% Senior Subordinated Note due<br>2018   | \$ 1,687,500   | 04/15/13            | 1,601,286    | 1,677,156    |
| Limited Liability Company Unit (B)   | 563 uts.   | 04/15/13            | 562,500      | 231,181      |
| Warrant, exercisable until 2020, to<br>purchase<br>common stock at \$.01 per share (B)   | 89,224 shs.  | 04/15/13            | 77,625       | 34,921       |
|  |  |                     | 2,241,411    | 1,943,258    |
| <b>HOP Entertainment LLC</b>   |  |                     |              |              |
| A provider of post production equipment and services to producers of television shows and motion pictures.   |  |                     |              |              |
| Limited Liability Company Unit Class<br>F (B)  | 89 uts.  | 10/14/11            | -            | -            |
| Limited Liability Company Unit Class<br>G (B)  | 215 uts.   | 10/14/11            | -            | -            |
| Limited Liability Company Unit Class<br>H (B)  | 89 uts.  | 10/14/11            | -            | -            |
| Limited Liability Company Unit Class<br>I (B)  | 89 uts.  | 10/14/11            | -            | -            |
|  |  |                     | -            | -            |
| <b>Hospitality Mints Holding Company</b>   |  |                     |              |              |
| A manufacturer of individually-wrapped imprinted promotional mints.  |  |                     |              |              |
| 12% Senior Subordinated Note due<br>2016   | \$ 2,075,581   | 08/19/08            | 2,020,551    | 2,064,553    |
| Common Stock (B)   | 474 shs.   | 08/19/08            | 474,419      | 161,949      |
| Warrant, exercisable until 2016, to<br>purchase<br>common stock at \$.01 per share (B)   | 123 shs.   | 08/19/08            | 113,773      | 41,858       |
|  |  |                     | 2,608,743    | 2,268,360    |
| <b>HVAC Holdings, Inc.</b>   |  |                     |              |              |

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A provider of integrated energy efficiency services and maintenance programs for HVAC systems.

14% Senior Subordinated Note due

|                              |              |          |           |           |
|------------------------------|--------------|----------|-----------|-----------|
| 2019                         | \$ 2,838,920 | 09/27/12 | 2,794,981 | 2,854,085 |
| Preferred Stock Series A (B) | 2,705 shs.   | 09/27/12 | 270,542   | 334,241   |
| Common Stock (B)             | 2,185 shs.   | 09/27/12 | 2,185     | 5,155     |
|                              |              |          | 3,067,708 | 3,193,481 |

Ideal Tridon Holdings, Inc.

A designer and manufacturer of clamps and couplings used in automotive and industrial end markets.

|                  |          |          |         |         |
|------------------|----------|----------|---------|---------|
| Common Stock (B) | 279 shs. | 10/27/11 | 278,561 | 593,924 |
|------------------|----------|----------|---------|---------|

Insurance Claims Management, Inc.

A third party administrator providing auto and property claim administration services for insurance companies.

|                  |         |          |       |         |
|------------------|---------|----------|-------|---------|
| Common Stock (B) | 89 shs. | 02/27/07 | 2,689 | 615,666 |
|------------------|---------|----------|-------|---------|

## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities: (A)<br>(Continued)   | Principal<br>Amount,<br>Shares, Units<br>or<br>Ownership<br>Percentage | Acquisition<br>Date | Cost       | Fair Value |
|---|--|---------------------|------------|------------|
| <b>J A C Holding Enterprises, Inc.</b>  |  |                     |            |            |
| A supplier of luggage racks and accessories to the original equipment manufacturers.                    |  |                     |            |            |
| Preferred Stock A (B)   | 495 shs.   | 12/20/10            | \$ 495,000 | \$ -       |
| Preferred Stock B (B)   | 0.17 shs.  | 12/20/10            | -          | -          |
| Common Stock (B)  | 100 shs.   | 12/20/10            | 5,000      | -          |
| Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)                        | 36 shs.  | 12/20/10            | 316,930    | -          |
|   |  |                     | 816,930    | -          |
| <b>Janus Group Holdings LLC</b>   |  |                     |            |            |
| A manufacturer of roll-up doors and hallway systems that are primarily used in self-storage facilities. |  |                     |            |            |
| 13.5% Senior Subordinated Note due 2019   | \$ 2,684,783   | 12/11/13            | 2,636,631  | 2,765,326  |
| Limited Liability Company Unit Class A (B)  | 565 uts.   | 12/11/13            | 465,673    | 1,134,459  |
|   |  |                     | 3,102,304  | 3,899,785  |
| <b>JMH Investors LLC</b>  |  |                     |            |            |
| A developer and manufacturer of custom formulations for a wide variety of foods.                        |  |                     |            |            |
| 14.25% Senior Subordinated Note due 2019  | \$ 2,581,693   | 12/05/12            | 2,540,633  | 2,427,172  |
| Limited Liability Company Unit (B)  | 521,739 uts.   | 12/05/12            | 521,739    | 235,761    |
|   |  |                     | 3,062,372  | 2,662,933  |
| <b>K &amp; N Parent, Inc.</b>   |  |                     |            |            |
| A manufacturer and supplier of automotive aftermarket performance air filters and intake systems.       |  |                     |            |            |
| Preferred Stock Series A (B)  | 305 shs.   | 12/23/11            | -          | -          |
| Preferred Stock Series B (B)  | 86 shs.  | 12/23/11            | -          | -          |
| Common Stock (B)  | 489 shs.   | *                   | 19,565     | 397,858    |
| * 12/23/11 and 06/30/14.  |  |                     | 19,565     | 397,858    |
| <b>K N B Holdings Corporation</b>   |  |                     |            |            |
| A designer, manufacturer and marketer of products for the custom framing market.                        |  |                     |            |            |
| Common Stock (B)  | 134,210 shs.   | 05/24/06            | 134,210    | 128,722    |
|   | 82,357 shs.  | 05/25/06            | 71,534     | 78,989     |



|  |          |          |         |         |
|--|----------|----------|---------|---------|
| Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B) |          |          | 205,744 | 207,711 |
| K P I Holdings, Inc.   |          |          |         |         |
| The largest player in the U.S. non-automotive, non-ferrous die casting segment.  |          |          |         |         |
| Convertible Preferred Stock Series C (B)   | 55 shs.  | 06/30/09 | 55,435  | 167,933 |
| Convertible Preferred Stock Series D (B)   | 24 shs.  | 09/17/09 | 24,476  | 73,410  |
| Common Stock (B)   | 443 shs. | 07/15/08 | 443,478 | 318,397 |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B) | 96 shs.  | 07/16/08 | 96,024  | 68,938  |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B) | 128 shs. | 09/17/09 | -       | 91,611  |
|  |          |          | 619,413 | 720,289 |

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities: (A)<br>(Continued)   | Principal<br>Amount,<br>Shares, Units<br>or<br>Ownership<br>Percentage | Acquisition<br>Date | Cost                 | Fair Value           |
|---|--|---------------------|----------------------|----------------------|
| <b>LPC Holding Company</b>  |  |                     |                      |                      |
| A designer and manufacturer of precision-molded silicone rubber components that are utilized in the medical and automotive end markets.                                       |  |                     |                      |                      |
| Common Stock (B)  | 315 shs.   | 08/15/11            | \$ 315,057           | \$ 442,876           |
| <b>M V I Holding, Inc.</b>  |  |                     |                      |                      |
| 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. |  |                     |                      |                      |
| Common Stock (B)  | 61 shs.  | 09/12/08            | 60,714               |                      |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)  | 66 shs.  | 09/12/08            | 65,571<br>126,285    | -<br>-               |
| <b>Mail Communications Group, Inc.</b>  |  |                     |                      |                      |
| A provider of mail processing and handling services, lettershop services, and commercial printing services.   |  |                     |                      |                      |
| Limited Liability Company Unit (B)  | 24,109 uts.  | *                   | 314,464              | 334,387              |
| Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B)  | 3,375 shs.   | 05/04/07            | 43,031<br>357,495    | 46,811<br>381,198    |
| * 05/04/07 and 01/02/08.  |  |                     |                      |                      |
| <b>Manhattan Beachwear Holding Company</b>  |  |                     |                      |                      |
| A designer and distributor of women's swimwear.   |  |                     |                      |                      |
| 12.5% Senior Subordinated Note due 2018   | \$ 1,259,914   | 01/15/10            | 1,170,579            | 1,259,914            |
| 15% Senior Subordinated Note due 2018   | \$ 339,356   | 10/05/10            | 335,655              | 337,709              |
| Common Stock (B)  | 106 shs.   | 10/05/10            | 106,200              | 248,995              |
| Common Stock (B)  | 353 shs.   | 01/15/10            | 352,941              | 827,498              |
| Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)  | 312 shs.   | 10/05/10            | 283,738<br>2,249,113 | 732,332<br>3,406,448 |
| <b>MedSystems Holdings LLC</b>  |  |                     |                      |                      |
| A manufacturer of enteral feeding products, such as feeding tubes and other products related to assisted feeding.   |  |                     |                      |                      |
| Preferred Unit (B)  | 126 uts.   | 08/29/08            | 125,519              | 158,333              |

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|                         |            |          |         |         |
|-------------------------|------------|----------|---------|---------|
| Common Unit Class A (B) | 1,268 uts. | 08/29/08 | 1,268   | 182,188 |
| Common Unit Class B (B) | 497 uts.   | 08/29/08 | 120,064 | 71,471  |
|                         |            |          | 246,851 | 411,992 |

Merex Holding Corporation

A provider of after-market spare parts and components, as well as Maintenance, Repair and Overhaul services for "out of production" or "legacy" aerospace and defense systems that are no longer effectively supported by the original equipment manufacturers.

14% Senior Subordinated Note due

2019 \$ 1,362,886 09/22/11 1,344,525 1,362,886

Limited Liability Company Unit

Series A 684 uts. 05/07/14 44,281 34,025

Limited Liability Company Unit

Series B (B) 467,833 uts. 09/22/11 467,833 449,616  
1,856,639 1,846,527

## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities:<br>(A) (Continued)  | Principal<br>Amount,<br>Shares, Units<br>or<br>Ownership<br>Percentage | Acquisition<br>Date | Cost         | Fair Value   |
|--|--|---------------------|--------------|--------------|
| <b>MES Partners, Inc.</b>  |  |                     |              |              |
| An industrial service business offering an array of cleaning and environmental services to the Gulf Coast region of the U.S. |  |                     |              |              |
| 12% Senior Subordinated Note due 2021  | \$ 2,195,455   | 09/30/14            | \$ 2,151,557 | \$ 2,190,313 |
| Common Stock Class B (B)   | 445,455 shs.   | 09/30/14            | 445,455      | 423,182      |
|  |  |                     | 2,597,012    | 2,613,495    |
| <b>MicroGroup, Inc.</b>  |  |                     |              |              |
| A manufacturer of precision parts and assemblies, and a value-added supplier of metal tubing and bars.                       |  |                     |              |              |
| 7% Senior Subordinated Note due 2014 (D)   | \$ 1,705,152   | *                   | 1,635,166    | -            |
| Preferred Stock Series A (B)   | 980 shs.   | 10/10/12            | 942,054      | -            |
| Common Stock (B)   | 450 shs.   | *                   | 450,000      | -            |
| Common Stock Series B (B)  | 1,128 shs.   | 10/10/12            | 11           | -            |
| Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)   | 164 shs.   | *                   | 162,974      | -            |
| * 08/12/05 and 09/11/06.   |  |                     | 3,190,205    | -            |
| <b>MNX Holding Company</b>   |  |                     |              |              |
| An international third party logistics company providing customized logistics services to customers across the globe.        |  |                     |              |              |
| 14% Senior Subordinated Note due 2019  | \$ 3,005,457   | 11/02/12            | 2,958,260    | 2,772,378    |
| Common Stock (B)   | 107 shs.   | 11/02/12            | 107,143      | -            |
|  |  |                     | 3,065,403    | 2,772,378    |
| <b>Motion Controls Holdings</b>  |  |                     |              |              |
| A manufacturer of high performance mechanical motion control and linkage products.   |  |                     |              |              |
| 14.25% Senior Subordinated Note due 2020   | \$ 2,909,927   | 11/30/10            | 2,879,383    | 2,909,927    |
| Limited Liability Company Unit Class B-1 (B)   | 225,000 uts.   | 11/30/10            | -            | 239,753      |
| Limited Liability Company Unit Class B-2 (B)   | 20,403 uts.  | 11/30/10            | -            | 21,741       |
|  |  |                     | 2,879,383    | 3,171,421    |
| <b>NABCO, Inc.</b>   |  |                     |              |              |

