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MASSMUTUAL PARTICIPATION INVESTORS

Form N-CSR

March 08, 2010

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, P.O. Box 15189, Springfield, MA 01115-5189

(Address of principal executive offices) (Zip code)

Patricia J. Walsh, Vice President, Secretary and Chief Legal Officer
1500 Main Street, Suite 2800, P.O. Box 15189, 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: 12/31/09

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, 110 F Street NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORT TO STOCKHOLDERS.

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Attached hereto is the annual shareholder report transmitted to shareholders pursuant to Rule 30e-1 of the Investment Company Act of 1940, as amended.

[LOGO] MassMutual Participation Investors
2009 Annual Report

MASSMUTUAL PARTICIPATION INVESTORS
c/o Babson Capital Management LLC
1500 Main Street
P.O. Box 15189
Springfield, Massachusetts 01115-5189
(413) 226-1516
<http://www.BabsonCapital.com/mpv>

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
KPMG LLP
Boston, Massachusetts 02110

COUNSEL TO THE TRUST
Ropes & Gray LLP
Boston, Massachusetts 02110

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

TRANSFER AGENT & REGISTRAR
Shareholder Financial Services, Inc.
P.O. Box 173673

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Denver, Colorado 80217-3673
1-800-647-7374

PROXY VOTING POLICIES & PROCEDURES; PROXY VOTING RECORD

The Trustees of MassMutual Participation Investors (the "Trust") have delegated proxy voting responsibilities relating to the voting of securities held by the Trust to Babson Capital Management LLC ("Babson Capital"). A description of Babson Capital's proxy voting policies and procedures is available (1) without charge, upon request, by calling, toll-free 1-866-399-1516; (2) on the Trust's website at <http://www.BabsonCapital.com/mpv>; and (3) on the U.S. Securities and Exchange Commission's ("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, 2009 is available (1) on the Trust's web-site at <http://www.BabsonCapital.com/mpv>; and (2) on the SEC's website at <http://www.sec.gov>.

FORM N-Q

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

OFFICERS OF THE TRUST

Clifford M. Noreen
Chairman

Michael L. Klofas
President

Michael P. Hermesen
Vice President

Richard E. Spencer, II
Vice President

Jill A. Fields
Vice President

James M. Roy
Vice President
& Chief Financial
Officer

Patricia J. Walsh
Vice President,
Secretary & Chief
Legal Officer

MASSMUTUAL PARTICIPATION INVESTORS

MASSMUTUAL PARTICIPATION INVESTORS IS A CLOSED-END INVESTMENT COMPANY, FIRST OFFERED TO THE PUBLIC IN 1988, WHOSE SHARES ARE TRADED ON THE NEW YORK STOCK EXCHANGE.

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INVESTMENT OBJECTIVE & POLICY

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

The Trust's investment objective is to maximize total return by providing a high level of current income, the potential for growth of income, and capital appreciation. The Trust's principal investments are privately placed, below-investment grade, long-term debt obligations purchased directly from their issuers, which tend to be smaller companies. At least half of these investments normally include equity features such as 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.

In this report you will find a complete listing of the Trust's holdings. We encourage you to read this section carefully for a better understanding of the Trust. We cordially invite all shareholders to attend the Trust's Annual Meeting of Shareholders, which will be held on April 16, 2010 at 1:30 P.M. in Springfield, Massachusetts.

1

PORTFOLIO COMPOSITION AS OF 12/31/09*

[PIE CHART APPEARS HERE]

PRIVATE / RESTRICTED EQUITY 12.0%	PUBLIC EQUITY 0.5%
CASH & SHORT-TERM INVESTMENTS 8.8%	PRIVATE / 144A HIGH YIELD DEBT 68.6%
PUBLIC HIGH YIELD DEBT 10.1%	

*Based on value of total investments (including cash)

TOTAL ANNUAL PORTFOLIO RETURN (AS OF 12/31 EACH YEAR) *

[BAR CHART APPEARS HERE]

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MASSMUTUAL PARTICIPATION INVESTORS (BASED ON CHANGE IN THE NET ASSET VALUE WITH REINVESTED DIVIDENDS)	8.11	3.41	5.70	23.72	25.14	22.51	18.64	9.95
RUSSELL 2000 INDEX	-3.03	2.49	-20.48	47.25	18.33	4.55	18.37	-1.57
BARCLAYS CAPITAL U.S. CORPORATE HIGH YIELD INDEX	-5.86	5.28	-1.41	28.97	11.13	2.74	11.85	1.87
	2000	2001	2002	2003	2004	2005	2006	2007

* Data for MassMutual Participation Investors (the "Trust") represents portfolio returns based on change in the Trust's net asset value assuming the reinvestment of all dividends and distributions. These returns differ from the total investment return based on market value of the Trust's shares due to the difference between the Trust's net asset value and the market value of its shares outstanding (see page 12 for total investment return based on market value). Past performance is no guarantee of future results.

2

TO OUR SHAREHOLDERS

As the Trust announced in January of 2009, Roger W. Crandall stepped down as a Trustee and Chairman of the Board of Trustees as a result of his new position as President and Chief Executive Officer of Massachusetts Mutual Life Insurance Company. Clifford M. Noreen, the Trust's former President, was appointed as a Trustee and elected to replace Mr. Crandall as Chairman of the Board of Trustees. Additionally, I was elected to succeed Mr. Noreen as President of the Trust.

