

MASSMUTUAL PARTICIPATION INVESTORS

Form N-30D

May 30, 2006

MassMutual  
PARTICIPATION  
INVESTORS

[LOGO]

REPORT for the THREE  
MONTHS ENDED 3/31/06

MPV  
LISTED [LOGO]  
NYSE

MASSMUTUAL PARTICIPATION INVESTORS  
c/o Babson Capital Management LLC  
1500 Main Street, Suite 600  
Springfield, Massachusetts 01115  
(413) 226-1516

ADVISER

Babson Capital Management LLC  
1500 Main Street  
Springfield, Massachusetts 01115

INDEPENDENT REGISTERED PUBLIC ACCOUNTING  
FIRM

KPMG LLP  
Boston, Massachusetts 02110

COUNSEL TO THE TRUST

Ropes & Gray LLP  
Boston, Massachusetts 02110

CUSTODIAN

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

TRANSFER AGENT & REGISTRAR

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

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

INVESTMENT OBJECTIVE AND POLICY

MassMutual Participation Investors (the "Trust") is a closed-end management

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

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

The Trust's investment objective is to maximize total return by providing a high level of current income, the potential for growth of income, and capital appreciation. The Trust's principal investments are privately placed, below-investment grade, long-term corporate debt obligations purchased directly from their issuers, 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. In addition, the Trust may temporarily invest in high quality, readily marketable securities.

Babson Capital Management LLC 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>.

TO OUR SHAREHOLDERS

April 28, 2006

We are pleased to present the March 31, 2006 Quarterly Report of MassMutual Participation Investors (the "Trust"). At the Trust's Annual Shareholders Meeting, which was held on April 21, 2006, shareholders elected Roger W. Crandall and Martin T. Hart as Trustees, each for a three-year term.

The Board of Trustees declared a quarterly dividend of 24 cents per share,



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

March 31, 2006  
(Unaudited)

**ASSETS:**

Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value (Cost - \$91,040,492)	\$ 91,518,223
Corporate public securities at market value (Cost - \$31,960,764)	33,324,127
Short-term securities at amortized cost	7,208,959

-----  
132,051,309

Cash	3,465,514
Interest and dividends receivable	2,478,693
Receivable for investments sold	1,464,488
Other assets	18,943

-----  
TOTAL ASSETS \$ 139,478,947  
-----

**LIABILITIES:**

Payable for investments purchased	\$ 214,353
Investment advisory fee payable	283,342
Note payable	12,000,000
Interest payable	262,933
Accrued expenses	144,912
Accounts payable	329,146
Accrued taxes payable	314,682

-----  
13,549,368  
-----

TOTAL LIABILITIES

TOTAL NET ASSETS

\$ 125,929,579  
=====

**NET ASSETS:**

Common shares, par value \$.01 per share; an unlimited number authorized	\$ 97,633
Additional paid-in capital	90,360,387
Retained net realized gain on investments, prior years	25,860,275
Undistributed net investment income	3,416,748
Accumulated net realized gain on investments	4,457,036
Net unrealized appreciation of investments	1,737,500

-----  
\$ 125,929,579  
=====

TOTAL NET ASSETS

COMMON SHARES ISSUED AND OUTSTANDING

9,763,330  
=====

NET ASSET VALUE PER SHARE

\$ 12.90  
=====

See Notes to Consolidated Financial Statements.

-----  
2

CONSOLIDATED STATEMENT OF OPERATIONS

MASSMUTUAL PARTICIPATION INVESTORS

For the three months ended March 31, 2006  
(Unaudited)

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

INVESTMENT INCOME:	
Interest	\$ 2,795,553
Dividends	433,692
	-----
TOTAL INVESTMENT INCOME	3,229,245
	-----
EXPENSES:	
Investment advisory fees	283,342
Interest	183,247
Trustees' fees and expenses	30,600
Reports to shareholders	30,000
Professional fees	21,000
Transfer agent/registrar's expenses	5,400
Other	6,759
	-----
TOTAL EXPENSES	560,348
	-----
INVESTMENT INCOME - NET	2,668,897
	-----
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS:	
Net realized gain on investments before taxes	3,758,622
Income tax expense	(175,985)
	-----
Net realized gain on investments	3,582,637
Net change in unrealized appreciation of investments before taxes	334,183
Change in deferred income tax expense	71,820
	-----
Net change in unrealized appreciation of investments	406,003
	-----
NET GAIN ON INVESTMENTS	3,988,640
	-----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 6,657,537
	=====

See Notes to Consolidated Financial Statements.

-----  
3

CONSOLIDATED STATEMENT OF OPERATIONS                      MASSMUTUAL PARTICIPATION INVESTORS

For the three months ended March 31, 2006  
(Unaudited)

NET INCREASE IN CASH:	
Cash flows from operating activities:	
Interest and dividends received	\$ 2,956,456
Interest expense paid	(9,247)
Operating expenses paid	(56,165)
Income taxes paid	(3,503,425)
	-----

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

NET CASH USED FOR OPERATING ACTIVITIES	(612,381)
-----	
Cash flows from investing activities:	
Purchases/Proceeds/Maturities from short-term portfolio securities, net	7,315,120
Purchases of portfolio securities	(12,713,121)
Proceeds from disposition of portfolio securities	9,282,771
-----	
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,884,770
-----	
NET CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES	3,272,389
-----	
Cash flows from financing activities:	
Cash dividends paid from net investment income	(2,825,827)
Receipts for shares issued on reinvestment of dividends	253,076
-----	
NET CASH USED FOR FINANCING ACTIVITIES	(2,572,751)
-----	
NET INCREASE IN CASH	699,638
Cash - beginning of year	2,765,876
-----	
CASH - END OF PERIOD	\$ 3,465,514
=====	

RECONCILIATION OF NET INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES:

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 6,657,537
-----	
Decrease in investments	368,587
Increase in interest and dividends receivable	(34,174)
Increase in receivable for investments sold	(979,221)
Increase in other assets	(6,163)
Increase in payable for investments purchased	214,353
Increase in investment advisory fee payable	15,549
Increase in interest payable	174,000
Decrease in accrued expenses	(67,965)
Increase in accounts payable	329,146
Decrease in accrued taxes payable	(3,399,260)
-----	
TOTAL ADJUSTMENTS TO NET ASSETS FROM OPERATIONS	(3,385,148)
-----	
NET CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES	\$ 3,272,389
=====	

See Notes to Consolidated Financial Statements.

