

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

MASSMUTUAL PARTICIPATION INVESTORS

Form N-CSRS

August 28, 2008

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  
-----

MassMutual Participation Investors  
-----

(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  
-----

Date of fiscal year end: 12/31  
-----

Date of reporting period: 6/30/08  
-----

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

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

1940, as amended.

MASSMUTUAL  
PARTICIPATION INVESTORS

REPORT FOR THE  
SIX MONTHS ENDED JUNE 30, 2008

[LOGO]

ADVISER

Babson Capital Management LLC  
1500 Main Street, P.O. 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

[LOGO]

MassMutual Participation Investors  
c/o Babson Capital Management LLC  
1500 Main Street, Suite 600  
Springfield, Massachusetts 01115  
(413) 226-1516

INTERNET WEBSITE

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

-----  
INVESTMENT OBJECTIVE AND POLICY

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

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

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

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

### Form N-Q

MassMutual Participation Investors files its complete schedule of portfolio holdings with the U.S. Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. This information is available (i) on the U.S. Securities and Exchange Commission's website at <http://www.sec.gov>; and (ii) at the U.S. Securities and Exchange Commission'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 MassMutual Participation Investors have delegated proxy voting responsibilities relating to the voting of securities held by the Trust to Babson Capital Management LLC. 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 MassMutual Participation Investors' website: <http://www.babsoncapital.com/mpv>; and (3) on the U.S. Securities and Exchange Commission ("SEC") website at <http://www.sec.gov>. Information regarding how the Trust voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available (1) on MassMutual Participation Investors' website: <http://www.babsoncapital.com/mpv>; and (2) on the SEC's website at <http://www.sec.gov>.

MPV  
Listed  
NYSE

TO OUR SHAREHOLDERS

MassMutual Participation Investors

July 31, 2008

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

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

The Board of Trustees declared a quarterly dividend of 25 cents per share, payable on August 15, 2008 to shareholders of record on August 1, 2008. The Trust had previously paid a 25 cent per share dividend for the preceding quarter.

The mezzanine and private equity markets in which the Trust participates have begun to recover from the effects of the credit dislocation that occurred in 2007. Deal volume has rebounded over the past few months as credit continues to be available for middle market leveraged transactions. In the current market, new investments are being structured with lower leverage than they were in 2007, while pricing on these investments is more favorable than it has been for several years.

During the quarter, the Trust made private placement investments in two new issuers and two "follow-on" investments, totaling approximately \$2.6 million. The follow-on investments purchased by the Trust were American Hospice Management Holding LLC and Fuel Systems Holding Corporation. The two new issuers were A W X Holdings Corporation and GQ Holdings LLC. The weighted average coupon of these investments was 13.31%. (A brief description of these investments can be found in the Consolidated Schedule of Investments.)

During the quarter ended June 30, 2008, net assets of the Trust decreased to \$125,650,592 or \$12.68 per share compared to \$127,127,512 or \$12.85 per share on March 31, 2008, which translates into a 0.61% total return for the quarter, based on the change in the Trust's net assets assuming the reinvestment of all dividends. Longer term, the Trust returned 6.01%, 17.69%, and 12.21% 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 23 cents per share of net investment income for the quarter, compared to 26 cents per share in the previous quarter.

U.S. equity markets, as approximated by the Russell 2000 Index, increased 0.58% for the quarter. U.S. fixed income markets, as approximated by the Lehman Brothers U.S. Corporate High Yield Index increased 1.76% for the quarter.

During the quarter ended June 30, 2008, the market price of the Trust decreased 3.4% from \$13.65 per share to \$13.19 per share. The Trust's market price of \$13.19 per share equated to a 4.0% premium over the June 30, 2008 net asset value per share. The Trust's average quarter-end premium for the 3-, 5-, and 10-year periods was 11.1%, 10.6% and 6.4%, respectively.

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

Sincerely,

/s/ Clifford M. Noreen

Clifford M. Noreen  
President

Portfolio Composition as of 6/30/08 \*

[PIE CHART APPEARS HERE]

Public High Yield Debt 18.6%	Private Investment Grade Debt 0.8%
Public Equity 0.8%	Private / Restricted Equity 13.8%
Private / 144A High Yield Debt 57.2%	Cash & Short Term Investments 8.8%

\*Based on market value of total investments

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

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

1

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

ASSETS:

Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value (Cost - \$98,510,329)	\$ 93,969,644
Corporate public securities at market value (Cost - \$28,489,599)	25,816,933
Short-term securities at amortized cost	10,676,366

-----  
130,462,943

Cash	965,874
Interest receivable	2,799,003
Receivable for investments sold	3,898,548
Other assets	12,594

-----  
TOTAL ASSETS 138,138,962  
-----

LIABILITIES:

Investment advisory fee payable	282,714
Note payable	12,000,000
Interest payable	88,933
Accrued expenses	116,723

-----  
TOTAL LIABILITIES 12,488,370  
-----

TOTAL NET ASSETS \$ 125,650,592  
=====

NET ASSETS:

Common shares, par value \$.01 per share; an unlimited number authorized	\$ 99,112
Additional paid-in capital	92,387,793
Retained net realized gain on investments, prior years	32,808,045
Undistributed net investment income	3,395,923
Accumulated net realized gain on investments	4,173,070
Net unrealized depreciation of investments	(7,213,351)

-----  
TOTAL NET ASSETS \$ 125,650,592  
=====

COMMON SHARES ISSUED AND OUTSTANDING 9,911,164  
=====

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

NET ASSET VALUE PER SHARE \$ 12.68  
=====

See Notes to Consolidated Financial Statements

-----  
2

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

INVESTMENT INCOME:	
Interest	\$ 5,917,602
Dividends	105,447
Other	39,136
	-----
Total investment income	6,062,185
	-----
EXPENSES:	
Investment advisory fees	568,751
Interest	354,229
Trustees' fees and expenses	84,000
Professional fees	78,200
Reports to shareholders	54,000
Custodian fees	13,957
Transfer agent/registrar's expenses	12,000
Other	18,590
	-----
TOTAL EXPENSES	1,183,727
	-----
INVESTMENT INCOME - NET	4,878,458
	-----
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:	
Net realized gain on investments before taxes	3,776,610
Income tax expense	(87,118)
	-----
Net realized gain on investments	3,689,492
Net change in unrealized appreciation of investments	(7,715,271)
	-----
NET LOSS ON INVESTMENTS	(4,025,779)
	-----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 852,679
	=====

See Notes to Consolidated Financial Statements

-----  
3

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JUNE 30, 2008  
(UNAUDITED)

NET DECREASE IN CASH:	
Cash flows from operating activities:	
Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$ (3,007,925)
Purchases of portfolio securities	(12,517,455)
Proceeds from disposition of portfolio securities	18,200,873
Interest, dividends and other received	6,050,920
Interest expense paid	(358,051)