A producer of explosive  
containment vessels in the United  
States.

|                  |          |          |         |   |
|------------------|----------|----------|---------|---|
| Common Stock (B) | 809 shs. | 12/20/12 | 578,174 | - |
|------------------|----------|----------|---------|---|

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities:<br>(A) (Continued)   | Principal<br>Amount,<br>Shares, Units<br>or<br>Ownership<br>Percentage | Acquisition<br>Date | Cost                | Fair Value           |
|---|--|---------------------|---------------------|----------------------|
| NetShape Technologies, Inc.   |  |                     |                     |                      |
| A manufacturer of powder metal and metal injection molded precision components used in industrial, consumer, and other applications.          |  |                     |                     |                      |
| 14% Senior Subordinated Note due 2015   | \$ 2,004,985   | 02/02/07            | \$ 1,996,505        | \$ 1,913,960         |
| Limited Partnership Interest of Saw Mill PCG Partners LLC (B) Limited Liability Company Unit Class D of                                       | 2.73% int.   | 02/01/07            | 1,110,810           | -                    |
| Saw Mill PCG Partners LLC (B) Limited Liability Company Unit Class D-1 of   | 17 uts.  | *                   | 16,759              | -                    |
| Saw Mill PCG Partners LLC (B) Limited Liability Company Unit Class D-2 of   | 229 uts.   | 09/30/09            | 228,858             | 27,266               |
| Saw Mill PCG Partners LLC (B) * 12/18/08 and 09/30/09.  | 128 uts.   | 04/29/11            | 65,256<br>3,418,188 | 264,516<br>2,205,742 |
| Newark Group, Inc.  |  |                     |                     |                      |
| A major producer of paper products from recycled materials.   |  |                     |                     |                      |
| Common Stock (B)  | 134,520 shs.   | 09/02/10            | 796,862             | 904,782              |
| Nicoat Acquisitions LLC   |  |                     |                     |                      |
| A manufacturer of water-based and ultraviolet coatings for high-performance graphic arts, packaging and other specialty coating applications. |  |                     |                     |                      |
| 14% Senior Subordinated Note due 2018   | \$ 1,460,374   | 11/05/10            | 1,384,352           | 1,460,374            |
| Limited Liability Company Unit Series B (B)   | 51,724 uts.  | 11/05/10            | 51,724              | 104,224              |
| Limited Liability Company Unit Series B (B)   | 104,792 uts.   | 11/05/10            | 104,792             | 211,156              |
| Limited Liability Company Unit Series F (B)   | 104,792 uts.   | 11/05/10            | -<br>1,540,868      | 26,093<br>1,801,847  |
| Northwest Mailing Services, Inc.  |  |                     |                     |                      |
| A producer of promotional materials for companies that use direct mail as part of their customer retention and loyalty programs.              |  |                     |                     |                      |
| Limited Partnership Interest (B)  | 3,287 uts.   | *                   | 328,679             | 271,890              |

Warrant, exercisable until 2019,  
to purchase  
common stock at \$.01 per share

|                          |            |   |         |         |
|--------------------------|------------|---|---------|---------|
| (B)                      | 4,920 shs. | * | 492,016 | 407,006 |
| * 07/09/09 and 08/09/10. |            |   | 820,695 | 678,896 |

O E C Holding Corporation

A provider of elevator maintenance, repair and modernization services.

13% Senior Subordinated Note

|                              |              |          |           |           |
|------------------------------|--------------|----------|-----------|-----------|
| due 2018                     | \$ 1,333,333 | 06/04/10 | 1,267,890 | 1,333,333 |
| Preferred Stock Series A (B) | 1,661 shs.   | 06/04/10 | 166,062   | 74,411    |
| Preferred Stock Series B (B) | 934 shs.     | 06/04/10 | 93,376    | -         |
| Common Stock (B)             | 1,032 shs.   | 06/04/10 | 1,032     | -         |
|                              |              |          | 1,528,360 | 1,407,744 |

## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities:<br>(A) (Continued)   | Principal<br>Amount,<br>Shares, Units<br>or<br>Ownership<br>Percentage | Acquisition<br>Date | Cost       | Fair Value |
|---|--|---------------------|------------|------------|
| <b>P K C Holding Corporation</b>  |  |                     |            |            |
| A manufacturer of plastic film and badges for the general industrial, medical, and food industries.   |  |                     |            |            |
| Preferred Stock Class A (B)   | 54 shs.  | 12/21/10            | \$ 340,718 | \$ 664,337 |
| Common Stock (B)  | 54 shs.  | 12/21/10            | 25,500     | 342,549    |
|   |  |                     | 366,218    | 1,006,886  |
| <b>P P T Holdings LLC</b>   |  |                     |            |            |
| 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<br>due 2017  | \$ 3,003,451   | 12/20/10            | 2,972,104  | 3,003,451  |
| Limited Liability Company Unit<br>Class A (B)   | 99 uts.  | 12/20/10            | 318,215    | 417,723    |
| Limited Liability Company Unit<br>Class B (B)   | 99 uts.  | 12/20/10            | 3,214      | 122,638    |
|   |  |                     | 3,293,533  | 3,543,812  |
| <b>Pearlman Enterprises, Inc.</b>   |  |                     |            |            |
| A developer and distributor of tools, equipment, and supplies to the natural and engineered stone industry.   |  |                     |            |            |
| Preferred Stock Series A (B)  | 2,334 shs.   | 05/22/09            | 111,508    | 863,226    |
| Preferred Stock Series B (B)  | 13,334 shs.  | 05/22/09            | 547,872    | -          |
| Common Stock (B)  | 40,540 shs.  | 05/22/09            | 1,877,208  | -          |
|   |  |                     | 2,536,588  | 863,226    |
| <b>Petroplex Inv Holdings LLC</b>   |  |                     |            |            |
| A leading provider of acidizing services to E&P customers in the Permian Basin.   |  |                     |            |            |
| 16% Senior Subordinated Note<br>due 2018  | \$ 2,827,161   | 11/29/12            | 2,777,361  | 2,947,628  |
| Limited Liability Company Unit<br>(B)   | 375,000 uts.   | 11/29/12            | 375,000    | 550,808    |
|   |  |                     | 3,152,361  | 3,498,436  |
| <b>Polytex Holdings LLC</b>   |  |                     |            |            |
| A manufacturer of water based inks and related products serving primarily the wall covering market.   |  |                     |            |            |
| 13% Senior Subordinated Note<br>due 2020  | \$ 2,106,900   | 07/31/14            | 2,065,728  | 2,101,299  |
| Limited Liability Company Unit  | 300,485 uts.   | 07/31/14            | 300,485    | 285,461    |
|   |  |                     | 2,366,213  | 2,386,760  |
| <b>Precision Wire Holding Company</b>   |  |                     |            |            |
| A manufacturer of specialty medical wires that are used in non-elective minimally invasive surgical procedures.   |  |                     |            |            |



Warrant, exercisable until 2019,  
to purchase  
common stock at \$.01 per share  
(B)

206 shs.

11/12/09

203,944

396,733

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities: (A) (Continued)   | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost       | Fair Value |
|--|---|------------------|------------|------------|
| <b>R A J Manufacturing Holdings LLC</b>  |   |                  |            |            |
| A designer and manufacturer of women's swimwear sold under a variety of licensed brand names.  |   |                  |            |            |
| 8% Senior Subordinated Note due 2017 Limited Liability Company Unit (B)  | \$ 94,270   | 01/02/14         | \$ 410,667 | \$ 94,270  |
| Limited Liability Company Unit Class B Common (B)  | 2,828 uts.  | 12/15/06         | 282,810    | 70,501     |
| Limited Liability Company Unit Class B-1 Preferred (B)   | 10 uts.   | 01/02/14         | 414,787    | 103,401    |
| Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B)   | 18 uts.   | 01/02/14         | 707,024    | 707,022    |
|  | 3 shs.  | 12/15/06         | 131,483    | 33,247     |
|  |   |                  | 1,946,771  | 1,008,441  |
| <b>REVSpring, Inc.</b>   |   |                  |            |            |
| A provider of accounts receivable management and revenue cycle management services to customers in the healthcare, financial and utility industries. |   |                  |            |            |
| 14% Senior Subordinated Note due 2018  | \$ 3,534,698  | *                | 3,493,176  | 3,591,233  |
| Limited Liability Company Unit Class A (B)   | 40,643 uts.   | *                | 406,432    | 507,048    |
| * 10/21/11 and 08/03/12.   |   |                  | 3,899,608  | 4,098,281  |
| <b>Rose City Holding Company</b>   |   |                  |            |            |
| A designer and printer of folding cartons and packaging for food and beverage manufacturers on the West Coast.                                       |   |                  |            |            |
| Preferred Stock (B)  | 93,749 shs.   | 12/11/12         | 93,749     | 109,502    |
| Common Stock (B)   | 94 shs.   | 12/11/12         | 9          | 104,856    |
|  |   |                  | 93,758     | 214,358    |
| <b>Safety Infrastructure Solutions</b>   |   |                  |            |            |
| A provider of trench safety equipment to a diverse customer base across multiple end markets in Texas and the Southwestern United States.            |   |                  |            |            |
| 15% Senior Subordinated Note due 2018  | \$ 2,531,250  | *                | 2,504,320  | 2,556,563  |
| Preferred Stock (B)  | 6,294 shs.  | 03/30/12         | 251,758    | 308,892    |
| Common Stock (B)   | 2,949 shs.  | 03/30/12         | 29,492     | 138,461    |
| * 03/30/12 and 05/16/13.   |   |                  | 2,785,570  | 3,003,916  |

**Sencore Holding Company**

A designer, manufacturer, and marketer of decoders, receivers and modulators sold to broadcasters, satellite, cable and telecom operators for encoding/decoding analog and digital transmission video signals.