4

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

	For the three months ended 03/31/2006 (Unaudited)	For the year ended 12/31/2005
	-----	-----
INCREASE IN NET ASSETS:		
OPERATIONS:		
Investment income - net	\$ 2,668,897	\$ 9,643,28
Net realized gain on investments before taxes	3,582,637	8,306,07
Net change in unrealized appreciation (depreciation) of investments	406,003	2,350,51
	-----	-----
Net increase in net assets resulting from operations	6,657,537	20,299,87
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2006 - 19,100; 2005 - 71,671)	253,076	927,72
Dividends to shareholders from:		
Net investment income (2005 - \$1.01 per share)	--	(9,818,64
	-----	-----
TOTAL INCREASE IN NET ASSETS	6,910,613	11,408,95
NET ASSETS, BEGINNING OF YEAR	119,018,966	107,610,00
	-----	-----
NET ASSETS, END OF PERIOD/YEAR ENDED (including undistributed net investment income of \$3,416,748 and \$923,836, respectively)	\$ 125,929,579 =====	\$ 119,018,96 =====

See Notes to Consolidated Financial Statements.

5

CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS MASSMUTUAL PARTICIPATION INVESTORS

Selected data for each share of beneficial interest outstanding:

	For the three months ended 03/31/2006 (Unaudited)	For the years ended Dec		
	-----	2005	2004	2003
	-----	-----	-----	-----
Net asset value:				
Beginning of year	\$ 12.21	\$ 11.13	\$ 9.84	\$ 8.78

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

Net investment income (a)	0.27	0.99	1.00	0.80
Net realized and unrealized gain (loss) on investments	0.41	1.09 (b)	1.36	1.21
Total from investment operations	0.68	2.08	2.36	2.01
Dividends from net investment income to common shareholders	--	(1.01)	(1.10)	(0.96)
Change from issuance of shares	0.01	0.01	0.03	0.01
Total distributions	0.01	(1.00)	(1.07)	(0.95)
Net asset value: End of period/year	\$ 12.90	\$ 12.21	\$ 11.13	\$ 9.84
Per share market value: End of period/year	\$ 14.25	\$ 14.05	\$ 13.31	\$ 11.65
Total investment return				
Market value	1.42%	17.25%	25.77%	35.50%
Net asset value (c)	5.65%	22.51%	25.14%	23.72%
Net assets (in millions): End of period/year	\$ 125.93	\$ 119.02	\$ 107.61	\$ 94.40
Ratio of operating expenses to average net assets	1.25% (d)	1.45%	1.63%	1.65%
Ratio of interest expense to average net assets	0.61% (d)	0.80%	0.89%	0.97%
Ratio of total expenses to average net assets	1.86% (d)	2.25%	2.52%	2.62%
Ratio of net investment income to average net assets	8.84% (d)	8.45%	9.60%	8.55%
Portfolio turnover	8.46%	31.50%	51.25%	55.08%
(a) Calculated using average shares.				
(b) Amount includes \$0.10 per share in litigation proceeds.				
(c) Net asset value return represents portfolio returns based on change in the Trust's net asset value less all dividends and distributions which differs from the total investment return based on the difference between the Trust's net asset value and the market value of its shares outstanding at the end of the period of future results.				
(d) Annualized.				
Senior securities:				
Total principal amount (in millions)	\$ 12	\$ 12	\$ 22.5	\$ 22.5
Asset coverage per \$1,000 of indebtedness	\$ 11,494	\$ 10,918	\$ 5,783	\$ 5,195



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

See Notes to Consolidated Financial Statements.

6

CONSOLIDATED SCHEDULE OF INVESTMENTS

MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2006  
(Unaudited)

	Shares, Units, Warrants, Ownership or Principal Amount	Acquisit Date
CORPORATE RESTRICTED SECURITIES - 72.67%: (A)		
PRIVATE PLACEMENT INVESTMENTS - 66.37%		
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	04/08/0
Warrant, exercisable until 2012, to purchase common stock at \$.02 per share (B)	1,230 shs.	04/08/0
Warrant, exercisable until 2012, to purchase preferred stock at \$.01 per share (B)	33,505 shs.	03/23/0
ADORN, INC.		
A manufacturer of wall panels, cabinets, moldings and countertops for houses and recreational vehicles.		
12.5% Subordinated Note due 2010	\$ 1,125,000	02/29/0
Warrant, exercisable until 2010, to purchase common stock at \$.02 per share (B)	192 shs.	02/29/0
AMERCABLE, INC.		
A manufacturer of electric power, instrumentation and control cables, primarily for the mining and oil and gas industries.		
12% Senior Subordinated Note due 2013	\$ 583,333	04/08/0
Limited Partnership Interest (B)	0.19% int.	04/07/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	66 shs.	04/08/0
AMERICAN HOSPICE MANAGEMENT HOLDING LLC		
A for-profit hospice care provider in the United States.		
12% Senior Subordinated Note due 2010	\$ 1,125,000	01/22/0
Preferred Class A Unit (B)	1,337 uts.	01/22/0
Common Class B Unit (B)	1,610 uts.	01/22/0
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	05/18/0

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

Common Stock (B)	263 shs.	05/18/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	69 shs.	05/18/0

### AUGUSTA SPORTSWEAR HOLDING CO.

A manufacturer and distributor of athletic apparel, activewear and team uniforms.

12% Senior Subordinated Note due 2012	\$ 893,000	12/31/0
Common Stock (B)	261 shs.	
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	73 shs.	12/31/0

\*12/31/04 and 03/31/05.

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

March 31, 2006  
(Unaudited)

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

### BEACON MEDICAL PRODUCTS, INC.

A designer, manufacturer and marketer of medical air and gas distribution systems.

8.54% Senior Secured Revolving Credit Facility due 2007 (C)	\$ 131,792	04/09/0
8.54% Senior Secured Tranche A Note due 2008 (C)	\$ 339,148	04/09/0
12% Senior Secured Note due 2010	\$ 412,112	04/09/0
Limited Partnership Interest of Riverside Capital Appreciation Fund IV, L.P. (B)	5.09% int.	04/09/0
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)	794 shs.	04/09/0

### BETA BRANDS LTD.

A manufacturer of hard candy and chocolate-coated products sold primarily to the Canadian market.

5% Promissory Note due 2009 (B)	\$ 96,698	03/31/0
Warrant, exercisable until 2009, to purchase common stock at \$.01 per share (B)	2,421 shs.	03/31/0

### C & J SPEC-RENT SERVICES, INC.

A provider of coiled tubing and pressure pumping services to the oil and gas industry in Texas and Louisiana.

10% Senior Secured Term Note due 2012	\$ 886,597	08/12/0
14% Senior Subordinated Note due 2013	\$ 649,755	08/12/0
Common Stock (B)	268,657 shs.	08/12/0

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

Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	49,552 shs.	08/12/0
---	-------------	---------

C & M CONVEYOR, INC.

A manufacturer and supplier of material handling systems  
to the corrugated sheet and container industry.