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

Operating expenses paid		(830,625)
Income taxes paid		(842,710)
		-----
NET CASH PROVIDED BY OPERATING ACTIVITIES		6,695,027
		-----
Cash flows from financing activities:		
Cash dividends paid from net investment income		(7,216,891)
Cash dividends paid from net realized gain on investments		(187,646)
Receipts for shares issued on reinvestment of dividends		646,310
		-----
NET CASH USED FOR FINANCING ACTIVITIES		(6,758,227)
		-----
NET DECREASE IN CASH		(63,200)
Cash - beginning of year		1,029,074
		-----
CASH - END OF PERIOD		\$ 965,874
		=====
RECONCILIATION OF NET INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ 852,679
		-----
Decrease in investments		9,376,837
Decrease in interest receivable		194,438
Increase in receivable for investments sold		(2,943,196)
Increase in other assets		(12,594)
Decrease in investment advisory fee payable		(2,193)
Decrease in interest payable		(3,822)
Decrease in accrued expenses		(8,392)
Decrease in accrued taxes payable		(755,592)
Decrease in other payables		(3,138)
		-----
TOTAL ADJUSTMENTS TO NET ASSETS FROM OPERATIONS		5,842,348
		-----
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ 6,695,027
		=====

See Notes to Consolidated Financial Statements

4

<p>CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS</p>	<p style="text-align: center;">MassMutual Participation Investors</p>
---	---

	For the six months ended 06/30/08 (Unaudited)	For the year ended 12/31/07
	-----	-----
(DECREASE) INCREASE IN NET ASSETS:		
Operations:		
Investment income - net	\$ 4,878,458	\$ 12,057,960
Net realized gain on investments	3,689,492	1,184,026
Net change in unrealized appreciation of investments	(7,715,271)	(1,644,141)
	-----	-----
Net increase in net assets resulting from operations	852,679	11,597,845
Increase from common shares issued on reinvestment of dividends Common shares issued (2008 - 49,553; 2007 - 56,329)	646,310	828,061

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

Dividends to shareholders from:

Net investment income (2008 - \$0.25 per share; 2007 - \$1.23 per share)	(2,473,731)	(12,127,939)
Net realized gains on investments (2007 - \$0.02 per share)	--	(187,646)
	-----	-----
TOTAL (DECREASE) INCREASE IN NET ASSETS	(974,742)	110,321
NET ASSETS, BEGINNING OF YEAR	126,625,334	126,515,013
	-----	-----
NET ASSETS, END OF PERIOD/YEAR (including undistributed net investment income of \$3,395,923 and \$991,196, respectively)	\$ 125,650,592	\$ 126,625,334
	=====	=====

See Notes to Consolidated Financial Statements

5

### CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

SELECTED DATA FOR EACH SHARE OF BENEFICIAL INTEREST OUTSTANDING:

	For the six months ended 06/30/2008 (Unaudited)	For the years	
	-----	2007	2006
	-----	-----	-----
Net asset value:			
Beginning of year	\$ 12.84	\$ 12.90	\$ 12.21
	-----	-----	-----
Net investment income (a)	0.49	1.23	1.10
Net realized and unrealized gain (loss) on investments	(0.41)	(0.05)	0.77
	-----	-----	-----
Total from investment operations	0.08	1.18	1.87
	-----	-----	-----
Dividends from net investment income to common shareholders	(0.25)	(1.23)	(1.18)
Dividends from net realized gain on investments to common shareholders	--	(0.02)	(0.01)
Increase from dividends reinvested	0.01	0.01	0.01
	-----	-----	-----
Total dividends	(0.24)	(1.24)	(1.18)
	-----	-----	-----
Net asset value: End of period/year	\$ 12.68	\$ 12.84	\$ 12.90
	-----	-----	-----
Per share market value:			
End of period/year	\$ 13.19	\$ 13.18	\$ 14.70
	=====	=====	=====
Total investment return			
Market value	1.97%	(1.30%)	16.81%
Net asset value (c)	0.69%	9.95%	18.64%
Net assets (in millions):			
End of period/year	\$125.65	\$126.23	\$126.52
Ratio of operating expenses to average net assets	1.32% (d)	1.36%	1.17%
Ratio of interest expense to average net assets	0.56% (d)	0.56%	0.57%
Ratio of income tax expense to average net assets (e)	0.14% (d)	0.48%	2.68%



## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

Ratio of total expenses before custodian fee reduction to average net assets (e)	2.02%(d)	2.40%	4.46%
Ratio of net expenses after custodian fee reduction to average net assets (e)	2.02%(d)	2.40%	4.42%
Ratio of net investment income to average net assets	7.76%(d)	9.32%	8.43%
Portfolio turnover	10%	33%	34%

- (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 reinvestment of all dividends and distributions which differs from the total investment return value due to the difference between the Trust's net asset value and the market value of its performance is no guarantee of future results.  
 (d) Annualized.  
 (e) As additional information, this ratio is included to reflect the taxes paid on retained long are netted against realized capital gains in the Statement of Operations. The taxes paid are distributions and a credit for the taxes paid is passed on to shareholders.

Senior securities:				
Total principal amount (in millions)	\$ 12	\$ 12	\$ 12	\$
Asset coverage per \$1,000 of indebtedness	\$11,471	\$11,552	\$11,543	\$

See Notes to Consolidated Financial Statements

-----  
6

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

	Principal Amount Shares, Units or Ownership Percentage	Acquisition Date
	-----	-----

CORPORATE RESTRICTED SECURITIES - 74.78%: (A)

PRIVATE PLACEMENT INVESTMENTS - 71.22%

A H C HOLDING COMPANY, INC.

A designer and manufacturer of boilers and water heaters for the commercial sector.

15% Senior Subordinated Note due 2015	\$ 1,244,460	11/21/07
Limited Partnership Interest (B)	7.93% int.	11/21/07

A T I ACQUISITION COMPANY

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

12% Senior Subordinated Note due 2012	\$ 1,125,000	04/08/04
Warrant, exercisable until 2012, to purchase preferred stock at \$.01 per share (B)	7 shs.	11/16/07
Warrant, exercisable until 2012, to purchase common stock at \$.02 per share (B)	1,230 shs.	04/08/04

A W X HOLDINGS CORPORATION

A provider of aerial equipment rental, sales and repair services to non-residential

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

construction and maintenance contractors operating in the State of Indiana.

10.5% Senior Secured Term Note due 2014	\$ 420,000	05/15/08
13% Senior Subordinated Note due 2015	\$ 420,000	05/15/08
Common Stock (B)	60,000 shs.	05/15/08
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	21,099 shs.	05/15/08

### ADVANCED TECHNOLOGIES HOLDINGS

A provider of factory maintenance services to industrial companies.

15% Senior Subordinated Note due 2013	\$ 1,080,460	12/27/07
Preferred Stock (B)	546 shs.	12/27/07

### AERO HOLDINGS, INC.

A provider of geospatial services to corporate and government clients.

10.5% Senior Secured Term Note due 2014	\$ 930,000	03/09/07
14% Senior Subordinated Note due 2015	\$ 720,000	03/09/07
Common Stock (B)	150,000 shs.	03/09/07
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	37,780 shs.	03/09/07

-----

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

	Principal Amount Shares, Units or Ownership Percentage	Acquisition Date
CORPORATE RESTRICTED SECURITIES: (A) (Continued)		
AMERICAN HOSPICE MANAGEMENT HOLDING LLC		
A for-profit hospice care provider in the United States.		
12% Senior Subordinated Note due 2013	\$ 1,125,000	01/22/04
12% Senior Subordinated Note due 2013	\$ 562,503	06/09/08
Preferred Class A Unit (B)	1,706 uts.	*
Preferred Class B Unit (B)	808 uts.	06/09/08
Common Class B Unit (B)	16,100 uts.	01/22/04
Common Class D Unit (B)	3,690 uts.	09/12/06

### ARROW TRU-LINE HOLDINGS, INC.

A manufacturer of hardware for residential and commercial overhead garage doors in North America.