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|   |              |          |           |         |
|---|--------------|----------|-----------|---------|
| 7% Senior Subordinated Note due<br>2015 (D) | \$ 2,652,175 | 01/15/09 | 1,560,231 | 530,435 |
|---|--------------|----------|-----------|---------|

Signature Systems Holdings  
Company

A seller and installer of a variety of modular surfaces, industrial matting and related products used for ground protection.

|  |              |          |                     |                      |
|--|--------------|----------|---------------------|----------------------|
| 12.5% Senior Subordinated Note<br>due 2021   | \$ 1,812,211 | 03/15/13 | 1,720,467           | 1,848,455            |
| Common Stock (B)   | 181 shs.     | 03/15/13 | 181,221             | 397,176              |
| Warrant, exercisable until 2023, to<br>purchase<br>common stock at \$.01 per share (B) | 74 shs.      | 03/15/13 | 67,958<br>1,969,646 | 162,250<br>2,407,881 |

## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities: (A)<br>(Continued)   | Principal<br>Amount,<br>Shares, Units or<br>Ownership<br>Percentage | Date     | Acquisition<br>Cost  | Fair Value           |
|---|---|----------|----------------------|----------------------|
| Smart Source Holdings LLC<br>A short-term computer rental company.  |   |          |                      |                      |
| Limited Liability Company Unit (B)  | 619 uts.  | *        | \$ 493,496           | \$ 870,764           |
| Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)<br>* 08/31/07 and 03/06/08.  | 157 shs.  | *        | 127,437<br>620,933   | 220,594<br>1,091,358 |
| SMB Machinery Holdings, Inc.<br>A reseller of used, rebuilt and refurbished packaging and processing equipment, primarily serving the bottling and food manufacturing industries. |   |          |                      |                      |
| 14% Senior Subordinated Note due 2019   | \$ 1,484,775  | 10/18/13 | 1,458,786            | 1,432,846            |
| Common Stock (B)  | 1,681 shs.  | 10/18/13 | 168,100<br>1,626,886 | -<br>1,432,846       |
| Spartan Foods Holding Company<br>A manufacturer of branded pizza crusts and pancakes.   |   |          |                      |                      |
| 14.25% Senior Subordinated Note due 2017  | \$ 1,143,342  | 12/15/09 | 1,041,424            | 1,143,342            |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)  | 257 shs.  | 12/15/09 | 227,109<br>1,268,533 | 161,172<br>1,304,514 |
| Specialty Commodities, Inc.<br>A distributor of specialty food ingredients.   |   |          |                      |                      |
| Common Stock (B)  | 30 shs.   | 10/23/08 | 300,000              | 784,730              |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)  | 11 shs.   | 10/23/08 | 100,650<br>400,650   | 298,197<br>1,082,927 |
| Stag Parkway Holding Company<br>A distributor of RV parts and accessories in the United States.   |   |          |                      |                      |

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|  |              |          |           |           |
|--|--------------|----------|-----------|-----------|
| 13% Senior Subordinated Note due<br>2018   | \$ 2,765,048 | 12/19/12 | 2,666,208 | 2,765,048 |
| Common Stock (B)   | 284 shs.     | 12/19/12 | 283,688   | 366,376   |
| Warrant, exercisable until 2018, to<br>purchase<br>common stock at \$.01 per share (B) | 83 shs.      | 12/19/12 | 76,435    | 107,592   |
|  |              |          | 3,026,331 | 3,239,016 |

Strahman Holdings Inc

A manufacturer of industrial valves and wash down equipment for a variety of industries, including chemical, petrochemical, polymer, pharmaceutical, food processing, beverage and mining.

|  |              |          |           |           |
|--|--------------|----------|-----------|-----------|
| 14% Senior Subordinated Note due<br>2019 | \$ 2,119,565 | 12/13/13 | 2,080,157 | 2,164,892 |
| Preferred Stock A (B)                    | 317,935 shs. | 12/13/13 | 317,935   | 247,189   |
|  |              |          | 2,398,092 | 2,412,081 |

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities:<br>(A) (Continued)  | Principal Amount,<br>Shares, Units or<br>Percentage Ownership | Acquisition<br>Date | Cost         | Fair<br>Value |
|--|---|---------------------|--------------|---------------|
| <b>Strata/WLA Holding Corporation</b>  |   |                     |              |               |
| A leading independent anatomic pathology laboratory that conducts over 320,000 tests annually to customers in 40 U.S. states and in Canada and Venezuela.  |   |                     |              |               |
| 14.5% Senior Subordinated Note due 2018 (D)  | \$ 2,877,446  | 07/01/11            | \$ 2,831,111 | \$ -          |
| Preferred Stock Series A (B)   | 228 shs.  | 07/01/11            | 228,137      | -             |
|  |   |                     | 3,059,248    | -             |
| <b>Sundance Investco LLC</b>   |   |                     |              |               |
| A provider of post-production services to producers of movies and television shows.  |   |                     |              |               |
| Limited Liability Company Unit Class A (B)   | 6,429 uts.  | 03/31/10            | -            | -             |
| <b>Sunrise Windows Holding Company</b>   |   |                     |              |               |
| A manufacturer and marketer of premium vinyl windows exclusively selling to the residential remodeling and replacement market.   |   |                     |              |               |
| 14% Senior Subordinated Note due 2017  | \$ 3,115,670  | 12/14/10            | 3,015,645    | 3,114,083     |
| 14% Senior Subordinated PIK Note due 2017  | \$ 287,707  | 08/17/12            | 280,401      | 287,560       |
| Common Stock (B)   | 115 shs.  | 12/14/10            | 114,504      | 90,755        |
| Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)   | 112 shs.  | 12/14/10            | 111,747      | 88,575        |
|  |   |                     | 3,522,297    | 3,580,973     |
| <b>Synteract Holdings Corporation</b>  |   |                     |              |               |
| A provider of outsourced clinical trial management services to pharmaceutical and biotechnology companies.   |   |                     |              |               |
| 14% Senior Subordinated Note due 2019  | \$ 3,831,567  | 09/02/08            | 3,724,890    | 3,455,679     |
| Preferred Stock Series D (B)   | 485 shs.  | 02/27/13            | 48,503       | -             |
| Redeemable Preferred Stock Series A (B)  | 1,280 shs.  | 10/03/08            | 12,523       | -             |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)   | 12,803 shs.   | 09/02/08            | 112,693      | -             |
|  |   |                     | 3,898,609    | 3,455,679     |
| <b>Terra Renewal LLC</b>   |   |                     |              |               |
| A provider of wastewater residual management and required environmental reporting, permitting, nutrient management planning and record keeping to companies involved in poultry and food processing. |   |                     |              |               |

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|   |            |          |         |         |
|---|------------|----------|---------|---------|
| 10% Senior Subordinated Note due 2016 (D)   | \$ 613,982 | *        | 16,334  | 613,982 |
| Common Stock Class B  | 55 shs.    | *        | -       | -       |
| Limited Partnership Interest of<br>Saw Mill Capital Fund V, LLC (B)                     | 3.97% int. | **       | 114,424 | -       |
| Warrant, exercisable until 2016, to purchase<br><br>common stock at \$.01 per share (B) | 72 shs.    | 04/28/06 | 59,041  | -       |
| * 04/28/06 and 09/13/06.  |            |          | 189,799 | 613,982 |
| ** 03/01/05 and 10/10/08.   |            |          |         |         |

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## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities: (A) (Continued)  | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost                 | Fair Value           |
|---|---|------------------|----------------------|----------------------|
| <b>Torrent Group Holdings, Inc.</b>   |   |                  |                      |                      |
| A contractor specializing in the sales and installation of engineered drywells for the retention and filtration of stormwater and nuisance water flow.                                |   |                  |                      |                      |
| 3% Senior Subordinated Note due 2018 (D)  | \$ 2,006,491  | 12/05/13         | \$ -                 | \$ 1,906,167         |
| 15% Senior Subordinated Note due 2020(D)  | \$ 88,396   | 12/05/13         | 414,051              | -                    |
| Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)  | 53,038 shs.   | 12/05/13         | -<br>414,051         | -<br>1,906,167       |
| <b>Transpac Holding Company</b>   |   |                  |                      |                      |
| A designer, importer and wholesaler of home décor and seasonal gift products.   |   |                  |                      |                      |
| 12% Senior Subordinated Note due 2015 (D)   | \$ 1,773,006  | 10/31/07         | 1,717,521            | -                    |
| Common Stock (B)  | 209 shs.  | 10/31/07         | 208,589              | -                    |
| Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)  | 94 shs.   | 10/31/07         | 87,607<br>2,013,717  | -<br>-               |
| <b>Tranzonic Holdings LLC</b>   |   |                  |                      |                      |
| A producer of commercial and industrial supplies, such as safety products, janitorial supplies, work apparel, washroom and restroom supplies and sanitary care products.              |   |                  |                      |                      |
| 14% Senior Subordinated Note due 2019   | \$ 3,028,314  | 07/05/13         | 2,977,684            | 3,051,285            |
| Limited Liability Company Unit Class A (B)  | 295,455 uts.  | 07/05/13         | 295,455<br>3,273,139 | 334,379<br>3,385,664 |
| <b>Truck Bodies &amp; Equipment International</b>   |   |                  |                      |                      |
| A designer and manufacturer of accessories for heavy and medium duty trucks, primarily dump bodies, hoists, various forms of flat-bed bodies, landscape bodies and other accessories. |   |                  |                      |                      |
| 12% Senior Subordinated Note due 2016   | \$ 1,373,340  |                  | * 1,352,934          | 1,373,340            |
| Preferred Stock Series B (B)  | 241 shs.  | 10/20/08         | 241,172              | 859,168              |



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|  |             |          |           |           |
|--|-------------|----------|-----------|-----------|
| Common Stock (B)   | 742 shs.    | *        | 800,860   | 45,624    |
| Warrant, exercisable until 2017, to purchase common stock at \$.02 per share (B) | 153 shs.    | *        | 159,894   | 9,423     |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B) | 1,054 shs.  | 10/20/08 | -         | 64,798    |
| * 07/19/05 and 12/22/05.   |             |          | 2,554,860 | 2,352,353 |
| TruStile Doors, Inc.   |             |          |           |           |
| A manufacturer and distributor of interior doors.                                |             |          |           |           |
| Limited Liability Company Unit (B)   | 11,775 uts. | 02/28/11 | 156,250   | 438,051   |
| Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B) | 5,781 shs.  | 04/11/03 | 68,059    | 59,967    |
|  |             |          | 224,309   | 498,018   |

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities: (A)<br>(Continued)   | Principal<br>Amount,<br>Shares, Units<br>or<br>Ownership<br>Percentage | Acquisition<br>Date | Cost                 | Fair<br>Value        |
|---|--|---------------------|----------------------|----------------------|
| <b>U-Line Corporation</b>   |  |                     |                      |                      |
| A manufacturer of high-end, built-in, undercounter ice making, wine storage and refrigeration appliances. |  |                     |                      |                      |
| Common Stock (B)  | 182 shs.   | 04/30/04            | \$ 182,200           | \$ 443,381           |
| Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)                          | 230 shs.   | 04/30/04            | 211,736<br>393,936   | 560,724<br>1,004,105 |
| <b>U M A Enterprises, Inc.</b>  |  |                     |                      |                      |
| An importer and wholesaler of home décor products.  |  |                     |                      |                      |
| 15% Senior Subordinated Note due 2021   | \$ 2,335,922   | 06/06/14            | 639,157              | 2,379,370            |
| Warrant, exercisable until 2024, to purchase common stock at \$.01 per share (B)                          | 1,493 shs.   | 06/06/14            | -<br>639,157         | 77,578<br>2,456,948  |
| <b>Vitex Packaging Group, Inc.</b>  |  |                     |                      |                      |
| A manufacturer of specialty packaging, primarily envelopes and tags used on tea bags.                     |  |                     |                      |                      |
| Class B Unit (B)  | 767,881 uts.   | 10/29/09            | 348,058              | -                    |
| Class C Unit (B)  | 850,000 uts.   | 10/29/09            | 780,572              | 149,076              |
| Limited Liability Company Unit Class A (B)  | 723,465 uts.   | *                   | 433,222              | -                    |
| Limited Liability Company Unit Class B (B)  | 182,935 uts.   | 07/19/04            | 182,935              | -                    |
| * 07/19/04 and 10/29/09.  |  |                     | 1,744,787            | 149,076              |
| <b>VP Holding Company</b>   |  |                     |                      |                      |
| A provider of school transportation services for special-needs and homeless children in Massachusetts.    |  |                     |                      |                      |
| 13% Senior Subordinated Note due 2020   | \$ 1,018,230   | 03/31/14            | 999,114              | 1,045,597            |
| Common Stock (B)  | 7,368 shs.   | 03/31/14            | 736,842<br>1,735,956 | 645,888<br>1,691,485 |
| <b>Wellborn Forest Holding Company</b>  |  |                     |                      |                      |
| A manufacturer of semi-custom kitchen and bath cabinetry.   |  |                     |                      |                      |
|   | \$ 3,175,092   | 11/30/06            | 1,638,669            | -                    |

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8% Senior Subordinated Note due  
2017 (D)

|                  |          |          |         |   |
|------------------|----------|----------|---------|---|
| Common Stock (B) | 191 shs. | 11/30/06 | 191,250 | - |
|------------------|----------|----------|---------|---|

Warrant, exercisable until 2016, to  
purchase

|  |         |          |        |   |
|--|---------|----------|--------|---|
| common stock at \$.01 per share<br>(B) | 95 shs. | 11/30/06 | 86,493 | - |
|--|---------|----------|--------|---|

|  |  |  |           |   |
|--|--|--|-----------|---|
|  |  |  | 1,916,412 | - |
|--|--|--|-----------|---|