I am pleased to share with you the Trust's Annual Report for the year ended December 31, 2009.

THE TRUST'S 2009 PORTFOLIO PERFORMANCE

The Trust's net total portfolio rate of return for 2009 was 7.60%, as measured by the change in net asset value and assuming the reinvestment of all dividends and distributions. The Trust's total net assets were \$108,925,375, or \$10.91 per share, as of December 31, 2009. This compares to \$110,175,930, or \$11.10 per share, as of December 31, 2008. The Trust paid a quarterly dividend of 25 cents per share for each of the four quarters of 2009. Including the fourth quarter dividend paid in January 2010, total dividends for the year were \$1.00 per share, which was unchanged from the prior year. We are pleased to be able to maintain the Trust's dividend despite the extremely challenging economic environment during 2009.

The table below lists the average annual net returns of the Trust's portfolio, based on the change in net assets and assuming the reinvestment of all dividends and distributions. Average annual returns of the Barclays Capital U.S. Corporate High Yield Index and the Russell 2000 Index for the 1, 3, 5 and 10 years ended December 31, 2009 are provided for comparison purposes only.

	The Trust	Barclays Capital U.S. Corporate High Yield Index	Russell 2000 Index
1 Year	7.60%	58.21%	27.17%
3 Year	3.60%	5.97%	-6.07%

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5 Year	10.08%	6.46%	-0.51%
10 Year	11.45%	6.71%	3.51%

Past performance is no guarantee of future results.

3

MARKET CONDITIONS

The year 2009 opened with the entire global economy mired in a deep recession rooted in the mortgage and credit crisis that unfolded in mid-2007. This grim environment continued into March. With unprecedented stimulus from governments around the world, however, the financial markets began a rally that lifted both equity and bond markets through the end of the year. The Dow Jones Industrial Average gained 18.8% for the year, but was up nearly 60% from its March 2009 low. Asset classes that were among the poorest performers in 2008 had some of the largest advances in 2009. These asset classes included high yield bonds and loans, which both reported gains of more than 50%, according to Barclays Capital.

After the celebrated rally, however, questions remain about what is next for the U.S. economy. The unemployment rate, according to the U.S. Department of Labor, ended 2009 at 10%, up from 7.1% at year-end 2008, with expectations that it will remain high throughout 2010. Inflation was 2.7% in 2009, compared to just 0.1% in 2008. The value of the dollar varied widely versus the currencies of the main U.S. trading partners in 2009, and the 2010 outlook remains unclear. The massive U.S. stimulus spending also raises concerns about potential tax increases to finance the national debt, which creates uncertainty for investors and companies alike. It is possible that corporate credit defaults have peaked: after rising for 23 straight months since January 2008, the Moody's Investors Service global issuer-weighted speculative-grade default rate declined in December 2009, though it still finished the year at 12.5%, well above its historical average of 5%. Moody's predicts defaults will fall dramatically in 2010.

PORTFOLIO ACTIVITY

Similar to 2008, the Trust's investment activity was very sporadic during 2009. During the first and second quarters of the year, middle market buyout activity was quite low due to a shortage of available credit. Senior lending capacity, one of the key drivers of buyout activity, was limited as these capital providers refrained from taking risk. As a result, the Trust was able to complete only three new private placement transactions during the first half of 2009. Beginning in the third quarter of 2009, banks and other senior debt providers slowly began to make more capital available to finance middle market transactions and the Trust's investment activity increased correspondingly. During the second half of 2009, the Trust completed seven new private placement transactions.

For the full year 2009, the Trust closed ten new private placement transactions and made add-on investments in seven existing portfolio companies. Total private placement investments in 2009 were \$13,887,651. In 2008, the Trust closed 23 new private placement transactions and nine add-on investments aggregating \$28,001,715. While the Trust invested fewer dollars in 2009, we are nonetheless pleased with the Trust's level of investment activity given the significant decline in middle market buyout transactions that occurred during the year and reports of other middle

4

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market mezzanine investors struggling to close any deals. We are also pleased to report that the trend towards lower leverage and more conservative capital structures which began in early 2008 continued throughout 2009. In addition, return expectations for the Trust's new investments continued to be more favorable than they have been for several years.

New private placement investments completed during 2009 were: A E Company, Inc.; A S C Group, Inc.; Apex Analytix Holding Corporation; Custom Engineered Wheels, Inc.; International Offshore Services LLC; Northwest Mailing Services, Inc.; Precision Wire Holding Company; Sencore Holding Company; Spartan Foods Holding Company; and Telecorps Holdings, Inc.

In addition, the Trust added to existing private placement investments in Arrow Tru-Line Holdings, Inc.; K P I Holdings, Inc.; NetShape Technologies, Inc.; Postle Aluminum Company LLC; Telecorps Holdings, Inc.; Visioneering, Inc.; and Vitex Packaging Group, Inc.

As 2009 drew to a close, we had some very positive news from the portfolio. A T I Acquisition Company and Vitality Foodservice, Inc. were both sold in late December and the Trust realized significant gains on its investments in these companies. These transactions represented the first meaningful realization activity for the Trust's portfolio since the early part of 2008.