12% Senior Subordinated Note due 2012	\$ 861,702	05/18/05
Common Stock (B)	263 shs.	05/18/05
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	69 shs.	05/18/05

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

### 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

### CAPEUCCESS 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.	**
------------------	---------	----

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

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

-----  
8

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

	Principal Amount	
	Shares, Units	Acquisition
CORPORATE RESTRICTED SECURITIES: (A) (Continued)	or Ownership	Date
	Percentage	Date
	-----	-----
<b>COEUR, INC.</b>		
A producer of proprietary, disposable power injection syringes.		
8.75% Senior Secured Term Note due 2010	\$ 141,304	04/30/03
11.5% Senior Subordinated Note due 2011	\$ 242,754	04/30/03
Common Stock (B)	72,464 shs.	04/30/03
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)	50,099 shs.	04/30/03
<b>CONNECTICUT ELECTRIC, INC.</b>		
A supplier and distributor of electrical products sold into the retail and wholesale markets.		
12% Senior Subordinated Note due 2014	\$ 1,267,387	01/12/07
Limited Liability Company Unit Class A (B)	82,613 uts.	01/12/07
Limited Liability Company Unit Class C (B)	59,756 uts.	01/12/07
<b>CONNOR SPORT COURT INTERNATIONAL, INC.</b>		
A designer and manufacturer of outdoor and indoor synthetic sports flooring and other temporary flooring.		
Preferred Stock Series B-2 (B)	9,081 shs.	07/05/07

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

Preferred Stock Series C (B)	4,757 shs.	07/05/07
Common Stock (B)	380 shs.	07/05/07
Limited Partnership Interest (B)	4.43% int.	*

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  
and processing of plastic materials.

12% Senior Subordinated Note due 2014	\$ 978,261	10/30/06
Limited Partnership Interest (B)	0.97% int.	10/30/06
Warrant, exercisable until 2014, to purchase 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

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

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

	Principal Amount Shares, Units or Ownership Percentage	Acquisition Date
CORPORATE RESTRICTED SECURITIES: (A) (Continued)		
DIVERSCO, INC./DHI HOLDINGS, INC.		
A contract provider of janitorial and equipment maintenance services and temporary production lab		
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

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

### 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 S P HOLDCO, INC.

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

14% Senior Subordinated Note due 2015	\$ 1,180,784	01/08/08
Common Stock (B)	349 shs.	01/08/08

### E X C ACQUISITION CORPORATION

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

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

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

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

-----  
10

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

	Principal Amount Shares, Units or Ownership Percentage	Acquisition Date
CORPORATE RESTRICTED SECURITIES: (A) (Continued)	-----	-----
<b>ELECTRA BICYCLE COMPANY LLC</b>		
A designer and marketer of branded leisure bicycles.		
10.5% Senior Secured Term Note A due 2009	\$ 36,437	04/12/07
10.5% Senior Secured Term Note B due 2012	\$ 377,126	04/12/07
12% Senior Secured Term Note C due 2012	\$ 291,498	04/12/07
Limited Liability Company Unit Series F	36,913 uts.	04/12/07
Limited Liability Company Unit Series G	2,852 uts.	04/12/07
<b>ENZYMATIC THERAPY, INC.</b>		
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
<b>EVANS CONSOLES, INC.</b>		
A designer and manufacturer of consoles and control center systems.		
Common Stock (B)	45,000 shs.	05/06/04

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

### 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 Class B (B)	734 shs.	06/01/06

### FLUTES, INC.

An independent manufacturer of micro fluted corrugated sheet material for the food and consumer 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 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

## -----

### CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2008

(Unaudited)

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

### 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
Preferred Stock (B)	16,792 shs.	06/12/08
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

### GOLDEN COUNTY FOODS HOLDING, INC.

A manufacturer of frozen appetizers and snacks.

12% Senior Subordinated Note due 2015	\$ 1,012,500	11/01/07
8% Series A Convertible Preferred Stock, convertible into 4.25% of the fully diluted common shares (B)	77,643 shs.	11/01/07

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

### GQ HOLDINGS LLC

A developer and distributor of tools, equipment, and supplies to the natural and engineered stone  
 15% Senior Subordinated Note due 2015 \$ 1,217,159 06/27/08  
 Common Stock (B) 3,867 shs. 06/27/08

### H M HOLDING COMPANY

A designer, manufacturer, and importer of promotional and wood furniture.  
 12% Senior Subordinated Note due 2013 (D) \$ 1,170,000 02/10/06  
 Preferred Stock (B) 21 shs. \*  
 Common Stock (B) 180 shs. 02/10/06  
 Warrant, exercisable until 2013, to purchase  
 common stock at \$.02 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. \*\*

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

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

-----  
 12

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

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Principal Amount Shares, Units or Ownership Percentage	Acquisition Date
INSURANCE CLAIMS MANAGEMENT, INC.		
A third party administrator providing auto and property claim administration services for insurance		
Common Stock (B)	37 shs.	02/27/07
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	11 shs.	02/27/07
INTEGRATION TECHNOLOGY SYSTEMS, INC.		
A manufacturer of steel protective computer and network systems for the industrial and office environment		
12% Senior Secured Note due on demand (D)	\$ 25,055	03/01/04
Common Stock (B)	130 shs.	06/01/00

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

JASON, INC.

A diversified manufacturing company serving various industrial markets.

13% Senior Subordinated Note due 2010	\$	510,187	08/04/00
Limited Partnership Interest of Saw Mill Capital Fund II, L.P. (B)		1.30% int.	08/03/00
Warrant, exercisable until 2010, to purchase 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 H O F HOLDINGS, INC.

A manufacturer of premium disposable tableware products serving both the foodservice and consumer

14% Senior Subordinated Note due 2014	\$	1,244,572	10/15/07
Common Stock (B)		116,827 shs.	10/15/07

K N B HOLDINGS CORPORATION

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

13.5% Senior Subordinated Note due 2013	\$	1,314,869	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

-----

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2008

(Unaudited)

		Principal Amount	
		Shares, Units	Acquisiti
		or Ownership	Date
		Percentage	-----
			-----

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

K-TEK HOLDING CORPORATION



Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

A manufacturer of instrumentation for liquid and bulk solids level detection for process and storage  
 14% Senior Secured Note due 2015 \$ 1,163,636 12/20/07  
 Preferred Stock (B) 192,314 shs. 12/20/07  
 Common Stock (B) 54,326 shs. 12/20/07

MAIL COMMUNICATIONS GROUP, INC.

A provider of mail processing and handling services, lettershop services, and commercial printing  
 12.5% Senior Subordinated Note due 2014 \$ 516,177 05/04/07  
 Limited Liability Company Unit (B) 12,763 uts. \*  
 Warrant, exercisable until 2014, to purchase  
 common stock at \$.01 per share (B) 1,787 shs. 05/04/07

MAVERICK ACQUISITION COMPANY

A manufacturer of capsules that cover the cork and neck of wine bottles.  
 7.19% Senior Secured Tranche A Note due 2010 (C) \$ 232,695 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

MICROGROUP, INC.

