

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

MASSMUTUAL PARTICIPATION INVESTORS  
Form N-CSRS  
September 04, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES

Investment Company Act file number 811-5531  
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MassMutual Participation Investors  
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(Exact name of registrant as specified in charter)

1500 Main Street, Suite 600, Springfield, MA 01115-5189  
-----

(Address of principal executive offices)

(Zip code)

Rodney J. Dillman, Vice President and Secretary  
1500 Main Street, Suite 2800, Springfield, MA 01115-5189  
-----

(Name and address of agent for service)

Registrant's telephone number, including area code: 413-226-1000  
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Date of fiscal year end: 12/31  
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Date of reporting period: 6/30/07  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORT TO STOCKHOLDERS.

Attached hereto is the semi-annual shareholder report transmitted to shareholders pursuant to Rule 30e-1 of the Investment Company Act of

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1940, as amended.

MASSMUTUAL  
PARTICIPATION INVESTORS

Report for the  
Six Months Ended June 30, 2007

[LOGO]

ADVISER

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP  
Boston, Massachusetts 02110

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COUNSEL TO THE TRUST

Ropes & Gray LLP  
Boston, Massachusetts 02110

CUSTODIAN

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

TRANSFER AGENT & REGISTRAR

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

INTERNET WEBSITE

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

[LOGO] MassMutual Participation Investors  
c/o Babson Capital Management LLC  
1500 Main Street, PO Box 15189  
Springfield, Massachusetts 01115-5189  
(413) 226-1516

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### INVESTMENT OBJECTIVE AND POLICY

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

The Trust's investment objective is to maximize total return by providing a high level of current income, the potential for growth of income, and capital appreciation. The Trust's principal investments are privately placed, below-investment grade, long-term corporate debt obligations purchased directly from their issuers, in private placement transactions. These investments are typically mezzanine debt investments with accompanying private equity securities made to small or middle market companies. At least half of these investments normally include equity features such as common stocks, warrants, conversion rights, or other equity features that provide the Trust with the opportunity to realize capital gains. The Trust will also invest in publicly traded debt securities (including high yield securities), again with an emphasis on those with equity features, and in convertible preferred stocks and, subject to certain limitations, readily marketable equity securities. In addition, the Trust may temporarily invest in high quality, readily marketable securities.

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

FORM N-Q

The Trust files its complete schedule of portfolio holdings with the U.S.

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

### PROXY VOTING POLICIES & PROCEDURES; PROXY VOTING RECORD

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

MPV  
Listed  
NYSE

### TO OUR SHAREHOLDERS

July 31, 2007

We are pleased to present the June 30, 2007 Semi-Annual Report of MassMutual Participation Investors (the "Trust").

The Board of Trustees declared a quarterly dividend of 25 cents per share, payable on August 10, 2007 to shareholders of record on July 27, 2007. The Trust had previously paid a 25 cent per share dividend for the preceding quarter.

U.S. equity markets, as measured by several broad market indices, posted robust returns for the quarter ended June 30, 2007. Large stocks, as approximated by the Dow Jones Industrial Average, increased 9.11%. Smaller stocks, as approximated by the Russell 2000 Index, increased 4.41%. For the six months ended June 30, 2007, returns were 8.75% and 6.45% for the Dow Jones Industrial Average and Russell 2000 Index, respectively. U.S. fixed income markets, as measured by several broad market indices posted weak results during the quarter. The Lehman Brothers Government/Credit Index decreased 0.49% for the quarter while the Lehman Brothers U.S. Corporate High Yield Index increased 0.22% for the quarter ended June 30, 2007. For the six months ended June 30, 2007, returns were 0.97% and 2.87% for the Lehman Brothers Government/Credit Index and the Lehman Brothers U.S. Corporate High Yield Index, respectively.

The mezzanine and private equity markets in which the Trust invests continue to be competitive. Valuations and leverage levels have been at or near their highest levels since the late 1980's. Merger and acquisition activity has been very robust and fundraising efforts in the private equity fund space continue to break records. All of this adds up to a challenging market for providers of mezzanine and private equity capital, such as the Trust. We have been through these cycles before and we believe that it is particularly important to continue to employ the same disciplined investment strategy that has served us well over the years.

During the quarter ended June 30, 2007, the Trust made private placement investments in five new issuers and two "follow-on" investments, totaling

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approximately \$4.1 million. The follow-on investments purchased by the Trust were Transtar Holding Company and NABCO, Inc. The five new issuers were Electra Bicycle Company, Inc., Mail Communications Group, Inc., Pacific Consolidated Holdings LLC, Visioneering, Inc. and Workplace Media Holding Co. The weighted average coupon of these investments was 11.91%. (A brief description of these investments can be found in the Consolidated Schedule of Investments.)

During the quarter ended June 30, 2007, net assets of the Trust increased to \$130,184,597 or \$13.22 per share compared to \$130,015,397 or \$13.22 per share on March 31, 2007, which translates into a 1.90% total return for the quarter, based on the change in the Trust's net assets assuming the reinvestment of all dividends. Long term, the Trust returned 11.71%, 18.11% and 13.53% for the 1-, 5- and 10-year time periods ended June 30, 2007, respectively, based on the change in the Trust's net assets assuming the reinvestment of all dividends. The Trust earned 32 cents per share of net investment income for the quarter, of which 5 cents per share was from nonrecurring items, compared to 25 cents per share in the previous quarter.

During the quarter ended June 30, 2007, the market price of the trust declined 9.0% from \$16.21 per share to \$14.75 per share, which translates into a -7.51% total return for the quarter, based on the change in the Trust's market value assuming reinvestment of all dividends. Long term, the Trust returned 10.83%, 18.03% and 15.89% for the 1-, 5- and 10-year time periods ended June 30, 2007, respectively, based on a change in the Trust's market value assuming the reinvestment of all dividends. The Trust's market price of \$14.75 per share equates to an 11.6% premium over the June 30, 2007 NAV per share. The Trust's average quarter-end premium for the 1-, 5- and 10-year periods ended June 30, 2007 was 15.4%, 11.8% and 6.1%, respectively.

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

Sincerely,  
Clifford M. Noreen  
President

Portfolio Composition as of 06/30/07\*  
\*Based on market value of total investments

Public Equity 0.7%

Public High Yield Debt 20.3%

Private Investment Grade Debt 4.7%

Private/Restricted Equity 17.7%

Cash & Short Term Investments 4.3%

Private High Yield Debt 52.3%

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CONSOLIDATED STATEMENT OF  
ASSETS AND LIABILITIES

MASSMUTUAL PARTICIPATION INVESTORS

June 30, 2007  
(Unaudited)

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Assets:

Investments

(See Consolidated Schedule of Investments)

|   |                |
|---|----------------|
| Corporate restricted securities at fair value<br>(Cost - \$104,411,324) | \$ 103,962,869 |
| Corporate public securities at market value<br>(Cost -\$28,867,523)     | 29,174,130     |
| Short-term securities at amortized cost                                 | 5,522,320      |
|   | -----          |
| Cash  | 503,910        |
| Interest receivable   | 3,036,902      |
| Receivable for investments sold   | 1,260,355      |
| Other assets  | 12,598         |
|   | -----          |
| TOTAL ASSETS  | \$ 143,473,084 |
|   | -----          |

Liabilities:

|                                   |                |
|-----------------------------------|----------------|
| Payable for investments purchased | \$ 466,874     |
| Investment advisory fee payable   | 292,915        |
| Note payable                      | 12,000,000     |
| Interest payable                  | 96,495         |
| Accrued expenses                  | 104,249        |
| Accounts payable                  | 24,243         |
| Accrued taxes payable             | 303,711        |
|                                   | -----          |
| TOTAL LIABILITIES                 | 13,288,487     |
|                                   | -----          |
| TOTAL NET ASSETS                  | \$ 130,184,597 |
|                                   | =====          |

NET ASSETS:

|  |                |
|--|----------------|
| Common shares, par value \$.01 per share; an unlimited number authorized | \$ 98,458      |
| Additional paid-in capital   | 91,558,536     |
| Retained net realized gain on investments, prior years                   | 32,187,872     |
| Undistributed net investment income                                      | 4,121,460      |
| Accumulated net realized gain on investments                             | 2,545,072      |
| Net unrealized depreciation of investments                               | (326,801)      |
|  | -----          |
| TOTAL NET ASSETS   | \$ 130,184,597 |
|  | =====          |
| COMMON SHARES ISSUED AND OUTSTANDING                                     | 9,845,812      |
|  | =====          |
| NET ASSET VALUE PER SHARE  | \$ 13.22       |
|  | =====          |

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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CONSOLIDATED STATEMENT OF OPERATIONS

MASSMUTUAL PARTICIPATION INVESTORS

For the six months ended June 30, 2007  
(Unaudited)

Investment Income:

|           |              |
|-----------|--------------|
| Interest  | \$ 6,275,849 |
| Dividends | 449,725      |
| Other     | 29,343       |

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|   |              |
|---|--------------|
| TOTAL INVESTMENT INCOME   | 6,754,917    |
| Expenses:   |              |
| Investment advisory fees  | 585,450      |
| Interest  | 364,914      |
| Professional fees   | 64,800       |
| Trustees' fees and expenses                                       | 60,000       |
| Reports to shareholders   | 45,000       |
| Transfer agent/registrar's expenses                               | 8,000        |
| Other   | 76,018       |
|   | 1,204,182    |
| TOTAL EXPENSES  | 1,204,182    |
| INVESTMENT INCOME - net   | 5,550,735    |
| Net realized and unrealized gain (loss) on investments:           |              |
| Net realized gain on investments before taxes                     | 2,500,552    |
| Income tax expense  | (62,851)     |
| Net realized gain on investments                                  | 2,437,701    |
| Net change in unrealized appreciation of investments before taxes | (2,672,135)  |
| Net change in deferred income tax expense                         | 199,273      |
| Net change in unrealized appreciation of investments              | (2,472,862)  |
| NET LOSS ON INVESTMENTS   | (35,161)     |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS              | \$ 5,515,574 |

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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### CONSOLIDATED STATEMENT OF CASH FLOWS

### MASSMUTUAL PARTICIPATION INVESTORS

For the six months ended June 30, 2007  
(Unaudited)

|   |              |
|---|--------------|
| NET DECREASE IN CASH:   |              |
| Cash flows from operating activities:                                   |              |
| Interest, dividends, and other received                                 | \$ 6,358,124 |
| Interest expense paid   | (357,352)    |
| Operating expenses paid   | (832,657)    |
| Income taxes paid   | (3,519,168)  |
|   | 1,648,947    |
| NET CASH PROVIDED BY OPERATING ACTIVITIES                               |              |
| Cash flows from investing activities:                                   |              |
| Purchases/Proceeds/Maturities from short-term portfolio securities, net | 1,482,462    |
| Purchases of portfolio securities                                       | (16,585,826) |
| Proceeds from disposition of portfolio securities                       | 17,769,069   |
|   | 2,665,705    |
| NET CASH PROVIDED BY INVESTING ACTIVITIES                               |              |
| NET CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES                 |              |
|   | 4,314,652    |

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|  |              |
|--|--------------|
| Cash flows from financing activities:  |              |
| Cash dividends paid from net investment income   | (6,969,848)  |
| Cash dividends paid from net realized gain on investments  | (96,562)     |
| Receipts for shares issued on reinvestment of dividends  | 611,933      |
|  | -----        |
| NET CASH USED FOR FINANCING ACTIVITIES   | (6,454,477)  |
|  | -----        |
| NET DECREASE IN CASH   | (2,139,825)  |
| Cash - beginning of year   | 2,643,735    |
|  | -----        |
| CASH - END OF PERIOD   | \$ 503,910   |
|  | =====        |
| RECONCILIATION OF NET INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES: |              |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS   | \$ 5,515,574 |
|  | -----        |
| Decrease in investments  | 3,038,758    |
| Increase in interest receivable  | (36,076)     |
| Increase in receivable for investments sold  | (1,003,863)  |
| Increase in other assets   | (12,598)     |
| Increase in payable for investments purchased  | 466,874      |
| Increase in investment advisory fee payable  | 8,256        |
| Increase in interest payable   | 7,562        |
| Decrease in accrued expenses   | (38,488)     |
| Increase in accounts payable   | 24,243       |
| Decrease in accrued taxes payable  | (3,655,590)  |
|  | -----        |
| Total adjustments to net assets from operations  | (1,200,922)  |
|  | -----        |
| Net cash provided by operating and investing activities  | \$ 4,314,652 |
|  | =====        |

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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CONSOLIDATED STATEMENTS OF  
CHANGES IN NET ASSETS

MASSMUTUAL PARTICIPATION INVESTORS

For the six  
months ended  
06/30/2007  
(Unaudited)

INCREASE IN NET ASSETS:

OPERATIONS:

|  |              |
|--|--------------|
| Investment income - net                              | \$ 5,550,735 |
| Net realized gain on investments                     | 2,437,701    |
| Net change in unrealized appreciation of investments | (2,472,862)  |
|  | -----        |
| Net increase in net assets resulting from operations | 5,515,574    |

Increase from common shares issued on reinvestment of dividends



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|  |                |
|--|----------------|
| Common shares issued (2007 - 40,530; 2006 - 61,052)  | 611,933        |
| Dividends to shareholders from:  |                |
| Net investment income (2007 - \$0.25 per share; 2006 - \$1.18 per share)   | (2,457,923)    |
| Net realized gains on investments (2006 - \$0.01 per share)  | --             |
|  | -----          |
| TOTAL INCREASE IN NET ASSETS   | 3,669,584      |
| NET ASSETS, BEGINNING OF YEAR  | 126,515,013    |
|  | -----          |
| NET ASSETS, END OF PERIOD (including undistributed net investment income of \$4,121,460 and \$1,028,648, respectively) | \$ 130,184,597 |
|  | =====          |