In contrast to the positive developments around realization activity, however, is the fact that the weak economy that existed during most of 2009 negatively impacted the financial performance of many of the Trust's portfolio companies. Many of these companies had to amend their debt covenants, raise additional capital, or request relief from their debt service requirements. We spent considerable time working closely with the transaction sponsors and the management teams of these portfolio companies to remedy these situations during 2009.

2009 Dividends	Record Date	Ordinary Income	Tax Effect	Long-Term Gains
Regular	5/4/2009	0.2500		--
	8/3/2009	0.2500		--
	10/26/2009	0.2500		--
	12/31/2009	0.2500		--
		\$1.0000	\$1.00	\$ --

The Trust did not have distributable net long-term capital gains in 2009.

Annual Dividend Amount Per Share	Qualified for Dividend Received Deduction*		Qualified Dividends**		Interest Earned U.S. Gov't. Obliga	
	Percent	Amount Per Share	Percent	Amount Per Share	Percent	Amount Per
\$1.00	0.0000%	0.0000	0.0000%	0.0000	0.0000%	0.00

* Not available to individual shareholders

** Qualified dividends are reported in Box 1b on IRS Form 1099-Div for 2009

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The year 2010 opened with many breathing a sigh of relief, looking back on how difficult the previous 18 months had been and how the worst now seems to be behind us. The housing market, where much of the trouble started, seems to have bottomed out. Companies have begun to report improved profits, primarily due to cost-cutting rather than sales growth. The Federal Reserve has held fast on a policy of near zero interest rates, providing needed liquidity to the market.

But companies still need to grow revenues to create more jobs, and financial institutions need to lend money to fund expansion and capital investments. Government stimulus cannot continue forever and the Federal Reserve will eventually have to move away from its easy money policy. It is uncertain how the economy will react in 2010 to these and other developments.

We have begun 2010 with a reasonable backlog of new investment opportunities and an expectation that leverage and pricing conditions will also continue to be favorable for the Trust. We are hopeful that realization activity will increase in 2010 due to the pent-up demand for such transactions. However, we still expect 2010 to be another challenging year as the Trust's portfolio companies rebound from the affects of the economic recession.

Regardless of the economic environment, the Trust continues to employ the investment philosophy that has served it well since its inception: investing in companies which we believe have a strong business proposition, solid cash flow and experienced, ethical management. This philosophy, along with Babson Capital's seasoned investment-management team, positions the Trust well to meet its investment objectives and policies. As always, I would like to thank you for your continued interest in and support of MassMutual Participation Investors.

Sincerely,

/s/ Michael L. Klofas

Michael L. Klofas
President

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 in 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.

6

FINANCIAL REPORT

Consolidated Statement of Assets and Liabilities	8
Consolidated Statement of Operations	9
Consolidated Statement of Cash Flows	10
Consolidated Statements of Changes in Net Assets	11

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Consolidated Financial Highlights	12
Consolidated Schedule of Investments	13-34
Notes to Consolidated Financial Statements	35-40
Report of Independent Registered Public Accounting Firm	41
Interested Trustees	42-43
Independent Trustees	44-46
Officers of the Trust	47

7

MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES December 31, 2009

ASSETS:

Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value

(Cost - \$113,848,465) \$ 96,237,704

Corporate restricted securities at market value

(Cost - \$2,541,312) 2,555,270

Corporate public securities at market value

(Cost - \$13,931,954) 12,927,461

Short-term securities at amortized cost

7,521,626

119,242,061

Cash

3,281,242

Interest receivable

1,522,195

Receivable for investments sold

45,613

TOTAL ASSETS

124,091,111

LIABILITIES:

Dividend payable

2,495,810

Investment advisory fee payable

245,082

Note payable

12,000,000

Interest payable

88,933

Accrued expenses

156,827

Accrued taxes payable

120,963

Other payables

58,121

TOTAL LIABILITIES

15,165,736

TOTAL NET ASSETS

\$108,925,375

NET ASSETS:

Common shares, par value \$.01 per share; an unlimited
number authorized

\$ 99,832

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Additional paid-in capital	93,100,508
Retained net realized gain on investments, prior years	32,871,737
Undistributed net investment income	1,272,124
Accumulated net realized gain on investments	267,433
Net unrealized depreciation of investments	(18,686,259)

TOTAL NET ASSETS	\$108,925,375
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COMMON SHARES ISSUED AND OUTSTANDING	9,983,239
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NET ASSET VALUE PER SHARE	\$ 10.91
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See Notes to Consolidated Financial Statements

8

MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31, 2009

INVESTMENT INCOME:

Interest	\$ 11,596,580
Dividends	792
Other	16,346

TOTAL INVESTMENT INCOME	11,613,718
-------------------------	------------

EXPENSES:

Investment advisory fees	981,170
Interest	696,000
Trustees' fees and expenses	165,750
Professional fees	149,750
Reports to shareholders	108,000
Custodian fees	25,000
Transfer agent/registrar's expenses	19,000
Other	93,520

TOTAL EXPENSES	2,238,190
----------------	-----------

INVESTMENT INCOME - NET	9,375,528
-------------------------	-----------

NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:

Net realized gain on investments before taxes	1,022,367
Income tax expense	(9,792)

Net realized gain on investments after taxes	1,012,575
--	-----------

Net change in unrealized depreciation of investments before taxes	(2,214,915)
Net change in deferred income tax expense	(84,963)