9.5% Senior Secured Term Note due 2007	\$ 433,735	09/13/0
11% Senior Subordinated Note due 2010	\$ 478,916	09/13/0
Common Stock (B)	180,723 shs.	09/13/0
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)	78,386 shs.	09/13/0

CAINS FOODS, L.P.

A producer of mayonnaise and sauce products for both the  
retail and food service markets.

Limited Partnership Interest	1.81% int.	09/29/9
------------------------------	------------	---------

-----  
8

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

March 31, 2006  
(Unaudited)

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

CAPESUCCESS LLC

A provider of diversified staffing services.

Preferred Membership Interests (B)	806 uts.	04/29/0
Common Membership Interests (B)	10,421 uts.	04/29/0

CAPITAL SPECIALTY PLASTICS, INC.

A producer of desiccant strips used for packaging  
pharmaceutical products.

Common Stock (B)	55 shs.	
------------------	---------	--

COEUR, INC.

A producer of proprietary, disposable power  
injection syringes.

8.75% Senior Secured Term Note due 2010	\$ 326,087	04/30/0
11.5% Senior Subordinated Note due 2011	\$ 242,754	04/30/0
Common Stock (B)	72,463 shs.	04/30/0
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)	50,099 shs.	04/30/0

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

COINING CORPORATION OF AMERICA LLC

A manufacturer of close tolerance parts and metal stampings.

9.77% Senior Secured Revolving Credit Facility due 2006 (C)	\$	86,420	01/07/0
9.77 % Senior Secured Tranche A Note due 2007 (C)	\$	458,913	06/26/0
13% Senior Secured Tranche B Note due 2008 Limited Partnership Interest (B)	\$	370,370	06/26/0
Warrant, exercisable until 2008, to purchase common stock at \$.01 per share (B)		3.65% int.	06/26/0
		61,163 shs.	06/26/0

CONNOR SPORT COURT INTERNATIONAL, INC.

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

12% Senior Subordinated Note due 2012 (D)	\$	1,059,417	*
Limited Partnership Interest (B)		4.43% int.	**
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)		92 shs.	*

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

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

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

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2006  
(Unaudited)

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

CONSOLIDATED FOUNDRIES HOLDINGS

A manufacturer of engineered cast metal components for the global aerospace and defense industries.

12% Senior Subordinated Note due 2013	\$	1,157,143	06/15/0
Common Stock (B)		193 shs.	06/15/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)		54 shs.	06/15/0

COREPHARMA LLC

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

12% Senior Subordinated Note due 2013	\$	1,350,000	08/04/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)		10 shs.	08/04/0

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

CORVEST GROUP, INC.

A manufacturer and distributor of promotional products.

12% Senior Subordinated Note due 2007	\$	2,045,455	
Common Stock (B)		30 shs.	
Limited Partnership Interest (B)			10.23% int.
Warrant, exercisable until 2007, to purchase common stock at \$.01 per share (B)			171 shs.

DEXTER MAGNETICS TECHNOLOGIES, INC.

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

Common Stock (B)		310 shs.	07/19/0
Warrant, exercisable until 2006, to purchase common stock at \$.01 per share (B)		157 shs.	07/19/0

DIRECTED ELECTRONICS, INC.

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

Common Stock (B)		126,817 shs.	12/19/0
Limited Partnership Interest (B)		4.61% int.	*

\*03/05/99 and 03/24/99.

\*\*12/22/99 and 09/14/05.

-----  
10

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2006  
(Unaudited)

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

DIVERSCO, INC./DHI HOLDINGS, INC.

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

Membership Interests of MM/Lincap			
Diversco Investments Ltd. LLC (B)		13.57% int.	08/27/9
Preferred Stock (B)		1,639 shs.	12/14/0
Warrants, exercisable until 2011, to purchase common stock of DHI Holdings, Inc. at \$.01 per share (B)			6,676 shs.

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

DWYER GROUP, INC.

A franchiser of a variety of home repair services.

14% Senior Subordinated Note due 2011	\$	984,375	10/30/0
Common Stock (B)		3,656 shs.	*
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)		1,077 shs.	10/30/0

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		11 shs.	06/28/0
--	--	---------	---------

EAGLE PACK PET FOODS, INC.

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

14% Senior Subordinated Note due 2011	\$	562,500	09/24/0
Warrant, exercisable until 2011, to purchase common stock at \$.02 per share (B)		2,163 shs.	09/24/0

EAST RIVER VENTURES I, L.P.

An acquirer of controlling or substantial interests in other entities.

Limited Partnership Interest (B)		0.03% int.	01/01/0
----------------------------------	--	------------	---------

ENZYMATIC THERAPY, INC.

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

Limited Partnership Interest (B)		0.70% int.	03/30/0
Warrant, exercisable until 2009, to purchase common stock at \$.01 per share (B)		15,415 shs.	03/30/0

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

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

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2006  
(Unaudited)

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

EURO-PRO CORPORATION

A designer, marketer and distributor of floor care, steam cleaning and small kitchen products and appliances.

13.25% Senior Subordinated Note due 2011	\$	1,125,000	09/09/0
16.03% Overdue Interest Secured Note due 2008 (C)	\$	75,952	01/13/0

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

Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	23,229 shs.	09/09/0
EVANS CONSOLES, INC.		
A designer and manufacturer of consoles and control center systems.		
Common Stock (B)	45,000 shs.	05/06/0
FOWLER HOLDING, INC.		
A provider of site development services to residential homebuilders and developers in the Raleigh/Durham region of North Carolina.		
12% Senior Subordinated Note due 2013	\$ 1,252,174	02/03/0
Common Stock (B)	98 shs.	02/03/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	135 shs.	02/03/0
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	01/31/0
Common Stock (B)	112,500 shs.	01/31/0
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	73,275 shs.	01/31/0
H M HOLDING COMPANY		
A designer, manufacturer, and importer of promotional and wood furniture.		
12% Senior Subordinated Note due 2013	\$ 1,170,000	02/10/0
Common Stock (B)	180 shs.	02/10/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	67 shs.	02/10/0
HIGHGATE CAPITAL LLC		
An acquirer of controlling or substantial interests in manufacturing and marketing entities.		
Series A Preferred Units (B)	0.30% int.	07/21/9

-----  
12

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2006  
(Unaudited)

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

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

### HOME DECOR HOLDING COMPANY

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

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

### INTEGRATION TECHNOLOGY SYSTEMS, INC.

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

12% Senior Secured Note due 2006	\$	949,004	03/01/0
Common Stock (B)		130 shs.	06/01/0

### ITC^DELTACOM, INC.

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

13.19% Senior Secured Note due 2009 (C)	\$	1,171,432	07/26/0
16.69% Senior Secured Note due 2009 (C)	\$	185,163	07/26/0
Warrant, exercisable until 2009, to purchase convertible preferred stock at \$.01 per share (B)			54,468 shs. 07/26/0

### JASON, INC.

A diversified manufacturing company serving various industrial markets.