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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### CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS      MASSMUTUAL PARTICIPATION INVESTORS

Selected data for each share of beneficial interest outstanding:

|  | For the six<br>months ended<br>06/30/2007<br>(Unaudited) | For the years ended |          |          |
|--|--|---------------------|----------|----------|
|  | -----  | 2006                | 2005     | 2004     |
|  | -----  | -----               | -----    | -----    |
| Net asset value:   |  |                     |          |          |
| Beginning of year  | \$ 12.90   | \$ 12.21            | \$ 11.13 | \$ 9.00  |
|  | -----  | -----               | -----    | -----    |
| Net investment income (a)  | 0.57   | 1.10                | 0.99     | 1.00     |
| Net realized and unrealized gain (loss) on investments                 | (0.00) (b)   | 0.77                | 1.09 (c) | 1.00     |
|  | -----  | -----               | -----    | -----    |
| Total from investment operations                                       | 0.57   | 1.87                | 2.08     | 2.00     |
|  | -----  | -----               | -----    | -----    |
| Dividends from net investment income to common shareholders            | (0.25)   | (1.18)              | (1.01)   | (1.00)   |
| Dividends from net realized gain on investments to common shareholders | --   | (0.01)              | --       | --       |
| Increase from dividends reinvested                                     | --   | 0.01                | 0.01     | 0.00     |
|  | -----  | -----               | -----    | -----    |
| Total dividends  | (0.25)   | (1.18)              | (1.00)   | (1.00)   |
|  | -----  | -----               | -----    | -----    |
| Net asset value:   |  |                     |          |          |
| End of period/year   | \$ 13.22   | \$ 12.90            | \$ 12.21 | \$ 11.00 |
|  | -----  | -----               | -----    | -----    |
| Per share market value:  |  |                     |          |          |
| End of period/year   | \$ 14.75   | \$ 14.70            | \$ 14.05 | \$ 13.00 |
|  | =====  | =====               | =====    | =====    |
| Total investment return  |  |                     |          |          |
| Market value   | 1.99%  | 16.81%              | 17.25%   | 25.00%   |

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|  |    |           |           |           |           |
|--|----|-----------|-----------|-----------|-----------|
| Net asset value (d)  |    | 4.43%     | 18.64%    | 22.51%    | 25.00%    |
| Net assets (in millions):  |    |           |           |           |           |
| End of period/year   | \$ | 130.18    | \$ 126.52 | \$ 119.02 | \$ 107.00 |
| Ratio of operating expenses to average net assets                        |    | 1.31% (e) | 1.17%     | 1.45%     | 1.00%     |
| Ratio of interest expense to average net assets                          |    | 0.57% (e) | 0.57%     | 0.80%     | 0.00%     |
| Ratio of total expenses before custodian reduction to average net assets |    | 1.88% (e) | 1.78%     | 2.28%     | 2.00%     |
| Ratio of net expenses after custodian reduction to average net assets    |    | 1.88% (e) | 1.74%     | 2.25%     | 2.00%     |
| Ratio of net investment income to average net assets                     |    | 8.67% (e) | 8.43%     | 8.45%     | 9.00%     |
| Portfolio turnover   |    | 12.68%    | 34.14%    | 31.50%    | 51.00%    |

- (a) Calculated using average shares.
- (b) Net realized and unrealized loss rounds to \$(0.00) per share.
- (c) Amount includes \$0.10 per share in litigation proceeds.
- (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) Annualized.

|  |    |        |           |           |          |
|--|----|--------|-----------|-----------|----------|
| Senior securities:                         |    |        |           |           |          |
| Total principal amount (in millions)       | \$ | 12     | \$ 12     | \$ 12     | \$ 22    |
| Asset coverage per \$1,000 of indebtedness | \$ | 11,849 | \$ 11,543 | \$ 10,918 | \$ 5,700 |

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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CONSOLIDATED SCHEDULE OF INVESTMENTS  
June 30, 2007  
(Unaudited)

MASSMUTUAL PARTICIPATION INVESTORS

|  | Shares, Units,<br>Warrants,<br>Ownership or<br>Principal Amount | Acquisition<br>Date |
|--|---|---------------------|
|  | -----   | -----               |
| CORPORATE RESTRICTED SECURITIES - 79.86%:(A) |   |                     |
| PRIVATE PLACEMENT INVESTMENTS - 74.67%       |   |                     |

A T I ACQUISITION COMPANY

A for-profit post-secondary school serving students in Texas, Florida and Arizona.

|  |    |           |          |
|--|----|-----------|----------|
| 12% Senior Subordinated Note due 2012        | \$ | 1,125,000 | 04/08/04 |
| Warrant, exercisable until 2012, to purchase |    |           |          |

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|   |              |          |
|---|--------------|----------|
| common stock at \$.02 per share (B)   | 1,230 shs.   | 04/08/04 |
| Warrant, exercisable until 2012, to purchase preferred stock at \$.01 per share                   | 33,505 shs.  | 03/23/06 |
| <br>  |              |          |
| AERO HOLDINGS, INC.   |              |          |
| A provider of geospatial services to corporate and government clients.                            |              |          |
| 10.5% Senior Secured Term Note due 2014   | \$ 930,000   | 03/09/07 |
| 14% Senior Subordinated Note due 2015   | \$ 720,000   | 03/09/07 |
| Common Stock (B)  | 150,000 shs. | 03/09/07 |
| Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)                  | 37,780 shs.  | 03/09/07 |
| <br>  |              |          |
| AMERICAN HOSPICE MANAGEMENT HOLDING LLC   |              |          |
| A for-profit hospice care provider in the United States.  |              |          |
| 12% Senior Subordinated Note due 2010   | \$ 1,125,000 | 01/22/04 |
| Preferred Class A Unit (B)  | 1,706 uts.   | *        |
| Common Class B Unit (B)   | 16,100 uts.  | 01/22/04 |
| Common Class D Unit (B)   | 3,690 uts.   | 09/12/06 |
| <br>  |              |          |
| ARROW TRU-LINE HOLDINGS, INC.   |              |          |
| A manufacturer of hardware for residential and commercial overhead garage doors in North America. |              |          |
| 12% Senior Subordinated Note due 2012   | \$ 861,702   | 05/18/05 |
| Common Stock (B)  | 263 shs.     | 05/18/05 |
| Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)                  | 69 shs.      | 05/18/05 |
| <br>  |              |          |
| AUGUSTA SPORTSWEAR HOLDING CO.  |              |          |
| A manufacturer and distributor of athletic apparel, activewear and team uniforms.                 |              |          |
| 12% Senior Subordinated Note due 2012   | \$ 893,000   | 12/31/04 |
| Common Stock (B)  | 275 shs.     | **       |
| Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)                  | 73 shs.      | 12/31/04 |
| <br>  |              |          |
| BETA BRANDS LTD.  |              |          |
| A manufacturer of hard candy and chocolate-coated products sold primarily to the Canadian market. |              |          |
| 5% Promissory Note due 2009 (B)   | \$ 96,698    | 03/31/04 |
| Warrant, exercisable until 2009, to purchase common stock at \$.01 per share (B)                  | 2,421 shs.   | 03/31/04 |

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

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)      MASSMUTUAL PARTICIPATION INVESTORS  
 June 30, 2007  
 (Unaudited)

|   | Shares, Units,<br>Warrants,<br>Ownership or<br>Principal Amount | Acquisition<br>Date |
|---|---|---------------------|
|   | -----   | -----               |
| CORPORATE RESTRICTED SECURITIES: (A) (Continued)  |   |                     |
| BRAVO SPORTS HOLDING CORPORATION  |   |                     |
| A designer and marketer of niche branded consumer products including canopies, trampolines, in-line skates, skateboards, and urethane wheels. |   |                     |
| 12.5% Senior Subordinated Note due 2014   | \$ 1,207,902  | 06/30/06            |
| Preferred Stock Class A (B)   | 465 shs.  | 06/30/06            |
| Common Stock (B)  | 1 sh.   | 06/30/06            |
| Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)  | 164 shs.  | 06/30/06            |
| CAPESUCCESS LLC   |   |                     |
| A provider of diversified staffing services.  |   |                     |
| Preferred Membership Interests (B)  | 806 uts.  | 04/29/00            |
| Common Membership Interests (B)   | 10,421 uts.   | 04/29/00            |
| CAPITAL SPECIALTY PLASTICS, INC.  |   |                     |
| A producer of desiccant strips used for packaging pharmaceutical products.  |   |                     |
| Common Stock (B)  | 55 shs.   | *                   |
| COEUR, INC.   |   |                     |
| A producer of proprietary, disposable power injection syringes.   |   |                     |
| 8.75% Senior Secured Term Note due 2010   | \$ 202,899  | 04/30/03            |
| 11.5% Senior Subordinated Note due 2011   | \$ 242,754  | 04/30/03            |
| Common Stock (B)  | 72,464 shs.   | 04/30/03            |
| Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)  | 50,099 shs.   | 04/30/03            |
| COINING CORPORATION OF AMERICA LLC  |   |                     |
| A manufacturer of close tolerance parts and metal stampings.  |   |                     |
| 10.6% Senior Secured Revolving Credit Facility due 2007 (C)   | \$ 49,383   | 01/07/02            |
| 10.6% Senior Secured Tranche A Note due 2007 (C)  | \$ 319,286  | 06/26/01            |
| 13% Senior Secured Tranche B Note due 2008  | \$ 370,370  | 06/26/01            |
| Limited Liability Company Unit  | 185,185 uts.  | 06/26/01            |
| Warrant, exercisable until 2008, to purchase common stock at \$.01 per share (B)  | 61,163 shs.   | 06/26/01            |
| CONNECTICUT ELECTRIC, INC.  |   |                     |
| A supplier and distributor of electrical products sold into the retail and wholesale markets.   |   |                     |
| 12% Senior Subordinated Note due 2014   | \$ 1,267,387  | 01/12/07            |

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|  |             |          |
|--|-------------|----------|
| Limited Liability Company Unit Class A (B) | 82,616 uts. | 01/12/07 |
| Limited Liability Company Unit Class C (B) | 59,756 uts. | 01/12/07 |

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)      MASSMUTUAL PARTICIPATION INVESTORS  
 June 30, 2007  
 (Unaudited)

|  | Shares, Units,<br>Warrants,<br>Ownership or<br>Principal Amount | Acquisition<br>Date |
|--|---|---------------------|
|  |   |                     |
| CORPORATE RESTRICTED SECURITIES: (A) (Continued)   |   |                     |
|  |   |                     |
| CONNOR SPORT COURT INTERNATIONAL, INC.   |   |                     |
| A designer and manufacturer of outdoor and indoor synthetic sports flooring and other temporary flooring products.   |   |                     |
| 12% Senior Subordinated Note due 2012 (D)  | \$ 1,059,417  | *                   |
| Limited Partnership Interest (B)   | 4.43% int.  | **                  |
| Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)   | 92 shs.   | *                   |
|  |   |                     |
| CONSOLIDATED FOUNDRIES HOLDINGS  |   |                     |
| A manufacturer of engineered cast metal components for the global aerospace and defense industries.  |   |                     |
| 12% Senior Subordinated Note due 2013  | \$ 1,157,143  | 06/15/05            |
| Common Stock (B)   | 269 shs.  | ***                 |
| Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)   | 54 shs.   | 06/15/05            |
|  |   |                     |
| COREPHARMA LLC   |   |                     |
| A manufacturer of oral dose generic pharmaceuticals targeted at niche applications.  |   |                     |
| 12% Senior Subordinated Note due 2013  | \$ 1,350,000  | 08/04/05            |
| Warrant, exercisable until 2013, to purchase common stock at \$.001 per share (B)  | 10 shs.   | 08/04/05            |
|  |   |                     |
| DAVIS-STANDARD LLC   |   |                     |
| A manufacturer, assembler, and installer of a broad range of capital equipment that is used in the extrusion, conversion, and processing of plastic materials. |   |                     |
| 12% Senior Subordinated Note due 2014  | \$ 978,261  | 10/30/06            |
| Limited Partnership Interest (B)   | 371,739 uts.  | 10/30/06            |
| Warrant, exercisable until 2014, to purchase preferred stock at \$.01 per share (B)  | 26 shs.   | 10/30/06            |
| Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)   | 18 shs.   | 10/30/06            |

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### DELTACOM

A provider of integrated communications services in the southeastern United States.

|   |              |          |
|---|--------------|----------|
| 13.88% Senior Secured Note due 2009 (C)   | \$ 1,196,190 | 07/26/05 |
| 17.38% Senior Secured Note due 2009 (C)   | \$ 197,602   | 07/26/05 |
| Warrant, exercisable until 2009, to purchase convertible preferred stock at \$.03 per share (B) | 54,468 shs.  | 07/26/05 |

### DEXTER MAGNETICS TECHNOLOGIES, INC.

A designer, fabricator, assembler and distributor of industrial magnets and subassemblies in North America and Europe.

|  |          |          |
|--|----------|----------|
| Common Stock (B)   | 310 shs. | 07/19/01 |
| Warrant, exercisable until 2007, to purchase common stock at \$.01 per share | 157 shs. | 07/19/01 |

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

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

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

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

June 30, 2007

(Unaudited)

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

### DIRECTED ELECTRONICS, INC.

A designer and distributor of brand name automotive security systems, audio products and installation accessories.

|                  |              |   |
|------------------|--------------|---|
| Common Stock (B) | 195,118 shs. | * |
|------------------|--------------|---|

### DIVERSCO, INC./DHI HOLDINGS, INC.

A contract provider of janitorial and equipment maintenance services and temporary production labor to industrial customers.

|   |             |          |
|---|-------------|----------|
| Membership Interests of MM/Lincap   |             |          |
| Diversco Investments Ltd. LLC (B)   | 13.57% int. | 08/27/98 |
| Preferred Stock (B)   | 1,639 shs.  | 12/14/01 |
| Warrants, exercisable until 2011, to purchase common stock of DHI Holdings, Inc. at \$.01 per share (B) | 6,676 shs.  | **       |

### DUNCAN SYSTEMS, INC.

A distributor of windshields and side glass for the recreational vehicle market.

|  |              |          |
|--|--------------|----------|
| 10% Senior Secured Term Note due 2013  | \$ 308,571   | 11/01/06 |
| 13% Senior Subordinated Note due 2014  | \$ 488,572   | 11/01/06 |
| Common Stock (B)   | 102,857 shs. | 11/01/06 |
| Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B) | 32,294 shs.  | 11/01/06 |

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DWYER GROUP, INC.