A manufacturer of precision parts and assemblies, and a value-added supplier of metal tubing and  
 12% Senior Subordinated Note due 2013 \$ 1,421,795 \*\*  
 Common Stock (B) 238 shs. \*\*  
 Warrant, exercisable until 2013, to purchase  
 common stock at \$.02 per share (B) 87 shs. \*\*

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

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

-----  
 14

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

	Principal Amount	
	Shares, Units	
	or Ownership	Acquisition
	Percentage	Date
	-----	-----
CORPORATE RESTRICTED SECURITIES: (A) (Continued)		
MOMENTUM HOLDING CO.		
A designer and supplier of upholstery fabric to commercial furniture manufacturers and architectural		
12% Senior Subordinated Note due 2014	\$ 618,802	08/04/06
Limited Partnership Interest (B)	11.24% int.	08/04/06
Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)	586 shs.	08/04/06

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

### 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 (D)	\$ 1,350,000	03/31/06
Warrant, exercisable until 2014, to purchase common stock at \$.02 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 (D)	\$ 1,292,246	08/25/06
30% Series A Preferred Stock (B)		9,027 shs. 03/03/08
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)		21.37% int. *
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)		122 shs. 12/21/05

### NABCO, INC.

A producer of explosive containment vessels in the United States.

14% Senior Subordinated Note due 2014	\$ 377,057	02/24/06
Limited Liability Company Unit (B)		437 uts. **
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)		68 shs. 02/24/06

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

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

### CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2008

(Unaudited)

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

### NAVIS GLOBAL

A designer, manufacturer, seller and servicer of finishing machinery for the knit and woven segments

12% Senior Subordinated Note due 2014 (D)	\$ 705,457	05/28/04
8.75% Senior Secured Note due 2011	\$ 327,478	05/28/04
Common Stock (B)		385,233 shs. 05/28/04
Warrant, exercisable until 2012, to purchase		

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

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,  
 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

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  
 common stock at \$.01 per share (B) 138,928 shs. 01/28/02

OAKRIVER TECHNOLOGY, INC.

Designs, engineers and assembles high precision automated process equipment for the medical device  
 with a focus on defibrillators and stents.  
 10% Senior Secured Note due 2012 \$ 298,260 01/03/06  
 13% Senior Subordinated Note due 2013 \$ 392,709 01/03/06  
 Common Stock (B) 184,176 shs. 01/03/06  
 Warrant, exercisable until 2013, to purchase  
 common stock at \$.01 per share (B) 43,073 shs. 01/03/06

-----  
 16

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

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

OLYMPIC SALES, INC.

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

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

12% Senior Subordinated Note due 2008 (D)	\$ 511,000	08/07/98
12% Senior Subordinated Note due 2008 (D)	\$ 244,154	02/09/00
Limited Partnership Interest of Riverside VIII, VIII-A and VIII-B Holding Company, L.P.	10.66% int.	*
Warrants, exercisable until 2008, to purchase common stock at \$.01 per share (B)	15,166 shs.	**

### ONTARIO DRIVE & GEAR LTD.

A manufacturer of all-wheel drive, off-road amphibious vehicles and related accessories.  
 Limited Liability Company Unit (B) 1,942 uts. 01/17/06  
 Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B) 328 shs. 01/17/06

### 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 \$ 1,188,263 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

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

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

### CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2008

(Unaudited)

	Principal Amount	
	Shares, Units	
	or Ownership	Acquisition
	Percentage	Date

CORPORATE RESTRICTED SECURITIES: (A) (Continued)

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

PARADIGM PACKAGING, INC.

A manufacturer of plastic bottles and closures for the nutritional, pharmaceutical, personal care and food packaging markets.

12% Senior Subordinated Note due 2011	\$ 1,125,000	12/19/00
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	733 uts.	10/02/06
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	182 shs.	10/02/06

POWER SERVICES HOLDING COMPANY

A provider of industrial motor repair services, predictive and preventative maintenance, and performance improvement consulting, serving the petrochemical, mining, power generation, metals, and paper industries.

12% Senior Subordinated Note due 2016	\$ 1,255,814	02/11/08
Limited Partnership Interest	94,092 uts.	02/11/08
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	700 shs.	02/11/08

PROTEIN GENETICS, INC.

A producer of bovine artificial insemination products, related breeding and healthcare products and 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

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

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

18

# Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

(Unaudited)

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Principal Amount Shares, Units or Ownership Percentage	Acquisiti Date
	-----	-----
R A J MANUFACTURING HOLDINGS LLC		
A designer and manufacturer of women's swimwear sold under a variety of licensed brand names.		
12.5% Senior Subordinated Note due 2014	\$ 1,200,277	12/15/06
Limited Liability Company Unit (B)	1,497 uts.	12/15/06
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	2 shs.	12/15/06
R E I DELAWARE HOLDING, INC.		
An engineer and manufacturer of highly complex, close tolerance components, assemblies, tooling and custom automation equipment primarily for aerospace, medical and defense/radar market		
12% Senior Subordinated Note due 2016	\$ 1,350,000	01/18/08
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	3 shs.	01/18/08
RADIAC ABRASIVES, INC.		
A manufacturer of bonded abrasive and super abrasive grinding wheels in the United States.		
12% Senior Subordinated Note due 2014	\$ 1,196,809	02/10/06
Common Stock (B)	153,191 shs.	02/10/06
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	69,647 shs.	02/10/06
ROYAL BATHS MANUFACTURING COMPANY		
A manufacturer and distributor of acrylic and cultured marble bathroom products.		
12.5% Senior Subordinated Note due 2011	\$ 562,500	11/14/03
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	74 shs.	11/14/03
SAFETY SPEED CUT MANUFACTURING COMPANY, INC.		
A manufacturer of vertical panel saws and routers for the wood working industry.		
Class B Common Stock (B)	846 shs.	06/02/99
SAVAGE SPORTS HOLDING, INC.		
A manufacturer of sporting firearms.		
12% Senior Subordinated Note due 2012	\$ 814,655	09/10/04
Common Stock (B)	324 shs.	*
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	71 shs.	09/10/04

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

# Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

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

	Principal Amount Shares, Units or Ownership Percentage	Acquisition Date
<b>CORPORATE RESTRICTED SECURITIES: (A) (Continued)</b>		
<b>SMART SOURCE HOLDINGS LLC</b>		
A short-term computer rental company.		
12% Senior Subordinated Note due 2015	\$ 1,176,924	*
Limited Liability Company Unit (B)	328 uts.	*
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	83 shs.	*
<b>SPECIALTY FOODS GROUP, INC.</b>		
A manufacturer and distributor of branded meat products.		
Limited Partnership Interest of MHD Holdings LLC (B)	0.76% int.	08/29/00
<b>STANTON CARPET HOLDING CO.</b>		
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
<b>T H I ACQUISITION, INC.</b>		
A machine servicing company providing value-added steel services to long steel products.		
12% Senior Subordinated Note due 2016	\$ 1,350,000	01/14/08
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	5 shs.	01/14/08
<b>TANGENT RAIL CORPORATION</b>		
A manufacturer of rail ties and provider of 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