Wheaton Holding Corporation

A distributor and manufacturer of laboratory supply products and packaging.

|                              |            |          |         |         |
|------------------------------|------------|----------|---------|---------|
| Preferred Stock Series B (B) | 2,109 shs. | 06/08/10 | 210,924 | 311,373 |
|------------------------------|------------|----------|---------|---------|

|                  |            |          |       |         |
|------------------|------------|----------|-------|---------|
| Common Stock (B) | 1,058 shs. | 06/08/10 | 1,058 | 152,651 |
|------------------|------------|----------|-------|---------|

|  |  |  |         |         |
|--|--|--|---------|---------|
|  |  |  | 211,982 | 464,024 |
|--|--|--|---------|---------|

## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014  
(Unaudited)

| Corporate Restricted Securities:<br>(A) (Continued)  | Principal<br>Amount,<br>Shares, Units<br>or<br>Ownership<br>Percentage | Acquisition<br>Date | Cost                 | Fair Value           |
|--|--|---------------------|----------------------|----------------------|
| Whitcraft Holdings, Inc.   |  |                     |                      |                      |
| A leading independent manufacturer of precision formed, machined, and fabricated flight-critical aerospace components. |  |                     |                      |                      |
| 12% Senior Subordinated Note due 2018  | \$ 2,383,562   | 12/16/10            | \$ 2,256,155         | \$ 2,369,590         |
| Common Stock (B)   | 616 shs.   | 12/16/10            | 616,438              | 240,486              |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)                                       | 166 shs.   | 12/16/10            | 148,003<br>3,020,596 | 64,619<br>2,674,695  |
| WP Supply Holding Corporation  |  |                     |                      |                      |
| A distributor of fresh fruits and vegetables to grocery wholesalers and foodservice distributors in the upper Midwest. |  |                     |                      |                      |
| 14.5% Senior Subordinated Note due 2018  | \$ 2,741,894   | 11/03/11            | 2,705,993            | 2,796,732            |
| Common Stock (B)   | 4,500 shs.   | 11/03/11            | 450,000<br>3,155,993 | 602,597<br>3,399,329 |
| Total Private Placement Investments (E)  |  |                     | \$ 190,152,858       | \$ 191,847,957       |

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities: (A)<br>(Continued) | Interest<br>Rate | Due<br>Date | Principal<br>Amount | Cost         | Market<br>Value |
|---|------------------|-------------|---------------------|--------------|-----------------|
| Rule 144A Securities - 17.81%:                      |                  |             |                     |              |                 |
| Bonds - 17.76%                                      |                  |             |                     |              |                 |
| Alliant Techsystems Inc.                            | 5.250            | % 10/01/21  | \$ 1,000,000        | \$ 1,000,000 | \$ 1,002,500    |
| Altice S.A.   | 7.750            | 05/15/22    | 1,000,000           | 1,000,000    | 1,032,500       |
| American Energy - Permian Basin,<br>LLC             | 7.375            | 11/01/21    | 660,000             | 660,000      | 603,900         |
| American Energy - Permian Basin,<br>LLC             | 6.737            | 08/01/19    | 305,000             | 302,058      | 279,456         |
| American Energy - Woodford<br>Holdings, LLC         | 9.000            | 09/15/22    | 1,000,000           | 959,154      | 927,500         |
| Amsted Industries                                   | 5.375            | 09/15/24    | 520,000             | 520,000      | 504,400         |
| Ashtead Group plc                                   | 6.500            | 07/15/22    | 385,000             | 406,389      | 408,100         |
| Belden Inc.   | 5.250            | 07/15/24    | 410,000             | 410,000      | 392,575         |
| Beverage Packaging Holdings                         | 6.000            | 06/15/17    | 730,000             | 730,000      | 719,050         |
| California Resources Corporation                    | 6.000            | 11/15/24    | 970,000             | 970,000      | 996,675         |
| CITGO Petroleum Corporation                         | 6.250            | 08/15/22    | 925,000             | 925,000      | 962,000         |
| Commscope Holdings Inc.                             | 6.625            | 06/01/20    | 500,000             | 501,081      | 515,000         |
| Cornerstone Chemical Company                        | 9.375            | 03/15/18    | 750,000             | 765,236      | 787,500         |
| CTP Transportation Products, LLC                    | 8.250            | 12/15/19    | 635,000             | 635,000      | 677,862         |
| Endo Finance LLC                                    | 5.375            | 01/31/23    | 1,000,000           | 980,261      | 955,000         |
| Exopack LLC   | 7.875            | 11/01/19    | 1,000,000           | 1,000,000    | 1,045,000       |
| Forest Laboratories, Inc.                           | 4.875            | 02/15/21    | 1,000,000           | 1,000,000    | 1,066,780       |
| Forest Laboratories, Inc.                           | 5.000            | 12/15/21    | 775,000             | 775,000      | 828,386         |
| Hercules Offshore, Inc.                             | 7.500            | 10/01/21    | 1,000,000           | 1,000,000    | 805,000         |
| Hilcorp Energy Company                              | 5.000            | 12/01/24    | 500,000             | 500,000      | 481,250         |
| Hilcorp Energy Company                              | 7.625            | 04/15/21    | 725,000             | 700,010      | 763,062         |
| Hilton Worldwide Holdings, Inc.                     | 5.625            | 10/15/21    | 1,000,000           | 1,000,000    | 1,030,000       |
| Hovnanian Enterprises, Inc.                         | 7.250            | 10/15/20    | 1,000,000           | 1,000,000    | 1,047,500       |
| Hub International Ltd.                              | 7.875            | 10/01/21    | 1,000,000           | 1,000,000    | 1,023,750       |
| INEOS Group Holdings PLC                            | 5.875            | 02/01/19    | 485,000             | 485,000      | 477,725         |
| International Automotive Component                  | 9.125            | 06/01/18    | 1,000,000           | 962,589      | 1,055,000       |
| J.B. Poindexter Co., Inc.                           | 9.000            | 04/01/22    | 1,000,000           | 1,047,868    | 1,073,750       |
| JBS USA Holdings, Inc.                              | 7.750            | 10/28/20    | 750,000             | 787,716      | 796,875         |
| Jupiter Resources Inc.                              | 8.500            | 10/01/22    | 1,000,000           | 952,412      | 887,500         |
| Jurassic Holdings III Inc                           | 6.875            | 02/15/21    | 1,000,000           | 1,009,022    | 1,000,000       |
| Lamar Media Corporation                             | 5.375            | 01/15/24    | 320,000             | 320,000      | 320,800         |
| LBC Tank Terminals Holding                          |                  |             |                     |              |                 |
| Netherlands B.V.                                    | 6.875            | 05/15/23    | 1,315,000           | 1,354,071    | 1,400,475       |
| Mallinckrodt PLC                                    | 5.750            | 08/01/22    | 1,000,000           | 1,000,000    | 1,007,500       |
| MEG Energy Corporation                              | 7.000            | 03/31/24    | 1,000,000           | 1,000,000    | 1,035,000       |

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|                                  |       |          |           |         |         |
|----------------------------------|-------|----------|-----------|---------|---------|
| Memorial Production Partners L.P | 6.875 | 08/01/22 | 1,000,000 | 984,495 | 955,000 |
| Milacron Financial               | 7.750 | 02/15/21 | 500,000   | 500,000 | 526,250 |

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## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Restricted Securities:<br>(A) (Continued) | Interest<br>Rate | Due<br>Date | Shares or<br>Principal<br>Amount | Cost         | Market<br>Value |
|---|------------------|-------------|----------------------------------|--------------|-----------------|
| Murray Energy Corporation                           | 9.500            | % 12/05/20  | \$ 1,000,000                     | \$ 1,098,770 | \$ 1,100,000    |
| Mustang Merger Corporation                          | 8.500            | 08/15/21    | 1,000,000                        | 997,712      | 1,035,000       |
| Niska Gas Storage Partners LLC                      | 6.500            | 04/01/19    | 1,000,000                        | 1,000,000    | 875,000         |
| NRG Energy, Inc.                                    | 6.250            | 07/15/22    | 1,000,000                        | 1,000,000    | 1,025,625       |
| NXP BV/NXP Funding LLC                              | 3.750            | 06/01/18    | 1,500,000                        | 1,500,000    | 1,473,750       |
| Paperworks Industries, Inc.                         | 9.500            | 08/15/19    | 1,000,000                        | 1,023,225    | 1,017,500       |
| Pinnacle Operating Corporation                      | 9.000            | 11/15/20    | 1,000,000                        | 1,042,746    | 1,067,500       |
| Ply Gem Industries, Inc.                            | 6.500            | 02/01/22    | 1,000,000                        | 932,730      | 950,000         |
| Prestige Brands Holdings, Inc.                      | 5.375            | 12/15/21    | 1,350,000                        | 1,350,000    | 1,269,000       |
| RKI Inc.  | 8.500            | 08/01/21    | 1,000,000                        | 1,004,466    | 1,032,500       |
| Roofing Supply                                      | 10.000           | 06/01/20    | 975,000                          | 1,089,945    | 1,023,750       |
| Safway Group Holding<br>LLC/Finance Corporation     | 7.000            | 05/15/18    | 500,000                          | 500,000      | 508,750         |
| Sirius XM Radio Inc.                                | 5.875            | 10/01/20    | 750,000                          | 750,000      | 759,375         |
| Sprint Corporation                                  | 7.125            | 06/15/24    | 315,000                          | 315,000      | 317,363         |
| Teine Energy Ltd.                                   | 6.875            | 09/30/22    | 900,000                          | 892,840      | 883,125         |
| Topaz Marine S.A.                                   | 8.625            | 11/01/18    | 1,000,000                        | 1,000,000    | 1,035,200       |
| Univision Communications, Inc.                      | 5.125            | 05/15/23    | 325,000                          | 325,000      | 329,063         |
| Valeant Pharmaceuticals<br>International            | 6.750            | 10/01/17    | 70,000                           | 69,811       | 72,289          |
| Valeant Pharmaceuticals<br>International            | 7.000            | 10/01/20    | 880,000                          | 881,385      | 919,600         |
| Watco Companies, L.L.C.                             | 6.375            | 04/01/23    | 1,000,000                        | 1,000,000    | 1,005,000       |
| Welltec A/S   | 8.000            | 02/01/19    | 750,000                          | 739,347      | 776,250         |
| West Corporation                                    | 5.375            | 07/15/22    | 1,000,000                        | 980,343      | 922,500         |
| William Lyon Homes                                  | 7.000            | 08/15/22    | 1,000,000                        | 1,000,000    | 1,012,500       |
| Woodside Homes Company, LLC                         | 6.750            | 12/15/21    | 1,000,000                        | 1,002,383    | 990,000         |
| XPO Logistics, Inc.                                 | 7.875            | 09/01/19    | 465,000                          | 465,000      | 480,113         |
| Total Bonds   |                  |             |                                  | 51,103,065   | 51,271,374      |
| Convertible Preferred Stock -<br>0.00%              |                  |             |                                  |              |                 |
| ETEX Corporation (B)                                |                  |             | 777                              | -            | -               |
| Total Convertible Preferred Stock                   |                  |             |                                  | -            | -               |
| Preferred Stock - 0.05%                             |                  |             |                                  |              |                 |
| Ally Financial, Inc.                                |                  |             | 143                              | 45,009       | 143,134         |
| TherOX, Inc. (B)                                    |                  |             | 103                              | -            | -               |
| Total Preferred Stock                               |                  |             |                                  | 45,009       | 143,134         |
| Common Stock - 0.00%                                |                  |             |                                  |              |                 |
| Touchstone Health Partnership (B)                   |                  |             | 1,168                            | -            | -               |

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|                                       |                |                |
|---------------------------------------|----------------|----------------|
| Total Common Stock                    | -              | -              |
| Total 144A Securities                 | 51,148,074     | 51,414,508     |
| Total Corporate Restricted Securities | \$ 241,300,932 | \$ 243,262,465 |