A franchiser of a variety of home repair services.

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

E X C ACQUISITION CORPORATION

A manufacturer of pre-filled syringes and pump systems used for intravenous drug delivery.

|  |         |          |
|--|---------|----------|
| Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B) | 11 shs. | 06/28/04 |
|--|---------|----------|

EAGLE PACK PET FOODS, INC.

A manufacturer of premium pet food sold through independent pet stores.

|  |            |          |
|--|------------|----------|
| 12% Senior Subordinated Note due 2011  | \$ 803,572 | ****     |
| Warrant, exercisable until 2011, to purchase common stock at \$.02 per share (B) | 2,163 shs. | 09/24/04 |

ELECTRA BICYCLE COMPANY, INC.

A designer and marketer of branded leisure bicycles.

|   |             |          |
|---|-------------|----------|
| 10.5% Senior Secured Term Note A due 2009   | \$ 145,749  | 04/12/07 |
| 10.5% Senior Secured Term Note B due 2012   | \$ 437,247  | 04/12/07 |
| 12% Senior Secured Term Note C due 2012     | \$ 291,498  | 04/12/07 |
| Limited Liability Company Unit Series F (B) | 36,913 uts. | 04/12/07 |
| Limited Liability Company Unit Series G (B) | 2,852 uts.  | 04/12/07 |

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

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

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

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
June 30, 2007  
(Unaudited)

|  | Shares, Units,<br>Warrants,<br>Ownership or<br>Principal Amount | Acquisition<br>Date |
|--|---|---------------------|
|  | -----   | -----               |
| CORPORATE RESTRICTED SECURITIES:(A) (Continued)  |   |                     |
| ENZYMATIC THERAPY, INC.  |   |                     |
| A manufacturer and distributor of branded natural medicines and nutritional supplements. |   |                     |
| Limited Partnership Interest (B)   | 0.70% int.  | 03/30/00            |
| Warrant, exercisable until 2009, to purchase common stock at \$.01 per share (B)         | 15,415 shs.   | 03/30/00            |

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EVANS CONSOLES, INC.

A designer and manufacturer of consoles and control center systems.

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

F H S HOLDINGS LLC

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

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

FLUTES, INC.

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

|  |             |          |
|--|-------------|----------|
| 10% Senior Secured Term Note due 2013  | \$ 524,791  | 04/13/06 |
| 14% Senior Subordinated Note due 2014  | \$ 317,177  | 04/13/06 |
| Common Stock (B)   | 62,535 shs. | 04/13/06 |
| Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B) | 17,680 shs. | 04/13/06 |

FOWLER HOLDING, INC.

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

|  |              |          |
|--|--------------|----------|
| 12% Senior Subordinated Note due 2013  | \$ 1,252,174 | 02/03/06 |
| Common Stock (B)   | 98 shs.      | 02/03/06 |
| Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B) | 135 shs.     | 02/03/06 |

FUEL SYSTEMS HOLDING CORPORATION

An independent North American supplier of fuel tanks for a wide variety of commercial vehicles.

|  |              |          |
|--|--------------|----------|
| 12% Senior Subordinated Note due 2014  | \$ 1,237,500 | 01/31/06 |
| Common Stock (B)   | 112,500 shs. | 01/31/06 |
| Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B) | 73,275 shs.  | 01/31/06 |

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)      MASSMUTUAL PARTICIPATION INVESTORS  
 June 30, 2007  
 (Unaudited)

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



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### H M HOLDING COMPANY

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

|  |              |          |          |
|--|--------------|----------|----------|
| 12% Senior Subordinated Note due 2013  | \$ 1,170,000 |          | 02/10/06 |
| Common Stock (B)   |              | 180 shs. | 02/10/06 |
| Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B) |              | 67 shs.  | 02/10/06 |

### HIGHGATE CAPITAL LLC

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

|                              |  |            |          |
|------------------------------|--|------------|----------|
| Series A Preferred Units (B) |  | 0.30% int. | 07/21/94 |
|------------------------------|--|------------|----------|

### HOME DECOR HOLDING COMPANY

A designer, manufacturer and marketer of framed art and wall decor products.

|  |              |          |   |
|--|--------------|----------|---|
| 12.5% Senior Subordinated Note due 2012  | \$ 1,081,731 |          | * |
| Common Stock (B)   |              | 33 shs.  | * |
| Warrant, exercisable until 2012, to purchase common stock at \$.02 per share (B) |              | 106 shs. | * |

### INTEGRATION TECHNOLOGY SYSTEMS, INC.

A manufacturer of steel protective computer and network systems for the industrial and office environments.

|                                  |            |          |          |
|----------------------------------|------------|----------|----------|
| 12% Senior Secured Note due 2008 | \$ 949,004 |          | 03/01/04 |
| Common Stock (B)                 |            | 130 shs. | 06/01/00 |

### JASON, INC.

A diversified manufacturing company serving various industrial markets.

|  |            |             |          |
|--|------------|-------------|----------|
| 13% Senior Subordinated Note due 2008  | \$ 510,187 |             | 08/04/00 |
| Limited Partnership Interest of Saw Mill Capital Fund II, L.P. (B)                         |            | 1.30% int.  | 08/03/00 |
| Warrants, exercisable until 2008 and 2009, to purchase common stock at \$.01 per share (B) |            | 26,931 shs. | 08/04/00 |

### JUSTRITE MANUFACTURING ACQUISITION CO.

A manufacturer of safety products such as storage cabinets and containers.

|  |            |          |          |
|--|------------|----------|----------|
| 12% Senior Subordinated Note due 2011  | \$ 843,750 |          | 12/15/04 |
| Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B) |            | 594 shs. | 12/15/04 |

### K N B HOLDINGS CORPORATION

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

|  |              |             |          |
|--|--------------|-------------|----------|
| 13.5% Senior Subordinated Note due 2013  | \$ 1,295,329 |             | 05/25/06 |
| Common Stock (B)   |              | 71,053 shs. | 05/25/06 |
| Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B) |              | 43,600 shs. | 05/25/06 |

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
 June 30, 2007  
 (Unaudited)

|   | Shares, Units,<br>Warrants,<br>Ownership or<br>Principal Amount | Acquisiti<br>Date |
|---|---|-------------------|
| CORPORATE RESTRICTED SECURITIES: (A) (Continued)  | -----   | -----             |
| K W P I HOLDINGS CORPORATION  |   |                   |
| A manufacturer and distributor of vinyl windows and patio doors throughout the northwestern United States.                    |   |                   |
| 12% Senior Subordinated Note due 2014   | \$ 1,227,000  | 03/14/07          |
| Common Stock (B)  | 123 shs.  | 03/13/07          |
| Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B)  | 89 shs.   | 03/14/07          |
| KEEPSAKE QUILTING, INC.   |   |                   |
| A seller of quilting fabrics, books, patterns, kits and notions to consumers.   |   |                   |
| 8.86% Senior Secured Revolving Note due 2008 (C)  | \$ 136,287  | 06/16/00          |
| 12% Senior Secured Tranche B Note due 2008  | \$ 314,509  | 06/16/00          |
| Limited Partnership Interest of Riverside XVI Holding Company, L.P. (B)   | 3.02% int.  | 06/12/00          |
| Warrant, exercisable until 2008, to purchase common stock at \$.01 per share (B)  | 633 shs.  | 06/12/00          |
| KELE AND ASSOCIATES, INC.   |   |                   |
| A distributor of building automation control products.  |   |                   |
| 12% Senior Subordinated Note due 2012   | \$ 969,643  | 02/27/04          |
| Common Stock  | 6 shs.  | 02/27/04          |
| Warrant, exercisable until 2012, to purchase common stock at \$.02 per share  | 6 shs.  | 02/27/04          |
| LIH INVESTORS, L.P.   |   |                   |
| A manufacturer and marketer of a broad line of external accessories for new and used sport utility vehicles, trucks and vans. |   |                   |
| 12.5% Senior Subordinated Note due 2008 (D)   | \$ 2,036,000  | *                 |
| Common Stock (B)  | 3,057 shs.  | *                 |
| Warrant, exercisable until 2008, to purchase common stock at \$.11 per share (B)  | 8,245 shs.  | *                 |
| MAGNATECH INTERNATIONAL, INC.   |   |                   |
| A supplier of process equipment and related parts used  |   |                   |

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in the manufacturing of medium and high-pressure reinforced hoses.

|  |    |          |        |          |
|--|----|----------|--------|----------|
| 12% Senior Subordinated Note due 2014  | \$ | 618,750  |        | 04/05/06 |
| 13% Preferred Stock (B)  |    | 299 shs. |        | 04/05/06 |
| Common Stock (B)   |    | 66 shs.  |        | 04/05/06 |
| Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B) |    |          | 7 shs. | 04/05/06 |

### MAIL COMMUNICATIONS GROUP, INC.

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

|  |    |             |            |          |
|--|----|-------------|------------|----------|
| 12.5% Senior Subordinated Note due 2014  | \$ | 516,177     |            | 05/04/07 |
| Limited Liability Company Unit (B)   |    | 12,176 uts. |            | 05/04/07 |
| Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B) |    |             | 1,787 shs. | 05/04/07 |

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

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)      MASSMUTUAL PARTICIPATION INVESTORS  
 June 30, 2007  
 (Unaudited)

|   |    | Shares, Units,<br>Warrants,<br>Ownership or<br>Principal Amount |             | Acquisiti<br>Date |
|---|----|---|-------------|-------------------|
| CORPORATE RESTRICTED SECURITIES: (A) (Continued)  |    |   |             |                   |
| <b>MAVERICK ACQUISITION COMPANY</b>   |    |   |             |                   |
| A manufacturer of capsules that cover the cork and neck of wine bottles.  |    |   |             |                   |
| 9.85% Senior Secured Tranche A Note due 2010 (C)  | \$ | 346,362   |             | 09/03/04          |
| 12% Senior Secured Tranche B Note due 2011  | \$ | 179,104   |             | 09/03/04          |
| Limited Partnership Interest (B)  |    | 4.48% int.  |             | 09/03/04          |
| Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)                                    |    |   | 243 shs.    | 09/03/04          |
| <b>MAXON CORPORATION</b>  |    |   |             |                   |
| A manufacturer of industrial combustion equipment and related shut-off valves and control valves.                   |    |   |             |                   |
| 12% Senior Subordinated Note due 2012   | \$ | 549,837   |             | 09/30/04          |
| 8.75% Senior Subordinated Note due 2012   | \$ | 660,322   |             | 09/30/04          |
| Common Stock (B)  |    | 218,099 shs.  |             | 09/30/04          |
| Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)                                    |    |   | 87,755 shs. | 09/30/04          |
| <b>MEDASSIST, INC.</b>  |    |   |             |                   |
| A provider of patient eligibility and accounts receivable management services to hospitals and physician practices. |    |   |             |                   |
| 8% Preferred Stock (B)  |    |   | 44 shs.     | 10/28/04          |
| Common Stock (B)  |    |   | 13,863 shs. | 10/28/04          |

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|   |             |          |
|---|-------------|----------|
| Warrant, exercisable until 2013, to purchase<br>common stock at \$.01 per share (B) | 44,808 shs. | 05/01/03 |
|---|-------------|----------|

**MICROGROUP, INC.**

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

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

**MOMENTUM HOLDING CO.**

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

|   |             |          |
|---|-------------|----------|
| 12% Senior Subordinated Note due 2014   | \$ 618,802  | 08/04/06 |
| Limited Partnership Interest (B)  | 56,198 uts. | 08/04/06 |
| Warrant, exercisable until 2014, to purchase<br>common stock at \$.01 per share (B) | 586 shs.    | 08/04/06 |

**MONESSEN HOLDING CORPORATION**

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

|   |              |          |
|---|--------------|----------|
| 12% Senior Subordinated Note due 2014   | \$ 1,350,000 | 03/31/06 |
| Warrant, exercisable until 2014, to purchase<br>common stock at \$.01 per share (B) | 81 shs.      | 03/31/06 |

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)      MASSMUTUAL PARTICIPATION INVESTORS  
June 30, 2007  
(Unaudited)

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

**MORTON INDUSTRIAL GROUP, INC.**

A manufacturer of highly engineered metal fabricated components.

|   |              |          |
|---|--------------|----------|
| 12% Senior Subordinated Note due 2014   | \$ 1,292,246 | 08/25/06 |
| Common Stock (B)  | 57,754 shs.  | 08/25/06 |
| Warrant, exercisable until 2014, to purchase<br>common stock at \$.01 per share (B) | 91,923 shs.  | 08/25/06 |

**MOSS, INC.**

A manufacturer and distributor of large display and exhibit structures.

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|   |             |          |
|---|-------------|----------|
| Limited Partnership Interest of<br>Riverside Capital Appreciation Fund I, L.P. (B)  | 19.20% int. | *        |
| Warrant, exercisable until 2010, to purchase<br>common stock at \$.01 per share (B) | 122 shs.    | 12/21/05 |

NABCO, INC.