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

-----  
 20

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

Principal Amount

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Shares, Units or Ownership Percentage -----	Acquisiti Date -----
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.		
6.7% Senior Secured Tranche B Note due 2012 (C)	\$ 16,487	*
6.97% Senior Secured Tranche B Note due 2012 (C)	\$ 851,552	*
12% Senior Subordinated Note due 2014	\$ 664,062	**
Limited Partnership Interest of		
Saw Mill Capital Fund V, L.P. (B)	2.27% int.	03/01/05
Warrant, exercisable until 2016, to purchase		
common stock at \$.01 per share (B)	41 shs.	04/28/06
TORRENT GROUP HOLDINGS, INC.		
A contractor specializing in the sales and installation of engineered drywells for the retention and filtration of stormwater and nuisance water flow.		
12.5% Senior Subordinated Note due 2013	\$ 1,185,366	10/26/07
Series A Preferred Stock (B)	219 shs.	10/26/07
TOTAL E & S, INC.		
A manufacturer of a wide variety of equipment used in the oil and gas industry.		
10.5% Senior Secured Term Note due 2013	\$ 486,487	03/02/07
13% Senior Subordinated Note due 2014	\$ 341,971	03/02/07
Common Stock (B)	71,542 shs.	03/02/07
Warrant, exercisable until 2014 to purchase		
common stock at \$.01 per share (B)	19,733 shs.	03/02/07
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 2010	\$ 1,356,000	02/05/98
Common Stock (B)	315 shs.	02/04/98
Warrant, exercisable until 2009, to purchase		
common stock at \$.01 per share (B)	222 shs.	02/05/98
TRANSPAC HOLDING COMPANY		
A designer, importer, and wholesaler of home decor and seasonal gift products.		
12% Senior Subordinated Note due 2015	\$ 938,651	10/31/07
Common Stock (B)	110 shs.	10/31/07
Warrant, exercisable until 2015, to purchase		
common stock at \$.01 per share (B)	50 shs.	10/31/07

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

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



# Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

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

	Principal Amount Shares, Units or Ownership Percentage	Acquisiti Date
CORPORATE RESTRICTED SECURITIES: (A) (Continued)		
TRANSTAR HOLDING COMPANY		
A distributor of aftermarket automotive transmission parts.		
12% Senior Subordinated Note due 2014	\$ 918,000	08/31/05
Common Stock (B)	571 shs.	*
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)	46 shs.	08/31/05
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 (D)	\$ 1,222,698	**
Common Stock (B)	393 shs.	**
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)	81 shs.	**
TRUSTILE DOORS, INC.		
A manufacturer and distributor of interior doors.		
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)	3,060 shs.	04/11/03
U M A ENTERPRISES, INC.		
An importer and wholesaler of home decor products.		
15% Senior Subordinated Note due 2015	\$ 884,324	02/08/08
Convertible Preferred Stock (B)	470 shs.	02/08/08
U-LINE CORPORATION		
A manufacturer of high-end, built-in, undercounter ice making, wine storage and refrigeration app		
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 (B)	1 ut.	12/02/96

\* 08/31/05 and 04/30/07.  
 \*\* 07/19/05 and 12/22/05.

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

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

	Principal Amount Shares, Units or Ownership Percentage	Acquisition Date
CORPORATE RESTRICTED SECURITIES: (A) (Continued)		
VISIONEERING, INC.		
A designer and manufacturer of tooling and fixtures for the aerospace industry.		
10.5% Senior Secured Term Loan due 2013	\$ 458,824	05/17/07
13% Senior Subordinated Note due 2014	\$ 370,588	05/17/07
Common Stock (B)	70,588 shs.	05/17/07
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	20,003 shs.	05/17/07
VITALITY FOODSERVICE, INC.		
A non-carbonated beverage dispensing company focused on the foodservice industry.		
13% Senior Subordinated Note due 2011	\$ 999,153	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
14.5% PIK Note due 2010	\$ 112,500	06/30/07
Limited Liability Company Unit Class A (B)	219,375 uts.	07/19/04
Limited Liability Company Unit Class B (B)	96,848 uts.	07/19/04
WAGGIN' TRAIN HOLDINGS LLC		
A producer of premium quality meat dog treats.		
14% Senior Subordinated Note due 2014	\$ 1,134,767	11/15/07
Limited Liability Company Unit Class B (B)	224 uts.	11/15/07
Limited Liability Company Unit Class C (B)	224 uts.	11/15/07
WALLS INDUSTRIES, INC.		
A provider of branded workwear and sporting goods apparel.		
Limited Partnership Interest (B)	0.20% int.	07/12/04
Common Stock (B)	2,133 shs.	12/21/07
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

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

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

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

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	Principal Amount Shares, Units or Ownership Percentage	Acquisition Date
	-----	-----
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)	12.26% int.	05/14/07
Warrant, exercisable until 2015, to purchase common stock at \$.02 per share (B)	47 shs.	05/14/07

TOTAL PRIVATE PLACEMENT INVESTMENTS (E)

24

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

CORPORATE RESTRICTED SECURITIES: (A) CONTINUED	INTEREST RATE	DUE DATE	SHARES OR PRINCIPAL AMOUNT
	-----	-----	-----
RULE 144A SECURITIES - 3.56%:			
BONDS - 3.56%			
Cenveo Corporation	10.500%	08/15/16	\$ 45,000
Charter Communications Op LLC	8.000	04/30/12	750,000
Compucom Systems, Inc.	12.500	10/01/15	670,000

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

Douglas Dynamics LLC	7.750	01/15/12	485,000
G F S I, Inc. (C)	10.500	06/01/11	375,000
Intergen NV	9.000	06/30/17	375,000
Nortek, Inc.	10.000	12/01/13	100,000
Packaging Dynamics Corporation of America	10.000	05/01/16	975,000
Ryerson, Inc.	12.000	11/01/15	30,000
SandRidge Energy, Inc.	8.000	06/01/18	180,000
Tenneco, Inc.	8.125	11/15/15	50,000
TRW Automotive, Inc.	7.250	03/15/17	500,000
Tunica-Biloxi Gaming Authority	9.000	11/15/15	540,000

TOTAL BONDS

CONVERTIBLE PREFERRED STOCK - 0.00%			
ETEX Corporation (B)			194

TOTAL CONVERTIBLE PREFERRED STOCK

PREFERRED STOCK - 0.00%			
TherOX, Inc. (B)			26

TOTAL PREFERRED STOCK

COMMON STOCK - 0.00%			
Touchstone Health Partnership (B)			292

TOTAL COMMON STOCK

TOTAL RULE 144A SECURITIES

TOTAL CORPORATE RESTRICTED SECURITIES

-----

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

CORPORATE PUBLIC SECURITIES - 20.55%: (A)	INTEREST RATE	DUE DATE	PRINCIPAL AMOUNT
	-----	-----	-----
BONDS - 19.31%			
Appleton Papers, Inc.	8.125%	06/15/11	\$ 250,000
Aramark Corporation (C)	6.373	02/01/15	100,000
Boyd Gaming Corporation	7.125	02/01/16	150,000
Bristow Group, Inc.	7.500	09/15/17	75,000
Cablevision Systems Corporation	8.000	04/15/12	500,000
Cincinnati Bell, Inc.	8.375	01/15/14	550,000
Clayton Williams Energy, Inc.	7.750	08/01/13	575,000
Countrywide Alternative Loan Trust (C)	2.802	11/20/35	1,003,048
Dynegy Holdings, Inc.	8.375	05/01/16	665,000
Dynegy Holdings, Inc.	7.500	06/01/15	250,000
Edison Mission Energy	7.750	06/15/16	35,000
Electronic Data Systems Corporation	7.125	10/15/09	500,000

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

Esterline Technologies	7.750	06/15/13	175,000
Ford Motor Credit Co.	7.375	10/28/09	750,000
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
Goodyear Tire & Rubber Co.	8.625	12/01/11	250,000
H C A, Inc.	9.250	11/15/16	500,000
Hughes Network Systems	9.500	04/15/14	525,000
Indymac INDX Mortgage Loan Trust	2.693	11/25/36	1,022,830
Inergy LP	8.250	03/01/16	75,000
Intelsat Bermuda Ltd.	9.250	06/15/16	690,000
Interline Brands, Inc.	8.125	06/15/14	830,000
Iron Mountain, Inc.	8.750	07/15/18	500,000
Kansas City Southern Railway	8.000	06/01/15	50,000
Koppers, Inc.	9.875	10/15/13	170,000
Leucadia National Corporation	7.000	08/15/13	628,000
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
N T L Cable PLC	9.125	08/15/16	790,000
Neiman Marcus Group, Inc.	10.375	10/15/15	600,000

