

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

MASSMUTUAL PARTICIPATION INVESTORS

Form N-30D

November 26, 2007

MASSMUTUAL  
PARTICIPATION INVESTORS

Report for the  
Nine Months Ended September 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

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)

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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. Below investment grade or high yield securities have predominantly speculative characteristics with respect to capacity to pay interest and repay capital. 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. 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>.

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MPV  
Listed  
NYSE

TO OUR SHAREHOLDERS

October 31, 2007

We are pleased to present the September 30, 2007 Quarterly Report of MassMutual Participation Investors (the "Trust").

At the Trust's quarterly Board of Trustees meeting, which was held on October 19, 2007, the Trustees appointed Maleyne M. Syracuse as a Trustee, thereby increasing the size of the Board from eight to nine. Ms. Syracuse was most recently employed by JP Morgan Securities, Inc. where she was a Managing Director in the Credit Markets Group. Ms. Syracuse has over 25 years of investment industry experience.

The Board of Trustees declared a quarterly dividend of 25 cents per share, payable on November 16, 2007 to shareholders of record on October 29, 2007. The Trust had previously paid a 25 cent per share dividend for the preceding quarter. U.S. equity markets, as approximated by the Russell 2000 Index, decreased 3.09% for the quarter. For the nine months ended September 30, 2007 the index increased 3.16%. U.S. fixed income markets, as approximated by the Lehman Brothers U.S. Corporate High Yield Index increased 0.33% for the quarter. For the nine months ended September 30, 2007, the index increased 3.21%.

While the mezzanine and private equity markets in which the Trust invests have become somewhat more disciplined over the last few months, market conditions still continue to be very aggressive in our view. Merger and acquisition activity continues at a very robust pace. Valuations and leverage levels for middle market companies are as high as we have seen them. There is plenty of mezzanine and equity capital aggressively pursuing new investments. All of these factors make it a very challenging time for value-oriented mezzanine and private equity investors like the Trust. As we said last quarter though, we have seen these types of markets before and believe that our disciplined investment approach, which we have used for years, is the best strategy.

During the quarter, the Trust made private placement investments in two new issuers and one "follow-on" investment, totaling approximately \$2.2 million. The follow-on investment purchased by the Trust was H M Holding Company. The two new issuers were Nesco Holdings Corporation and Smart Source Holdings LLC. The weighted average coupon of these investments was 12.00%. (A brief description of these investments can be found in the Consolidated Statement of Investments.)

During the quarter ended September 30, 2007, net assets of the Trust increased to \$132,493,862 or \$13.44 per share compared to \$130,184,597 or \$13.22 per share on June 30, 2007, which translates into a 3.63% 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 11.52%, 19.68%, and 13.00% for the 1-, 5- and 10-year time periods, respectively, based on the change in the Trust's net assets assuming the reinvestment of all dividends. The Trust earned 38 cents per share of net investment income for the quarter, of which 12 cents per share was from nonrecurring items, compared to 32 cents per share in the previous quarter, of which 5 cents per share was from nonrecurring items.

During the quarter ended September 30, 2007, the market price of the Trust declined 5.4% from \$14.75 per share to \$13.95 per share. The Trust's market price of \$13.95 per share equates to a 3.8% premium over the September 30, 2007 net asset value per share. The Trust's average quarter-end premium for the 1-, 5- and 10-year periods was 12.5%, 11.3% and 6.0%, respectively.

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

[PIE CHART APPEARS HERE]

Sincerely,

Clifford M. Noreen  
President

-----  
Portfolio Composition as of 09/30/07\*

Public Equity 1.1%  
  
Private High Yield Debt 50.4%  
  
Private Investment Grade Debt 4.1%  
  
Private/Restricted Equity 15.7%  
  
Cash & Short Term Investments 5.2%  
  
Public High Yield Debt 23.5%

\*Based on market value of total investments  
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CONSOLIDATED STATEMENT OF  
ASSETS AND LIABILITIES

MASSMUTUAL PARTICIPATION INVESTORS

September 30, 2007  
(Unaudited)

ASSETS:

Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value

(Cost - \$102,911,941)

\$ 101,610,670

Corporate public securities at market value

(Cost - \$35,851,458)

35,535,870

Short-term securities at amortized cost

5,976,518

-----  
143,123,058  
-----

Cash

1,624,531

Interest receivable

3,220,205

Receivable for investments sold

160,030

Other assets

6,290

TOTAL ASSETS

\$ 148,134,114  
-----

LIABILITIES:

Payable for investments purchased

\$ 2,764,275

Investment advisory fee payable

298,111

Note payable

12,000,000

Interest payable

266,714

Accrued expenses

77,947

Accrued taxes payable

233,205  
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TOTAL LIABILITIES	15,640,252
	-----
TOTAL NET ASSETS	\$ 132,493,862
	=====
 NET ASSETS:	
Common shares, par value \$.01 per share; an unlimited number authorized	\$ 98,616
Additional paid-in capital	91,774,506
Retained net realized gain on investments, prior years	32,187,872
Undistributed net investment income	5,428,188
Accumulated net realized gain on investments	4,621,539
Net unrealized depreciation of investments	(1,616,859)
	-----
 TOTAL NET ASSETS	 \$ 132,493,862
	=====
COMMON SHARES ISSUED AND OUTSTANDING	9,861,611
	=====
NET ASSET VALUE PER SHARE	\$ 13.44
	=====

See Notes to Consolidated Financial Statements.