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Public Securities -20.43%:<br>(A) | Interest<br>Rate | Due<br>Date | Principal<br>Amount | Cost         | Market<br>Value |
|---|------------------|-------------|---------------------|--------------|-----------------|
| <b>Bank Loans - 1.00%</b>                   |                  |             |                     |              |                 |
| American Energy - Marcellus, LLC            | 8.500            | % 07/09/21  | \$ 423,825          | \$ 417,593   | \$ 419,587      |
| Aquilex Holdings LLC                        | 5.250            | 12/31/20    | 295,687             | 295,021      | 292,236         |
| Caelus Energy Alaska, LLC                   | 8.750            | 04/15/20    | 1,000,000           | 990,294      | 985,000         |
| Synarc-BioCore Holdings, LLC                | 9.250            | 03/04/22    | 1,000,000           | 990,658      | 975,000         |
| Triple Point Technology, Inc.               | 9.250            | 07/09/21    | 259,223             | 226,264      | 222,932         |
| Total Bank Loans                            |                  |             |                     | 2,919,830    | 2,894,755       |
| <b>Bonds - 19.07%</b>                       |                  |             |                     |              |                 |
| AAAR Corporation                            | 7.250            | % 01/15/22  | \$ 2,000,000        | \$ 2,108,071 | \$ 2,150,000    |
| Accuride Corp.                              | 9.500            | 08/01/18    | 1,500,000           | 1,529,587    | 1,563,750       |
| ADT Corporation                             | 6.250            | 10/15/21    | 1,000,000           | 1,034,430    | 1,035,000       |
| Ally Financial, Inc.                        | 5.500            | 02/15/17    | 1,500,000           | 1,518,241    | 1,560,000       |
| Alta Mesa Financial Services                | 9.625            | 10/15/18    | 1,500,000           | 1,501,024    | 1,552,500       |
| American Axle & Manufacturing,<br>Inc.      | 5.125            | 02/15/19    | 240,000             | 240,000      | 238,800         |
| Anixter, Inc.                               | 5.125            | 10/01/21    | 421,000             | 421,000      | 415,737         |
| Antero Resources Corporation                | 5.375            | 11/01/21    | 800,000             | 800,000      | 796,000         |
| Arch Coal, Inc.                             | 7.000            | 06/15/19    | 150,000             | 150,000      | 79,875          |
| Avis Budget Car Rental                      | 9.750            | 03/15/20    | 750,000             | 750,000      | 825,000         |
| B E Aerospace, Inc.                         | 6.875            | 10/01/20    | 850,000             | 865,703      | 907,375         |
| Bonanza Creek Energy, Inc.                  | 5.750            | 02/01/23    | 1,000,000           | 1,000,000    | 960,000         |
| Braskem Finance Ltd.                        | 6.450            | 02/03/24    | 815,000             | 815,000      | 847,600         |
| Calpine Corporation                         | 5.750            | 01/15/25    | 700,000             | 700,000      | 679,875         |
| Calumet Specialty Products Partners<br>L.P. | 7.625            | 01/15/22    | 1,000,000           | 1,006,830    | 1,015,000       |
| CCO Holdings Capital Corporation            | 7.250            | 10/30/17    | 750,000             | 760,870      | 777,187         |
| Cimarex Energy Co.                          | 5.875            | 05/01/22    | 1,000,000           | 1,070,197    | 1,075,000       |
| CIT Group Inc.                              | 3.875            | 02/19/19    | 1,000,000           | 1,000,000    | 982,500         |
| CHC Helicopter SA                           | 9.375            | 06/01/21    | 1,500,000           | 1,500,000    | 1,582,500       |
| Chemtura Corporation                        | 7.875            | 09/01/18    | 500,000             | 519,442      | 520,000         |
| Chrysler Group, LLC                         | 8.000            | 06/15/19    | 415,000             | 445,637      | 440,419         |
| Chrysler Group, LLC                         | 8.250            | 06/15/21    | 415,000             | 455,489      | 452,350         |
| Clearwater Paper Corporation                | 4.500            | 02/01/23    | 750,000             | 743,431      | 716,250         |
| Coeur d'Alene Mines Corporation             | 7.875            | 02/01/21    | 1,000,000           | 1,003,295    | 937,500         |
| Commercial Metals Company                   | 4.875            | 05/15/23    | 1,500,000           | 1,502,804    | 1,440,000       |
| Commercial Vehicle Group Inc.               | 7.875            | 04/15/19    | 989,000             | 1,013,769    | 1,011,252       |
| CVR Refining LLC                            | 6.500            | 11/01/22    | 650,000             | 629,236      | 663,000         |
| First Data Corporation                      | 11.750           | 08/15/21    | 650,000             | 650,000      | 752,375         |
| Haicon Resources Corporation                | 9.750            | 07/15/20    | 1,000,000           | 1,046,349    | 1,017,500       |
| Headwaters, Inc.                            | 7.625            | 04/01/19    | 850,000             | 850,156      | 886,125         |



## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Corporate Public Securities: (A)<br>(Continued) | Interest<br>Rate | Due<br>Date | Principal<br>Amount | Cost       | Market<br>Value |
|---|------------------|-------------|---------------------|------------|-----------------|
| Ferrellgas Partners, L.P                        | 6.750            | % 01/15/22  | \$ 465,000          | \$ 465,000 | \$ 453,375      |
| Forum Energy Technologies                       | 6.250            | 10/01/21    | 325,000             | 325,000    | 333,938         |
| HCA Holdings, Inc.                              | 3.750            | 03/15/19    | 1,000,000           | 1,000,000  | 977,500         |
| Hornbeck Offshore Services, Inc.                | 5.000            | 03/01/21    | 500,000             | 500,000    | 475,000         |
| Huntington Ingalls Industries                   | 7.125            | 03/15/21    | 750,000             | 773,539    | 808,125         |
| Icahn Enterprises L.P.                          | 4.875            | 03/15/19    | 970,000             | 970,000    | 955,450         |
| Icahn Enterprises L.P.                          | 6.000            | 08/01/20    | 1,150,000           | 1,170,906  | 1,181,625       |
| Lear Corporation                                | 4.750            | 01/15/23    | 750,000             | 736,378    | 740,625         |
| Lennar Corporation                              | 4.750            | 11/15/22    | 750,000             | 739,837    | 725,625         |
| Linn Energy, LLC                                | 8.625            | 04/15/20    | 1,000,000           | 1,008,668  | 1,033,750       |
| Magnum Hunter Resources, Corp.                  | 9.750            | 05/15/20    | 1,500,000           | 1,563,660  | 1,586,250       |
| Meritor, Inc.                                   | 6.750            | 06/15/21    | 1,000,000           | 1,000,000  | 1,040,000       |
| Meritor, Inc.                                   | 7.875            | 03/01/26    | 669,000             | 663,403    | 967,123         |
| Midstates Petroleum Company, Inc.               | 9.250            | 06/01/21    | 1,000,000           | 1,000,000  | 985,000         |
| Nexeo Solutions LLC                             | 8.375            | 03/01/18    | 40,000              | 40,000     | 39,600          |
| Nielsen Finance LLC                             | 4.500            | 10/01/20    | 1,000,000           | 1,000,000  | 967,500         |
| Oasis Petroleum Inc.                            | 6.875            | 03/15/22    | 1,000,000           | 1,000,000  | 1,055,000       |
| Omnova Solutions, Inc.                          | 7.875            | 11/01/18    | 1,500,000           | 1,520,832  | 1,526,250       |
| Perry Ellis International, Inc.                 | 7.875            | 04/01/19    | 750,000             | 744,535    | 757,500         |
| Precision Drilling Corporation                  | 6.625            | 11/15/20    | 750,000             | 768,319    | 778,125         |
| Regency Energy Partners LP                      | 5.875            | 03/01/22    | 835,000             | 822,085    | 868,400         |
| Rosetta Resources Inc.                          | 5.875            | 06/01/22    | 1,000,000           | 1,000,000  | 996,250         |
| Samson Investment Company                       | 9.750            | 02/15/20    | 1,000,000           | 1,026,978  | 907,500         |
| Select Medical Corporation                      | 6.375            | 06/01/21    | 650,000             | 659,135    | 650,000         |
| Stone Energy Corporation                        | 7.500            | 11/15/22    | 1,000,000           | 1,027,899  | 1,030,300       |
| Tesoro Logistics LP                             | 5.875            | 10/01/20    | 783,000             | 798,866    | 810,405         |
| T-Mobile USA Inc.                               | 6.375            | 03/01/25    | 1,000,000           | 1,000,000  | 997,500         |
| Tronox Finance LLC                              | 6.375            | 08/15/20    | 750,000             | 734,356    | 752,813         |
| Unit Corporation                                | 6.625            | 05/15/21    | 1,000,000           | 989,919    | 1,002,500       |
| WPX Energy, Inc.                                | 5.250            | 09/15/24    | 925,000             | 925,000    | 897,250         |
| Xerium Technologies, Inc.                       | 8.875            | 06/15/18    | 831,000             | 865,149    | 876,705         |
| Total Bonds                                     |                  |             |                     | 54,470,025 | 55,057,454      |

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

|                                   |         |             |          |               |                | Market         |
|-----------------------------------|---------|-------------|----------|---------------|----------------|----------------|
|                                   |         |             |          |               |                | Value          |
| Corporate Public Securities: (A)  |         |             |          |               |                |                |
| (Continued)                       |         |             |          |               |                |                |
|                                   | Shares  |             |          | Cost          |                | Value          |
| Common Stock - 0.36%              |         |             |          |               |                |                |
| Chase Packaging Corporation       | 9,541   |             |          | \$ -          |                | \$ 763         |
| Nortek, Inc.                      | 175     |             |          | 1             |                | 13,037         |
| Supreme Industries, Inc. (B)      | 131,371 |             |          | 267,319       |                | 1,026,008      |
| Total Common Stock                |         |             |          | 267,320       |                | 1,039,808      |
| Total Corporate Public Securities |         |             |          | \$ 57,667,175 |                | \$ 58,992,017  |
| Short Term Securities:            |         |             |          |               |                |                |
| Commercial Paper - 1.52%          |         |             |          |               |                |                |
| Ameren Corporation                |         | Interest    | Due      | Principal     |                | Market         |
|                                   |         | Rate/Yield^ | Date     | Amount        | Cost           | Value          |
| Ameren Corporation                | 0.260   | %           | 10/10/14 | \$ 2,800,000  | \$ 2,799,804   | \$ 2,799,804   |
| Ameren Corporation                | 0.260   | %           | 10/07/14 | 1,600,000     | 1,599,941      | 1,599,941      |
| Total Short-Term Securities       |         |             |          |               | \$ 4,399,745   | \$ 4,399,745   |
| Total Investments                 | 106.21  | %           |          |               | \$ 303,357,852 | \$ 306,654,227 |
| Other Assets                      | 5.39    |             |          |               |                | 15,575,951     |
| Liabilities                       | (11.61  | )           |          |               |                | (33,507,594 )  |
| Total Net Assets                  | 100.00  | %           |          |               |                | \$ 288,722,584 |

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

(B) Non-income producing security.

(C) Variable rate security; rate indicated is as of September 30, 2014.

(D) Defaulted security; interest not accrued.

(E) Illiquid securities. As of September 30, 2014, the value of these securities amounted to \$191,847,957, or 66.45% of net assets.

(F) Security valued at fair value using methods determined in good faith by or under the direction of the Board of Trustees.