Net change in unrealized depreciation of investments after taxes	(2,299,878)
--	-------------

NET LOSS ON INVESTMENTS	(1,287,303)
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NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 8,088,225
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See Notes to Consolidated Financial Statements

9

MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended December 31, 2009

NET INCREASE IN CASH:

Cash flows from operating activities:

Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$ (1,783,828)
Purchases of portfolio securities	(27,482,616)
Proceeds from disposition of portfolio securities	30,475,037
Interest, dividends and other income received	11,171,000
Interest expense paid	(696,000)
Operating expenses paid	(1,524,661)
Income tax refund, net	3,208

NET CASH PROVIDED BY OPERATING ACTIVITIES	10,162,140
---	------------

Cash flows from financing activities:

Cash dividends paid from net investment income	(9,941,269)
Receipts for shares issued on reinvestment of dividends	616,488

NET CASH USED FOR FINANCING ACTIVITIES	(9,324,781)
--	-------------

NET INCREASE IN CASH	837,359
----------------------	---------

Cash - beginning of year	2,443,883
--------------------------	-----------

CASH - END OF YEAR	\$ 3,281,242
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RECONCILIATION OF NET INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 8,088,225
--	--------------

Decrease in investments	2,139,574
Decrease in interest and dividends receivable	18,533
Decrease in receivable for investments sold	63,038
Decrease in payable for investments purchased	(412,776)
Decrease in investment advisory fee payable	(2,814)
Increase in accrued expenses	10,413
Increase in accrued taxes payable	247,963
Increase in other payables	9,984

Total adjustments to net assets from operations	2,073,915
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Net cash provided by operating activities	\$ 10,162,140
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See Notes to Consolidated Financial Statements

10

MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31, 2009 and 2008

	2009	2008
<hr/>		
DECREASE IN NET ASSETS:		
OPERATIONS:		
Investment income - net	\$ 9,375,528	\$ 10,671,937
Net realized gain (loss) on investments	1,012,575	(1,165,028)
Net change in unrealized depreciation of investments	(2,299,878)	(16,888,301)
<hr/>		
Net increase (decrease) in net assets resulting from operations	8,088,225	(7,381,392)
<hr/>		
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2009 - 55,996; 2008 - 65,632)	616,488	847,131
<hr/>		
Dividends to shareholders from:		
Net investment income (2009 - \$1.00 per share; 2008 - \$1.00 per share)	(9,955,268)	(9,915,143)
<hr/>		
Total decrease in net assets	(1,250,555)	(16,449,404)
<hr/>		
Net assets, beginning of year	110,175,930	126,625,334
<hr/>		
Net assets, end of year (including undistributed net investment income of \$1,272,124 and \$1,781,677, respectively)	\$108,925,375	\$110,175,930
<hr/>		

See Notes to Consolidated Financial Statements

11

MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED FINANCIAL HIGHLIGHTS

Selected data for each share of beneficial interest outstanding:

	FOR THE YEARS ENDED DECEMBER 31,			
	2009	2008	2007	2006
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NET ASSET VALUE: BEGINNING OF YEAR	\$	11.10	\$	12.84	\$	12.90	\$	12.21	\$
Net investment income (a)		0.94		1.08		1.23		1.10	
Net realized and unrealized gain (loss) on investments		(0.13)		(1.82)		(0.05)		0.77	
TOTAL FROM INVESTMENT OPERATIONS		0.81		(0.74)		1.18		1.87	
Dividends from net investment income to common shareholders		(1.00)		(1.00)		(1.23)		(1.18)	
Dividends from net realized gain on investments to common shareholders		--		--		(0.02)		(0.01)	
Increase from dividends reinvested		0.00 (c)		0.00 (c)		0.01		0.01	
TOTAL DIVIDENDS		(1.00)		(1.00)		(1.24)		(1.18)	
NET ASSET VALUE: END OF YEAR	\$	10.91	\$	11.10	\$	12.84	\$	12.90	\$
PER SHARE MARKET VALUE: END OF YEAR	\$	12.20	\$	9.05	\$	13.18	\$	14.70	\$
Total investment return									
Net asset value (d)		7.60%		(6.01%)		9.95%		18.64%	2
Market value		40.86%		(25.36%)		(1.30%)		16.81%	1
Net assets (in millions): End of year	\$	108.93	\$	110.18	\$	126.63	\$	126.52	\$
Ratio of operating expenses to average net assets		1.41%		1.33%		1.36%		1.17%	
Ratio of interest expense to average net assets		0.63%		0.58%		0.56%		0.57%	
Ratio of income tax expense to average net assets (e)		0.00%		0.00%		0.48%		2.68%	
Ratio of total expenses before custodian reduction to average net assets (e)		2.04%		1.91%		2.40%		4.46%	
Ratio of net expenses after custodian reduction to average net assets (e)		2.04%		1.91%		2.40%		4.42%	
Ratio of net investment income to average net assets		8.55%		8.74%		9.32%		8.43%	
Portfolio turnover		23%		32%		33%		34%	

(a) Calculated using average shares.

(b) Amount includes \$0.10 per share in litigation proceeds.

(c) Rounds to less than \$0.01 per share.

(d) Net asset value return represents portfolio returns based on change in the Trust's net asset assuming the reinvestment of all dividends and distributions which differs from the total investment return based on the Trust's market value due to the difference between the Trust's asset value and the market value of its shares outstanding; past performance is no guarantee future results.