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### CONSOLIDATED STATEMENT OF OPERATIONS                      MASSMUTUAL PARTICIPATION INVESTORS

For the nine months ended September 30, 2007  
(Unaudited)

INVESTMENT INCOME:	
Interest	\$ 9,444,053
Dividends	1,629,083
Other	59,887
	-----
TOTAL INVESTMENT INCOME	11,133,023
	-----
EXPENSES:	
Investment advisory fees	883,561
Interest	542,695
Professional fees	118,800
Trustees' fees and expenses	96,000
Reports to shareholders	67,500
Transfer agent/registrar's expenses	14,000
Other	91,551
	-----
TOTAL EXPENSES	1,814,107
	-----
INVESTMENT INCOME - NET	9,318,916
	-----
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:	
Net realized gain on investments before taxes	4,691,466
Income tax expense	(177,298)
	-----
Net realized gain on investments	4,514,168
Net change in unrealized appreciation of investments before taxes	(4,147,146)
Net change in deferred income tax expense	384,226
	-----
Net change in unrealized appreciation of investments	(3,762,920)

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NET GAIN ON INVESTMENTS	751,248
	-----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 10,070,164
	=====

See Notes to Consolidated Financial Statements.

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### CONSOLIDATED STATEMENT OF CASH FLOWS                      MASSMUTUAL PARTICIPATION INVESTORS

For the nine months ended September 30, 2007  
(Unaudited)

NET DECREASE IN CASH:	
Cash flows from operating activities:	
Interest, dividends and other received	\$ 10,343,122
Interest expense paid	(364,914)
Operating expenses paid	(1,316,461)
Income taxes paid	(3,519,168)
	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,142,579
	-----
Cash flows from investing activities:	
Purchases/Proceeds/Maturities from short-term portfolio securities, net	1,146,302
Purchases of portfolio securities	(27,041,973)
Proceeds from disposition of portfolio securities	28,433,690
	-----
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,538,019
	-----
NET CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES	7,680,598
	-----
Cash flows from financing activities:	
Cash dividends paid from net investment income	(9,431,301)
Cash dividends paid from net realized gain on investments	(96,562)
Receipts for shares issued on reinvestment of dividends	828,061
	-----
NET CASH USED FOR FINANCING ACTIVITIES	(8,699,802)
	-----
NET DECREASE IN CASH	(1,019,204)
	-----
Cash - beginning of year	2,643,735
	-----
CASH - END OF PERIOD	\$ 1,624,531
	=====
Reconciliation of net increase in net assets to net cash provided by operating and investing activities:	
Net increase in net assets resulting from operations	\$ 10,070,164
	-----
Increase in investments	(1,424,981)
Increase in interest receivable	(219,379)
Decrease in receivable for investments sold	96,462
Increase in other assets	(6,290)
Increase in payable for investments purchased	2,764,275
Increase in investment advisory fee payable	13,452
Increase in interest payable	177,781
Decrease in accrued expenses	(64,790)
Decrease in accrued taxes payable	(3,726,096)
	-----

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TOTAL ADJUSTMENTS TO NET ASSETS FROM OPERATIONS	(2,389,566)
	-----
NET CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES	\$ 7,680,598
	=====

See Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS	MASSMUTUAL PARTICIPATION INVESTORS
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	For the nine months ended 09/30/2007 (Unaudited)
	-----
INCREASE IN NET ASSETS:	
OPERATIONS:	
Investment income - net	\$ 9,318,916
Net realized gain on investments	4,514,168
Net change in unrealized appreciation of investments	(3,762,920)
	-----
Net increase in net assets resulting from operations	10,070,164
Increase from common shares issued on reinvestment of dividends	
Common shares issued (2007 - 56,329; 2006 - 61,052)	828,061
Dividends to shareholders from:	
Net investment income (2007 - \$0.50 per share; 2006 - \$1.18 per share)	(4,919,376)
Net realized gains on investments (2006 - \$0.01 per share)	--
	-----
TOTAL INCREASE IN NET ASSETS	5,978,849
NET ASSETS, BEGINNING OF YEAR	126,515,013
	-----
NET ASSETS, END OF PERIOD (including undistributed net investment income of \$5,428,188 and \$1,028,648, respectively)	\$ 132,493,862
	=====

See Notes to Consolidated Financial Statements.

CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS	MASSMUTUAL PARTICIPATION INVESTORS
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Selected data for each share of beneficial interest outstanding:

	For the nine months ended 09/30/2007 (Unaudited)	-----	For the years ended	
	-----	2006	2005	2004
	-----	-----	-----	-----
Net asset value:				
Beginning of year	\$ 12.90	\$ 12.21	\$ 11.13	\$ 9.

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Net investment income (a)	0.95	1.10	0.99	1.10
Net realized and unrealized gain (loss) on investments	0.08	0.77	1.09 (b)	1.08
Total from investment operations	1.03	1.87	2.08	2.18
Dividends from net investment income to common shareholders	(0.50)	(1.18)	(1.01)	(1.01)
Dividends from net realized gain on investments to common shareholders	--	(0.01)	--	--
Increase from dividends reinvested	0.01	0.01	0.01	0.01
Total dividends	(0.49)	(1.18)	(1.00)	(1.00)
Net asset value:				
End of period/year	\$ 13.44	\$ 12.90	\$ 12.21	\$ 11.90
Per share market value:				
End of period/year	\$ 13.95	\$ 14.70	\$ 14.05	\$ 13.95
Total investment return				
Market value	(1.78)%	16.81%	17.25%	25.7%
Net asset value (c)	8.22%	18.64%	22.51%	25.1%
Net assets (in millions):				
End of period/year	\$ 132.49	\$ 126.52	\$ 119.02	\$ 107.00
Ratio of operating expenses to average net assets	1.32% (d)	1.17%	1.45%	1.6%
Ratio of interest expense to average net assets	0.56% (d)	0.57%	0.80%	0.8%
Ratio of total expenses before custodian reduction to average net assets	1.88% (d)	1.78%	2.28%	2.5%
Ratio of net expenses after custodian reduction to average net assets	1.88% (d)	1.74%	2.25%	2.5%
Ratio of net investment income to average net assets	9.64% (d)	8.43%	8.45%	9.6%
Portfolio turnover	21%	34%	32%	5
(a) Calculated using average shares.				
(b) Amount includes \$0.10 per share in litigation proceeds.				
(c) Net asset value return represents portfolio returns based on change in the Trust's net asset value, excluding all dividends and distributions which differs from the total investment return based on the Trust's net asset value difference between the Trust's net asset value and the market value of its shares outstanding at the end of the period of future results.				
(d) Annualized.				
Senior securities:				
Total principal amount (in millions)	\$ 12	\$ 12	\$ 12	\$ 22
Asset coverage per \$1,000 of indebtedness	\$ 12,041	\$ 11,543	\$ 10,918	\$ 5,700