13% Senior Subordinated Note due 2008	\$	510,187	08/04/0
14% Cumulative Redeemable Preferred Stock Series A (B) Limited Partnership Interest of Saw Mill Capital Fund II, L.P. (B)		153 shs.	08/04/0
Warrants, exercisable until 2008 and 2009, to purchase common stock at \$.01 per share (B)		1.30% int.	08/03/0
		26,931 shs.	08/04/0

### JUSTRITE MANUFACTURING ACQUISITION CO.

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

12% Senior Subordinated Note due 2011	\$	843,750	12/15/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)			594 shs. 12/15/0

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

---

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2006  
(Unaudited)



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

CORPORATE RESTRICTED SECURITIES (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount	Acquisit Date
	-----	-----
<b>KEEPSAKE QUILTING, INC.</b>		
A seller of quilting fabrics, books, patterns, kits and notions to consumers.		
8.33% Senior Secured Revolving Note due 2006 (C)	\$ 20,967	06/16/0
8.33% Senior Secured Tranche A Note due 2007 (C)	\$ 196,568	06/16/0
12% Senior Secured Tranche B Note due 2008	\$ 314,509	06/16/0
Limited Partnership Interest of Riverside XVI Holding Company, L.P. (B)	3.02% int.	06/12/0
Warrant, exercisable until 2008, to purchase common stock at \$.01 per share (B)	633 shs.	06/12/0
 <b>KELE AND ASSOCIATES, INC.</b>		
A distributor of building automation control products.		
12% Senior Subordinated Note due 2012	\$ 969,643	02/27/0
Preferred Stock (B)	12 shs.	11/24/0
Common Stock (B)	6 shs.	02/27/0
Warrant, exercisable until 2012, to purchase common stock at \$.02 per share (B)	6 shs.	02/27/0
 <b>KEYSTONE NORTH AMERICA, INC.</b>		
An operator of funeral homes in North America.		
Common Stock (B)	28,577 shs.	02/08/0
 <b>LIH INVESTORS, L.P.</b>		
A manufacturer and marketer of a broad line of external accessories for new and used sport utility vehicles, trucks and vans.		
12.5% Senior Subordinated Note due 2008	\$ 2,036,000	
Common Stock (B)	3,057 shs.	
Warrant, exercisable until 2006, to purchase common stock at \$.11 per share (B)	8,245 shs.	
 <b>MAVERICK ACQUISITION COMPANY</b>		
A manufacturer of capsules that cover the cork and neck of wine bottles.		
9.27% Senior Secured Revolving Note due 2009 (C)	\$ 21,269	09/03/0
9.03% Senior Secured Tranche A Note due 2010 (C)	\$ 414,180	09/03/0
12% Senior Secured Tranche B Note due 2011	\$ 179,104	09/03/0
Limited Partnership Interest (B)	4.48% int.	09/03/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	243 shs.	09/03/0

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

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

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

March 31, 2006  
(Unaudited)

CORPORATE RESTRICTED SECURITIES (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount -----	Acquisit Date -----
<b>MAXON CORPORATION</b>		
A manufacturer of industrial combustion equipment and related shut-off valves and control valves.		
12% Senior Subordinated Note due 2012	\$       549,837	09/30/0
8.75% Senior Subordinated Note due 2012	\$        732,065	09/30/0
Common Stock (B)	218,099 shs.	09/30/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	87,755 shs.	09/30/0
 <b>MEDASSIST, INC.</b>		
A provider of patient eligibility and accounts receivable management services to hospitals and physician practices.		
8% Preferred Stock	44 shs.	10/28/0
Common Stock	13,863 shs.	10/28/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share	47,090 shs.	05/01/0
 <b>MICROGROUP, INC.</b>		
A manufacturer of precision parts and assemblies, and a value-added supplier of metal tubing and bars.		
12% Senior Subordinated Note due 2013	\$    1,134,000	08/12/0
Common Stock (B)	216 shs.	08/12/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	73 shs.	08/12/0
 <b>MONESSEN HOLDING CORPORATION</b>		
A designer and manufacturer of a broad line of gas, wood and electric hearth products and accessories.		
12% Senior Subordinated Note due 2014	\$    1,350,000	03/31/0
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	81 shs.	03/31/0
 <b>MOSS, INC.</b>		
A manufacturer and distributor of large display and exhibit structures.		
8.54% Senior Secured Revolving Note due 2010 (C)	\$       52,941	12/21/0
8.54% Senior Secured Tranche A Note due 2010 (C)	\$     582,353	12/21/0
12% Senior Secured Tranche B Note due 2010	\$     200,000	12/21/0
Limited Partnership Interest of Riverside Capital Appreciation Fund I, L.P. (B)	0.01% int.	
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)	122 shs.	12/21/0

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

MUSTANG VENTURES COMPANY

A natural gas gathering and processing operation located in Oklahoma and Texas.

Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	8,752 shs.	12/11/0
---	------------	---------

\*09/20/00 and 05/23/02.

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2006  
(Unaudited)

CORPORATE RESTRICTED SECURITIES (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount	Acquisit Date
	-----	-----
<b>NABCO, INC.</b>		
A producer of explosive containment vessels in the United States.		
12% Senior Subordinated Note due 2014	\$ 330,882	02/24/0
Limited Partnership Interest (B)	344 uts.	02/24/0
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	26 shs.	02/24/0
<b>NEFF MOTIVATION, INC.</b>		
A manufacturer and distributor of customized awards and sportswear to schools.		
12.5% Senior Subordinated Note due 2011	\$ 562,500	01/31/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	112 shs.	01/31/0
<b>NONNI'S FOOD COMPANY</b>		
A producer and distributor of premium biscotti and bagel chips in North America.		
12.25% Senior Subordinated Note due 2012	\$ 986,538	03/29/0
10% Preferred Stock (B)	135 shs.	03/29/0
Common Stock (B)	3,418 shs.	03/29/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	4,565 shs.	03/29/0
<b>NYLONCRAFT, INC.</b>		
A supplier of engineered plastic components for the automotive industry.		
9% Senior Secured Note due 2009	\$ 464,286	01/28/0
11.5% Senior Subordinated Note due 2012	\$ 857,143	01/28/0