A producer of explosive containment vessels in the United States.

|   |            |          |
|---|------------|----------|
| 12% Senior Subordinated Note due 2014   | \$ 330,882 | 02/24/06 |
| Limited Liability Company Unit (B)  | 437 uts.   | **       |
| Warrant, exercisable until 2016, to purchase<br>common stock at \$.01 per share (B) | 26 shs.    | 02/24/06 |

NAVIS GLOBAL

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

|   |              |          |
|---|--------------|----------|
| 12% Senior Subordinated Note due 2014   | \$ 705,457   | 05/28/04 |
| 8.75% Senior Secured Note due 2011  | \$ 409,310   | 05/28/04 |
| Common Stock (B)  | 385,233 shs. | 05/28/04 |
| Warrant, exercisable until 2012, to purchase<br>common stock at \$.01 per share (B) | 116,521 shs. | 05/28/04 |

NETSHAPE TECHNOLOGIES, INC.

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

|   |            |          |
|---|------------|----------|
| 12% Senior Subordinated Note due 2014   | \$ 810,000 | 02/02/07 |
| Limited Partnership Interest of<br>Saw Mill PCG Partners LLC (B)                    | 540 uts.   | 02/01/07 |
| Warrant, exercisable until 2014, to purchase<br>common stock at \$.01 per share (B) | 48 shs.    | 02/02/07 |

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

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

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
June 30, 2007  
(Unaudited)

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

NONNI'S FOOD COMPANY

A producer and distributor of premium biscotti and bagel chips in North America.

|  |            |          |
|--|------------|----------|
| 12.25% Senior Subordinated Note due 2012 | \$ 986,538 | 03/29/04 |
| 10% Preferred Stock (B)                  | 135 shs.   | 03/29/04 |

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|   |            |          |
|---|------------|----------|
| Common Stock (B)  | 3,418 shs. | 03/29/04 |
| Warrant, exercisable until 2012, to purchase<br>common stock at \$.01 per share (B) | 4,565 shs. | 03/29/04 |

### NYLONCRAFT, INC.

A supplier of engineered plastic components for the automotive industry.

|   |              |          |
|---|--------------|----------|
| 9% Senior Secured Note due 2009   | \$ 464,286   | 01/28/02 |
| 11.5% Senior Subordinated Note due 2012   | \$ 857,143   | 01/28/02 |
| Common Stock (B)  | 178,571 shs. | 01/28/02 |
| Warrant, exercisable until 2012, to purchase<br>common stock at \$.01 per share (B) | 138,928 shs. | 01/28/02 |

### O R S NASCO HOLDING, INC.

A wholesale distributor of industrial supplies in North America.

|   |              |          |
|---|--------------|----------|
| 13% Senior Subordinated Note due 2013   | \$ 1,256,152 | 12/20/05 |
| Common Stock (B)  | 93,848 shs.  | 12/20/05 |
| Warrant, exercisable until 2015, to purchase<br>common stock at \$.01 per share (B) | 52,820 shs.  | 12/20/05 |

### OAKRIVER TECHNOLOGY, INC.

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

|   |              |          |
|---|--------------|----------|
| 10% Senior Secured Note due 2012  | \$ 323,115   | 01/03/06 |
| 13% Senior Subordinated Note due 2013   | \$ 392,709   | 01/03/06 |
| Common Stock (B)  | 184,176 shs. | 01/03/06 |
| Warrant, exercisable until 2013, to purchase<br>common stock at \$.01 per share (B) | 43,073 shs.  | 01/03/06 |

### OLYMPIC SALES, INC.

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

|   |             |          |
|---|-------------|----------|
| 12% Senior Subordinated Note due 2008   | \$ 620,500  | 08/07/98 |
| 12% Senior Subordinated Note due 2008   | \$ 244,154  | 02/09/00 |
| Limited Partnership Interest of Riverside VIII, VIII-A and<br>VIII-B Holding Company, L.P.    | 10.66% int. | *        |
| Warrants, exercisable until 2007 and 2008, to purchase<br>common stock at \$.01 per share (B) | 15,166 shs. | **       |

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

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

June 30, 2007

(Unaudited)

Shares, Units,

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| CORPORATE RESTRICTED SECURITIES: (A) (Continued)  | Warrants,<br>Ownership or<br>Principal Amount | Acquisiti<br>Date |
|---|---|-------------------|
|   | -----   | -----             |
| <br>  |   |                   |
| ONTARIO DRIVE & GEAR LTD.   |   |                   |
| A manufacturer of all-wheel drive, off-road amphibious vehicles and related accessories.  |   |                   |
| 13% Senior Subordinated Note due 2013   | \$ 1,047,115                                  | 01/17/06          |
| Limited Liability Company Unit (B)  | 1,942 uts.                                    | 01/17/06          |
| Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)  | 328 shs.                                      | 01/17/06          |
| <br>  |   |                   |
| OVERTON'S HOLDING COMPANY   |   |                   |
| A marketer of marine and water sports accessories in the United States.   |   |                   |
| 12% Senior Subordinated Note due 2014   | \$ 962,104                                    | 04/28/06          |
| Common Stock (B)  | 50 shs.                                       | 04/28/06          |
| Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)  | 49 shs.                                       | 04/28/06          |
| <br>  |   |                   |
| P A S Holdco LLC  |   |                   |
| An independent provider of maintenance, repair and overhaul services to the aerospace gas turbine engine and airframe markets.                        |   |                   |
| 14% Senior Subordinated Note due 2014   | \$ 1,164,792                                  | 07/03/06          |
| Preferred Unit (B)  | 202 uts.                                      | 07/03/06          |
| Preferred Unit (B)  | 36 uts.                                       | 07/03/06          |
| Common Unit Class I (B)   | 78 uts.                                       | 07/03/06          |
| Common Unit Class L (B)   | 17 uts.                                       | 07/03/06          |
| <br>  |   |                   |
| P I I HOLDING CORPORATION   |   |                   |
| A manufacturer of plastic film and bags for the general industrial, medical, and food industries.   |   |                   |
| 12% Senior Subordinated Note due 2013   | \$ 1,215,000                                  | 03/31/06          |
| Preferred Stock (B)   | 19 shs.                                       | 03/31/06          |
| Common Stock (B)  | 12 shs.                                       | 03/31/06          |
| Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)  | 7 shs.  | 03/31/06          |
| <br>  |   |                   |
| PACIFIC CONSOLIDATED HOLDINGS LLC   |   |                   |
| A manufacturer of rugged, mobile liquid and gaseous oxygen and nitrogen generating systems used in the global defense, oil & gas and medical sectors. |   |                   |
| 12% Senior Subordinated Note due 2012   | \$ 690,683                                    | 04/27/07          |
| Limited Liability Company Unit (B)  | 928,962 uts.                                  | 04/27/07          |
| <br>  |   |                   |
| PARADIGM PACKAGING, INC.  |   |                   |
| A manufacturer of plastic bottles and closures for the nutritional, pharmaceutical, personal care and food packaging markets.                         |   |                   |
| 12% Senior Subordinated Note due 2008   | \$ 1,125,000                                  | 12/19/00          |

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Membership Interests of MM/Lincap  
PPI Investments, Inc., LLC (B)

1.28% int. 12/21/00

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)      MASSMUTUAL PARTICIPATION INVESTORS  
June 30, 2007  
(Unaudited)

|   | Shares, Units,<br>Warrants,<br>Ownership or<br>Principal Amount | Acquisition<br>Date |
|---|---|---------------------|
| CORPORATE RESTRICTED SECURITIES: (A) (Continued)  | -----   | -----               |
| <br>  |   |                     |
| POSTLE ALUMINUM COMPANY LLC   |   |                     |
| A manufacturer and distributor of aluminum extruded products.   |   |                     |
| 12% Senior Subordinated Note due 2014   | \$ 1,080,000  | 10/02/06            |
| Limited Liability Company Unit (B)  | 733 uts.  | 10/02/06            |
| Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)  | 182 shs.  | 10/02/06            |
| <br>  |   |                     |
| PROTEIN GENETICS, INC.  |   |                     |
| A producer of bovine artificial insemination products, related breeding and healthcare products and specialty genetics sold to the dairy and beef industries. |   |                     |
| 9.8% Redeemable Exchangeable Preferred Stock (B)  | 332 shs.  | 08/12/94            |
| Common Stock (B)  | 867 shs.  | *                   |
| <br>  |   |                     |
| QUALIS AUTOMOTIVE LLC   |   |                     |
| A distributor of aftermarket automotive brake and chassis products.   |   |                     |
| 12% Senior Subordinated Note due 2012   | \$ 937,500  | 05/28/04            |
| Common Stock  | 187,500 shs.  | 05/28/04            |
| Warrant, exercisable until 2012, to purchase common stock at \$.01 per share  | 199,969 shs.  | 05/28/04            |
| <br>  |   |                     |
| QUALSERV CORPORATION  |   |                     |
| A provider of foodservice equipment and supplies to major restaurant chains and their franchisees.  |   |                     |
| 14% Senior Subordinated Note due 2012 (D)   | \$ 1,002,475  | 07/09/04            |
| Limited Partnership Interest (B)  | 4.90% int.  | 07/09/04            |
| Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)  | 280 shs.  | 07/09/04            |
| <br>  |   |                     |
| R A J Manufacturing Holdings LLC  |   |                     |
| A designer and manufacturer of women's swimwear sold under a variety of licensed brand names.   |   |                     |



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|   |              |          |
|---|--------------|----------|
| 12.5% Senior Subordinated Note due 2014   | \$ 1,200,277 | 12/15/06 |
| Limited Liability Company Unit (B)  | 1,497 uts.   | 12/15/06 |
| Warrant, exercisable until 2014, to purchase<br>common stock at \$.01 per share (B) | 2 shs.       | 12/15/06 |

Radiac Abrasives, Inc.

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

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

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
June 30, 2007  
(Unaudited)

| CORPORATE RESTRICTED SECURITIES: (A) (Continued)                                    | Shares, Units,<br>Warrants,<br>Ownership or<br>Principal Amount | Acquisiti<br>Date |
|---|---|-------------------|
|   | -----   | -----             |
| RIVER RANCH FRESH FOODS LLC   |   |                   |
| A supplier of fresh produce to the retail and foodservice channels.                 |   |                   |
| 13% Senior Subordinated Note due 2011 (D)   | \$ 975,000  | 09/29/04          |
| Limited Liability Company Unit (B)  | 248,916 uts.  | *                 |
| Warrant, exercisable until 2011, to purchase<br>common stock at \$.01 per share (B) | 12,481 shs.   | 09/29/04          |
| ROYAL BATHS MANUFACTURING COMPANY   |   |                   |
| A manufacturer and distributor of acrylic and cultured marble bathroom products.    |   |                   |
| 12.5% Senior Subordinated Note due 2011   | \$ 562,500  | 11/14/03          |
| Warrant, exercisable until 2011, to purchase<br>common stock at \$.01 per share (B) | 74 shs.   | 11/14/03          |
| SAFETY SPEED CUT MANUFACTURING COMPANY, INC.  |   |                   |
| A manufacturer of vertical panel saws and routers for the wood working industry.    |   |                   |
| Class B Common Stock (B)  | 846 shs.  | 06/02/99          |
| Savage Sports Holding, Inc.   |   |                   |
| A manufacturer of sporting firearms.  |   |                   |
| 12% Senior Subordinated Note due 2012   | \$ 814,655  | 09/10/04          |
| Common Stock (B)  | 310 shs.  | 09/10/04          |
| Warrant, exercisable until 2012, to purchase<br>common stock at \$.01 per share (B) | 71 shs.   | 09/10/04          |

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SPECIALTY FOODS GROUP, INC.

A manufacturer and distributor of branded meat products.  
 Limited Partnership Interest of MHD Holdings LLC

0.76% int. 08/29/00

STANTON CARPET HOLDING CO.

A designer and marketer of high and mid-priced decorative  
 carpets and rugs.

12.13% Senior Subordinated Note due 2014

\$ 1,185,366 08/01/06

Common Stock (B)

165 shs. 08/01/06

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

55 shs. 08/01/06

STRATEGIC EQUIPMENT & SUPPLY CORPORATION, INC.

A provider of kitchen and restaurant design, equipment  
 fabrication and installation services.

Warrant, exercisable until 2008, to purchase  
 common stock at \$.01 per share (B)

61,862 shs. 01/14/00

SYNVENTIVE EQUITY LLC

A manufacturer of hot runner systems used in the plastic  
 injection molding process.

Limited Liability Company Unit (B)

1.05% int. 08/20/03

Warrant, exercisable until 2011, to purchase  
 common stock at \$.01 per share (B)

45,942 shs. 08/21/03

\*09/29/04, 06/04/07 and 06/14/07.

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
 June 30, 2007  
 (Unaudited)

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

TANGENT RAIL CORPORATION

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

13% Senior Subordinated Note due 2013

\$ 1,173,909 10/14/05

Common Stock (B)

1,167 shs. 10/14/05

Warrant, exercisable until 2013, to purchase  
 common stock at \$.01 per share (B)

618 shs. 10/14/05

TERRA RENEWAL SERVICES, INC.

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

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|   |    |            |          |
|---|----|------------|----------|
| 8.61% Senior Secured Tranche B Note due 2012 (C)                                    | \$ | 828,594    | *        |
| 10.5% Senior Secured Tranche B Note due 2012 (C)                                    | \$ | 43,421     | *        |
| 12% Senior Subordinated Note due 2014   | \$ | 664,062    | **       |
| Limited Partnership Interest of<br>Saw Mill Capital Fund V, L.P.                    |    | 2.30% int. | 03/01/05 |
| Warrant, exercisable until 2016, to purchase<br>common stock at \$.01 per share (B) |    | 41 shs.    | 04/28/06 |

TOTAL EQUIPMENT & SERVICE, INC.