See Notes to Consolidated Financial Statements.



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CONSOLIDATED SCHEDULE OF INVESTMENTS  
September 30, 2007  
(Unaudited)

MASSMUTUAL PARTICIPATION INVESTORS

	Shares, Units, Warrants, Ownership or Principal Amount	Acquisition Date
CORPORATE RESTRICTED SECURITIES - 76.69%:(A)	-----	-----
PRIVATE PLACEMENT INVESTMENTS - 70.97%		
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 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
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
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
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
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.	**

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Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	73 shs.	12/31/04
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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.

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

	Shares, Units, Warrants, Ownership or Principal Amount	Acquisition 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

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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
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

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.	**

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

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

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

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

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

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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

### DIRECTED ELECTRONICS, INC.

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

Common Stock (B)	195,118 shs.	**
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### 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.	***

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

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

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

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

	Shares, Units, Warrants, Ownership or Principal Amount	Acquisition Date
CORPORATE RESTRICTED SECURITIES: (A) (Continued)	-----	-----
<b>DUNCAN SYSTEMS, INC.</b>		
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
<b>DWYER GROUP, INC.</b>		
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

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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
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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	\$ 426,316	04/12/07
12% Senior Secured Term Note C due 2012	\$ 291,498	04/12/07
Limited Liability Company Unit Series F	36,913 uts.	04/12/07
Limited Liability Company Unit Series G (B)	2,852 uts.	04/12/07

ENZYMATIC THERAPY, INC.

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

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

EVANS CONSOLES, INC.

A designer and manufacturer of consoles and control center systems.

Common Stock	45,000 shs.	05/06/04
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\*10/30/03 and 01/02/04.

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

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

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

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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

### 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
Preferred Stock (B)	11 shs.	09/18/07
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
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(Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount -----	Acquisition Date -----
HOME DECOR HOLDING COMPANY		
A designer, manufacturer and marketer of framed art and wall decor products.		
12.5% Senior Subordinated Note due 2012	\$ 1,081,731	*
Common Stock (B)	33 shs.	*
Warrant, exercisable until 2012, to purchase common stock at \$.02 per share (B)	106 shs.	*
INSURANCE CLAIMS MANAGEMENT, INC.		
A third party administrator providing auto and property claim administration services for insurance companies.		
Common Stock	37 shs.	02/27/07
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share	11 shs.	02/27/07
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 (D)	\$ 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	\$ 1,300,187	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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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

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

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

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount	Acquisition Date
	-----	-----
<b>KEEPSAKE QUILTING, INC.</b>		
A seller of quilting fabrics, books, patterns, kits and notions to consumers.		
9.17% 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
<b>KELE AND ASSOCIATES, INC.</b>		
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
<b>LIH INVESTORS, L.P.</b>		
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.



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

12% Senior Subordinated Note due 2014	\$	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

### MAVERICK ACQUISITION COMPANY

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

9.86% Senior Secured Tranche A Note due 2010 (C)	\$	334,573		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

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

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

		Shares, Units, Warrants, Ownership or Principal Amount		Acquisition Date
CORPORATE RESTRICTED SECURITIES: (A) (Continued)				
-----				
<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>MICROGROUP, INC.</b>				
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		*

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Common Stock (B)	238 shs.	*
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)	87 shs.	*

MOMENTUM HOLDING CO.

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

12% Senior Subordinated Note due 2014	\$ 618,802	08/04/06
Limited Partnership Interest (B)	56,198 uts.	08/04/06
Warrant, exercisable until 2014, to purchase common stock at \$.02 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 common stock at \$.01 per share (B)	81 shs.	03/31/06

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 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.

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

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

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

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

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

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A producer of explosive containment vessels in the United States.

12% Senior Subordinated Note due 2014	\$	352,389		02/24/06
Limited Liability Company Unit (B)		437 uts.		*
Warrant, exercisable until 2016, to purchase 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	\$	368,379		05/28/04
Common Stock (B)			385,233 shs.	05/28/04
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)			116,521 shs.	05/28/04

### NESCO HOLDINGS CORPORATION

A sales and leasing company that provides equipment to the electric utility, telecommunications, and various other industries.