^

Effective yield at purchase

PIK - Payment-in-kind

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## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Industry Classification:            | Fair Value/<br>Market Value | Fair Value/<br>Market Value                    |            |
|-------------------------------------|-----------------------------|--|------------|
| AEROSPACE - 2.97%                   |                             | BUILDINGS & REAL ESTATE - 3.52%                |            |
| AAR Corporation                     | \$ 2,150,000                | ACP Cascade Holdings LLC                       | \$ -       |
| Alliant Techsystems Inc.            | 1,002,500                   | Hovnanian Enterprises, Inc.                    | 1,047,500  |
| B E Aerospace, Inc.                 | 907,375                     | Lennar Corporation                             | 725,625    |
| Merex Holding Corporation           | 1,846,527                   | Pearlman Enterprises, Inc.                     | 863,226    |
| Whitcraft Holdings, Inc.            | 2,674,695                   | Ply Gem Industries, Inc.                       | 950,000    |
|                                     | 8,581,097                   | Safway Group Holding LLC/Finance Corporation   | 508,750    |
| AUTOMOBILE - 6.00%                  |                             | Sunrise Windows Holding Company                | 3,580,973  |
| Accuride Corp                       | 1,563,750                   | TruStile Doors, Inc.                           | 498,018    |
| American Axle & Manufacturing, Inc. | 238,800                     | William Lyon Homes Woodside Homes Company, LLC | 1,012,500  |
| Avis Budget Car Rental              | 825,000                     |  | 990,000    |
| CG Holdings Manufacturing Company   | 3,924,314                   |  | 10,176,592 |
| Chrysler Group, LLC                 | 892,769                     | CHEMICAL, PLASTICS & RUBBER - 3.22%            |            |
| Commercial Vehicle Group Inc.       | 1,011,252                   | Capital Specialty Plastics, Inc.               | 1,575,000  |
| DPL Holding Corporation             | 4,064,687                   | Cornerstone Chemical Company                   | 787,500    |
| Ideal Tridon Holdings, Inc.         | 593,924                     | INEOS Group Holdings PLC                       | 477,725    |
| International Automotive Component  | 1,055,000                   | Nicoat Acquisitions LLC                        | 1,801,847  |
| J A C Holding Enterprises, Inc.     | -                           | Omnova Solutions, Inc.                         | 1,526,250  |
| K & N Parent, Inc.                  | 397,858                     | Polytex Holdings LLC                           | 2,386,760  |
| Lear Corporation                    | 740,625                     | Tronox Finance LLC                             | 752,813    |
| Meritor, Inc.                       | 2,007,123                   |  | 9,307,895  |
|                                     | 17,315,102                  | CONSUMER PRODUCTS - 10.09%                     |            |
| BEVERAGE, DRUG & FOOD - 6.55%       |                             | AMS Holding LLC                                | 622,137    |
| 1492 Acquisition LLC                | 1,906,233                   | Baby Jogger Holdings LLC                       | 3,253,324  |
| Eatem Holding Company               | 3,630,140                   | Bravo Sports Holding Corporation               | 2,514,937  |
| F F C Holding Corporation           | 710,825                     | Clearwater Paper Corporation                   | 716,250    |
| GenNx Novel Holding, Inc.           | 3,493,448                   | Custom Engineered Wheels, Inc.                 | 830,193    |

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|                                      |            |                                     |            |
|--------------------------------------|------------|-------------------------------------|------------|
| Golden County Foods Holding, Inc.    | -          | gloProfessional Holdings, Inc.      | 3,171,612  |
| Hospitality Mints Holding Company    | 2,268,360  | GTI Holding Company                 | 1,677,761  |
| JBS USA Holdings, Inc.               | 796,875    | Handi Quilter Holding Company       | 675,611    |
| JMH Investors LLC                    | 2,662,933  | HHI Group, LLC                      | 3,272,217  |
| Pinnacle Operating Corporation       | 1,067,500  | K N B Holdings Corporation          | 207,711    |
| Spartan Foods Holding Company        | 1,304,514  | Manhattan Beachwear Holding Company | 3,406,448  |
| Specialty Commodities, Inc.          | 1,082,927  | NXP BV/NXP Funding LLC              | 1,473,750  |
|                                      | 18,923,755 | Perry Ellis International, Inc.     | 757,500    |
| BROADCASTING & ENTERTAINMENT - 0.11% |            | Prestige Brands Holdings, Inc.      | 1,269,000  |
| HOP Entertainment LLC                | -          | R A J Manufacturing Holdings LLC    | 1,008,441  |
| Lamar Media Corporation              | 320,800    | Tranzonic Holdings LLC              | 3,385,664  |
| Sundance Investco LLC                | -          | Xerium Technologies, Inc.           | 876,705    |
|                                      | 320,800    |                                     | 29,119,261 |

See Notes to Consolidated Financial Statements

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Industry Classification: (Continued)               | Fair Value/<br>Market Value |  | Fair Value/<br>Market Value |
|--|-----------------------------|--|-----------------------------|
| CONTAINERS, PACKAGING & GLASS - 2.80%              |                             | DIVERSIFIED/CONGLOMERATE,<br>SERVICE - 8.01% |                             |
| Beverage Packaging Holdings                        | \$ 719,050                  | A S C Group, Inc.                            | \$ 2,705,974                |
| Chase Packaging Corporation                        | 763                         | A W X Holdings Corporation                   | 367,500                     |
| Paperworks Industries, Inc.                        | 1,017,500                   | ADT Corporation                              | 1,035,000                   |
| P K C Holding Corporation                          | 1,006,886                   | Advanced Technologies Holdings               | 1,164,928                   |
| P P T Holdings LLC                                 | 3,543,812                   | Church Services Holding Company              | 1,490,324                   |
| Rose City Holding Company                          | 214,358                     | Clough, Harbour and Associates               | 400,114                     |
| SMB Machinery Holdings, Inc.                       | 1,432,846                   | Crane Rental Corporation                     | 2,154,287                   |
| Vitex Packaging Group, Inc.                        | 149,076                     | ELT Holding Company                          | 649,688                     |
|  | 8,084,291                   | EPM Holding Company                          | 1,408,644                   |
| DISTRIBUTION - 6.35%                               |                             | Hilton Worldwide Holdings, Inc.              | 1,030,000                   |
| ARI Holding Corporation                            | 4,127,645                   | Hub International Ltd.                       | 1,023,750                   |
| Blue Wave Products, Inc.                           | 1,719,729                   | HVAC Holdings, Inc.                          | 3,193,481                   |
| BP SCI LLC   | 3,440,590                   | Insurance Claims Management, Inc.            | 615,666                     |
| Signature Systems Holdings Company                 | 2,407,881                   | Mail Communications Group, Inc.              | 381,198                     |
| Stag Parkway Holding Company                       | 3,239,016                   | Nexeo Solutions LLC                          | 39,600                      |
| WP Supply Holding Corporation                      | 3,399,329                   | Northwest Mailing Services, Inc.             | 678,896                     |
|  | 18,334,190                  | Roofing Supply                               | 1,023,750                   |
| DIVERSIFIED/CONGLOMERATE,<br>MANUFACTURING - 9.13% |                             | Safety Infrastructure Solutions              | 3,003,916                   |
| A H C Holding Company, Inc.                        | 506,376                     | Sirius XM Radio Inc.                         | 759,375                     |
| Advanced Manufacturing Enterprises<br>LLC          | 3,033,338                   |  | 23,126,091                  |
| Amsted Industries                                  | 504,400                     | ELECTRONICS - 0.84%                          |                             |
| Arrow Tru-Line Holdings, Inc.                      | 569,129                     | Anixter, Inc.                                | 415,737                     |
| C D N T, Inc.                                      | 1,059,676                   | Belden, Inc.                                 | 392,575                     |
| CTP Transportation Products, LLC                   | 677,862                     | Connecticut Electric, Inc.                   | 1,617,095                   |
| F G I Equity LLC                                   | 1,434,745                   |  | 2,425,407                   |
| G C Holdings                                       | 332,329                     | FINANCIAL SERVICES - 5.23%                   |                             |
| Hartland Controls Holding<br>Corporation           | 2,942,809                   | Ally Financial, Inc.                         | 1,703,134                   |
| Hi-Rel Group LLC                                   | 1,943,258                   | Alta Mesa Financial Services                 | 1,552,500                   |
| Janus Group Holdings LLC                           | 3,899,785                   | Ashtead Group plc                            | 408,100                     |
| J.B. Poindexter Co., Inc.                          | 1,073,750                   | Braskem Finance Ltd.                         | 847,600                     |
| K P I Holdings, Inc.                               | 720,289                     | CIT Group Inc.                               | 982,500                     |
| LPC Holding Company                                | 442,876                     | Icahn Enterprises L.P.                       | 2,137,075                   |
|  |                             | Jurassic Holdings III Inc                    | 1,000,000                   |
| Mustang Merger Corporation                         | 1,035,000                   | LBC Tank Terminals Holding                   |                             |
| Nortek, Inc.                                       | 13,037                      | Netherlands B.V.                             | 1,400,475                   |
| O E C Holding Corporation                          | 1,407,744                   | Nielsen Finance LLC                          | 967,500                     |
| Strahman Holdings Inc                              | 2,412,081                   | REVSpring, Inc.                              | 4,098,281                   |
|  |                             |  | 15,097,165                  |



Truck Bodies & Equipment

International

2,352,353

26,360,837

See Notes to Consolidated Financial Statements

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## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Industry Classification:<br>(Continued)  | Fair Value/<br>Market Value | Fair Value/<br>Market Value |
|--|-----------------------------|-----------------------------|
| <b>HEALTHCARE, EDUCATION &amp; CHILDCARE -</b>   |                             |                             |
| 5.88%  |                             |                             |
| American Hospice Management Holding LLC \$   | 2,408,303                   | \$ 1,007,500                |
| CHG Alternative Education Holding Company  | 3,183,024                   | 411,992                     |
| ERG Holding Company LLC  | 2,072,022                   | -                           |
| GD Dental Services LLC   | 295,319                     | -                           |
| Healthcare Direct Holding Company  | 2,483,379                   | 3,353,725                   |
| HCA Holdings, Inc.   | 977,500                     |                             |
| Select Medical Corporation   | 650,000                     |                             |
| Strata/WLA Holding Corporation   | -                           |                             |
| Synarc-BioCore Holdings, LLC   | 975,000                     |                             |
| Synteract Holdings Corporation   | 3,455,679                   |                             |
| Touchstone Health Partnership  | -                           |                             |
| Wheaton Holding Corporation  | 464,024                     |                             |
|  | 16,964,250                  |                             |
| <b>MINING, STEEL, IRON &amp; NON-PRECIOUS METALS -</b>                                   |                             |                             |
| 1.20%  |                             |                             |
| Coeur d'Alene Mines Corporation  | -                           | 937,500                     |
| Commercial Metals Company  |                             | 1,440,000                   |
| Murray Energy Corporation  |                             | 1,100,000                   |
|  |                             | 3,477,500                   |
| <b>NATURAL RESOURCES - 0.68%</b>   |                             |                             |
| Arch Coal, Inc.  |                             | 79,875                      |
| Caelus Energy Alaska, LLC  |                             | 985,000                     |
| Headwaters, Inc.   |                             | 886,125                     |
| Connor Sport Court International, Inc.   | 2,423,640                   | 1,951,000                   |
| Transpac Holding Company   | -                           |                             |
| U M A Enterprises, Inc.  | 2,456,948                   |                             |
| <b>HOME &amp; OFFICE FURNISHINGS, HOUSEWARES &amp; DURABLE CONSUMER PRODUCTS - 2.04%</b> |                             |                             |
| U-Line Corporation   | 1,004,105                   | 419,587                     |
| Wellborn Forest Holding Company  | -                           | 603,900                     |
|  | 5,884,693                   | 279,456                     |
|  |                             | 927,500                     |
| <b>OIL &amp; GAS - 11.99%</b>  |                             |                             |
| American Energy - Marcellus, LLC   |                             | 419,587                     |
| American Energy - Permian Basin, LLC   |                             | 603,900                     |
| American Energy - Permian Basin, LLC   |                             | 279,456                     |
|  |                             | 927,500                     |