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

|  |    |             |          |
|--|----|-------------|----------|
| 10.5% Senior Secured Term Note due 2013  | \$ | 486,487     | 03/02/07 |
| 13% Senior Subordinated Note due 2014  | \$ | 341,971     | 03/02/07 |
| Common Stock (B)   |    | 71,542 shs. | 03/02/07 |
| Warrant, exercisable until 2014 to purchase<br>common stock at \$.01 per share (B) |    | 19,733 shs. | 03/02/07 |

THE TRANZONIC COMPANIES

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

|   |    |           |          |
|---|----|-----------|----------|
| 13% Senior Subordinated Note due 2009   | \$ | 1,356,000 | 02/05/98 |
| Common Stock (B)  |    | 315 shs.  | 02/04/98 |
| Warrant, exercisable until 2009, to purchase<br>common stock at \$.01 per share (B) |    | 222 shs.  | 02/05/98 |

TRANSTAR HOLDING COMPANY

A distributor of aftermarket automotive transmission parts.

|   |    |          |          |
|---|----|----------|----------|
| 12% Senior Subordinated Note due 2013   | \$ | 918,000  | 08/31/05 |
| Common Stock (B)  |    | 571 shs. | ***      |
| Warrant, exercisable until 2013, to purchase<br>common stock at \$.01 per share (B) |    | 46 shs.  | 08/31/05 |

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

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

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
June 30, 2007  
(Unaudited)

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

TRONAIR, INC.

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

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aviation markets.

|   |              |          |
|---|--------------|----------|
| 10.5% Senior Secured Term Note due 2008   | \$ 225,806   | 01/20/00 |
| 12% Senior Subordinated Note due 2010   | \$ 758,100   | 01/20/00 |
| Common Stock (B)  | 129,960 shs. | 01/20/00 |
| Warrant, exercisable until 2010, to purchase<br>common stock at \$1 per share (B) | 148,911 shs. | 01/20/00 |

### TRUCK BODIES & EQUIPMENT INTERNATIONAL

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

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

### TRUSTILE DOORS, INC.

A manufacturer and distributor of interior doors.

|   |            |          |
|---|------------|----------|
| 12.5% Senior Subordinated Note due 2010   | \$ 562,500 | 04/11/03 |
| Warrant, exercisable until 2010, to purchase<br>common stock at \$.01 per share (B) | 3,060 shs. | 04/11/03 |

### U S S HOLDINGS, INC.

A producer of high grade industrial and specialty silica sands.

|  |             |          |
|--|-------------|----------|
| 14% Redeemable Preferred Stock (B)   | 499 shs.    | 09/30/99 |
| Convertible Preferred Stock Series A and B, convertible<br>into common stock at \$8.02 per share (B) | 72,720 shs. | 12/19/96 |
| Common Stock (B)   | 10,013 shs. | 09/30/99 |
| Warrants, exercisable until 2010, to<br>purchase common stock at \$.01 per share (B)                 | 2,459 shs.  | **       |

### U-LINE CORPORATION

A manufacturer of high-end, built-in, undercounter ice making, wine storage and refrigeration appliances.

|   |            |          |
|---|------------|----------|
| 12.5% Senior Subordinated Note due 2012   | \$ 996,500 | 04/30/04 |
| Common Stock (B)  | 96 shs.    | 04/30/04 |
| Warrant, exercisable until 2012, to purchase<br>common stock at \$.01 per share (B) | 122 shs.   | 04/30/04 |

### VICTORY VENTURES LLC

An acquirer of controlling or substantial interests in other entities.

|                          |            |          |
|--------------------------|------------|----------|
| Series A Preferred Units | 0.04% int. | 12/02/96 |
|--------------------------|------------|----------|

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

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)      MASSMUTUAL PARTICIPATION INVESTORS  
 June 30, 2007  
 (Unaudited)

| CORPORATE RESTRICTED SECURITIES: (A) (Continued)                                      | Shares, Units,<br>Warrants,<br>Ownership or<br>Principal Amount | Acquisiti<br>Date |
|---|---|-------------------|
|   | -----   | -----             |
| <br>  |   |                   |
| VISIONEERING, INC.  |   |                   |
| A designer and manufacturer of tooling and fixtures for the aerospace industry.       |   |                   |
| 10.5% Senior Secured Term Loan due 2013   | \$      458,824   | 05/17/07          |
| 13% Senior Subordinated Note due 2014   | \$      370,588   | 05/17/07          |
| Common Stock (B)  | 70,588 shs.   | 05/17/07          |
| Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)      | 20,003 shs.   | 05/17/07          |
| <br>  |   |                   |
| VITALITY FOODSERVICE, INC.  |   |                   |
| A non-carbonated beverage dispensing company focused on the foodservice industry.     |   |                   |
| 15% Senior Subordinated Note due 2011   | \$    1,074,090   | 09/24/04          |
| Common Stock (B)  | 14,006 shs.   | *                 |
| Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)      | 12,593 shs.   | 09/24/04          |
| <br>  |   |                   |
| VITEX PACKAGING GROUP, INC.   |   |                   |
| A manufacturer of specialty packaging, primarily envelopes and tags used on tea bags. |   |                   |
| 12.5% Senior Subordinated Note due 2012   | \$      900,000   | 07/19/04          |
| Limited Liability Company Unit Class A (B)  | 0.93% int.  | 07/19/04          |
| Limited Liability Company Unit Class B (B)  | 0.41% int.  | 07/19/04          |
| <br>  |   |                   |
| WALLS INDUSTRIES, INC.  |   |                   |
| A provider of branded workwear and sporting goods apparel.                            |   |                   |
| 12.36% Senior Subordinated Lien Note due 2009 (C)                                     | \$      345,395   | 07/12/04          |
| 14% Senior Subordinated Note due 2012   | \$      574,613   | 07/12/04          |
| Limited Partnership Interest (B)  | 0.20% int.  | 07/12/04          |
| Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)      | 2,133 shs.  | 07/12/04          |
| <br>  |   |                   |
| WELLBORN FOREST HOLDING CO.   |   |                   |
| A manufacturer of semi-custom kitchen and bath cabinetry.                             |   |                   |
| 12.13% Senior Subordinated Note due 2014  | \$      911,250   | 11/30/06          |
| Common Stock (B)  | 101 shs.  | 11/30/06          |
| Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)      | 51 shs.   | 11/30/06          |
| <br>  |   |                   |
| WORKPLACE MEDIA HOLDING CO.   |   |                   |
| A direct marketer specializing in providing advertisers with                          |   |                   |

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access to consumers in the workplace.

|   |    |             |          |
|---|----|-------------|----------|
| 13% Senior Subordinated Note due 2015   | \$ | 613,692     | 05/14/07 |
| Limited Partnership Interest (B)  |    | 61,308 uts. | 05/14/07 |
| Warrant, exercisable until 2015, to purchase<br>common stock at \$.01 per share (B) |    | 47 shs.     | 05/14/07 |

TOTAL PRIVATE PLACEMENT INVESTMENTS

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)      MASSMUTUAL PARTICIPATION INVESTORS  
June 30, 2007  
(Unaudited)

| CORPORATE RESTRICTED SECURITIES (A) (Continued) | Interest<br>Rate | Due<br>Date | Shares or<br>Principal<br>Amount |
|---|------------------|-------------|----------------------------------|
|   | -----            | -----       | -----                            |
| RULE 144A SECURITIES - 5.19%: (A)               |                  |             |                                  |
| BONDS - 5.19%                                   |                  |             |                                  |
| Aramark Corporation                             | 8.500%           | 02/01/15    | \$ 100,000                       |
| Aramark Corporation (C)                         | 8.856            | 02/01/15    | 100,000                          |
| Bombardier, Inc.                                | 6.300            | 05/01/14    | 500,000                          |
| Bristow Group Inc.                              | 7.500            | 09/15/17    | 75,000                           |
| Charter Communications Op LLC                   | 8.000            | 04/30/12    | 250,000                          |
| Community Health Systems                        | 8.875            | 07/15/15    | 450,000                          |
| Douglas Dynamics LLC                            | 7.750            | 01/15/12    | 325,000                          |
| G F S I, Inc. (C)                               | 11.500           | 06/01/11    | 375,000                          |
| H C A, Inc.                                     | 9.250            | 11/15/16    | 500,000                          |
| Packaging Dynamics Corporation of America       | 10.000           | 05/01/16    | 850,000                          |
| Rental Service Corporation                      | 9.500            | 12/01/14    | 500,000                          |
| Steel Dynamics, Inc.                            | 6.750            | 04/01/15    | 100,000                          |
| Stewart & Stevenson LLC                         | 10.000           | 07/15/14    | 750,000                          |
| Tenaska Alabama Partners LP                     | 7.000            | 06/30/21    | 176,110                          |
| Tesoro Petroleum Corporation                    | 6.500            | 06/01/17    | 250,000                          |
| Transdigm, Inc.                                 | 7.750            | 07/15/14    | 150,000                          |
| Tube City IMS Corporation                       | 9.750            | 02/01/15    | 320,000                          |
| Tunica-Biloxi Gaming Authority                  | 9.000            | 11/15/15    | 500,000                          |
| Valassis Communications, Inc.                   | 8.250            | 03/01/15    | 400,000                          |
| TOTAL BONDS                                     |                  |             |                                  |
| WARRANTS - 0.00%                                |                  |             |                                  |
| WINSLOEW FURNITURE, INC. (B)                    |                  |             | 700                              |
| TOTAL WARRANTS                                  |                  |             |                                  |
| TOTAL RULE 144A SECURITIES                      |                  |             |                                  |
| TOTAL CORPORATE RESTRICTED SECURITIES           |                  |             |                                  |

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 CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)      MASSMUTUAL PARTICIPATION INVESTORS  
 June 30, 2007  
 (Unaudited)

| CORPORATE PUBLIC SECURITIES - 22.41%: (A) | Interest<br>Rate | Due<br>Date | Principal<br>Amount |
|---|------------------|-------------|---------------------|
| -----                                     |                  |             |                     |
| BONDS - 21.51%                            |                  |             |                     |
| Allied Waste NA                           | 7.875%           | 04/15/13    | \$ 500,000          |
| Appleton Papers, Inc.                     | 8.125            | 06/15/11    | 250,000             |
| Atlas Pipeline Partners                   | 8.125            | 12/15/15    | 600,000             |
| Basic Energy Services                     | 7.125            | 04/15/16    | 625,000             |
| Blockbuster, Inc. (C)                     | 9.000            | 09/01/12    | 275,000             |
| Cablevision Systems Corporation           | 8.000            | 04/15/12    | 500,000             |
| Chesapeake Energy Corporation             | 7.000            | 08/15/14    | 650,000             |
| Cincinnati Bell, Inc.                     | 8.375            | 01/15/14    | 550,000             |
| Clayton Williams Energy, Inc.             | 7.750            | 08/01/13    | 575,000             |
| Del Monte Corporation                     | 8.625            | 12/15/12    | 200,000             |
| Dynegey Holdings, Inc.                    | 8.375            | 05/01/16    | 665,000             |
| Edison Mission Energy                     | 7.750            | 06/15/16    | 35,000              |
| Electronic Data Systems Corporation       | 7.125            | 10/15/09    | 500,000             |
| Esterline Technologies                    | 7.750            | 06/15/13    | 175,000             |
| Exco Resources, Inc.                      | 7.250            | 01/15/11    | 500,000             |
| Ford Motor Credit Co.                     | 7.375            | 10/28/09    | 750,000             |
| Ford Motor Credit Co.                     | 8.000            | 12/15/16    | 150,000             |
| Freeport-McMoran Copper & Gold            | 8.375            | 04/01/17    | 190,000             |
| Gencorp, Inc.                             | 9.500            | 08/15/13    | 130,000             |
| General Motors Acceptance Corporation     | 5.850            | 01/14/09    | 750,000             |
| Goodyear Tire & Rubber Co.                | 7.857            | 08/15/11    | 350,000             |
| Goodyear Tire & Rubber Co.                | 9.000            | 07/01/15    | 64,000              |
| GulfMark Offshore, Inc.                   | 7.750            | 07/15/14    | 300,000             |
| Idearc, Inc.                              | 8.000            | 11/15/16    | 300,000             |
| Inergy LP                                 | 8.250            | 03/01/16    | 75,000              |
| Interline Brands, Inc.                    | 8.125            | 06/15/14    | 150,000             |
| Iron Mountain, Inc.                       | 8.750            | 07/15/18    | 500,000             |
| K 2, Inc.                                 | 7.375            | 07/01/14    | 150,000             |
| Koppers, Inc.                             | 9.875            | 10/15/13    | 170,000             |
| Lazard LLC                                | 7.125            | 05/15/15    | 375,000             |
| Leucadia National Corporation             | 7.000            | 08/15/13    | 350,000             |
| Liberty Media Corporation                 | 5.700            | 05/15/13    | 500,000             |
| Mac-Gray Corporation                      | 7.625            | 08/15/15    | 300,000             |
| Majestic Star Casino LLC                  | 9.500            | 10/15/10    | 250,000             |
| Manitowoc Company, Inc.                   | 7.125            | 11/01/13    | 100,000             |
| Mariner Energy, Inc.                      | 8.000            | 05/15/17    | 400,000             |
| Markwest Energy Operating Co.             | 6.875            | 11/01/14    | 550,000             |
| Mediacom Broadband LLC                    | 8.500            | 10/15/15    | 750,000             |
| Metaldyne Corporation (C)                 | 10.000           | 11/01/13    | 340,000             |
| N R G Energy, Inc.                        | 7.375            | 02/01/16    | 600,000             |
| N T L Cable PLC                           | 9.125            | 08/15/16    | 690,000             |
| Nalco Co.                                 | 7.750            | 11/15/11    | 250,000             |
| Neiman Marcus Group, Inc.                 | 10.375           | 10/15/15    | 600,000             |
| Nextel Communications, Inc.               | 7.375            | 08/01/15    | 400,000             |
| North American Energy Partners            | 8.750            | 12/01/11    | 200,000             |
| NOVA Chemicals Corporation (C)            | 8.484            | 11/15/13    | 215,000             |
| O E D Corp/Diamond Jo Company Guarantee   | 8.750            | 04/15/12    | 500,000             |
| Offshore Logistics, Inc.                  | 6.125            | 06/15/13    | 350,000             |