-----  
26

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

CORPORATE PUBLIC SECURITIES: (A) (Continued)	INTEREST RATE	DUE DATE	PRINCIPAL AMOUNT
	-----	-----	-----
North American Energy Partners	8.750%	12/01/11	\$ 200,000
NOVA Chemicals Corporation (C)	5.953	11/15/13	515,000
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
Petrohawk Energy Corporation	9.125	07/15/13	750,000
Pliant Corporation (C)	11.850	06/15/09	809,482
Quebecor Media, Inc.	7.750	03/15/16	575,000
Quicksilver Resources, Inc.	7.125	04/01/16	600,000
Range Resources Corporation	7.250	05/01/18	25,000
Rental Service Corporation	9.500	12/01/14	500,000
Rogers Wireless, Inc.	7.500	03/15/15	560,000
Sheridan Acquisition Corporation	10.250	08/15/11	225,000
Steel Dynamics, Inc.	6.750	04/01/15	100,000
Stewart & Stevenson LLC	10.000	07/15/14	750,000
Tenet Healthcare Corporation	6.375	12/01/11	250,000
Tenneco, Inc.	8.625	11/15/14	500,000
Tesoro Petroleum Corporation	6.500	06/01/17	250,000
Texas Industries, Inc.	7.250	07/15/13	35,000
Titan International, Inc.	8.000	01/15/12	70,000
Transdigm, Inc.	7.750	07/15/14	150,000
Tube City IMS Corporation	9.750	02/01/15	1,000,000
United Components, Inc.	9.375	06/15/13	535,000
United Rentals, Inc.	7.750	11/15/13	325,000

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

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 - 1.09%			
Comcast Corporation			16,800
Directed Electronics, Inc. (B)			195,118
Distributed Energy Systems Corporation (B)			14,000
EnerNOC, Inc. (B)			23,500
ITC^DeltaCom, Inc. (B)			94,588
Intrepid Potash, Inc. (B)			185

TOTAL COMMON STOCK

-----

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

CORPORATE PUBLIC SECURITIES: (A) (Continued)	INTEREST RATE	DUE DATE	PRINCIPAL AMOUNT
	-----	-----	-----
CONVERTIBLE BONDS - 0.15%			
Citadel Broadcasting Corporation	4.000%	02/15/11	\$ 250,000
TOTAL CONVERTIBLE BONDS			

TOTAL CORPORATE PUBLIC SECURITIES

SHORT TERM SECURITIES	INTEREST RATE/YIELD*	DUE DATE	PRINCIPAL AMOUNT
	-----	-----	-----
COMMERCIAL PAPER - 8.51%			
Duke Energy Corporation	2.902%	07/02/08	2,460,000
Gannett Company, Inc.	3.253	07/07/08	1,937,000
I T T Industries, Inc.	2.903	07/08/08	1,277,000
O G E Energy Corporation	2.852	07/01/08	2,506,000
Oneok, Inc.	2.802	07/09/08	2,500,000
TOTAL SHORT-TERM SECURITIES			

TOTAL INVESTMENTS 103.84%

Other Assets 6.12  
Liabilities (9.96)

TOTAL NET ASSETS 100.00%  
=====

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

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

(B) Non-income producing security.

(C) Variable rate security; rate indicated is as of 06/30/08.

(D) Defaulted security; interest not accrued.

(E) Illiquid security. At June 30, 2008, the values of these securities amounted to \$89,493,343 of which:

\* Effective yield at purchase

PIK - Payment-in-kind

-----  
28

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

Industry Classification	Fair Value/ Market Value -----	Industry Classification
AEROSPACE - 3.12%		BUILDINGS & REAL ESTATE - 1.81%
Esterline Technologies	\$ 175,875	K W P I Holdings Corporation
Gencorp, Inc.	128,050	Texas Industries, Inc.
Hughes Network Systems	530,906	TruStile Doors, Inc.
P A S Holdco LLC	1,458,223	
Transdigm, Inc.	148,125	CHEMICAL, PLASTICS & RUBBER
Visioneering, Inc.	871,487	Capital Specialty Plastics,
Vought Aircraft Industries	604,500	Koppers, Inc.
	-----	NOVA Chemicals Corporation
	3,917,166	
	-----	
AUTOMOBILE - 7.90%		CONSUMER PRODUCTS - 8.83%
Ford Motor Credit Co.	683,084	Aero Holdings, Inc.
Fuel Systems Holding Corporation	936,521	Bravo Sports Holding Corporation
General Motors Acceptance Corporation	712,185	G F S I, Inc.
Goodyear Tire & Rubber Co.	664,153	K N B Holdings Corporation
Jason, Inc.	723,231	Momentum Holding Co.
Nyloncraft, Inc.	1,083,929	R A J Manufacturing Holding
Ontario Drive & Gear Ltd.	667,014	R E I Delaware Holding, Inc.
Qualis Automotive LLC	1,273,638	Royal Baths Manufacturing Co.
Tenneco, Inc.	486,500	The Tranzonic Companies
Titan International, Inc.	68,600	Walls Industries, Inc.
Transtar Holding Company	1,715,506	
TRW Automotive, Inc.	420,000	
United Components, Inc.	500,225	
	-----	
	9,934,586	
	-----	
BEVERAGE, DRUG & FOOD - 1.81%		CONTAINERS, PACKAGING & GLASS
Aramark Corporation	93,500	Flutes, Inc.
Golden County Foods Holding, Inc.	1,054,461	Maverick Acquisition Company
Specialty Foods Group, Inc.	--	P I I Holding Corporation
Vitality Foodservice, Inc.	1,126,738	Packaging Dynamics Corporation
	-----	Paradigm Packaging, Inc.

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

	2,274,699		Pliant Corporation
	-----		Vitex Packaging Group, Inc.
BROADCASTING & ENTERTAINMENT- 2.32%			
Cablevision Systems Corporation	472,500		
Charter Communications Op LLC	708,750		
Citadel Broadcasting Corporation	192,188		DISTRIBUTION - 0.74%
Comcast Corporation	318,696		Duncan Systems, Inc.
Mediacom Broadband LLC	670,312		QualServ Corporation
Workplace Media Holdings Co.	552,323		
	-----		
	2,914,769		
	-----		