12% Senior Subordinated Note due 2015	\$	1,125,000		08/02/07
Common Stock (B)			225,000 shs.	08/02/07
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)			63,191 shs.	08/02/07

### 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 Saw Mill PCG Partners LLC (B)			540 uts.	02/01/07
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)			48 shs.	02/02/07

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

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

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(Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount -----	Acquisition Date -----
<p>NYLONCRAFT, INC. A supplier of engineered plastic components for the automotive industry.</p>		
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 common stock at \$.01 per share (B)	138,928 shs.	01/28/02
<p>O R S NASCO HOLDING, INC. A wholesale distributor of industrial supplies in North America.</p>		
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 common stock at \$.01 per share (B)	52,820 shs.	12/20/05
<p>OAKRIVER TECHNOLOGY, INC. Designs, engineers and assembles high precision automated process equipment for the medical device industry, with a focus on defibrillators and stents.</p>		
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 common stock at \$.01 per share (B)	43,073 shs.	01/03/06
<p>OLYMPIC SALES, INC. A boat retailer in Washington state, Oregon, California and British Columbia.</p>		
12% Senior Subordinated Note due 2008	\$ 511,000	08/07/98
12% Senior Subordinated Note due 2008	\$ 244,154	02/09/00
Limited Partnership Interest of Riverside VIII, VIII-A and VIII-B Holding Company, L.P.	10.66% int.	*
Warrants, exercisable until 2007 and 2008, to purchase common stock at \$.01 per share (B)	15,166 shs.	**
<p>ONTARIO DRIVE &amp; GEAR LTD. A manufacturer of all-wheel drive, off-road amphibious vehicles and related accessories.</p>		
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

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\*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  
 September 30, 2007  
 (Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount -----	Acquisition Date -----
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 \$.02 per share (B)	49 shs.	04/28/06
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	\$ 1,170,616	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
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
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
PARADIGM PACKAGING, INC.		
A manufacturer of plastic bottles and closures for the nutritional, pharmaceutical, personal care and food		

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packaging markets.		
12% Senior Subordinated Note due 2008	\$ 1,125,000	12/19/00
Membership Interests of MM/Lincap		
PPI Investments, Inc., LLC (B)	1.28% int.	12/21/00

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

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

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

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

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

R A J MANUFACTURING HOLDINGS LLC  
A designer and manufacturer of women's swimwear sold

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under a variety of licensed brand names.

12.5% Senior Subordinated Note due 2014	\$ 1,200,277	12/15/06
Limited Liability Company Unit (B)	1,497 uts.	12/15/06
Warrant, exercisable until 2014, to purchase 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 common stock at \$.01 per share (B)	69,647 shs.	02/10/06

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 common stock at \$.01 per share (B)	12,481 shs.	09/29/04

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

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

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

	Shares, Units, Warrants, Ownership or Principal Amount	Acquisition Date
CORPORATE RESTRICTED SECURITIES:(A) (Continued)	-----	-----
ROYAL BATHS MANUFACTURING COMPANY		
A manufacturer and distributor of acrylic and cultured marble bathroom products.		
12.5% Senior Subordinated Note due 2011	\$ 562,500	11/14/03
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	74 shs.	11/14/03
SAFETY SPEED CUT MANUFACTURING COMPANY, INC.		
A manufacturer of vertical panel saws and routers for the wood working industry.		
Class B Common Stock (B)	846 shs.	06/02/99
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

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Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	71 shs.	09/10/04
SMART SOURCE HOLDINGS LLC		
A short-term computer rental company.		
12% Senior Subordinated Note due 2015	\$ 1,038,462	08/31/07
Limited Liability Company Unit (B)	312 uts.	08/31/07
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	76 shs.	08/31/07
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 \$.02 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

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

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



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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.

8.61% Senior Secured Tranche B Note due 2012 (C)	\$ 828,594	*
10.5% Senior Secured Tranche B Note due 2012 (C)	\$ 43,053	*
12% Senior Subordinated Note due 2014	\$ 664,062	**
Limited Partnership Interest of Saw Mill Capital Fund V, L.P.	2.30% int.	03/01/05
Warrant, exercisable until 2016, to purchase 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 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 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 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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(Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount -----	Acquisition Date -----
TRONAIR, INC.		
A designer, engineer and manufacturer of ground support equipment for the business, commuter and commercial aviation markets.		
10.5% Senior Secured Term Note due 2008	\$ 225,806	01/20/00
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 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 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 common stock at \$.01 per share (B)	3,060 shs.	04/11/03
U-LINE CORPORATION		
A manufacturer of high-end, built-in, undercounter ice making, wine storage and refrigeration appliances.		
12.5% Senior Subordinated Note due 2012	\$ 996,500	04/30/04
Common Stock (B)	96 shs.	04/30/04
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	122 shs.	04/30/04
VICTORY VENTURES LLC		
An acquirer of controlling or substantial interests in other entities.		
Series A Preferred Units	0.04% int.	12/02/96
VISIONEERING, INC.		
A designer and manufacturer of tooling and fixtures for the aerospace industry.		
10.5% Senior Secured Term Loan due 2013	\$ 458,824	05/17/07
13% Senior Subordinated Note due 2014	\$ 370,588	05/17/07
Common Stock (B)	70,588 shs.	05/17/07
Warrant, exercisable until 2014, to purchase		

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common stock at \$.01 per share (B)

20,003 shs.

05/17/07

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

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

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount -----	Acquisition Date -----
VITALITY FOODSERVICE, INC.		
A non-carbonated beverage dispensing company focused on the foodservice industry.		
15% Senior Subordinated Note due 2011	\$ 1,115,826	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
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
WALLS INDUSTRIES, INC.		
A provider of branded workwear and sporting goods apparel.		
Limited Partnership Interest	0.20% int.	07/12/04
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
WORKPLACE MEDIA HOLDING CO.		
A direct marketer specializing in providing advertisers with access to consumers in the workplace.		
13% Senior Subordinated Note due 2015	\$ 613,692	05/14/07
Limited Partnership Interest (B)	61,308 uts.	05/14/07
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	47 shs.	05/14/07

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## TOTAL PRIVATE PLACEMENT INVESTMENTS