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|   |            |   |           |
|---|------------|---|-----------|
| LEISURE, AMUSEMENT & ENTERTAINMENT -<br>1.12% |            | American Energy -<br>Woodford Holdings, LLC |           |
|   |            | Antero Resources                            |           |
| CTM Holding, Inc.                             | 3,230,290  | Corporation                                 | 796,000   |
|   |            | Avantech Testing Services<br>LLC            | 1,717,050 |
| MACHINERY - 5.09%                             |            | Bonanza Creek Energy,<br>Inc.               | 960,000   |
| ABC Industries, Inc.                          | 1,788,826  | California Resources<br>Corporation         | 996,675   |
| Arch Global Precision LLC                     | 4,724,459  | Calumet Specialty Products<br>Partners L.P. | 1,015,000 |
| E S P Holdco, Inc.                            | 468,866    | Cimarex Energy Co.                          | 1,075,000 |
|   |            | CITGO Petroleum<br>Corporation              | 962,000   |
| Milacron Financial                            | 526,250    | CVR Refining LLC                            | 663,000   |
| Motion Controls Holdings                      | 3,171,421  | Exopack LLC                                 | 1,045,000 |
| M V I Holding, Inc.                           | -          | Forum Energy<br>Technologies                | 333,938   |
| NetShape Technologies, Inc.                   | 2,205,742  | Hercules Offshore, Inc.                     | 805,000   |
| Supreme Industries, Inc.                      | 1,026,008  | Hilcorp Energy Company                      | 1,244,312 |
| Welltec A/S                                   | 776,250    | Hornbeck Offshore<br>Services, Inc.         | 475,000   |
|   | 14,687,822 | Jupiter Resources Inc.                      | 887,500   |
| MEDICAL DEVICES/BIOTECH - 1.16%               |            | Linn Energy, LLC                            | 1,033,750 |
| Chemtura Corporation                          | 520,000    | Magnum Hunter<br>Resources, Corp.           | 1,586,250 |
| ETEX Corporation                              | -          | MEG Energy Corporation                      | 1,035,000 |
| Halcón Resources<br>Corporation               | 1,017,500  | Memorial Production<br>Partners L.P.        | 955,000   |

See Notes to Consolidated Financial Statements

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

| Industry Classification: (Continued)  | Fair Value/<br>Market Value |                                  | Fair Value/<br>Market Value |
|---------------------------------------|-----------------------------|----------------------------------|-----------------------------|
| Midstates Petroleum Company, Inc.     | \$ 985,000                  | TELECOMMUNICATIONS - 1.85%       |                             |
| Niska Gas Storage Partners LLC        | 875,000                     | All Current Holding Company      | \$ 463,486                  |
| Oasis Petroleum Inc.                  | 1,055,000                   | Altice S.A.                      | 1,032,500                   |
| Petroplex Inv Holdings LLC            | 3,498,436                   | CCO Holdings Capital Corporation | 777,187                     |
| Precision Drilling Corporation        | 778,125                     | Commscope Holdings Inc.          | 515,000                     |
| Regency Energy Partners LP            | 868,400                     | Sprint Corporation               | 317,363                     |
| RKI Inc.                              | 1,032,500                   | T-Mobile USA Inc.                | 997,500                     |
| Rosetta Resources Inc.                | 996,250                     | Univision Communications, Inc.   | 329,063                     |
| Samson Investment Company             | 907,500                     | West Corporation                 | 922,500                     |
| Stone Energy Corporation              | 1,030,300                   |                                  | 5,354,599                   |
| Teine Energy Ltd.                     | 883,125                     | TRANSPORTATION - 3.53%           |                             |
| Unit Corporation                      | 1,002,500                   | CHC Helicopter SA                | 1,582,500                   |
| WPX Energy, Inc.                      | 897,250                     | MNX Holding Company              | 2,772,378                   |
|                                       | 34,625,304                  | Huntington Ingalls Industries    | 808,125                     |
| PHARMACEUTICALS - 1.48%               |                             | NABCO, Inc.                      | -                           |
| CorePharma LLC                        | 438,918                     | Tesoro Logistics LP              | 810,405                     |
| Endo Finance LLC                      | 955,000                     | Topaz Marine S.A.                | 1,035,200                   |
| Forest Laboratories, Inc.             | 1,895,166                   | VP Holding Company               | 1,691,485                   |
| Valeant Pharmaceuticals International | 991,889                     | Watco Companies, L.L.C.          | 1,005,000                   |
|                                       | 4,280,973                   | XPO Logistics, Inc.              | 480,113                     |
| PUBLISHING/PRINTING - 0.31%           |                             |                                  | 10,185,206                  |
| Newark Group, Inc.                    | 904,782                     | UTILITIES - 2.11%                |                             |
|                                       |                             | Ameren Corporation               | 4,399,745                   |
| RETAIL STORES - 0.16%                 |                             | Calpine Corporation              | 679,875                     |
| Ferrellgas Partners, L.P              | 453,375                     | NRG Energy, Inc.                 | 1,025,625                   |
|                                       |                             |                                  | 6,105,245                   |
|                                       |                             | WASTE                            |                             |
| TECHNOLOGY - 0.90%                    |                             | MANAGEMENT/POLLUTION -           |                             |
| First Data Corporation                | 752,375                     | 1.88%                            |                             |
| Sencore Holding Company               | 530,435                     | Aquilex Holdings LLC             | 292,236                     |
| Smart Source Holdings LLC             | 1,091,358                   | MES Partners, Inc.               | 2,613,495                   |
| Triple Point Technology, Inc.         | 222,932                     | Terra Renewal LLC                | 613,982                     |
|                                       | 2,597,100                   | Torrent Group Holdings, Inc.     | 1,906,167                   |
|                                       |                             |                                  | 5,425,880                   |
|                                       |                             | Total Investments - 106.21%      | \$ 306,654,227              |

See Notes to Consolidated Financial Statements



Babson Capital Corporate Investors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

1. History

Babson Capital Corporate Investors (the “Trust”) commenced operations in 1971 as a Delaware corporation. Pursuant to an Agreement and Plan of Reorganization dated November 14, 1985, approved by shareholders, the Trust was reorganized as a Massachusetts business trust under the laws of the Commonwealth of Massachusetts, effective November 28, 1985.

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 maintain a portfolio of securities providing a fixed yield and at the same time offering an opportunity for capital gains. The Trust’s principal investments are privately placed, below-investment grade, long-term debt obligations. Such direct placement securities may, in some cases, be accompanied by equity features such as common stock, warrants, conversion rights, or other equity features and, occasionally, preferred stocks. The Trust typically purchases these investments, which are not publicly tradable, directly from their issuers in private placement transactions. These investments are typically mezzanine debt instruments with accompanying private equity securities made to small or middle market companies. In addition, the Trust may invest, subject to certain limitations, in marketable investment grade debt securities, other marketable debt securities (including high yield securities) and marketable common stocks. 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.

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

Determination of Fair Value

The determination of the fair value of the Trust’s investments is the responsibility of the Trust’s Board of Trustees (the “Trustees”). The Trustees have adopted procedures for the valuation of the Trust’s securities and has delegated responsibility for applying those procedures to Babson Capital. Babson Capital has established a Pricing Committee which is responsible for setting the guidelines used in following the procedures adopted by the Trustees and ensuring that those guidelines are being followed. Babson Capital considers all relevant factors that are reasonably available, through either public information or information directly available to Babson Capital, when determining the fair value of a security. 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 approving valuations, the Trustees will consider reports by Babson Capital analyzing each portfolio security in accordance with the procedures and guidelines referred to above, which include the relevant factors referred to below. 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 \$191,847,957 (66.45% of net assets) as of September 30, 2014 whose values have been estimated by the Trustees based on the process described above 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.

Following is a description of valuation methodologies used for assets recorded at fair value.

Corporate Public Securities – Corporate Bonds, Preferred Stocks and Common Stocks

consequences of the CI 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 ("U.S. GAAP").

### A. Fair Value Measurements:

Under U.S. GAAP, fair value represents the price that should be received to sell an asset (exit price) in an orderly transaction between willing market participants at the measurement date.

The Trust uses external independent third-party pricing services to determine the fair values of its Corporate Public Securities. At September 30, 2014, 100% of the carrying value of these investments was from external pricing services. In the event that the primary pricing service does not provide a price, the Trust utilizes the pricing provided by a secondary pricing service.

Public debt securities generally trade in the over-the-counter market rather than on a securities exchange. The Trust's pricing services use multiple valuation techniques to determine fair value. In instances where significant market activity exists, the pricing services may utilize a market based approach through which quotes from market makers are used to determine fair value. In instances where significant market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, option adjusted spreads, credit spreads, estimated default rates, coupon rates, anticipated timing of principal underlying prepayments, collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Unaudited)

The Trust's investments in bank loans are normally valued at the bid quotation obtained from dealers in loans by an independent pricing service in accordance with the Trust's valuation policies and procedures approved by the Trustees.

Public equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sales price of that day.

Annually, Babson Capital conducts reviews of the primary pricing vendors to validate that the inputs used in that vendors' pricing process are deemed to be market observable as defined in the standard. While Babson Capital is not provided access to proprietary models of the vendors, the reviews have included on-site walk-throughs of the pricing process, methodologies and control procedures for each asset class and level for which prices are provided. The review also includes an examination of the underlying inputs and assumptions for a sample of individual securities across asset classes, credit rating levels and various durations, a process Babson Capital continues to perform annually. In addition, the pricing vendors have an established challenge process in place for all security valuations, which facilitates identification and resolution of prices that fall outside expected ranges. Babson Capital believes that the prices received from the pricing vendors are representative of prices that would be received to sell the assets at the measurement date (exit prices) and are classified appropriately in the hierarchy.

Corporate Restricted Securities – Corporate Bonds

The fair value of certain notes is determined using an internal model that discounts the anticipated cash flows of those notes using a specific discount rate. Changes to that discount rate are driven by changes in general interest rates, probabilities of default and credit adjustments. The discount rate used within the models to discount the future anticipated cash flows is considered a significant unobservable input. Significant increases/(decreases) in the discount rate would result in a significant (decrease)/increase to the notes' fair value.

To estimate a company's enterprise value, the company's trailing twelve months earnings before interest, taxes, depreciation and amortization ("EBITDA") is multiplied by a valuation multiple. A discount for lack of marketability is applied to the end result.

Both the company's EBITDA and valuation multiple are considered significant unobservable inputs.

Short-Term Securities

Short-term securities, of sufficient credit quality, with more than sixty days to maturity are valued at fair value, using external independent third-party services. Short-term securities having a maturity of sixty days or less are valued at amortized cost, which approximates fair value.

Quantitative Information about Level 3 Fair Value Measurements

The following table represents quantitative information about Level 3 fair value measurements as of September 30, 2014.

Fair Values Hierarchy

| Valuation Technique | Unobservable Inputs | Range | Weighted Average |
|---------------------|---------------------|-------|------------------|
|---------------------|---------------------|-------|------------------|



The fair value of certain distressed notes is based on an enterprise waterfall methodology which is discussed in the equity security valuation section below.