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|                                  |        |          |         |
|----------------------------------|--------|----------|---------|
| P Q Corporation                  | 7.500  | 02/15/13 | 685,000 |
| Pacific Energy Partners          | 7.125  | 06/15/14 | 250,000 |
| Pacific Energy Partners          | 6.250  | 09/15/15 | 100,000 |
| Petrohawk Energy Corporation     | 9.125  | 07/15/13 | 500,000 |
| Pliant Corporation (C)           | 11.850 | 06/15/09 | 681,101 |
| Primedia, Inc.                   | 8.000  | 05/15/13 | 500,000 |
| Quicksilver Resources, Inc.      | 7.125  | 04/01/16 | 600,000 |
| R H Donnelley, Inc.              | 8.875  | 01/15/16 | 325,000 |
| Rent-A-Center, Inc.              | 7.500  | 05/01/10 | 250,000 |
| Rock-Tenn Co.                    | 8.200  | 08/15/11 | 80,000  |
| Rogers Wireless, Inc.            | 7.500  | 03/15/15 | 560,000 |
| Sheridan Acquisition Corporation | 10.250 | 08/15/11 | 225,000 |

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
June 30, 2007  
(Unaudited)

| CORPORATE PUBLIC SECURITIES: (A) (Continued) | Interest<br>Rate | Due<br>Date | Shares or<br>Principal<br>Amount |
|--|------------------|-------------|----------------------------------|
| BONDS, CONTINUED                             |                  |             |                                  |
| Sierra Pacific Resources                     | 6.750%           | 08/15/17    | \$ 330,000                       |
| Tekni-Plex, Inc.                             | 12.750           | 06/15/10    | 500,000                          |
| Tenet Healthcare Corporation                 | 6.375            | 12/01/11    | 250,000                          |
| Tenet Healthcare Corporation                 | 9.875            | 07/01/14    | 350,000                          |
| Tenneco, Inc.                                | 8.625            | 11/15/14    | 500,000                          |
| Tennessee Gas Pipeline Co.                   | 7.000            | 03/15/27    | 250,000                          |
| Texas Industries, Inc.                       | 7.250            | 07/15/13    | 35,000                           |
| Titan International, Inc.                    | 8.000            | 01/15/12    | 70,000                           |
| Triton P C S, Inc.                           | 8.500            | 06/01/13    | 500,000                          |
| Unisys Corporation                           | 8.000            | 10/15/12    | 90,000                           |
| United Components, Inc.                      | 9.375            | 06/15/13    | 535,000                          |
| United Rentals, Inc.                         | 7.750            | 11/15/13    | 325,000                          |
| Universal City Florida (C)                   | 10.106           | 05/01/10    | 100,000                          |
| Universal City Florida                       | 8.375            | 05/01/10    | 100,000                          |
| Vought Aircraft Industries                   | 8.000            | 07/15/11    | 650,000                          |
| Warner Music Group Corporation               | 7.375            | 04/15/14    | 125,000                          |
| TOTAL BONDS                                  |                  |             |                                  |
| COMMON STOCK - 0.70%                         |                  |             |                                  |
| Distributed Energy Systems Corporation (B)   |                  |             | 14,000                           |
| EnerNOC, Inc. (B)                            |                  |             | 23,500                           |
| TOTAL COMMON STOCK                           |                  |             |                                  |
| CONVERTIBLE BONDS - 0.20%                    |                  |             |                                  |
| Citadel Broadcasting Corporation             | 1.875%           | 02/15/11    | \$ 300,000                       |
| TOTAL CONVERTIBLE BONDS                      |                  |             |                                  |
| TOTAL CORPORATE PUBLIC SECURITIES            |                  |             |                                  |



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| SHORT-TERM SECURITIES:          | Interest<br>Rate/Yield* | Due<br>Date | Principal<br>Amount |
|---------------------------------|-------------------------|-------------|---------------------|
|                                 | -----                   | -----       | -----               |
| COMMERCIAL PAPER - 4.24%        |                         |             |                     |
| Lennar Corporation              | 5.455%                  | 07/05/07    | \$ 1,816,000        |
| Walt Disney Co.                 | 5.424                   | 07/03/07    | 1,259,000           |
| Wellpoint, Inc.                 | 5.414                   | 07/02/07    | 2,450,000           |
| <br>TOTAL SHORT-TERM SECURITIES |                         |             |                     |
| <br>TOTAL INVESTMENTS           | <br>106.51%             |             |                     |
| Other Assets                    | 3.70                    |             |                     |
| Liabilities                     | (10.21)                 |             |                     |
|                                 | -----                   |             |                     |
| TOTAL NET ASSETS                | 100.00%                 |             |                     |
|                                 | =====                   |             |                     |

- (A) In each of the convertible note, warrant, convertible preferred and common stock investments provide certain registration rights.
- (B) Non-income producing security.
- (C) Variable rate security; rate indicated is as of 06/30/07.
- (D) Defaulted security; interest not accrued.
- \* Effective yield at purchase.

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
June 30, 2007  
(Unaudited)

| INDUSTRY CLASSIFICATION:              | Fair Value/<br>Market Value |                             |
|---------------------------------------|-----------------------------|-----------------------------|
|                                       | -----                       |                             |
| AEROSPACE - 3.88%                     |                             | BUILDINGS & REAL ESTATE -   |
| Consolidated Foundries Holdings       | \$ 1,641,659                | K W P I Holdings Corporati  |
| Esterline Technologies                | 176,750                     | Texas Industries, Inc.      |
| Gencorp, Inc.                         | 139,100                     | TruStile Doors, Inc.        |
| P A S Holdco LLC                      | 1,415,364                   |                             |
| Transdigm, Inc.                       | 151,500                     | CHEMICAL, PLASTICS & RUBBER |
| Visioneering, Inc.                    | 883,876                     | Capital Specialty Plastics  |
| Vought Aircraft Industries            | 646,750                     | Koppers, Inc.               |
|                                       | -----                       | Nalco Co.                   |
|                                       | 5,054,999                   | NOVA Chemicals Corporation  |
|                                       | -----                       | P Q Corporation             |
| AUTOMOBILE - 8.35%                    |                             |                             |
| Ford Motor Credit Co.                 | 887,766                     | CONSUMER PRODUCTS - 9.30%   |
| Fuel Systems Holding Corporation      | 1,454,394                   | Aero Holdings, Inc.         |
| General Motors Acceptance Corporation | 739,153                     | Augusta Sportswear Holding  |
| Goodyear Tire & Rubber Co.            | 425,960                     | Bravo Sports Holding Corpo  |
| Jason, Inc.                           | 896,130                     | G F S I, Inc.               |
| LIH Investors, L.P.                   | --                          | K N B Holdings Corporation  |
| Metaldyne Corporation                 | 360,400                     | Momentum Holding Co.        |
| Nyloncraft, Inc.                      | 869,644                     | R A J Manufacturing Holdin  |
| Ontario Drive & Gear Ltd.             | 1,494,326                   | Royal Baths Manufacturing   |
| Qualis Automotive LLC                 | 1,057,844                   |                             |
| Tenneco, Inc.                         | 515,000                     |                             |
| Titan International, Inc.             | 71,925                      |                             |
| Transtar Holding Company              | 1,547,057                   |                             |

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|                                      |            |                            |
|--------------------------------------|------------|----------------------------|
| United Components, Inc.              | 552,384    | The Tranzonic Companies    |
|                                      | -----      | Walls Industries, Inc.     |
|                                      | 10,871,983 | Winsloew Furniture, Inc.   |
|                                      | -----      |                            |
| BEVERAGE, DRUG & FOOD - 3.49%        |            |                            |
| Aramark Corporation                  | 203,000    | CONTAINERS, PACKAGING & GL |
| Beta Brands Ltd.                     | --         | Flutes, Inc.               |
| Del Monte Corporation                | 206,500    | Maverick Acquisition Compa |
| Eagle Pack Pet Foods, Inc.           | 865,136    | P I I Holding Corporation  |
| Nonni's Food Company                 | 1,308,137  | Packaging Dynamics Corpora |
| River Ranch Fresh Foods LLC          | 780,000    | Paradigm Packaging, Inc.   |
| Specialty Foods Group, Inc.          | --         | Pliant Corporation         |
| Vitality Foodservice, Inc.           | 1,179,474  | Tekni-Plex, Inc.           |
|                                      | -----      | Vitex Packaging Group, Inc |
|                                      | 4,542,247  |                            |
|                                      | -----      |                            |
| BROADCASTING & ENTERTAINMENT - 2.22% |            |                            |
| Cablevision Systems Corporation      | 493,750    | DISTRIBUTION - 3.80%       |
| Charter Communications Op LLC        | 253,125    | Duncan Systems, Inc.       |
| Citadel Broadcasting Corporation     | 258,000    | Kele and Associates, Inc.  |
| Liberty Media Corporation            | 469,958    | Magnatech International, I |
| Mediacom Broadband LLC               | 753,750    | O R S Nasco Holding, Inc.  |
| Workplace Media Holdings Co.         | 655,321    | QualServ Corporation       |
|                                      | -----      | Strategic Equipment & Supp |
|                                      | 2,883,904  |                            |
|                                      | -----      |                            |

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
June 30, 2007  
(Unaudited)

| INDUSTRY CLASSIFICATION:                           | Fair Value/<br>Market Value |  |
|--|-----------------------------|--|
|  | -----                       |  |
| DIVERSIFIED/CONGLOMERATE,<br>MANUFACTURING - 7.23% |                             | HEALTHCARE, EDUCATION &<br>CHILD CARE - 4.46%                                      |
| Arrow Tru-Line Holdings, Inc.                      | \$ 1,036,685                | A T I Acquisition Company  |
| Bombardier, Inc.                                   | 475,000                     | American Hospice Management  |
| Coining Corporation of America LLC                 | 1,478,611                   | Community Health Systems   |
| Dexter Magnetics Technologies, Inc.                | 1,359,059                   | F H S Holdings LLC   |
| Douglas Dynamics LLC                               | 308,750                     | H C A, Inc.  |
| Evans Consoles, Inc.                               | --                          | MedAssist, Inc.  |
| Postle Aluminum Company LLC                        | 1,343,206                   | Tenet Healthcare Corporati   |
| Radiac Abrasives, Inc.                             | 1,371,281                   |  |
| Truck Bodies & Equipment International             | 2,034,230                   |  |
|  | -----                       |  |
|  | 9,406,822                   | HOME & OFFICE FURNISHINGS,<br>HOUSEWARES, AND DURABLE<br>CONSUMER PRODUCTS - 6.75% |
|  | -----                       | Connor Sport Court Interna   |
| DIVERSIFIED/CONGLOMERATE,<br>SERVICE - 3.26%       |                             | H M Holding Company  |
| Allied Waste NA                                    | 505,625                     | Home Decor Holding Company   |
| CapeSuccess LLC                                    | 2,512                       | Justrite Manufacturing Acq   |
| Diversco, Inc./DHI Holdings, Inc.                  | --                          | Monessen Holding Corporati   |
| Dwyer Group, Inc.                                  | 557,965                     | Stanton Carpet Holding Co.   |
| Fowler Holding, Inc.                               | 1,306,768                   |  |

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|  |           |                            |
|--|-----------|----------------------------|
| Interline Brands, Inc.                 | 151,125   | U-Line Corporation         |
| Iron Mountain, Inc.                    | 515,000   | Wellborn Forest Holding Co |
| Mac-Gray Corporation                   | 301,500   |                            |
| Mail Communications Group, Inc.        | 650,885   |                            |
| Moss, Inc.                             | 246,456   |                            |
|  | -----     |                            |
|  | 4,237,836 | LEISURE, AMUSEMENT,        |
|  | -----     | ENTERTAINMENT - 4.51%      |
| ELECTRONICS - 2.79%                    |           | Electra Bicycle Company, I |
| Connecticut Electric, Inc.             | 1,371,745 | K 2, Inc.                  |
| Directed Electronics, Inc.             | 1,724,842 | Keepsake Quilting, Inc.    |
| Distributed Energy Systems Corporation | 18,200    | Majestic Star Casino LLC   |
| Electronic Data Systems Corporation    | 514,573   | O E D Corp/Diamond Jo Comp |
|  | -----     | Overton's Holding Company  |
|  | 3,629,360 | Savage Sports Holding, Inc |
|  | -----     | Tunica-Biloxi Gaming Autho |
| FARMING & AGRICULTURE - 0.00%          |           | Universal City Florida     |
| Protein Genetics, Inc.                 | --        | Warner Music Group Corpora |
|  | -----     |                            |
| FINANCIAL SERVICES - 0.56%             |           |                            |
| Highgate Capital LLC                   | --        | MACHINERY - 9.65%          |
| Lazard LLC                             | 386,822   | Davis-Standard LLC         |
| Leucadia National Corporation          | 343,000   | Integration Technology Sys |
| Victory Ventures LLC                   | --        | Manitowoc Company, Inc.    |
|  | -----     | Maxon Corporation          |
|  | 729,822   | Morton Industrial Group, I |
|  | -----     | Navis Global               |
|  |           | NetShape Technologies, Inc |
|  |           | Pacific Consolidated Holdi |
|  |           | Safety Speed Cut Manufactu |
|  |           | Stewart & Stevenson LLC    |
|  |           | Synventive Equity LLC      |
|  |           | Tronair, Inc.              |