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

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

CORPORATE RESTRICTED SECURITIES (A) (Continued)	Interest Rate	Due Date	Princi Amount
RULE 144A SECURITIES - 5.72%: (A)			
BONDS - 5.72%			
Bombardier, Inc.	6.300%	05/01/14	\$ 500
Bristow Group, Inc.	7.500	09/15/17	75
Charter Communications Op LLC	8.000	04/30/12	750
Community Health Systems, Inc.	8.875	07/15/15	475
Compucom Systems, Inc.	12.500	10/01/15	670
Douglas Dynamics LLC	7.750	01/15/12	325
Dynegy Holdings, Inc.	7.500	06/01/15	250
G F S I, Inc. (C)	11.500	06/01/11	375
H C A, Inc.	9.250	11/15/16	500
Intergen NV	9.000	06/30/17	375
Packaging Dynamics Corporation of America	10.000	05/01/16	1,200
Quebecor Media, Inc.	7.750	03/15/16	575
Steel Dynamics, Inc.	6.750	04/01/15	100
Tenaska Alabama Partners LP	7.000	06/30/21	174
Tesoro Petroleum Corporation	6.500	06/01/17	250
TRW Automotive, Inc.	7.250	03/15/17	500
Tunica-Biloxi Gaming Authority	9.000	11/15/15	540
TOTAL BONDS			
TOTAL RULE 144A SECURITIES			
TOTAL CORPORATE RESTRICTED SECURITIES			

CORPORATE PUBLIC SECURITIES - 26.82%: (A)

BONDS - 25.44%			
Allied Waste NA	7.875	04/15/13	500
Appleton Papers, Inc.	8.125	06/15/11	250
Aramark Corporation	8.500	02/01/15	100
Aramark Corporation	8.856	02/01/15	100
Atlas Pipeline Partners	8.125	12/15/15	600
Basic Energy Services	7.125	04/15/16	625
Blockbuster, Inc. (C)	9.000	09/01/12	275
Cablevision Systems Corporation	8.000	04/15/12	500
Chesapeake Energy Corporation	7.000	08/15/14	650
Cincinnati Bell, Inc.	8.375	01/15/14	550
Clayton Williams Energy, Inc.	7.750	08/01/13	575
Del Monte Corporation	8.625	12/15/12	200
Dynegy Holdings, Inc.	8.375	05/01/16	665

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Edison Mission Energy	7.750	06/15/16	35
El Paso Corporation	7.875	06/15/12	500
Electronic Data Systems Corporation	7.125	10/15/09	500
Esterline Technologies	7.750	06/15/13	175
Exco Resources, Inc.	7.250	01/15/11	500
Ford Motor Credit Co.	8.000	12/15/16	150
Ford Motor Credit Co.	7.375	10/28/09	750
Freeport-McMoran Copper & Gold	8.375	04/01/17	190
Gencorp, Inc.	9.500	08/15/13	130
General Motors Acceptance Corporation	6.875	08/28/12	750
General Motors Acceptance Corporation	5.850	01/14/09	750

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

CORPORATE PUBLIC SECURITIES (A) (Continued)	Interest Rate	Due Date	Princi Amount
	-----	-----	-----
BONDS, CONTINUED			
Goodyear Tire & Rubber Co.	7.857%	08/15/11	\$ 350
Goodyear Tire & Rubber Co.	8.625	12/01/11	250
Goodyear Tire & Rubber Co.	9.000	07/01/15	64
GulfMark Offshore, Inc.	7.750	07/15/14	300
Idearc, Inc.	8.000	11/15/16	520
Inergy LP	8.250	03/01/16	75
Intelsat Bermuda Ltd	9.250	06/15/16	690
Interline Brands, Inc.	8.125	06/15/14	775
Iron Mountain, Inc.	8.750	07/15/18	500
Koppers, Inc.	9.875	10/15/13	170
Lazard Group	7.125	05/15/15	375
Lear Corporation	8.750	12/01/16	500
Leucadia National Corporation	7.000	08/15/13	350
Liberty Media Corporation	5.700	05/15/13	500
Mac-Gray Corporation	7.625	08/15/15	300
Majestic Star Casino LLC	9.500	10/15/10	250
Manitowoc Company, Inc.	7.125	11/01/13	100
Mariner Energy, Inc.	8.000	05/15/17	400
Markwest Energy Operating Co.	6.875	11/01/14	550
Mediacom Broadband LLC	8.500	10/15/15	750
Metaldyne Corporation (C)	10.000	11/01/13	340
N R G Energy, Inc.	7.375	02/01/16	600
N T L Cable PLC	9.125	08/15/16	790
Nalco Co.	7.750	11/15/11	250
Neiman Marcus Group, Inc.	10.375	10/15/15	600
Nextel Communications, Inc.	7.375	08/01/15	400
North American Energy Partners	8.750	12/01/11	200
NOVA Chemicals Corporation (C)	8.484	11/15/13	515
O E D Corp/Diamond Jo Company Guarantee	8.750	04/15/12	500
Offshore Logistics, Inc.	6.125	06/15/13	350
Pacific Energy Partners	7.125	06/15/14	250
Pacific Energy Partners	6.250	09/15/15	100
Petrohawk Energy Corporation	9.125	07/15/13	750
Pliant Corporation (C)	11.850	06/15/09	721
Quicksilver Resources, Inc.	7.125	04/01/16	600
R H Donnelley, Inc.	8.875	01/15/16	625
Rent-A-Center, Inc.	7.500	05/01/10	125