Corporate Restricted Securities – Common Stock, Preferred Stock and Partnerships & LLC’s

The fair value of equity securities is determined using an enterprise waterfall methodology. Under this methodology, the enterprise value of the company is first estimated and that value is then allocated to the company’s outstanding debt and equity securities based on the documented priority of each class of securities in the capital structure. Generally, the waterfall proceeds from senior debt tranches of the capital structure to senior then junior subordinated debt, followed by each class of preferred stock and finally the common stock.

|                   |                       |                                    |                                  |                |
|-------------------|-----------------------|------------------------------------|----------------------------------|----------------|
| Corporate Bonds   | Discounted Cash Flows | Discount Rate                      | 9.9% to 20.7%                    | 13.8%          |
| Equity Securities | Market Approach       | Valuation Multiple                 | 4.4x to 11.5x                    | 7.5x           |
|                   |                       | Discount for lack of marketability | 0% to 24%                        | 5.9%           |
|                   |                       | EBITDA                             | \$0.1 million to \$137.0 million | \$22.1 million |

The Trust categorizes its investments measured at fair value in three levels, based on the inputs and assumptions used to determine fair value. These levels are as follows:

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Trust’s own assumptions in determining the fair value of investments)

## Babson Capital Corporate Investors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
(Unaudited)

The following is a summary of the inputs used to value the Trust's net assets as of September 30, 2014:

| Assets                | Total          | Level 1      | Level 2        | Level 3        |
|-----------------------|----------------|--------------|----------------|----------------|
| Restricted Securities |                |              |                |                |
| Corporate Bonds       | 188,764,703    | -            | 51,271,374     | 137,493,329    |
| Common Stock - U.S.   | 23,009,754     | -            | -              | 23,009,754     |
| Preferred Stock       | 11,506,891     | -            | 143,134        | 11,363,757     |
| Partnerships and LLCs | 19,981,117     | -            | -              | 19,981,117     |
| Public Securities     |                |              |                |                |
| Bank Loans            | 2,894,755      | -            | 2,894,755      | -              |
| Corporate Bonds       | 55,057,454     | -            | 55,057,454     | -              |
| Common Stock - U.S.   | 1,039,808      | 1,039,808    | -              | -              |
| Preferred Stock       | -              | -            | -              | -              |
| Short-term Securities | 4,399,745      | -            | 4,399,745      | -              |
| Total                 | \$ 306,654,227 | \$ 1,039,808 | \$ 113,766,462 | \$ 191,847,957 |

See information disaggregated by security type and industry classification in the Consolidated Schedule of Investments.

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

| Assets                | Beginning balance at 12/31/2013 | Included in   |               |                | Prepayments    | Transfers in and /or out of Level 3 | Ending balance at 09/30/2014 |
|-----------------------|---------------------------------|---------------|---------------|----------------|----------------|-------------------------------------|------------------------------|
|                       |                                 | earnings      | Purchases     | Sales          |                |                                     |                              |
| Restricted Securities |                                 |               |               |                |                |                                     |                              |
| Corporate Bonds       | \$ 136,364,924                  | \$ 5,594,086  | \$ 22,195,861 | \$(8,442,845 ) | \$(18,218,697) | \$-                                 | \$ 137,493,329               |
| Common Stock - U.S.   | 23,299,991                      | 5,185,137     | 1,977,907     | (7,453,281 )   | -              | -                                   | 23,009,754                   |
| Preferred Stock       | 14,778,114                      | 574,637       | (241,967 )    | (3,747,027 )   | -              | -                                   | 11,363,757                   |
| Partnerships and LLCs | 21,275,734                      | 403,243       | 3,521,006     | (4,948,866 )   | -              | -                                   | 19,981,117                   |
| Public Securities     |                                 |               |               |                |                |                                     |                              |
| Common Stock          | -                               | -             | -             | -              | -              | -                                   | -                            |
| Total                 | \$ 195,718,763                  | \$ 11,757,103 | \$ 27,182,807 | \$(24,592,019) | \$(18,218,697) | \$-                                 | \$ 191,847,957               |

There were no transfers into or out of Level 1 or Level 2 assets.

Income, Gains and Losses included in Net Increase in Net Assets resulting from operations for the year are presented in the following accounts on the Statement of Operation:

|   | Net Increase in Net<br>Assets Resulting<br>from<br>Operations | Change in Unrealized<br>Gains & (Losses) in Net<br>Assets from assets still<br>held |
|---|---|---|
| Interest (Amortization)   | \$ 521,778  | -   |
| Net Realized Gain on Investments before<br>Taxes                      | \$ 7,684,099  | -   |
| Net Change in Unrealized Depreciation of<br>Investments Before Taxes. | \$ 3,551,226  | 10,486,296  |

Babson Capital Corporate Investors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Unaudited)

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 U.S. GAAP 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<sup>3</sup> 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 the 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

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of the existing assets and liabilities and their respective tax basis. As of September 30, 2014, the CI Subsidiary Trust has a deferred tax liability of \$553,014.

The Trust recognizes a tax benefit from an uncertain position only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority’s widely understood administrative practices and precedents. If this threshold is met, the Trust measures the tax benefit as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Trust has evaluated and determined that the tax positions did not have a material effect on the Trust’s financial position and results of operations for the nine months ended September 30, 2014.

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.

Investment Services Contract

A. Services:

Under an Investment Services Contract (the “Contract”) with the Trust, Babson Capital agrees 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.

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 CI Subsidiary Trust (described in Footnote 1 above) was formed in order to allow investment in such securities without adversely affecting the Trust's status as a regulated investment company.

The CI Subsidiary Trust is not taxed as a regulated investment company. Accordingly, prior to the Trust receiving any distributions from the CI Subsidiary Trust, all of the CI Subsidiary Trust's taxable income and realized gains, including non-qualified income and realized gains, is subject to taxation at prevailing corporate tax rates. As of September 30, 2014, the CI Subsidiary Trust has incurred income tax expense of \$241,136.

**B. Fee:**

For its services under the Contract, Babson Capital is paid a quarterly investment advisory fee of 0.3125% of the net asset value of the Trust as of the last business day of each fiscal quarter, which is approximately equal to 1.25% annually. 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.

## Babson Capital Corporate Investors

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Unaudited)

## 4. Senior Secured Indebtedness

MassMutual holds the Trust's \$30,000,000 Senior Fixed Rate Convertible Note (the "Note") issued by the Trust on November 15, 2007. The Note is due November 15, 2017 and accrues interest at 5.28% 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, 2014, the Trust incurred total interest expense on the Note of \$1,188,000.

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.

## 6. Quarterly Results of Investment Operations (Unaudited)

|  | March 31, 2014     | Per Share |
|--|--------------------|-----------|
|  | Amount             |           |
| Investment income  | \$ 7,550,489       |           |
| Net investment income  | 5,937,333          | \$ 0.31   |
| Net realized and unrealized gain on investments (net of taxes) | 2,149,186          | 0.11      |
|  | June 30, 2014      | Per Share |
|  | Amount             |           |
| Investment income  | \$ 6,973,819       |           |
| Net investment income  | 5,430,279          | \$ 0.28   |
| Net realized and unrealized gain on investments (net of taxes) | 10,131,390         | 0.52      |
|  | September 30, 2014 | Per Share |
|  | Amount             |           |
| Investment income  | \$ 8,508,910       |           |
| Net investment income  | 6,973,871          | \$ 0.36   |
| Net realized and unrealized gain on investments (net of taxes) | (474,585)          | (0.02)    |

## 5. Purchases and Sales of Investments

|                                 | For the nine<br>months ended<br>09/30/14 |   |
|---------------------------------|--|---|
|                                 | Cost of<br>Investments<br>Acquired       | Proceeds from<br>Sales or<br>Maturities |
| Corporate restricted securities | \$ 58,227,279                            | \$ 50,353,724                           |
| Corporate public securities     | 14,944,147                               | 12,045,476                              |

The aggregate cost of investments is substantially the same for financial reporting and Federal income tax purposes as of September 30, 2014. The net unrealized appreciation of investments for financial reporting and Federal tax purposes as of September 30, 2014 is \$3,296,375 and consists of \$35,222,644 appreciation and \$31,926,269 depreciation.

Net unrealized appreciation of investments on the Statement of Assets and Liabilities reflects the balance net of a deferred tax accrual of \$553,014 on net unrealized gains on the CI Subsidiary Trust.

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Babson Capital Corporate Investors

**JOINT PRIVACY NOTICE OF BABSON CAPITAL MANAGEMENT LLC, BABSON CAPITAL SECURITIES LLC, BABSON CAPITAL CORPORATE INVESTORS AND BABSON CAPITAL PARTICIPATION INVESTORS**

When you use Babson Capital Management LLC (“Babson Capital”) as your investment adviser, invest in Babson Capital Corporate Investors or Babson Capital Participation Investors (collectively, the “Funds”), or use Babson Capital Securities LLC, you entrust us not only with your hard-earned assets but also with your personal and financial data. We consider your data to be private and confidential, and protecting its confidentiality is important to us. Our policies and procedures regarding your personal information are summarized below.

We may collect non-public personal information about you from:

Applications or other forms, interviews, or by other means;

Consumer or other reporting agencies, government agencies, employers or others;

Your transactions with us, our affiliates, or others; and

Our Internet website.

We may share the financial information we collect with our financial service affiliates, such as insurance companies, investment companies and securities broker-dealers. Additionally, so that we may continue to offer you products and services that best meet your investment needs and to effect transactions that you request or authorize, we may disclose the information we collect, as described above, to companies that perform administrative or marketing services on our behalf, such as transfer agents, custodian banks, service providers or printers and mailers that assist us in the distribution of investor materials or that provide operational support to Babson Capital entities. These companies are required to protect this information and will use this information only for the services for which we hire them, and are not permitted to use or share this information for any other purpose. Some of these companies may perform such services in jurisdictions other than the United States. We may share some or all of the information we collect with other financial institutions with whom we jointly market products. This may be done only if it is permitted in the state in which you live. Some disclosures may be limited to your name, contact and transaction information with us or our affiliates.

Any disclosures will be only to the extent permitted by federal and state law. Certain disclosures may require us to get an “opt-in” or “opt-out” from you. If this is required, we will do so before information is shared. Otherwise, we do not share any personal information about our customers or former customers unless authorized by the customer or as permitted by law.

We restrict access to personal information about you to those employees who need to know that information to provide products and services to you. We maintain physical, electronic and procedural safeguards that comply with legal standards to guard your personal information. As an added measure, we do not include personal or account information in non-secure e-mails that we send you via the Internet without your prior consent. We advise you not to send such information to us in non-secure e-mails.

This joint notice describes the privacy policies of Babson Capital, the Funds and Babson Capital Securities LLC. It applies to all Babson Capital and the Funds accounts you presently have, or may open in the future, using your social security number or federal taxpayer identification number – whether or not you remain a shareholder of our Funds or as

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an advisory client of Babson Capital. As mandated by rules issued by the Securities and Exchange Commission, we will be sending you this notice annually, as long as you own shares in the Funds or have an account with Babson Capital.

Babson Capital Securities LLC is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Investors may obtain information about SIPC including the SIPC brochure by contacting SIPC online at [www.sipc.org](http://www.sipc.org) or calling (202)-371-8300. Investors may obtain information about FINRA including the FINRA Investor Brochure by contacting FINRA online at [www.finra.org](http://www.finra.org) or calling (800) 289-9999.

Members of the Board of Trustees

DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

- William J. Barrett
- Michael H. Brown\*
- Barbara M. Ginader
- Edward P. Grace III
- Robert E. Joyal
- Clifford M. Noreen
- Susan B. Sweeney\*
- Maleyne M. Syracuse\*

Babson Capital Corporate Investors (the “Trust”) offers a Dividend Reinvestment and Share Purchase Plan (the “Plan”). The Plan provides a simple way for shareholders to add to their holdings in the Trust through the receipt of dividend shares issued by the Trust or through the investment of cash dividends in Trust shares purchased in the open market. A shareholder may join the Plan by filling out and mailing an authorization card to DST Systems, Inc., the Transfer Agent.

Participating shareholders will continue to participate until they notify the Transfer Agent, in writing, of their desire to terminate participation. Unless a shareholder elects to participate in the Plan, he or she will, in effect, have elected to receive dividends and distributions in cash. 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 \$10 nor more than \$5,000 per quarter. Cash contributions must be received by the Transfer Agent at least five days (but no more than 30 days) before the payment date of a dividend or distribution.

\*Member of the Audit Committee

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.

Officers

- Clifford M. Noreen  
Chairman
- Michael L. Klofas  
President
- James M. Roy  
Vice President & Chief Financial Officer
- Christopher A. DeFrancis  
Vice President, Secretary & Chief Legal Officer
- Sean Feeley  
Vice President
- Richard E. Spencer, II  
Vice President
- Daniel J. Florence  
Treasurer

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

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

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

Any questions regarding the Plan should be addressed to DST Systems, Inc., Transfer Agent for Babson Capital Corporate Investors’ Dividend Reinvestment and Share Purchase Plan, P.O. Box 219086, Kansas City, MO 64121-9086.

Melissa M. LaGrant  
Chief Compliance Officer

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Babson Capital  
Corporate Investors



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