(e) As additional information, this ratio is included to reflect the taxes paid on retained long-gains. These taxes paid are netted against realized capital gains in the Statement of Operations. The taxes paid are treated as deemed distributions and a credit for the taxes paid is passed to shareholders.

Senior borrowings:

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

See Notes to Consolidated Financial Statements

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CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2009

	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
CORPORATE RESTRICTED SECURITIES -- 90.70%(A)	-----	-----
PRIVATE PLACEMENT INVESTMENTS -- 87.93%		
A E COMPANY, INC.		
A designer and manufacturer of machined parts and assembly structures for the commercial and military markets.		
11% Senior Secured Note due 2015	\$ 807,692	*
13% Senior Subordinated Note due 2016	\$ 807,693	11/10/09
Common Stock (B)	184,615 shs.	11/10/09
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	92,308 shs.	11/10/09
* 11/10/09 and 11/18/09.		
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	\$ 1,312,367	11/21/07
Limited Partnership Interest (B)	12.26% int.	11/21/07
A S A P INDUSTRIES LLC		
A designer and manufacturer of components used on oil and natural gas wells.		
12.5% Senior Subordinated Note due 2015	\$ 600,667	12/31/08
Limited Liability Company Unit Class A-2 (B)	677 uts.	12/31/08
Limited Liability Company Unit Class A-3 (B)	608 uts.	12/31/08
A S C GROUP, INC.		
A designer and manufacturer of high reliability encryption equipment, communications products, and other electronic components primarily for the military and aerospace sectors.		
12.75% Senior Subordinated Note due 2016	\$ 1,227,273	10/09/09
Limited Liability Company Unit Class A (B)	1,249 uts.	10/09/09
Limited Liability Company Unit Class B (B)	1,473 uts.	10/09/09
A W X HOLDINGS CORPORATION		
A provider of aerial equipment rental, sales and repair services to non-residential construction companies 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	\$ 1,146,906	12/27/07
Preferred Stock (B)	546 shs.	12/27/07

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MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2009

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
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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
ALL CURRENT HOLDING COMPANY		
A specialty re-seller of essential electrical parts and components primarily serving wholesale distributors.		
12% Senior Subordinated Note due 2015	\$ 603,697	09/26/08
Common Stock (B)	713 shs.	09/26/08
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	507 shs.	09/26/08
AMERICAN HOSPICE MANAGEMENT HOLDING LLC		
A for-profit hospice care provider in the United States.		
12% Senior Subordinated Note due 2013	\$ 1,687,503	*
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
* 01/22/04 and 06/09/08. ** 01/22/04 and 09/12/06.		
APEX ANALYTIX HOLDING CORPORATION		
A provider of audit recovery and fraud detection services and software to commercial and retail businesses.		
12.5% Senior Subordinated Note due 2016	\$ 1,012,500	04/28/09
Preferred Stock Series B (B)	1,623 shs.	04/28/09
Common Stock (B)	723 shs.	04/28/09
ARROW TRU-LINE HOLDINGS, INC.		
A manufacturer of hardware for residential and commercial overhead garage doors in North America.		
14% Senior Subordinated Note due 2012	\$ 950,925	05/18/05
Preferred Stock (B)	33 shs.	10/16/09
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

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BRAVO SPORTS HOLDING CORPORATION

A designer and marketer of niche branded consumer products including canopies, trampolines, in-line 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

14

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2009

	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
CORPORATE RESTRICTED SECURITIES: (A) (Continued)		

C D N T, INC.

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

10.5% Senior Secured Term Note due 2014	\$ 429,070	08/07/08
12.5% Senior Subordinated Note due 2015	\$ 429,070	08/07/08
Common Stock (B)	41,860 shs.	08/07/08
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	32,914 shs.	08/07/08

CAPITAL SPECIALTY PLASTICS, INC.

A producer of desiccant strips used for packaging pharmaceutical products.

Common Stock (B)	55 shs.	*
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* 12/30/97 and 05/29/99.

CLOUGH, HARBOUR AND ASSOCIATES

An engineering service firm that is located in Albany, NY.

12.25% Senior Subordinated Note due 2015	\$ 1,270,588	12/02/08
Preferred Stock (B)	147 shs.	12/02/08

COEUR, INC.

A producer of proprietary, disposable power injection syringes.

12% Senior Subordinated Note due 2016	\$ 642,857	10/10/08
Common Stock (B)	321 shs.	10/10/08
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	495 shs.	10/10/08

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CONNECTICUT ELECTRIC, INC.

A supplier and distributor of electrical products sold into the retail and wholesale markets.

12% Senior Subordinated Note due 2014	\$ 1,267,387	01/12/07
Limited Liability Company Unit Class A (B)	82,613 uts.	01/12/07
Limited Liability Company Unit Class C (B)	59,756 uts.	01/12/07

CONNOR SPORT COURT INTERNATIONAL, INC.

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

Preferred Stock Series B-2 (B)	9,081 shs.	07/05/07
Preferred Stock Series C (B)	4,757 shs.	07/05/07
Common Stock (B)	380 shs.	07/05/07
Limited Partnership Interest (B)	6.88% int.	*

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

COREPHARMA LLC

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

12% Senior Subordinated Note due 2013	\$ 1,350,000	08/04/05
Warrant, exercisable until 2013, to purchase common stock at \$.001 per share (B)	10 shs.	08/04/05

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2009

	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
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CORPORATE RESTRICTED SECURITIES: (A) (Continued)

CRANE RENTAL CORPORATION

A crane rental company.