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
June 30, 2007  
(Unaudited)

| INDUSTRY CLASSIFICATION:                             | Fair Value/<br>Market Value |                            |
|--|-----------------------------|----------------------------|
|  | -----                       |                            |
| MEDICAL DEVICES/BIO TECH - 2.66%                     |                             | RETAIL STORES - 2.83%      |
| Coeur, Inc.  | \$ 784,558                  | Blockbuster, Inc.          |
| E X C Acquisition Corporation                        | 83,546                      | Neiman Marcus Group, Inc.  |
| MicroGroup, Inc.                                     | 1,712,292                   | Olympic Sales, Inc.        |
| OakRiver Technology, Inc.                            | 878,531                     | Rent-A-Center, Inc.        |
|  | -----                       | Rental Service Corporation |
|  | 3,458,927                   | United Rentals, Inc.       |
|  | -----                       |                            |
| MINING, STEEL, IRON & NON PRECIOUS<br>METALS - 0.84% |                             | TECHNOLOGY - 0.76%         |
| Freeport-McMoran Copper & Gold                       | 202,825                     | EnerNOC, Inc.              |
| Steel Dynamics, Inc.                                 | 97,250                      | Unisys Corporation         |
| Tube City IMS Corporation                            | 328,000                     |                            |

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|                                  |           |  |
|----------------------------------|-----------|--|
| U S S Holdings, Inc.             | 466,871   |  |
|                                  | -----     |  |
|                                  | 1,094,946 |  |
|                                  | -----     |  |
| NATURAL RESOURCES - 0.26%        |           | TELECOMMUNICATIONS - 3.46%             |
| Appleton Papers, Inc.            | 257,500   | Cincinnati Bell, Inc.                  |
| Rock-Tenn Co.                    | 82,400    | DeltaCom                               |
|                                  | -----     | Nextel Communications, Inc.            |
|                                  | 339,900   | N T L Cable PLC                        |
|                                  | -----     | Rogers Wireless, Inc.                  |
|                                  |           | Triton P C S, Inc.                     |
| OIL AND GAS - 4.71%              |           |  |
| Atlas Pipeline Partners          | 598,500   |  |
| Basic Energy Services            | 596,875   |  |
| Bristow Group, Inc.              | 75,188    | TRANSPORTATION - 1.85%                 |
| Chesapeake Energy Corporation    | 645,125   | NABCO, Inc.                            |
| Clayton Williams Energy, Inc.    | 529,000   | Tangent Rail Corporation               |
| Exco Resources, Inc.             | 497,500   |  |
| GulfMark Offshore, Inc.          | 303,000   |  |
| Mariner Energy, Inc.             | 397,000   |  |
| North American Energy Partners   | 202,000   | UTILITIES - 2.51%                      |
| Offshore Logistics, Inc.         | 329,875   | Dynegy Holdings, Inc.                  |
| Quicksilver Resources, Inc.      | 579,000   | Edison Mission Energy                  |
| Tennessee Gas Pipeline Co.       | 257,189   | Inergy LP                              |
| Tesoro Petroleum Corporation     | 244,375   | Markwest Energy Operating              |
| Total Equipment & Service, Inc.  | 876,771   | N R G Energy, Inc.                     |
|                                  | -----     | Pacific Energy Partners                |
|                                  | 6,131,398 | Petrohawk Energy Corporati             |
|                                  | -----     | Sierra Pacific Resources               |
| PHARMACEUTICALS - 1.11%          |           | Tenaska Alabama Partners L             |
| CorePharma LLC                   | 1,387,980 |  |
| Enzymatic Therapy, Inc.          | 56,250    |  |
|                                  | -----     |  |
|                                  | 1,444,230 | WASTE MANAGEMENT/<br>POLLUTION - 1.24% |
|                                  | -----     | Terra Renewal Services, In             |
| PUBLISHING/PRINTING - 1.38%      |           |  |
| Idearc, Inc.                     | 303,000   | TOTAL CORPORATE RESTRICTED             |
| Primedia, Inc.                   | 526,250   | PUBLIC SECURITIES - 102.27             |
| R H Donnelley, Inc.              | 338,000   |  |
| Sheridan Acquisition Corporation | 236,250   |  |
| Valassis Communications, Inc.    | 390,000   |  |
|                                  | -----     |  |
|                                  | 1,793,500 |  |
|                                  | -----     |  |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MASSMUTUAL PARTICIPATION INVESTORS  
(Unaudited)

1. HISTORY

MassMutual Participation Investors (the "Trust") was organized as a Massachusetts business trust under the laws of the Commonwealth of Massachusetts pursuant to a Declaration of Trust dated April 7, 1988.

The Trust is a diversified closed-end management investment company. Babson Capital Management LLC ("Babson Capital"), a wholly-owned indirect subsidiary of Massachusetts Mutual Life Insurance Company ("MassMutual"), acts as its investment adviser. The Trust's investment objective is to maximize total

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return by providing a high level of current income, the potential for growth of such income, and capital appreciation, by investing primarily in a portfolio of privately placed, below investment grade, long-term corporate debt obligations purchased directly from their issuers, at least half of which normally will include equity features.

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed consistently by the Trust in the preparation of its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America.

#### A. VALUATION OF INVESTMENTS:

Valuation of a security in the Trust's portfolio is made on the basis of market price whenever market quotations are readily available and all securities of the same class held by the Trust can be readily sold in such market.

Nearly all securities which are acquired by the Trust directly from the issuers and shares into which such securities may be converted or which may be purchased on the exercise of warrants attached to such securities will be subject to legal or contractual delays in, or restrictions on, resale and will therefore be "restricted securities." Generally speaking, as contrasted with open-market sales of unrestricted securities, which may be effected immediately if the market is adequate, restricted securities can be sold only in a public offering for which a registration statement is in effect under the Securities Act of 1933, as amended (the "1933 Act") or pursuant to a transaction that is exempt from registration under the 1933 Act.

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

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whether or not securities are restricted securities and as to the legal requirements for public sale.

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

The Trustees meet at least once in each quarter to approve the value of the Trust's portfolio securities as of the close of business on the last business day of the preceding quarter. This valuation requires the approval of a majority of the Trustees of the Trust, including a majority of the Trustees who are not interested persons of the Trust or of Babson Capital. In making valuations, the Trustees will consider reports by Babson Capital analyzing each portfolio security in accordance with the relevant factors referred to above. Babson

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

Capital has agreed to provide such reports to the Trust at least quarterly.

The consolidated financial statements include private placement restricted securities valued at \$97,211,042 (74.67% of net assets) as of June 30, 2007 whose values have been estimated by the Trustees in the absence of readily ascertainable market values. Due to the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

The values for Rule 144A restricted securities and corporate public securities are stated at the last reported sales price or at prices based upon quotations obtained from brokers and dealers as of June 30, 2007, subject to discount where appropriate, and are approved by the Trustees.

Short-term securities with more than sixty days to maturity are valued at fair value and short-term securities having a maturity of sixty days or less are valued at amortized cost, which approximates market value.

#### B. ACCOUNTING FOR INVESTMENTS:

Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis, including the amortization of premiums and accretion of discounts on bonds held using the yield-to-maturity method. The Trust does not accrue income when payment is delinquent and when management believes payment is questionable.

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

#### C. USE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires

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management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### D. FEDERAL INCOME TAXES:

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

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

The MMPI Subsidiary Trust is not taxed as a regulated investment company. Accordingly, prior to the Trust's receiving any distributions from the MMPI Subsidiary Trust, all of the MMPI Subsidiary Trust's taxable income and realized gains, including non-qualified income and realized gains, is subject to taxation at prevailing corporate tax rates. For the six months ended June 30, 2007, the MMPI Subsidiary Trust has accrued income tax expense of \$62,851 on net realized gains and decreased accrued deferred tax income expenses on net unrealized gains by \$199,273.

In, June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109 ("FIN 48"). FIN 48 supplements FASB 109 by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The adoption of FIN 48 requires financial statements to be adjusted to reflect only those tax positions that are more likely than not to be sustained as of the adoption date. As of June 30, 2007, the Trust has properly recorded all tax liabilities.

### E. DISTRIBUTIONS TO SHAREHOLDERS:

The Trust records distributions to shareholders from net investment income and net realized gains, if any, on the exdividend date. The Trust's net investment income dividend is declared four times per year, in April, July, October and December. The Trust's net realized capital gain distribution, if any, is declared in December.

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### F. EXPENSE REDUCTION:

Citibank, N.A. ("Citibank") serves as custodian to the Trust. Pursuant to the custodian agreement, Citibank receives a fee reduced by credits on cash balances the Trust maintains with Citibank. All credit balances, if any, used to reduce the Trust's custodian fees are reported as fees paid indirectly on the Statement of Operations. For the six months ended June 30, 2007, there were no credit balances used to reduce custodian fees.

### 3. INVESTMENT ADVISORY AND ADMINISTRATIVE SERVICES FEE

#### A. SERVICES:

Under an Investment Advisory and Administrative Services Contract (the "Contract") with the Trust, Babson Capital has agreed to use its best efforts to present to the Trust a continuing and suitable investment program consistent with the investment objectives and policies of the Trust. Babson Capital represents the Trust in any negotiations with issuers, investment banking firms, securities brokers or dealers and other institutions or investors relating to the Trust's investments. Under the Contract, Babson Capital also provides administration of the day-to-day operations of the Trust and provides the Trust with office space and office equipment, accounting and bookkeeping services, and necessary executive, clerical and secretarial personnel for the performance of the foregoing services.

#### B. FEE:

For its services under the Contract, Babson Capital is paid a quarterly investment advisory fee equal to .225% of the value of the Trust's net assets as of the last business day of each fiscal quarter, an amount approximately equivalent to .90% on an annual basis. A majority of the Trustees, including a majority of the Trustees who are not interested persons of the Trust or of Babson Capital, approve the valuation of the Trust's net assets as of such day.

#### C. BASIS FOR BOARD RENEWAL OF CONTRACT:

At a meeting of the Trustees held on April 27, 2007, the Trustees (including a majority of the Trustees who are not "interested persons" of the Trust or Babson Capital) unanimously approved a one-year continuance of the Contract.

Prior to the meeting, the Trustees requested and received from Ropes & Gray LLP, counsel to the Trust, a memorandum describing the Trustees' legal responsibilities in connection with its review and reapproval of the Contract. The Trustees also requested and received from Babson Capital extensive written and oral information regarding other matters including: the principal terms of the Contract; the reasons why Babson Capital was proposing the continuance of the Contract; Babson Capital and its personnel; the Trust's investment performance, including comparative performance information; the nature and quality of the services provided by Babson Capital to the Trust; financial strength of Babson Capital; the fee arrangements between Babson Capital and the Trust; fee and expense information, including comparative fee and expense information; profitability of the advisory arrangement to Babson Capital; and "fallout" benefits to Babson Capital resulting from the Contract.

Among other things, the Trustees discussed and considered with management (i) the aforementioned guidance provided by Ropes & Gray LLP and the information provided by Babson Capital prior to the meeting and (ii) the reasons Babson Capital put forth in support of its recommendation that the Trustees approve the continuance of the Contract. These considerations are summarized below.



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### NATURE, EXTENT AND QUALITY OF SERVICES TO BE PROVIDED BY BABSON CAPITAL TO THE TRUST

In evaluating the scope and quality of the services provided by Babson Capital to the Trust, the Trustees considered, among other factors: (i) the scope of services required to be provided by Babson Capital under the Contract; (ii) Babson Capital's ability to find and negotiate private placement securities having equity features that are consistent with the stated investment objectives of the Trust; (iii) the experience and quality of Babson Capital's staff; (iv) the strength of Babson Capital's financial condition; (v) the nature of the private placement market compared to public markets (including the fact that finding, analyzing, negotiating and servicing private placement securities is more labor-intensive than buying and selling public securities and the administration of private placement securities is more extensive, expensive, and requires greater time and expertise than a portfolio of only public securities); (vi) the potential advantages afforded to the Trust by its ability to co-invest in negotiated private placements with MassMutual and its affiliates; and (vii) the expansion of the scope of services provided by Babson Capital as a result of recent regulatory and legislative initiatives that have required increased legal, compliance and business attention and diligence. Based on such considerations, the Trustees concluded that, overall, they are satisfied with the nature, extent and quality of services provided by Babson Capital, and expected to be provided in the future, under the renewed Contract.

### INVESTMENT PERFORMANCE

The Trustees also examined the Trust's short-term, intermediate-term, and long-term performance as compared against various benchmark indices presented at the meeting, which showed that the Trust had outperformed such indices for the 1-, 3-, 5- and 10-year periods. In addition, the Trustees considered comparisons of the Trust's performance with the per-

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

formance of (i) selected closed-end investment companies and funds that may invest in private placement securities and/or bank loans; (ii) selected business development companies with comparable types of investments; and (iii) investment companies included in the Lipper closed-end bond universe. It was acknowledged that, while such comparisons are helpful in judging performance, they are not directly comparable in terms of types of investments due to the fact that business development companies often report returns based on market value, which is affected by factors other than the performance of the underlying portfolio investments. Based on these considerations and the detailed performance information provided to the Trustees at the regular Board meetings each quarter, the Trustees concluded that the Trust's absolute and relative performance over time have been sufficient to warrant renewal of the Contract.