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

Common Stock (B)	178,571 shs.	01/28/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	138,928 shs.	01/28/0
O R S NASCO HOLDING, INC.		
A wholesale distributor of industrial supplies in North America.		
13% Senior Subordinated Note due 2013	\$ 1,256,152	12/20/0
Common Stock (B)	93,848 shs.	12/20/0
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	52,820 shs.	12/20/0
OAKRIVER TECHNOLOGY, INC.		
Designs, engineers and assembles high precision automated process equipment for the medical device industry, with a focus on defibrillators and stents.		
10% Senior Secured Note due 2012	\$ 323,115	01/03/0
13% Senior Subordinated Note due 2013	\$ 392,709	01/03/0
Common Stock (B)	184,176 shs.	01/03/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	41,249 shs.	01/03/0

-----  
16

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

March 31, 2006  
(Unaudited)

	Shares, Units, Warrants, Ownership or Principal Amount	Acquisit Date
CORPORATE RESTRICTED SECURITIES (A) (Continued)	-----	-----
OLYMPIC SALES, INC.		
A boat retailer in Washington state, Oregon, California and British Columbia.		
14% Senior Subordinated Note due 2006	\$ 1,241,000	08/07/9
12% Senior Subordinated Note due 2008	\$ 244,154	02/09/0
Limited Partnership Interest of Riverside VIII, VIII-A and VIII-B Holding Company, L.P.	10.66% int.	
Warrants, exercisable until 2007 and 2008, to purchase common stock at \$.01 per share (B)	15,166 shs.	*
ONTARIO DRIVE & GEAR LTD.		
A manufacturer of all-wheel drive, off-road amphibious vehicles and related accessories.		
13% Senior Subordinated Note due 2013	\$ 1,047,115	01/17/0
Limited Partnership Interest (B)	1,942 uts.	01/17/0
Warrant, exercisable until 2013, to purchase		

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

common stock at \$.01 per share (B)	328 shs.	01/17/0
-------------------------------------	----------	---------

### 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	03/31/0
Preferred Stock (B)	19 shs.	03/31/0
Common Stock (B)	12 shs.	03/31/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	7 shs.	03/31/0

### PARADIGM PACKAGING, INC.

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

12% Senior Subordinated Note due 2008	\$ 1,125,000	12/19/0
Membership Interests of MM/Lincap PPI Investments, Inc., LLC (B)	1.28% int.	12/21/0

### 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.	08/12/9
Common Stock (B)	867 shs.	**

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

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

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

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

March 31, 2006  
(Unaudited)

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

### QUALIS AUTOMOTIVE LLC

A distributor of aftermarket automotive brake and chassis products.

12% Senior Subordinated Note due 2012	\$ 937,500	05/28/0
Common Stock (B)	187,500 shs.	05/28/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	199,969 shs.	05/28/0

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

QUALSERV CORPORATION

A provider of foodservice equipment and supplies to major restaurant chains and their franchisees.

14% Senior Subordinated Note due 2012 (D)	\$	1,002,475	07/09/0
Limited Partnership Interest (B)		4.90% int.	07/09/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)		280 shs.	07/09/0

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	02/10/0
Common Stock (B)		153,191	02/10/0
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)		69,647	02/10/0

RIVER RANCH FRESH FOODS LLC

A supplier of fresh produce to the retail and foodservice channels.

13% Senior Subordinated Note due 2011 (D)	\$	975,000	09/29/0
Limited Partnership Interest (B)		21,500 uts.	09/29/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)		12,481 shs.	09/29/0

ROYAL BATHS MANUFACTURING COMPANY

A manufacturer and distributor of acrylic and cultured marble bathroom products.

12.5% Senior Subordinated Note due 2011	\$	562,500	11/14/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)		74 shs.	11/14/0

SAFETY SPEED CUT MANUFACTURING COMPANY, INC.

A manufacturer of vertical panel saws and routers for the wood working industry.

7.91% Senior Secured Tranche A Note due 2007 (C)	\$	390,345	06/02/9
12% Senior Secured Tranche B Note due 2007	\$	646,089	06/02/9
Class B Common Stock (B)		846 shs.	06/02/9

-----  
18

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2006  
(Unaudited)

Shares, Units,

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

CORPORATE RESTRICTED SECURITIES (A) (Continued)	Warrants, Ownership or Principal Amount -----	Acquisit Date -----
SAVAGE SPORTS HOLDING, INC.		
A manufacturer of sporting firearms.		
12% Senior Subordinated Note due 2012	\$ 814,655	09/10/0
Common Stock (B)	310 shs.	09/10/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	71 shs.	09/10/0
SPECIALTY FOODS GROUP, INC.		
A manufacturer and distributor of branded meat products.		
Limited Partnership Interest of MHD Holdings LLC (B)	0.76% int.	08/29/0
STRATEGIC EQUIPMENT & SUPPLY CORPORATION, INC.		
A provider of kitchen and restaurant design, equipment fabrication and installation services.		
Warrant, exercisable until 2008, to purchase common stock at \$.01 per share (B)	61,862 shs.	01/14/0
SYNVENTIVE EQUITY LLC		
A manufacturer of hot runner systems used in the plastic injection molding process.		
Limited Partnership Interest (B)	1.05% int.	08/20/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	45,942 shs.	08/21/0
TANGENT RAIL CORPORATION		
A manufacturer of rail ties and provides specialty services to the North American railroad industry.		
13% Senior Subordinated Note due 2013	\$ 1,173,909	10/14/0
Preferred Stock (B)	1,749 shs.	10/14/0
Common Stock (B)	1,167 shs.	10/14/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	618 shs.	10/14/0
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.		
7.78% Senior Secured Term A Note due 2010 (C)	\$ 116,797	03/01/0
8.28% Senior Secured Term B Note due 2012 (C)	\$ 207,421	03/01/0
12% Senior Subordinated Note due 2013	\$ 585,937	03/01/0
Limited Partnership Interest of Saw Mill Capital Fund V, L.P. (B)	2.30% int.	03/01/0
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	37 shs.	03/01/0

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

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

March 31, 2006  
(Unaudited)