13% Senior Subordinated Note due 2015	\$ 1,215,000	08/21/08
Common Stock (B)	135,000 shs.	08/21/08
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	72,037 shs.	08/21/08

CUSTOM ENGINEERED WHEELS, INC.

A manufacturer of custom engineered, non-pneumatic plastic wheels and plastic tread cap tires use products and wheelchairs.

12.5% Senior Subordinated Note due 2016	\$ 1,155,288	10/27/09
Preferred Stock PIK	156 shs.	10/27/09
Preferred Stock Series A	114 shs.	10/27/09
Common Stock (B)	38 shs.	10/27/09
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	28 shs.	10/27/09

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DAVIS-STANDARD LLC

A manufacturer, assembler, and installer of a broad range of capital equipment that is used in the 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

DIVERSCO, INC./DHI HOLDINGS, INC.

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

Membership Interests of MM/Lincap Diversco Investments Ltd. LLC (B)	13.57% int.	08/27/98
Preferred Stock (B)	1,293 shs.	12/14/01
Warrants, exercisable until 2011, to purchase common stock of DHI Holdings, Inc. at \$.01 per share (B)	6,676 shs.	*

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

DUNCAN SYSTEMS, INC.

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

10% Senior Secured Term Note due 2013	\$ 231,429	11/01/06
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

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

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

16

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2009

	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
CORPORATE RESTRICTED SECURITIES: (A) (Continued)		

E S P HOLDCO, INC.

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

14% Senior Subordinated Note due 2015	\$ 1,222,736	01/08/08
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Common Stock (B)	349 shs.	01/08/08
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E X C ACQUISITION CORPORATION
A manufacturer of pre-filled syringes and pump systems used for intravenous drug delivery.
Warrant, exercisable until 2014, to purchase
common stock at \$.01 per share (B) 11 shs. 06/28/04

F C X HOLDINGS CORPORATION
A distributor of specialty/technical valves, actuators, accessories, and process instrumentation
high purity, and energy end markets in North America.
15% Senior Subordinated Note due 2015 \$ 1,160,671 10/06/08
Preferred Stock (B) 2,298 shs. 10/06/08
Common Stock (B) 1,625 shs. 10/06/08

F H S HOLDINGS LLC
A national provider of customized disease management services to large self-insured employers.
12% Senior Subordinated Note due 2014 (D) \$ 1,265,625 06/01/06
Limited Liability Company Units of Linden/
FHS Holdings LLC (B) 84 uts. 06/01/06
Common Unit Class B (B) 734 uts. 06/01/06

FLUTES, INC.
An independent manufacturer of micro fluted corrugated sheet material for the food and consumer p
10% Senior Secured Term Note due 2013 (D) \$ 524,791 04/13/06
14% Senior Subordinated Note due 2014 (D) \$ 317,177 04/13/06

GOLDEN COUNTY FOODS HOLDING, INC.
A manufacturer of frozen appetizers and snacks.
16% Senior Subordinated Note due 2015 \$ 1,012,500 11/01/07
16% PIK Note due 2015 \$ 194,382 12/31/08
8% Series A Convertible Preferred Stock, convertible into
4.25% of the fully diluted common shares (B) 77,643 shs. 11/01/07

H M HOLDING COMPANY
A designer, manufacturer, and importer of promotional and wood furniture.
7.5% Senior Subordinated Note due 2013 (D) \$ 362,700 10/15/09
Preferred Stock (B) 21 shs. *
Preferred Stock Series B (B) 1,088 shs. 10/15/09
Common Stock (B) 180 shs. 02/10/06
Common Stock Class C (B) 296 shs. 10/15/09
Warrant, exercisable until 2013, to purchase
common stock at \$.02 per share (B) 67 shs. 02/10/06

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

HIGHGATE CAPITAL LLC
An acquirer of controlling or substantial interests in manufacturing and marketing entities.
Series A Preferred Units (B) 0.30% int. 07/21/94

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MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2009

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
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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.	*
* 06/30/04 and 08/19/04.		
HOSPITALITY MINTS HOLDING COMPANY		
A manufacturer of individually-wrapped imprinted promotional mints.		
12% Senior Subordinated Note due 2016	\$ 1,098,837	08/19/08
Common Stock (B)	251 shs.	08/19/08
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	65 shs.	08/19/08
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
INTERNATIONAL OFFSHORE SERVICES LLC		
A leading provider of marine transportation services, platform decommissioning, and salvage services in the shallow waters of the Gulf of Mexico.		
14.25% Senior Subordinated Secured Note due 2017	\$ 1,350,000	07/07/09
Limited Liability Company Unit (B)	1,647 uts.	07/07/09
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

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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 \$ 1,288,791 10/15/07

Common Stock (B) 116,827 shs. 10/15/07

18

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2009

	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
CORPORATE RESTRICTED SECURITIES: (A) (Continued)		
K N B HOLDINGS CORPORATION		
A designer, manufacturer and marketer of products for the custom framing market.		
13.5% Senior Subordinated Note due 2013	\$ 1,329,717	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

K P I HOLDINGS, INC.