### ADVISORY FEE/COST OF SERVICES PROVIDED AND PROFITABILITY/ MANAGER'S "FALL-OUT" BENEFITS

In connection with the Trustees' consideration of the advisory fee paid by the Trust to Babson Capital under the Contract, Babson Capital noted that it was unaware of any registered closed-end investment companies that are directly comparable to the Trust in terms of the types of investments and percentages invested in private placement securities (which require more extensive advisory and administrative services than a portfolio of publicly traded securities, as previously discussed) other than MassMutual Corporate Investors, which also is advised by Babson Capital. Under the terms of its

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Investment Services Contract, MassMutual Corporate Investors is charged a quarterly investment advisory fee of 0.3125% of net asset value as of the end of each quarter, which is approximately equal to 1.25% annually. In considering the fee rate provided in the Contract, the Trustees noted the advisory fee charged by Babson Capital to Tower Square Capital Partners, L.P. and Tower Square Capital Partners II, L.P., both private mezzanine funds also managed by Babson Capital.

At the request of the Trustees, Babson Capital provided information concerning the profitability of Babson Capital's advisory relationship with the Trust. The Trustees also considered the non-economic benefits Babson Capital and its affiliates derived from its relationship with the Trust, including the reputational benefits derived from having the Trust listed on the New York Stock Exchange, and the de minimis amount of commissions resulting from the Trust's portfolio transactions used by Babson Capital for third-party soft dollar arrangements (less than \$500). The Trustees recognized that Babson Capital should be entitled to earn a reasonable level of profit for services provided to the Trust and, based on their review, concluded that they were satisfied that Babson Capital's historical level of profitability from its relationship with the Trust was not excessive and that the advisory fee structure under the Contract is reasonable.

### ECONOMIES OF SCALE

The Trustees considered the concept of economies of scale and possible advisory fee reductions if the Trust were to grow in assets. Given that the Trust is not continuously offering shares, such growth comes principally from retained net realized gain on investments and dividend reinvestment. The Trustees also examined the breakpoint features of selected competitive funds and noted that the minimum starting point for fee reductions in those funds was at least \$200 million whereas the Trust's current net assets are near \$130 million. The Trustees concluded that the absence of breakpoints in the fee schedule under the Contract was currently acceptable given the Trust's current size and closed-end fund structure.

## 4. SENIOR SECURED INDEBTEDNESS

### A. NOTE PAYABLE:

MassMutual holds the Trust's \$12,000,000 Senior Fixed Rate Convertible Note (the "Note") issued by the Trust in 1995. The Note, as amended, is due December 13, 2011 and accrues interest at 5.80% per annum. MassMutual, at its option, can convert the principal amount of the Note into common shares. The dollar amount of principal would be converted into an equivalent dollar amount of common shares based upon the average price of the common shares for ten business days prior to the notice of conversion. For the six months ended June 30, 2007, the Trust incurred total interest expense on the Note of \$348,000.

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

### B. REVOLVING CREDIT AGREEMENT:

The Trust entered into a \$15,000,000 Revolving Credit Agreement with Bank of America, N.A. (successor in interest to Fleet National Bank) (the "Agent Bank") dated May 29, 1997, which had a stated maturity date of May 31, 2004,

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(the maturity date was later extended to May 31, 2007 pursuant to the First Amended and Restated Revolving Credit Agreement). On May 31, 2007, the maturity date of this loan was extended to May 30, 2008, and its terms were amended and restated pursuant to the First Amendment to the First Amended and Restated Revolving Credit Agreement (the "Revolver"), between the Trust and the Agent Bank.

The Revolver bears interest payable quarterly in arrears at a per annum rate that varies depending upon whether the Trust requests a Base Rate Loan or Eurodollar Base Rate Loan. Interest on Base Rate loans equals the higher of: (i) the annual "Base Rate" as set periodically by the Agent Bank and (ii) the most recent Federal Funds Effective Rate plus .50% per annum. Per annum interest on Eurodollar Base Rate Loans equals .35% plus the British Bankers Association

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

LIBOR rate, divided by 1 minus the Eurodollar Reserve Percentage. The Trust also incurs expense on the undrawn portion of the total Revolver at the amended rate of .10% per annum.

As of June 30, 2007, there were no outstanding loans against the Revolver. For the six months ended June 30, 2007, the Trust incurred expense on the Revolver of \$16,914 related to the undrawn portion.

#### 5. PURCHASES AND SALES OF INVESTMENTS

|                                 | For the six months<br>ended 6/30/2007 |   |
|---------------------------------|---------------------------------------|---|
|                                 | Cost of<br>Investments<br>Acquired    | Proceeds from<br>Sales or<br>Maturities |
| Corporate restricted securities | \$ 13,856,710                         | \$ 9,071,752                            |
| Corporate public securities     | 3,195,990                             | 9,701,191                               |

The aggregate cost of investments is substantially the same for financial reporting and federal income tax purposes as of June 30, 2007. The net unrealized depreciation of investments for financial reporting and federal tax purposes as of June 30, 2007 is \$141,848 and consists of \$14,526,552 appreciation and \$14,668,400 depreciation.

Net unrealized depreciation of investments on the Statement of Assets and Liabilities reflects the balance and a deferred tax accrual of \$184,953 on net unrealized gains in the MMPI Subsidiary Trust.

#### 6. QUARTERLY RESULTS OF INVESTMENT OPERATIONS

|                             | MARCH 31, 2007 |           |
|-----------------------------|----------------|-----------|
|                             | AMOUNT         | PER SHARE |
| Investment income           | \$ 3,065,532   |           |
| Net investment income       | 2,439,056      | \$ 0.25   |
| Net realized and unrealized |                |           |

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|   |               |           |
|---|---------------|-----------|
| gain on investments<br>(net of taxes)                                       | 663,578       | 0.07      |
|   | JUNE 30, 2007 |           |
|   | AMOUNT        | PER SHARE |
|   | -----         | -----     |
| Investment income   | \$ 3,689,385  |           |
| Net investment income   | 3,111,679     | \$ 0.32   |
| Net realized and unrealized<br>gain (loss) on investments<br>(net of taxes) | (698,739)     | (0.07)    |

### 7. AGGREGATE REMUNERATION PAID TO OFFICERS, TRUSTEES AND THEIR AFFILIATED PERSONS

For the six months ended June 30, 2007, the Trust paid its Trustees aggregate remuneration of \$68,000. The Trust did not pay any compensation to any of its Trustees who are "interested persons" (as defined by the 1940 Act) of the Trust. The Trust classifies Messers. Crandall and Joyal as "interested Persons" of the Trust.

All of the Trust's officers are employees of Babson Capital or MassMutual. Pursuant to the Contract, the Trust does not compensate its officers who are employees of Babson Capital or MassMutual (except for the Chief Compliance Officer of the trust unless assumed by Babson Capital). For the six months ended June 30, 2007, Babson Capital paid the compensation of the Chief Compliance Officer of the Trust.

Mr. Crandall, one of the Trust's Trustees is an "affiliated person" (as defined by the 1940 Act) of MassMutual and Babson Capital. The Trust did not make any payments to Babson Capital for the six months ended June 30 2007, other than amounts payable to Babson Capital pursuant to the Contract. For the six months ended June 30, 2007, the Trust paid the following amounts to MassMutual, exclusive of interest expense on the Note explained in Footnote 4.A:

|   |  |          |
|---|--|----------|
| Preparation of the Trust's<br>Quarterly and Annual Reports<br>to Shareholders |  | \$ 6,358 |
| Preparation of Certain of<br>the Trust's Shareholder<br>Communications        |  | 1,089    |
| Preparation of the Trust's<br>Annual Proxy Statements                         |  | 675      |
|   |  | -----    |
|   |  | \$ 8,122 |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS      MASSMUTUAL PARTICIPATION INVESTORS  
(CONTINUED)

### 8. RESULTS OF SHAREHOLDER MEETING

The Annual Meeting of Shareholders was held on Friday, April 27, 2007. The Shareholders were asked to vote to reelect Donald E. Benson, Donald Glickman

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and Robert E. Joyal as trustees, each for a three-year term; William J. Barrett as trustee, for a two-year term; and Michael H. Brown as trustee, for a one-year term. The Shareholders approved all of the proposals. The Trust's other trustees (Roger W. Crandall, Martin T. Hart and Corine T. Norgaard) continued to serve their respective terms following the April 27, 2007 Annual Shareholders Meeting. The results of the Shareholders votes are set forth below.

| Shares for<br>-----             | Withheld<br>----- | Total<br>----- | % of Shares<br>Voted for<br>----- |
|---------------------------------|-------------------|----------------|-----------------------------------|
| Donald E. Benson<br>8,552,191   | 168,711           | 8,720,902      | 98.07%                            |
| Donald Glickman<br>8,540,666    | 180,236           | 8,720,902      | 97.93%                            |
| Robert E. Joyal<br>8,560,245    | 160,657           | 8,720,902      | 98.16%                            |
| William J. Barrett<br>8,571,844 | 149,058           | 8,720,902      | 98.29%                            |
| Michael H. Brown<br>8,571,942   | 148,960           | 8,720,902      | 98.29%                            |

### 9. NEW ACCOUNTING PRONOUNCEMENTS

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

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| TRUSTEES           | OFFICERS           |  |
|--------------------|--------------------|--|
| William J. Barrett | Roger W. Crandall  | Chairman   |
| Donald E. Benson*  | Clifford M. Noreen | President  |
| Michael H. Brown   | James M. Roy       | Vice President &<br>Chief Financial Officer            |
| Roger W. Crandall  | Rodney J. Dillman  | Vice President &<br>Secretary & Chief Legal<br>Officer |
| Donald Glickman    |                    |  |
| Martin T. Hart*    | Jill A. Fields     | Vice President   |

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|                                    |                        |                          |
|------------------------------------|------------------------|--------------------------|
| Robert E. Joyal                    | Michael P. Hermsen     | Vice President           |
| Corine T. Norgaard*                | Mary Wilson Kibbe      | Vice President           |
|                                    | Michael L. Klofas      | Vice President           |
|                                    | Richard E. Spencer, II | Vice President           |
| * MEMBER OF THE AUDIT<br>COMMITTEE | Ronald S. Talala       | Treasurer                |
|                                    | John T. Davitt, Jr.    | Comptroller              |
|                                    | Melissa M. LaGrant     | Chief Compliance Officer |

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### DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

MassMutual Participation Investors offers a Dividend Reinvestment and Cash Purchase Plan. The Plan provides a simple and automatic way for shareholders to add to their holdings in the Trust through the receipt of dividend shares issued by the Trust or through the reinvestment of cash dividends in Trust shares purchased in the open market. The dividends of each shareholder will be automatically reinvested in the Trust by Shareholder Financial Services Inc., the Transfer Agent, in accordance with the Plan, unless such shareholder elects not to participate by providing written notice to the Transfer Agent. A shareholder may terminate his or her participation by notifying the Transfer Agent in writing.

Participating shareholders may also make additional contributions to the Plan from their own funds. Such contributions may be made by personal check or other means in an amount not less than \$100 nor more than \$5,000 per quarter. Cash contributions must be received by the Transfer Agent at least five days (but no more than 30 days) before the payment date of a dividend or distributions.

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

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

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

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

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MassMutual  
Participation Investors

DB1040 707

ITEM 2. CODE OF ETHICS.

Not applicable for this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable for this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable for this filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

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Not applicable for this filing.

### ITEM 6. SCHEDULE OF INVESTMENTS

A schedule of investments for the Registrant is included as part of this report to shareholders under item 1 of this Form N-CSR.

### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED END MANAGEMENT INVESTMENT COMPANIES.

Not applicable for this filing.

### ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable for this filing. There have been no changes in any of the Portfolio Managers identified in the Registrant's most recent annual report on Form N-CSR.

### ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not Applicable for this filing.

### ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not Applicable for this filing.

### ITEM 11. CONTROLS AND PROCEDURES.

- (a) The principal executive officer and principal financial officer of the Registrant evaluated the effectiveness of the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "Act")) as of a date within 90 days of the filing date of this report and based on that evaluation have concluded that such disclosure controls and procedures are effective to provide reasonable assurance that material information required to be disclosed by the Registrant on Form N-CSR is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.
- (b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) during the Registrant's second fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

### ITEM 12. EXHIBITS.

- (a) (1) ANY CODE OF ETHICS, OR AMENDMENTS THERETO, THAT IS THE SUBJECT OF DISCLOSURE REQUIRED BY ITEM 2, TO THE EXTENT THAT THE REGISTRANT



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INTENDS TO SATISFY THE ITEM 2 REQUIREMENTS THROUGH THE FILING OF AN EXHIBIT.

None.

- (a) (2) A SEPARATE CERTIFICATION FOR EACH PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER OF THE REGISTRANT AS REQUIRED BY RULE 30a-2 UNDER THE ACT.

Attached hereto as EX-99.31.1
Attached hereto as EX-99.31.2

- (a) (3) ANY WRITTEN SOLICITATION TO PURCHASE SECURITIES UNDER RULE 23c-1 UNDER THE ACT (17 CFR 270.23c-1) SENT OR GIVEN DURING THE PERIOD COVERED BY THE REPORT BY OR ON BEHALF OF THE REGISTRANT TO 10 OR MORE PERSONS.

Not Applicable for this filing.

- (b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the Act (17 CFR 270.30a-2(b)), Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed "filed" for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

Attached hereto as EX-99.32

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant): MassMutual Participation Investors
By: /s/ Clifford M Noreen
Clifford M Noreen, President
Date: September 4, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Clifford M Noreen
Clifford M Noreen, President

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Date: September 4, 2007  
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By: /s/ James M. Roy  
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James M. Roy, Vice President, and  
Chief Financial Officer  
-----  
Date: September 4, 2007  
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