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Rental Service Corporation	9.500	12/01/14	500
Rock-Tenn Co.	8.200	08/15/11	430
Rogers Wireless, Inc.	7.500	03/15/15	560
Sheridan Acquisition Corporation	10.250	08/15/11	225
Sierra Pacific Resources	6.750	08/15/17	330
Stewart & Stevenson LLC	10.000	07/15/14	750
Tekni-Plex, Inc.	12.750	06/15/10	500
Tenet Healthcare Corporation	6.375	12/01/11	250
Tenet Healthcare Corporation	9.875	07/01/14	350
Tenneco, Inc.	8.625	11/15/14	500
Texas Industries, Inc.	7.250	07/15/13	35
Titan International, Inc.	8.000	01/15/12	70
Transdigm, Inc.	7.750	07/15/14	150
Triton PCS, Inc.	8.500	06/01/13	500
Tube City IMS Corporation	9.750	02/01/15	1,000
Unisys Corporation	8.000	10/15/12	90
United Components, Inc.	9.375	06/15/13	535
United Rentals, Inc.	7.750	11/15/13	325

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

CORPORATE PUBLIC SECURITIES (A) (Continued)	Interest Rate	Due Date	Shares Princi Amount
BONDS, CONTINUED			
Universal City Florida (C)	10.106%	05/01/10	\$ 100
Universal City Florida	8.375	05/01/10	100
Valassis Communications, Inc.	8.250	03/01/15	400
Vought Aircraft Industries	8.000	07/15/11	650
Warner Music Group Corporation	7.375	04/15/14	125
TOTAL BONDS			
COMMON STOCK - 1.19%			
Distributed Energy Systems Corporation (B)			14
EnerNOC, Inc. (B)			23
ITC^DeltaCom, Inc. (B)			94
TOTAL COMMON STOCK			
CONVERTIBLE BONDS - 0.19%			
Citadel Broadcasting Corporation	1.875%	02/15/11	\$ 300
TOTAL CONVERTIBLE BONDS			
TOTAL CORPORATE PUBLIC SECURITIES			
SHORT-TERM SECURITIES:			
COMMERCIAL PAPER - 4.51%			
Clorox Company	5.403%	10/02/07	\$ 1,382
O G E Energy Corporation	5.355	10/03/07	1,689
Reed Elsevier, Inc.	5.304	10/01/07	2,908

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TOTAL SHORT-TERM SECURITIES

TOTAL INVESTMENTS	108.02%
Other Assets	3.78
Liabilities	(11.80)
	-----
TOTAL NET ASSETS	100.00%
	=====

- (A) In each of the convertible note, warrant, and common stock investments, the issuer has agreed rights.
- (B) Non-income producing security.
- (C) Variable rate security; rate indicated is as of 09/30/07.
- (D) Defaulted security; interest not accrued.
- \* Effective yield at purchase.

See Notes to Consolidated Financial Statements.

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

INDUSTRY CLASSIFICATION:	Fair Value/ Market Value	
	-----	
AEROSPACE - 4.28%		CHEMICAL, PLASTICS & RUBBER
Consolidated Foundries Holdings	\$ 2,016,255	Capital Specialty Plastics
Esterline Technologies	177,625	Koppers, Inc.
Gencorp, Inc.	135,525	Nalco Co.
P A S Holdco LLC	1,668,468	NOVA Chemicals Corporation
Transdigm, Inc.	151,500	
Visioneering, Inc.	885,881	
Vought Aircraft Industries	635,375	
	-----	
	5,670,629	CONSUMER PRODUCTS -8.42%
	-----	Aero Holdings, Inc.
AUTOMOBILE - 9.90%		Augusta Sportswear Holding
Ford Motor Credit Co.	876,058	Bravo Sports Holding Corpo
Fuel Systems Holding Corporation	1,318,055	G F S I, Inc.
General Motors Acceptance Corporation	1,437,551	K N B Holdings Corporation
Goodyear Tire & Rubber Co.	684,820	Momentum Holding Co.
Jason, Inc.	1,076,436	R A J Manufacturing Holdin
Lear Corporation	470,000	Royal Baths Manufacturing
LIH Investors, L.P.	--	The Tranzonic Companies
Metaldyne Corporation	323,000	Walls Industries, Inc.
Nyloncraft, Inc.	1,083,929	
Ontario Drive & Gear Ltd.	1,592,087	
Qualis Automotive LLC	1,066,696	CONTAINERS, PACKAGING & GL
Tenneco, Inc.	503,750	Flutes, Inc.
Titan International, Inc.	69,825	Maverick Acquisition Compa
Transtar Holding Company	1,588,836	P I I Holding Corporation
TRW Automotive, Inc.	487,500	Packaging Dynamics Corpora
United Components, Inc.	543,025	Paradigm Packaging, Inc.
	-----	Pliant Corporation
	13,121,568	Tekni-Plex, Inc.
	-----	Vitex Packaging Group, Inc

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BEVERAGE, DRUG & FOOD - 3.27%		
Aramark Corporation	203,000	
Beta Brands Ltd.	--	
Del Monte Corporation	203,000	DISTRIBUTION - 3.67%
Eagle Pack Pet Foods, Inc.	877,667	Duncan Systems, Inc.
Nonni's Food Company	1,347,150	Kele and Associates, Inc.
River Ranch Fresh Foods LLC	487,500	Magnatech International, I
Specialty Foods Group, Inc.	--	O R S Nasco Holding, Inc.
Vitality Foodservice, Inc.	1,217,031	QualServ Corporation
	-----	Strategic Equipment & Supp
	4,335,348	
	-----	
BROADCASTING & ENTERTAINMENT - 2.55%		
Cablevision Systems Corporation	485,000	DIVERSIFIED/CONGLOMERATE,
Charter Communications Op LLC	746,250	MANUFACTURING - 5.07%
Citadel Broadcasting Corporation	257,250	Arrow Tru-Line Holdings, I
Liberty Media Corporation	467,115	Bombardier, Inc.
Mediacom Broadband LLC	751,875	Douglas Dynamics LLC
Workplace Media Holdings Co.	671,352	Evans Consoles, Inc.
	-----	Postle Aluminum Company LL
	3,378,842	Radiac Abrasives, Inc.
	-----	Truck Bodies & Equipment I
BUILDINGS & REAL ESTATE - 1.56%		
K W P I Holdings Corporation	1,317,711	
Texas Industries, Inc.	34,912	
TruStile Doors, Inc.	709,148	
	-----	
	2,061,771	
	-----	