CORPORATE RESTRICTED SECURITIES (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount	Acquisit Date
	-----	-----
 <b>THE TRANZONIC COMPANIES</b>		
A producer of commercial and industrial supplies, such as safety products, janitorial supplies, work apparel, washroom and restroom supplies and sanitary care products.		
13% Senior Subordinated Note due 2009	\$ 1,356,000	02/05/9
Common Stock (B)	315 shs.	02/04/9
Warrant, exercisable until 2006, to purchase common stock at \$.01 per share (B)	222 shs.	02/05/9
 <b>TRANSTAR HOLDING COMPANY</b>		
A distributor of aftermarket automotive transmission parts.		
12% Senior Subordinated Note due 2013	\$ 918,000	08/31/0
Common Stock (B)	432 shs.	08/31/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	46 shs.	08/31/0
 <b>TRONAIR, INC.</b>		
A designer, engineer and manufacturer of ground support equipment for the business, commuter and commercial aviation markets.		
10.5% Senior Secured Term Note due 2008	\$ 451,394	01/20/0
12% Senior Subordinated Note due 2010	\$ 758,100	01/20/0
Common Stock (B)	129,960 shs.	01/20/0
Warrant, exercisable until 2010, to purchase common stock at \$1 per share (B)	148,912 shs.	01/20/0
 <b>TRUCK BODIES &amp; EQUIPMENT INTERNATIONAL</b>		
A designer and manufacturer of accessories for heavy and medium duty trucks, primarily dump bodies, hoists, various forms of flat-bed bodies, landscape bodies and other accessories.		
12% Senior Subordinated Note due 2013	\$ 1,222,698	
Common Stock (B)	393 shs.	
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	81 shs.	
 <b>TRUSTILE DOORS, INC.</b>		
A manufacturer and distributor of interior doors.		
12.5% Senior Subordinated Note due 2010	\$ 562,500	04/11/0
Warrant, exercisable until 2010, to purchase		



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

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

3,060 shs.

04/11/0

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

-----  
20

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2006  
(Unaudited)

CORPORATE RESTRICTED SECURITIES (A) (Continued)	Shares, Units, Warrants, Ownership or Principal Amount	Acquisit Date
	-----	-----
<b>TUBULAR TEXTILE MACHINERY</b>		
A designer, manufacturer, sale and servicer of finishing machinery for the knit and woven segments of the global textile industry.		
12% Senior Subordinated Note due 2014	\$ 705,457	05/28/0
8.75% Senior Secured Note due 2011	\$ 409,310	05/28/0
Common Stock (B)	385,233 shs.	05/28/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	116,521 shs.	05/28/0
<b>TVI, INC.</b>		
A retailer of used clothing in the United States, Canada and Australia.		
Common Stock (B)	187,500 shs.	05/02/0
<b>U S M HOLDINGS CORPORATION</b>		
A provider of facility maintenance services to retail and corporate clients with multiple locations.		
12% Senior Subordinated Note due 2011	\$ 473,684	08/06/0
Preferred Stock (B)	1,361 shs.	08/06/0
Common Stock (B)	546 shs.	08/06/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share	502 shs.	08/06/0
<b>U S S HOLDINGS, INC.</b>		
A producer of high grade industrial and specialty silica sands.		
14% Redeemable Preferred Stock (B)	499 shs.	09/30/9
Convertible Preferred Stock Series A and B, convertible into common stock at \$9.26 per share (B)	72,720 shs.	12/19/9
Common Stock (B)	10,013 shs.	09/30/9
Warrants, exercisable until 2010, to purchase common stock at \$.01 per share (B)	2,459 shs.	

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

### U-LINE CORPORATION

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

12.5% Senior Subordinated Note due 2012	\$	996,500		04/30/0
Common Stock (B)		96 shs.		04/30/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)			122 shs.	04/30/0

### VICTORY VENTURES LLC

An acquirer of controlling or substantial interests in other entities.

Series A Preferred Units (B)				0.04% int. 12/02/9
------------------------------	--	--	--	--------------------

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

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

March 31, 2006  
(Unaudited)

		Shares, Units, Warrants, Ownership or Principal Amount		Acquisit Date
CORPORATE RESTRICTED SECURITIES (A) (Continued)				
<b>VITALITY FOODSERVICE, INC.</b>				
A non-carbonated beverage dispensing company focused on the foodservice industry.				
13% Senior Subordinated Note due 2011	\$	999,153		09/24/0
Common Stock (B)		12,585 shs.		09/24/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)			12,593 shs.	09/24/0
<b>VITEX PACKAGING GROUP, INC.</b>				
A manufacturer of specialty packaging, primarily envelopes and tags used on tea bags.				
12.5% Senior Subordinated Note due 2012	\$	900,000		07/19/0
Limited Partnership Interest Class A (B)		0.93% int.		07/19/0
Limited Partnership Interest Class B (B)		0.41% int.		07/19/0
<b>WALLS INDUSTRIES, INC.</b>				
A provider of branded workwear and sporting goods apparel.				
10% Senior Subordinated Lien Note due 2009	\$	444,079		07/12/0
14% Senior Subordinated Note due 2012	\$	563,346		07/12/0
Limited Partnership Interest (B)		0.20% int.		07/12/0
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)			2,133 shs.	07/12/0

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

TOTAL PRIVATE PLACEMENT INVESTMENTS

22

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2006  
(Unaudited)

CORPORATE RESTRICTED SECURITIES (A) (Continued)	Interest Rate	Due Date	Shares or Principal Amount	C
-----				
RULE 144A SECURITIES - 6.30%: (A)				
BONDS - 5.72%				
A E S Corporation	8.750%	05/15/13	\$ 425,000	\$
A E S Corporation	9.000	05/15/15	175,000	
Activant Solutions, Inc. (C)	10.530	04/01/10	400,000	
Atlas Pipeline Partners	8.125	12/15/15	100,000	
Blockbuster, Inc.	9.000	09/01/12	275,000	
Bombardier Capital, Inc.	6.125	06/29/06	500,000	
Bombardier, Inc.	6.300	05/01/14	500,000	
Charter Communications Op LLC	8.000	04/30/12	500,000	
Douglas Dynamics LLC	7.750	01/15/12	325,000	
Dynegy Holdings, Inc.	8.375	05/01/16	165,000	
G F S I, Inc.	11.000	06/01/11	375,000	
Inergy LP	8.250	03/01/16	75,000	
Interactive Health LLC	7.250	04/01/11	500,000	
Neiman Marcus Group, Inc.	10.375	10/15/15	600,000	
P Q Corporation	7.500	02/15/13	685,000	
Service Corporation International (C)	7.500	06/15/17	500,000	
Siebe PLC	6.500	01/15/10	350,000	
Sierra Pacific Resources	6.750	08/15/17	330,000	
Sungard Data Systems	9.125	08/15/13	75,000	
T C W Lev Income Trust LP	8.410	11/30/06	560,002	
Tenaska Alabama Partners LP	7.000	06/30/21	182,273	
TOTAL BONDS				7,
-----				
CONVERTIBLE BONDS - 0.58%				
Cymer, Inc.	3.500%	02/15/09	\$ 450,000	\$
QLT, Inc.	3.000	09/15/23	305,000	
TOTAL CONVERTIBLE BONDS				
-----				
WARRANTS - 0.00%				
Winsloew Furniture, Inc. (B)			700	\$
TOTAL WARRANTS				
-----				
TOTAL RULE 144A SECURITIES				8,
-----				

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

TOTAL CORPORATE RESTRICTED SECURITIES

\$ 91,  
-----

-----

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)      MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2006  
(Unaudited)