Pace Industries is the largest player in the U.S. non-automotive, non-ferrous die casting segment

13% Senior Subordinated Note due 2014 \$ 1,115,217 07/16/08

Convertible Preferred Stock Series C (B) 29 shs. 06/30/09

Convertible Preferred Stock Series D (B) 13 shs. 09/17/09

Common Stock (B) 235 shs. 07/15/08

Warrant, exercisable until 2018, to purchase

common stock at \$.01 per share (B) 388 shs. *

* 07/16/08 and 09/17/09.

K W P I HOLDINGS CORPORATION

A manufacturer and distributor of vinyl windows and patio doors throughout the northwestern United States

12.75% Senior Subordinated Note due 2014 \$ 1,424,330 03/14/07

Common Stock (B) 123 shs. 03/13/07

Warrant, exercisable until 2019, to purchase

preferred stock at \$.01 per share (B) 71 shs. 07/07/09

Warrant, exercisable until 2017, to purchase

common stock at \$.01 per share (B) 89 shs. 03/14/07

K-TEK HOLDING CORPORATION

A manufacturer of instrumentation for liquid and bulk solids level detection for process and storage

14% Senior Subordinated Note due 2015 \$ 1,204,979 12/20/07

Preferred Stock (B) 192,314 shs. 12/20/07

Common Stock (B) 54,326 shs. 12/20/07

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L H D EUROPE HOLDING, INC.

A non-carbonated beverage dispensing company focused on the food service industry.

Common Stock (B)	45 shs.	12/28/09
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M V I HOLDING, INC.

A manufacturer of large precision machined metal components used in equipment which services a va
oil & gas, mining, and defense markets.

13% Senior Subordinated Note due 2016	\$	651,258	09/12/08
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Common Stock (B)	32 shs.	09/12/08
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Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	35 shs.	09/12/08
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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
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Limited Liability Company Unit (B)	12,763 uts.	*
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Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	1,787 shs.	05/04/07
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* 05/04/07 and 01/02/08.

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2009

	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
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CORPORATE RESTRICTED SECURITIES: (A) (Continued)

MAVERICK ACQUISITION COMPANY

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

7.1% Senior Secured Tranche A Note due 2010 (C)	\$	149,650	09/03/04
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12.5% Senior Secured Tranche B Note due 2011	\$	179,104	09/03/04
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7.72% Senior Secured Revolver due 2011 (C)	\$	29,105	09/03/04
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Limited Partnership Interest (B)	4.48% int.	09/03/04
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Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	243 shs.	09/03/04
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MEDSYSTEMS HOLDINGS LLC

A manufacturer of enteral feeding products, such as feeding tubes and other products related to a

13% Senior Subordinated Note due 2015	\$	616,045	08/29/08
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Preferred Unit (B)	66 uts.	08/29/08
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Common Unit Class A (B)	671 uts.	08/29/08
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Common Unit Class B (B)	250 uts.	08/29/08
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MEGTEC HOLDINGS, INC.

A supplier of industrial and environmental products and services to a broad array of industries.

12% Senior Subordinated Note due 2016	\$ 1,144,068	09/24/08
Preferred Stock (B)	56 shs.	09/24/08
Limited Partnership Interest (B)	0.74% int.	09/16/08
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	18 shs.	09/24/08

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.	*

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

MILWAUKEE GEAR COMPANY

A manufacturer of high-precision custom gears and gear drives used by original equipment manufact industries.

13% Senior Subordinated Note due 2014	\$ 1,246,154	07/21/08
Preferred Stock (B)	139 shs.	07/21/08
Common Stock (B)	9 shs.	07/21/08
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	6 shs.	07/21/08

MOMENTUM HOLDING CO.

A designer and supplier of upholstery fabric to commercial furniture manufacturers and architectu

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

20

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS December 31, 2009

	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
CORPORATE RESTRICTED SECURITIES: (A) (Continued)	-----	-----
 MONESSEN HOLDING CORPORATION		
A designer and manufacturer of a broad line of gas, wood, and electric hearth products and access		
14% Senior Subordinated Note due 2014	\$ 1,350,000	07/25/08
14% PIK Note due 2014	\$ 419,713	07/25/08
Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)	81 shs.	03/31/06

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NABCO, INC.

A producer of explosive containment vessels in the United States.

14% Senior Subordinated Note due 2014	\$	330,882	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

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

NAVIS GLOBAL

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

12% Senior Secured Term Note Series A due 2010	\$	42,135	11/14/08
14% Senior Subordinated Note due 2014 (D)	\$	764,921	05/28/04
10.75% Senior Secured Note due 2011 (D)	\$	348,118	05/28/04

NESCO HOLDINGS CORPORATION

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

12% Senior Secured 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 machinery.

12% Senior Subordinated Note due 2014	\$	810,000	02/02/07
Limited Partnership Interest of Saw Mill PCG Partners LLC (B)		1.38% int.	02/01/07
Limited Liability Company Unit Class D of Saw Mill PCG Partners LLC (B)		8 uts.	*
Limited Liability Company Unit Class D-1 of Saw Mill PCG Partners LLC (B)		29 uts.	09/30/09
Preferred Stock Class A (B)		1 sh.	12/18/08
Preferred Stock Class A-1 (B)		3 shs.	09/30/09
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)		48 shs.	02/02/07

* 12/18/08 and 09/30/09.