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

INDUSTRY CLASSIFICATION: (Cont.)	Fair Value/ Market Value	
	-----	
DIVERSIFIED/CONGLOMERATE,		
SERVICE - 3.82%		
Allied Waste NA	\$ 516,250	HOME & OFFICE FURNISHINGS,
CapeSuccess LLC	2,512	HOUSEWARES, AND DURABLE
Diversco, Inc./DHI Holdings, Inc.	--	CONSUMER PRODUCTS - 6.53
Dwyer Group, Inc.	642,115	Connor Sport Court Interna
Fowler Holding, Inc.	1,292,887	H M Holding Company
Insurance Claims Management, Inc.	--	Home Decor Holding Company
Interline Brands, Inc.	765,313	Justrite Manufacturing Acq
Iron Mountain, Inc.	520,000	Monessen Holding Corporati
Mac-Gray Corporation	300,000	Stanton Carpet Holding Co.
Mail Communications Group, Inc.	663,455	U-Line Corporation
Moss, Inc.	364,557	Wellborn Forest Holding Co
	-----	
	5,067,089	
	-----	
ELECTRONICS - 2.02%		
Connecticut Electric, Inc.	1,375,301	LEISURE, AMUSEMENT,
Directed Electronics, Inc.	778,520	ENTERTAINMENT - 4.38%
Distributed Energy Systems Corporation	11,760	Electra Bicycle Company, I
		Keepsake Quilting, Inc.
		Majestic Star Casino LLC
		O E D Corp/Diamond Jo Comp



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Electronic Data Systems Corporation	509,046	Overton's Holding Company
	-----	Savage Sports Holding, Inc.
	2,674,627	Tunica-Biloxi Gaming Autho
	-----	Universal City Florida
FARMING & AGRICULTURE - 0.00%		Warner Music Group Corpora
Protein Genetics, Inc.	--	
	-----	
FINANCIAL SERVICES - 1.54%		MACHINERY - 9.73%
Highgate Capital LLC	--	Davis-Standard LLC
Lazard Group	378,750	Integration Technology Sys
Leucadia National Corporation	336,000	Manitowoc Company, Inc.
Nesco Holdings Corporation	1,328,776	Maxon Corporation
Victory Ventures LLC	--	Morton Industrial Group, I
	-----	Navis Global
	2,043,526	NetShape Technologies, Inc
	-----	Pacific Consolidated Holdi
HEALTHCARE, EDUCATION		Safety Speed Cut Manufactu
& CHILDCARE -4.09%		Stewart & Stevenson LLC
A T I Acquisition Company	1,170,122	Synventive Equity LLC
American Hospice Management Holding LLC	1,251,150	Tronair, Inc.
Community Health Systems, Inc.	488,063	
F H S Holdings LLC	1,434,852	
H C A, Inc.	531,250	
Tenet Healthcare Corporation	539,000	
	-----	MEDICAL DEVICES/BIOTECH -
	5,414,437	Coeur, Inc.
	-----	E X C Acquisition Corporat
		MicroGroup, Inc.
		OakRiver Technology, Inc.
		MINING, STEEL, IRON
		& NON PRECIOUS METALS -
		Freeport-McMoran Copper &
		Steel Dynamics, Inc.
		Tube City IMS Corporation

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

INDUSTRY CLASSIFICATION: (Cont.)	Fair Value/ Market Value	
	-----	
NATURAL RESOURCES - 0.52%		TELECOMMUNICATIONS - 3.23%
Appleton Papers, Inc.	\$ 246,875	Cincinnati Bell, Inc.
Rock-Tenn Co.	444,512	Intelsat Bermuda Ltd
	-----	ITC^DeltaCom, Inc.
	691,387	Nextel Communications, Inc
	-----	N T L Cable PLC
OIL & GAS - 4.48%		Rogers Wireless, Inc.
Atlas Pipeline Partners	591,000	Triton P C S, Inc.
Basic Energy Services	607,813	

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Bristow Group, Inc.	76,500	
Chesapeake Energy Corporation	654,063	
Clayton Williams Energy, Inc.	540,500	TRANSPORTATION - 1.81%
Exco Resources, Inc.	497,500	NABCO, Inc.
GulfMark Offshore, Inc.	301,500	Tangent Rail Corporation
Mariner Energy, Inc.	391,000	
North American Energy Partners	202,000	
OffshoreLogistics, Inc.	339,500	
Quicksilver Resources, Inc.	591,000	UTILITIES - 3.54%
Tesoro Petroleum Corporation	248,125	Dynegy Holdings, Inc.
Total Equipment & Service, Inc.	893,280	Edison Mission Energy
	-----	El Paso Corporation
	5,933,781	Energy LP
	-----	Intergen NV
PHARMACEUTICALS - 1.09%		Markwest Energy Operating
CorePharma LLC	1,393,233	N R G Energy, Inc.
Enzymatic Therapy, Inc.	56,250	Pacific Energy Partners
	-----	Petrohawk Energy Corporati
	1,449,483	Sierra Pacific Resources
	-----	Tenaska Alabama Partners L
PUBLISHING/PRINTING - 1.72%		
Idearc, Inc. 518,700		
Quebecor Media, Inc.	549,125	
R H Donnelley, Inc.	636,719	WASTE MANAGEMENT / POLLUTI
Sheridan Acquisition Corporation	226,968	1.40%
Valassis Communications, Inc.	348,000	Terra Renewal Services, In
	-----	
	2,279,512	TOTAL CORPORATE RESTRICTED
	-----	PUBLIC SECURITIES - 103.51
RETAIL STORES - 2.58%		
Blockbuster, Inc.	247,500	
Neiman Marcus Group, Inc.	654,000	
Olympic Sales, Inc.	1,584,234	
Rent-A-Center, Inc.	118,750	
Rental Service Corporation	477,500	
United Rentals, Inc.	334,750	
	-----	
	3,416,734	
	-----	
TECHNOLOGY - 2.23%		
Compucom Systems, Inc.	638,175	
EnerNOC, Inc.	897,230	
Smart Source Holdings, Inc.	1,327,155	
Unisys Corporation	85,275	
	-----	
	2,947,835	
	-----	