CORPORATE PUBLIC SECURITIES -- 26.46%: (A)	Interest Rate	Due Date	Principal Amount	C
	-----	-----	-----	-----
BONDS - 23.82%				
Abitibi-Consolidated, Inc.	7.750%	06/15/11	\$ 500,000	\$
Activant Solutions, Inc. (C)	10.500	06/15/11	325,000	
Allied Waste NA	7.875	04/15/13	500,000	
Appleton Papers, Inc.	8.125	06/15/11	250,000	
Argo Tech Corporation	9.250	06/01/11	425,000	
Arrow Electronics, Inc.	7.000	01/15/07	500,000	
BCP Crystal US Holdings Corporation	9.625	06/15/14	355,000	
C S C Holdings, Inc.	7.625	04/01/11	250,000	
Cablevision Systems Corporation (C)	8.716	04/01/09	450,000	
Cadmus Communications Corporation	8.375	06/15/14	350,000	
Chemed Corporation	8.750	02/24/11	600,000	
Chesapeake Energy Corporation	7.000	08/15/14	650,000	
Cincinnati Bell, Inc.	8.375	01/15/14	550,000	
Clayton Williams Energy, Inc.	7.750	08/01/13	375,000	
Del Monte Corporation	8.625	12/15/12	200,000	
Dollar Financial Group	9.750	11/15/11	325,000	
Dominos, Inc.	8.250	07/01/11	109,000	
Electronic Data Systems Corporation	7.125	10/15/09	500,000	
Esterline Technologies	7.750	06/15/13	175,000	
Ford Motor Credit Co.	7.375	01/12/09	750,000	
Ford Motor Credit Co.	5.800	10/28/09	500,000	
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	
GulfMark Offshore, Inc.	7.750	07/15/14	300,000	
Houghton Mifflin Co.	9.875	02/01/13	500,000	
Huntsman LLC	11.625	10/15/10	163,000	
Imax Corporation	9.625	12/01/10	500,000	
Intelsat Subsidiary Holding Company Ltd.	9.614	01/15/12	225,000	
Intelsat Subsidiary Holding Company Ltd.	8.250	01/15/13	250,000	
Intrawest Corporation	7.500	10/15/13	250,000	
K 2, Inc.	7.375	07/01/14	150,000	
Koppers, Inc.	9.875	10/15/13	170,000	
Lazard LLC	7.125	05/15/15	375,000	
Leucadia National Corporation	7.000	08/15/13	350,000	
Liberty Media Corporation	5.700	05/15/13	500,000	
Lodgenet Entertainment Corporation	9.500	06/15/13	375,000	
Lyondell Chemical Co.	9.500	12/15/08	265,000	
M G M Mirage, Inc.	6.000	10/01/09	225,000	
M S X International, Inc.	11.000	10/15/07	175,000	
Mac-Gray Corporation	7.625	08/15/15	300,000	
Magnachip Semiconductor	8.000	12/15/14	50,000	

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

Majestic Star Casino LLC	9.500	10/15/10	250,000
Manitowoc Company, Inc.	7.125	11/01/13	100,000
Markwest Energy Operating Co.	6.875	11/01/14	250,000
Mediacom LLC	9.500	01/15/13	750,000
Metaldyne Corporation	10.000	11/01/13	340,000
Moog, Inc.	6.250	01/15/15	60,000

24

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2006  
(Unaudited)

CORPORATE PUBLIC SECURITIES (A) (Continued)	Interest Rate	Due Date	Principal Amount	
BONDS, CONTINUED				
N R G Energy, Inc.	7.375%	02/01/16	\$ 100,000	\$
Nalco Co.	7.750	11/15/11	250,000	
National Wine & Spirits, Inc.	10.125	01/15/09	25,000	
Nextel Communications, Inc.	7.375	08/01/15	400,000	
North American Energy Partners	8.750	12/01/11	200,000	
Nova Chemicals Corporation (C)	7.561	11/15/13	215,000	
O E D Corp/Diamond Jo Company Guarantee	8.750	04/15/12	500,000	
Offshore Logistics, Inc.	6.125	06/15/13	350,000	
Pacific Energy Partners	7.125	06/15/14	250,000	
Pacific Energy Partners	6.250	09/15/15	100,000	
Pinnacle Foods Group	8.250	12/01/13	225,000	
Pliant Corporation	11.625	06/15/09	607,802	
Pogo Producing Co.	6.875	10/01/17	250,000	
Primedia, Inc.	8.000	05/15/13	500,000	
Quicksilver Resources, Inc	7.125	04/01/16	225,000	
Quintiles Transnational Corporation	10.000	10/01/13	250,000	
Rayovac Corporation	8.500	10/01/13	175,000	
Rent-A-Center, Inc.	7.500	05/01/10	250,000	
Rent-Way, Inc.	11.875	06/15/10	450,000	
Rhodia SA	10.250	06/01/11	163,000	
Rhodia SA	8.875	06/01/10	196,000	
Rock-Tenn Co.	8.200	08/15/11	500,000	
Rogers Wireless, Inc.	7.250	12/15/12	90,000	
Rogers Wireless, Inc.	7.500	03/15/15	560,000	
Rogers Wireless, Inc.	8.000	06/01/11	90,000	
Samsonite Corporation	8.875	12/15/12	500,000	
Sheridan Acquisition Corporation	10.250	08/15/11	225,000	
Tekni-Plex, Inc.	12.750	06/15/10	500,000	
Telex Communications, Inc.	11.500	10/15/08	250,000	
Tenet Healthcare Corporation	6.375	12/01/11	250,000	
Tenet Healthcare Corporation	9.875	07/01/14	350,000	
Texas Industries, Inc.	7.250	07/15/13	35,000	
Transmontaigne, Inc.	9.125	06/01/10	275,000	
Triton P C S, Inc.	8.500	06/01/13	500,000	
Tyco International Group SA	6.375	10/15/11	150,000	
Unisys Corporation	8.000	10/15/12	90,000	
United Components, Inc.	9.375	06/15/13	535,000	
United Rentals, Inc.	7.750	11/15/13	325,000	
Universal City Florida (C)	9.000	05/01/10	100,000	
Universal City Florida	8.375	05/01/10	100,000	

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

Utilicorp United, Inc. (C)	9.950	02/01/11	500,000
Vicorp Restaurants, Inc.	10.500	04/15/11	350,000
Vought Aircraft Industries	8.000	07/15/11	650,000
Warner Music Group	7.375	04/15/14	125,000
Wornick Co.	10.875	07/15/11	350,000

TOTAL BONDS

29,

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2006  
(Unaudited)