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

Industry Classification	Fair Value/ Market Value	-----	Industry Classification
DIVERSIFIED/CONGLOMERATE, MANUFACTURING - 5.63%			FINANCIAL SERVICES - 2.26%
A H C Holding Company, Inc.	\$ 1,321,757		A W X Holdings Corporation
Arrow Tru-Line Holdings, Inc.	871,724		Highgate Capital LLC
Douglas Dynamics LLC	415,888		Leucadia National Corporation
Evans Consoles, Inc.	462,983		Nesco Holdings Corporation
Nortek, Inc.	95,000		Victory Ventures LLC
Postle Aluminum Company LLC	1,292,180		
Radiac Abrasives, Inc.	1,511,470		HEALTHCARE, EDUCATION & CHILDREN'S SERVICES - 2.26%
Truck Bodies & Equipment International	1,100,428		A T I Acquisition Company
	-----		American Hospice Management
	7,071,430		F H S Holdings LLC
	-----		H C A, Inc.
DIVERSIFIED/CONGLOMERATE, SERVICE - 6.50%			Tenet Healthcare Corporation
Advanced Technologies Holdings	1,324,520		Touchstone Health Partnerships
CapeSuccess LLC	--		
Diversco, Inc./DHI Holdings, Inc.	751,555		HOME & OFFICE FURNISHINGS, AND DURABLE CONSUMER PRODUCTS - 2.26%
Dwyer Group, Inc.	758,162		Connor Sport Court International
Fowler Holding, Inc.	1,204,517		H M Holding Company
GQ Holdings LLC	1,345,424		Home Decor Holding Company
Insurance Claims Management, Inc.	54,356		Justrite Manufacturing Acquisition
Interline Brands, Inc.	800,950		K H O F Holdings, Inc.
Iron Mountain, Inc.	515,000		Monessen Holding Corporation
Mail Communications Group, Inc.	707,974		Stanton Carpet Holding Co.
Moss, Inc.	705,309		Transpac Holdings Company
	-----		U M A Enterprises, Inc.
	8,167,767		U-Line Corporation
	-----		Wellborn Forest Holding Co.
ELECTRONICS - 1.58%			
Connecticut Electric, Inc.	1,136,423		LEISURE, AMUSEMENT, ENTERTAINMENT - 2.26%
Directed Electronics, Inc.	331,701		
Distributed Energy Systems Corporation	700		
Electronic Data Systems Corporation	515,633		
	-----		
	1,984,457		
	-----		



Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

FARMING & AGRICULTURE - 1.05%  
 Protein Genetics, Inc.  
 Waggin' Train Holdings LLC

--  
 1,315,180  
 -----  
 1,315,180  
 -----

Boyd Gaming Corporation  
 Electra Bicycle Company LLC  
 Majestic Star Casino LLC  
 O E D Corp/Diamond Jo Compa  
 Savage Sports Holding, Inc.  
 Tunica-Biloxi Gaming Author  
 Warner Music Group Corporat

-----  
 30

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

Industry Classification	Fair Value/ Market Value -----	Industry Classification
MACHINERY - 8.43%		NATURAL RESOURCES - 0.40%
Davis-Standard LLC	\$ 1,778,099	Appleton Papers, Inc.
E S P Holdco, Inc.	1,317,491	Cenveo Corporation
Integration Technology Systems, Inc.	--	Intrepid Potash, Inc.
K-Tek Holdings Corporation	1,311,604	Range Resources Corporation
Manitowoc Company, Inc.	95,000	SandRidge Energy, Inc.
Morton Industrial Group, Inc.	1,171,145	
Navis Global	673,006	
NetShape Technologies, Inc.	948,192	
Pacific Consolidated Holdings LLC	644,524	OIL & GAS - 2.56%
Power Services Holding Company	1,319,708	Bristow Group, Inc.
Safety Speed Cut Manufacturing Company, Inc.	593,284	Clayton Williams Energy, In
Stewart & Stevenson LLC	740,625	Mariner Energy, Inc.
	-----	North American Energy Partn
	10,592,678	Offshore Logistics, Inc.
	-----	Quicksilver Resources, Inc.
MEDICAL DEVICES/BIOTECH - 2.57%		Tesoro Petroleum Corporatio
Coeur, Inc.	673,266	Total E & S, Inc.
E X C Acquisition Corporation	97,897	
ETEX Corporation	--	
MicroGroup, Inc.	1,805,739	PHARMACEUTICALS - 1.32%
OakRiver Technology, Inc.	658,199	CorePharma LLC
TherOX, Inc.	--	Enzymatic Therapy, Inc.
	-----	
	3,235,101	
	-----	
MINING, STEEL, IRON & NON PRECIOUS METALS - 1.89%		PUBLISHING/PRINTING - 0.59%
Ryerson, Inc.	29,775	Quebecor Media, Inc.
Steel Dynamics, Inc.	95,750	Sheridan Acquisition Corpor
T H I Acquisition, Inc.	1,325,958	
Tube City IMS Corporation	922,500	
	-----	
	2,373,983	RETAIL STORES - 1.29%
	-----	Neiman Marcus Group, Inc.
MORTGAGE-BACKED SECURITIES - 1.17%		Olympic Sales, Inc.
Countrywide Alternative Loan Trust	757,261	Rental Service Corporation
Indymac INDX Mortgage Loan Trust	715,375	United Rentals, Inc.

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

-----  
 1,472,636  
 -----

TECHNOLOGY - 2.01%  
 Compucom Systems, Inc.  
 EnerNOC, Inc.  
 Smart Source Holdings LLC

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

Industry Classification	Fair Value/ Market Value	Industry Classification
	-----	
TELECOMMUNICATIONS - 2.26%		WASTE MANAGEMENT / POLLUTION CONTROL
Cincinnati Bell, Inc.	\$ 532,125	Terra Renewal Services, Inc.
Intelsat Bermuda Ltd.	695,175	Torrent Group Holdings, Inc.
ITC^DeltaCom, Inc.	283,764	
N T L Cable PLC	740,625	
Rogers Wireless, Inc.	592,812	
	-----	Total Corporate Restricted
	2,844,501	Public Securities - 95.33%
	-----	
TRANSPORTATION - 1.73%		
Kansas City Southern Railway	50,625	
NABCO, Inc.	188,528	
Tangent Rail Corporation	1,929,053	
	-----	
	2,168,206	
	-----	
UTILITIES - 2.12%		
Dynegy Holdings, Inc.	875,675	
Edison Mission Energy	34,825	
Inergy LP	73,875	
Intergen NV 388,125		
Markwest Energy Operating Co.	518,375	
Petrohawk Energy Corporation	768,750	
	-----	
	2,659,625	
	-----	

# Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

See Notes to Consolidated Financial Statements

---

32

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### A. VALUATION OF INVESTMENTS:

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

Nearly all securities which are acquired by the Trust directly from the issuers and shares into which such securities may be converted or which may be purchased on the exercise of warrants attached to such securities will be subject to legal or contractual delays in, or restrictions on, resale and will therefore be "restricted securities." Generally speaking, as contrasted with open-market sales of unrestricted securities, which may be effected 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

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

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

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

The Trustees meet at least once 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,

---

33

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

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 \$89,493,343 (71.22% of net assets) as of June 30, 2008 whose values have been estimated by the Trustees in the absence of readily ascertainable market values. Due to the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

The values for Rule 144A restricted securities and corporate public securities are stated at the last reported sales price or at prices based

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

upon quotations obtained from brokers and dealers as of June 30, 2008, subject to discount where appropriate, and are approved by the Trustees.

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

### B. ACCOUNTING FOR INVESTMENTS:

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

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

### C. USE OF ESTIMATES:

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

### D. FEDERAL INCOME TAXES:

The Trust has elected to be taxed as a "regulated investment company" under the Internal Revenue Code, and intends to maintain this qualification and to distribute substantially all of its net taxable income to its shareholders. In any year when net long-term capital gains are realized by the Trust, management, after evaluating the prevailing economic conditions, will recommend that Trustees either designate the net realized longterm 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, 2008, the MMPI Subsidiary Trust has not accrued any income tax expense.