See Notes to Consolidated Financial Statements.

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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.

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The Trust is a diversified closed-end management investment company. Babson Capital Management LLC ("Babson Capital"), a wholly-owned indirect subsidiary of Massachusetts Mutual Life Insurance Company ("MassMutual"), acts as its investment adviser. The Trust's investment objective is to maximize total return by providing a high level of current income, the potential for growth of such income, and capital appreciation, by investing primarily in a portfolio of privately placed, below investment grade, long-term corporate debt obligations purchased directly from their issuers, at least half of which normally will include equity features.

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed 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

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proportion of the issue held by the Trust; changes in the financial condition and prospects of the issuer; the existence of merger proposals or tender offers affecting the issuer; and any other factors affecting fair value, all in accordance with the Investment Company Act of 1940, as amended (the "1940 Act"). In making valuations, opinions of counsel may be relied upon as to whether or not securities are restricted securities and as to the legal requirements for public sale.

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

The Trustees meet at least once in each quarter to approve the value of the Trust's portfolio securities as of the close of business on the last business day of the preceding quarter. This valuation requires the approval of a majority of the Trustees of the

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

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

The consolidated financial statements include private placement restricted securities valued at \$94,024,447 (70.97% of net assets) as of September 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 September 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

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statement and federal income tax purposes on the identified cost method.

### C. USE OF ESTIMATES:

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

### D. FEDERAL INCOME TAXES:

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

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

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 nine months ended September 30, 2007, the MMPI Subsidiary Trust has accrued income tax expense of \$177,298 on net realized gains and decreased deferred income tax expenses on net unrealized gains by \$384,226.

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 September 30, 2007, the Trust has properly recorded all tax liabilities.

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### E. DISTRIBUTIONS TO SHAREHOLDERS:

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

### F. EXPENSE REDUCTION:

Citibank, N.A. ("Citibank") serves as custodian to the Trust. Pursuant to the custodian agreement, Citibank receives a fee reduced by credits on cash balances the Trust maintains with Citibank. All credit balances, if any, used to reduce the Trust's custodian fees are reported as fees paid indirectly on the Statement of Operations. For the nine months ended September 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.

## 4. SENIOR SECURED INDEBTEDNESS

### A. NOTE PAYABLE:

MassMutual holds the Trust's \$12,000,000 Senior Fixed Rate Convertible Note (the "Note") issued by the Trust in 1995. The Note, as amended, is due December 13, 2011 and accrues interest at 5.80% per annum. MassMutual, at its option, can convert the principal amount of the Note into common shares. The dollar amount of principal would be converted into an equivalent dollar amount of common shares based upon the average price of the common shares for ten business days prior to the notice of conversion. For the nine months ended September 30, 2007, the Trust incurred total interest expense on the Note of \$522,000.

The Trust may redeem the Note, in whole or in part, at the principal amount proposed to be redeemed together with the accrued and unpaid interest thereon through the redemption date plus a Make Whole Premium. The Make Whole Premium equals the excess of (i) the present value of the scheduled payments of principal and interest which the Trust would have paid but for the proposed

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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, (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 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 September 30, 2007, there were no outstanding loans against the Revolver. For the nine months ended September 30, 2007, the Trust incurred expense on the Revolver of \$20,695 related to the undrawn portion.

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

#### 5. PURCHASES AND SALES OF INVESTMENTS

FOR THE NINE MONTHS  
ENDED 9/30/2007

	COST OF INVESTMENTS ACQUIRED	PROCEEDS FROM SALES OR MATURITIES
	-----	-----
Corporate restricted securities	\$20,226,850	\$16,860,470
Corporate public securities	9,579,398	11,476,758

The aggregate cost of investments is substantially the same for financial reporting and federal income tax purposes as of September 30, 2007. The net unrealized depreciation of investments for financial reporting and federal tax purposes as of September 30, 2007 is \$1,616,859 and consists of \$13,352,620 appreciation and \$14,969,479 depreciation.

#### 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 (net of taxes)	663,578	0.07
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June 30, 2007

	Amount	Per Share
	-----	-----
Investment income	\$ 3,689,385	
Net investment income	3,111,679	\$ 0.32
Net realized and unrealized loss on investments (net of taxes)	(698,739)	(0.07)

September 30, 2007

	Amount	Per Share
	-----	-----
Investment income	\$ 4,378,106	
Net investment income	3,768,181	\$ 0.38
Net realized and unrealized gain on investments (net of taxes)	786,409	0.08

### 7. NEW ACCOUNTING PRONOUNCEMENTS

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

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



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Corine T. Norgaard*	Michael P. Hermsen	Vice President
Maleyne M. Syracuse	Mary Wilson Kibbe	Vice President
	Michael L. Klofas	Vice President
	Richard E. Spencer, II	Vice President
* MEMBER OF THE AUDIT COMMITTEE	Ronald S. Talaia	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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