NORTHWEST MAILING SERVICES, INC.

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

12% Senior Subordinated Note due 2016	\$	1,207,895	07/09/09
Limited Partnership Interest (B)		1,421, uts.	07/09/09
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)		1,852 shs.	07/09/09

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2009

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
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NYLONCRAFT, INC.		
A supplier of engineered plastic components for the automotive industry.		
9% Senior Secured Note due 2012	\$ 464,286	01/28/02
15% Senior Subordinated Note due 2012 (D)	\$ 285,714	01/28/02
Convertible Preferred Stock A (B)	571 shs.	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 defibrillators and stents.		
10% Senior Secured Note due 2012	\$ 81,089	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
OLYMPIC SALES, INC.		
A boat retailer in Washington state, Oregon, California and British Columbia.		
12% Senior Subordinated Note due 2010 (D)	\$ 511,000	08/07/98
12% Senior Subordinated Note due 2010 (D)	\$ 244,154	02/09/00
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		
14% Senior Subordinated Note due 2014	\$ 1,230,482	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

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22

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS December 31, 2009

CORPORATE RESTRICTED SECURITIES: (A) (Continued)	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
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PACIFIC CONSOLIDATED HOLDINGS LLC		
A manufacturer of rugged, mobile liquid and gaseous oxygen and nitrogen generating systems used in and medical sectors.		
14% Senior Subordinated Note due 2012	\$ 704,835	04/27/07
Limited Liability Company Unit (B)	928,962 uts.	04/27/07
PARADIGM PACKAGING, INC.		
A manufacturer of plastic bottles and closures for the nutritional, pharmaceutical, personal care 12% Senior Subordinated Note due 2011		
Membership Interests of MM/Lincap	\$ 1,125,000	12/19/00
PPI Investments, Inc., LLC (B)	1.28% int.	12/21/00
PEARLMAN ENTERPRISES, INC.		
A developer and distributor of tools, equipment and supplies to the natural and engineered stone		
Preferred Stock Series A (B)	1,236 shs.	05/22/09
Preferred Stock Series B (B)	7,059 shs.	05/22/09
Common Stock (B)	21,462 shs.	05/22/09
POSTLE ALUMINUM COMPANY LLC		
A manufacturer and distributor of aluminum extruded products.		
3% Senior Subordinated PIK Note due 2014 (D)	\$ 1,163,700	10/02/06
Limited Liability Company Unit Class A	733 uts.	10/02/06
Limited Liability Company Unit	76 uts.	05/22/09
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	4,550 shs.	10/02/06
POWER SERVICES HOLDING COMPANY		
A provider of industrial motor repair services, predictive and preventative maintenance, and perf 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 (B)	12.55% int.	02/11/08
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	700 shs.	02/11/08
PRECISION WIRE HOLDING COMPANY		

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A manufacturer of specialty medical wires that are used in non-elective minimally invasive surgical		
14.25% Senior Subordinated Note due 2016	\$ 1,350,000	11/12/09
Warrant, exercisable until 2019, to purchase		
common stock at \$.01 per share (B)	109 shs.	11/12/09

QUALIS AUTOMOTIVE LLC

A distributor of aftermarket automotive brake and chassis products.

12% Senior Subordinated Note due 2012	\$ 922,612	05/28/04
Common Stock (B)	187,500 shs.	05/28/04
Warrant, exercisable until 2012, to purchase		
common stock at \$.01 per share (B)	199,969 shs.	05/28/04

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS December 31, 2009

	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
CORPORATE RESTRICTED SECURITIES: (A) (Continued)		

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 primarily for aerospace, medical and defense/radar markets.

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

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
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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.

SENCORE HOLDING COMPANY

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

12.5% Senior Subordinated Note due 2014

\$ 934,615 01/15/09

Common Stock (B)

69 shs. 01/15/09

Warrant, exercisable until 2019, to purchase

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

149 shs. 01/15/09

SMART SOURCE HOLDINGS LLC

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. *

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

24

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2009

	PRINCIPAL AMOUNT, SHARES, UNITS, OR OWNERSHIP PERCENTAGE	ACQUISITION DATE
CORPORATE RESTRICTED SECURITIES: (A) (Continued)		

SPARTAN FOODS HOLDING COMPANY

A manufacturer of branded pizza crusts and pancakes.

12.5% Senior Subordinated Note due 2017

\$ 1,012,500 12/15/09

Warrant, exercisable until 2018, to purchase

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

136 shs. 12/15/09

SPECIALTY COMMODITIES, INC.

A distributor of specialty food ingredients.

13.25% Senior Subordinated Note due 2016

\$ 1,208,942 10/23/08

Common Stock (B)

15,882 shs. 10/23/08

Warrant, exercisable until 2018, to purchase

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

5,852 shs. 10/23/08

STANTON CARPET HOLDING CO.

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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
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Common Stock (B)		165 shs.	08/01/06
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Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)		55 shs.	08/01/06
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SYNTERACT HOLDINGS CORPORATION

A provider of outsourced clinical trial management services to pharmaceutical and biotechnology c

14% Senior Subordinated Note due 2016	\$	1,368,288	09/02/08
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Redeemable Preferred Stock Series A (B)		678 shs.	09/02/08
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Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)		6,778 shs.	09/02/08
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