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes - An interpretation of FASB Statement No. 109 ("FIN 48"). Management has analyzed the Trust's tax positions taken on federal income tax returns for all open

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

tax years and has concluded that as of June 30, 2008, no provision for income tax would be required in the Trust's financial statements. The Trust's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

### E. DISTRIBUTIONS TO SHAREHOLDERS:

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

### F. EXPENSE REDUCTION:

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

-----  
34

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

### 3. INVESTMENT ADVISORY AND ADMINISTRATIVE SERVICES CONTRACT

#### A. SERVICES:

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

#### B. FEE:

For its services under the Contract, Babson Capital is paid a quarterly investment advisory fee equal to .225% of the value of the Trust's net assets 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 Board of Trustees held on April 25, 2008, 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 Board of Trustees requested and received from Ropes & Gray LLP, counsel to the Trust, a memorandum describing the Board of Trustees' legal responsibilities in connection with its review and reapproval of the Contract. The Board of Trustees also requested and received from Babson Capital extensive written and oral information regarding among other matters: the principal terms of the Contract; the reasons why Babson Capital

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

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 arrangement 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 the continuance of the Contract. These considerations are summarized below.

### 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 to the Trust 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 Board of Trustees concluded that, overall, it is 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 Board also examined the Trust's short-term, intermediateterm, and long-term performance as compared against various benchmark indices presented at the meeting. In addition, the Trustees considered comparisons of the Trust's performance with the performance 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED) (UNAUDITED)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 ("MMCI"), which also is advised by Babson Capital. Under the terms of MMCI's Investment Services Contract with Babson Capital, MMCI 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 also noted the higher fees 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 Board 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. 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

Finally, 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. 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, 2008, the Trust incurred total interest expense on the Note of \$348,000.



## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

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

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

### 5. PURCHASES AND SALES OF INVESTMENTS

	For the six months ended 6/30/2008	
	Cost of Investments Acquired -----	Proceeds from Sales or Maturities -----
Corporate restricted securities	\$ 10,285,383	\$ 13,434,014
Corporate public securities	2,232,071	7,710,055

The aggregate cost of investments is substantially the same for financial reporting and federal income tax purposes as of June 30, 2008. The net unrealized depreciation of investments for financial reporting and federal tax purposes as of June 30, 2008 is \$7,213,351 and consists of \$8,020,766 appreciation and \$15,234,117 depreciation.

36

### MassMutual Participation Investors

### 6. QUARTERLY RESULTS OF INVESTMENT OPERATIONS

	March 31, 2008	
	Amount -----	Per Share -----
Investment income	\$ 3,200,898	
Net investment income	2,597,669	\$ 0.26
Net realized and unrealized loss on investments (net of taxes)	(2,528,865)	(0.26)
	June 30, 2008	
	Amount -----	Per Share -----
Investment income	\$ 2,861,287	
Net investment income	2,280,789	\$ 0.23
Net realized and unrealized loss on investments (net of taxes)	(1,496,914)	(0.15)

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

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

For the six months ended June 30, 2008, the Trust paid its Trustees aggregate remuneration of \$77,000. During the year 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 Messrs. 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.

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 2008, other than amounts payable to Babson Capital pursuant to the Contract. For the six months ended June 30, 2008, the Trust paid the following amounts to MassMutual, exclusive of interest expense on the Note explained in Footnote 4.A:

Preparation of Certain of the Trust's Shareholder Communications	\$ 1,042
---	----------

### 8. RESULTS OF SHAREHOLDER MEETING

The Annual Meeting of Shareholders was held on Friday, April 25, 2008. The Shareholders were asked to vote to elect as trustees Michael H. Brown, Corine T. Norgaard, and Maleyne M. Syracuse for three year terms. The Shareholders approved the proposals. The Trust's other trustees, William J. Barrett, Donald E. Benson, Roger W. Crandall, Martin T. Hart, Donald Glickman, and Robert E. Joyal, continued to serve their respective terms following the April 25, 2008 Annual Shareholders Meeting. The results of Shareholders voting are set forth below.

Shares for	Withheld	Total	% of Shares Voted for
Michael H. Brown 8,450,536	211,114	8,661,650	97.56%
Corine T. Norgaard 8,426,215	235,435	8,661,650	97.28%
Maleyne M. Syracuse 8,435,070	226,580	8,661,650	97.38%

### 9. FAIR VALUE MEASUREMENTS

Effective January 1, 2008, the Trust adopted FASB Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. FAS 157 requires companies to provide expanded information about the assets and liabilities measured at fair value and the potential effect of these fair valuations of an entity's financial performance.

Various inputs are used in determining the value of the Trust's investments. Using the hierarchy established under FAS 157, these inputs are summarized in the three broad levels listed below:

- Level 1: quoted prices in active markets for identical securities
- Level 2: other significant observable inputs (including quoted prices for similar securities, interest rates, prepayments speeds, credit risk,

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

etc.)

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

The inputs and methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Trust's net assets as of June 30, 2008:

ASSETS	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Private Securities	\$ 93,969,644	\$ --	\$ 4,476,301	\$ 89,493,343
Public Securities	25,816,933	1,368,855	24,448,078	--
Short-term Securities	10,676,366	--	10,676,366	--
<b>TOTAL</b>	<b>\$130,462,943</b>	<b>\$1,368,855</b>	<b>\$39,600,745</b>	<b>\$ 89,493,343</b>

37

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

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

Assets	Private Securities	Public Securities	Short-term Securities	Total
Beginning balance at 12/31/2007	\$94,083,138	\$ --	\$ --	\$94,083,138
Total gains or losses (realized/unrealized) included in earnings*	(1,947,008)	--	--	(1,947,008)
Purchases, sales, issuances & settlements (net)	(2,642,787)	--	--	((2,642,787))
Ending balance at 6/30/08	\$89,493,343	\$ --	\$ --	\$89,493,343

\*The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to Level 3 assets still held at 6/30/08 is (\$3,212,241).

38

THIS PAGE IS INTENTIONALLY LEFT BLANK

THIS PAGE IS INTENTIONALLY LEFT BLANK

MASSMUTUAL PARTICIPATION INVESTORS

MEMBERS OF THE BOARD OF  
TRUSTEES

Donald Glickman

Robert E. Joyal

William J. Barrett

OFFICERS

Roger W. Crandall  
Chairman

Clifford M. Noreen  
President

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

Michael H. Brown	James M. Roy Vice President & Chief Financial Officer
Donald E. Benson*	
Dr. Corine T. Norgaard*	Rodney J. Dillman Vice President, Secretary & Chief Legal Officer
Roger W. Crandall	
Martin T. Hart*	Jill A. Fields Vice President
Maleyne M. Syracuse	Michael P. Hermsen Vice President
*Member of the Audit committee	Mary Wilson Kibbe Vice President
	Michael L. Klofas Vice President
	Richard E. Spencer, II Vice President
	Daniel J. Florence Treasurer
	John T. Davitt, Jr. Comptroller
	Melissa M. Lagrant Chief Compliance Officer

---

### 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,

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

consistent with obtaining the best price and execution, will buy shares on the open market at current prices promptly after the dividend payment date.

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

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

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

41

[LOGO] MASSMUTUAL  
PARTICIPATION INVESTORS

## Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

PI3344

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.

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.

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

- (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 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



Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSRS

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: August 27, 2008  
-----

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  
-----  
Date: August 27, 2008  
-----  
By: /s/ James M. Roy  
-----  
James M. Roy, Vice President, and  
Chief Financial Officer  
-----  
Date: August 27, 2008  
-----