CORPORATE PUBLIC SECURITIES (A) (Continued)	Interest Rate	Due Date	Shares or Principal Amount	C
COMMON STOCK - 1.93%				
Distributed Energy Systems Corporation (B)			14,000	\$
H C I Direct, Inc. (B)			500	
Rent-Way, Inc. (B)			46,432	
Transmontaigne, Inc. (B)			203,165	
TOTAL COMMON STOCK				1,
CONVERTIBLE BONDS - 0.71%				
Citadel Broadcasting Corporation	1.875%	02/15/11	\$ 300,000	\$
ICOS Corporation	2.000	07/01/23	375,000	
Leucadia National Corporation	3.750	04/15/14	250,000	
TOTAL CONVERTIBLE BONDS				
TOTAL CORPORATE PUBLIC SECURITIES				\$ 31,
SHORT-TERM SECURITIES:				
COMMERCIAL PAPER - 5.73%				
Alltel Corporation	4.860%	04/06/06	760,000	
Dow Jones & Company, Inc.	4.860	04/04/06	2,286,000	2,
Newell Rubbermaid, Inc.	4.824	04/05/06	1,819,000	1,
V F Corporation	4.550	04/03/06	2,347,000	2,
TOTAL SHORT-TERM SECURITIES				\$ 7,
TOTAL INVESTMENTS	104.86%			\$130,
Other Assets	5.90			
Liabilities	(10.76)			
TOTAL NET ASSETS	100.00%			

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

- (A) In each of the convertible note, warrant, convertible preferred and common stock investments, the issuer has agreed to provide certain registration rights.  
 (B) Non-income producing security.  
 (C) Variable rate security; rate indicated is as of 03/31/06.  
 (D) Defaulted security; interest not accrued.

See Notes to Consolidated Financial Statements.

26

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
 March 31, 2006  
 (Unaudited)

INDUSTRY CLASSIFICATION:	Fair Value/ Market Value -----	INDUSTRY CLASSIFICATION: (
AEROSPACE - 2.39%		BUILDINGS & REAL ESTATE -
Argo Tech Corporation	\$ 448,375	Adorn, Inc.
Bombardier, Inc.	458,750	Texas Industries, Inc.
Consolidated Foundries Holdings	1,317,126	TruStile Doors, Inc.
Esterline Technologies	179,812	
Vought Aircraft Industries	611,000	
	-----	
	3,015,063	CHEMICAL, PLASTICS & RUBBER
	-----	Capital Specialty Plastics
AUTOMOBILE - 8.18%		Huntsman LLC
Gencorp, Inc.	140,400	Koppers, Inc.
Goodyear Tire & Rubber Co.	342,125	Lyondell Chemical Co.
Jason, Inc.	1,048,547	Nova Chemicals Corporation
LIH Investors, L.P.	2,457,576	P Q Corporation
Metaldyne Corporation	317,900	Rhodia SA
Nyloncraft, Inc.	1,396,728	
Ontario Drive & Gear Ltd.	1,305,727	
Qualis Automotive LLC	1,452,022	
Transtar Holding Company	1,326,222	CONSUMER PRODUCTS - 6.38%
United Components, Inc.	516,275	Appleton Papers, Inc.
	-----	Augusta Sportswear Holding
	10,303,522	Euro-Pro Corporation
	-----	G F S I, Inc.
BEVERAGE, DRUG & FOOD - 4.32%		H C I Direct, Inc.
Beta Brands Ltd.	--	K 2, Inc.
Cains Foods, L.P.	178,408	Maverick Acquisition Compa
Del Monte Corporation	211,250	Rayovac Corporation
Dominos, Inc.	111,725	Royal Baths Manufacturing
Eagle Pack Pet Foods, Inc.	611,819	Savage Sports Holding, Inc
National Wine & Spirits, Inc.	25,188	The Tranzonic Companies
Nonni's Food Company	1,181,631	Walls Industries, Inc.
Pinnacle Foods Group	222,750	Winsloew Furniture, Inc.
River Ranch Fresh Foods LLC	877,500	
Specialty Foods Group, Inc.	--	CONTAINERS, PACKAGING & GL
Vicorp Restaurants, Inc.	326,375	NABCO, Inc.
Vitality Foodservice, Inc.	1,334,494	P I I Holding Corporation
Wornick Co.	360,500	Paradigm Packaging, Inc.
	-----	Pliant Corporation
	5,441,640	
	-----	

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

BROADCASTING & ENTERTAINMENT- 2.44%		Tekni-Plex, Inc.
C S C Holdings, Inc.	251,250	Vitex Packaging, Inc.
Cablevision Systems Corporation	471,938	
Charter Communications Op LLC	497,500	
Citadel Broadcasting Corporation	244,500	DISTRIBUTION - 3.48%
Liberty Media Corporation	464,955	Corvest Group, Inc.
Lodgenet Entertainment Corporation	405,000	Kele and Associates, Inc.
Mediacom LLC	742,500	O R S Nasco Holding, Inc.
	-----	QualServ Corporation
	3,077,643	Strategic Equipment & Supp
	-----	

-----

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
March 31, 2006  
(Unaudited)

INDUSTRY CLASSIFICATION: (Cont.)	Fair Value/ Market Value	INDUSTRY CLASSIFICATION: (
	-----	
DIVERSIFIED/CONGLOMERATE, MANUFACTURING - 8.41%		FINANCIAL SERVICES - 3.57%
Activant Solutions, Inc.	\$ 767,938	BCP Crystal US Holding Cor
AmerCable, Inc.	744,769	Bombardier Capital, Inc.
Arrow Tru-Line Holdings, Inc.	1,103,458	Dollar Financial Group
Coining Corporation of America LLC	1,112,871	East River Ventures I, L.P
Dexter Magnetics Technologies, Inc.	554,304	Ford Motor Credit Co.
Douglas Dynamics LLC	315,250	General Motors Acceptance
Evans Consoles, Inc.	--	Highgate Capital LLC
H M Holding Company	1,310,810	Lazard LLC
Justrite Manufacturing Acquisition Co.	822,481	Leucadia National Corporat
Radiac Abrasives, Inc.	1,316,916	T C W Leveraged Income Tru
Rock-Tenn Co.	496,250	Victory Ventures LLC
Truck Bodies & Equipment International	1,884,897	
Tyco International Group SA	153,986	
	-----	HEALTHCARE, EDUCATION &
	10,583,930	CHILDCARE - 3.49%
	-----	A T I Acquisition Company
DIVERSIFIED/CONGLOMERATE, SERVICE - 6.84%		American Hospice Managemen
Abitibi-Consolidated, Inc.	482,500	ICOS Corporation
Allied Waste NA	521,875	Interactive Health LLC
CapeSuccess LLC	2,512	MedAssist, Inc.
Chemed Corporation	636,000	Q L T, Inc.
Diversco, Inc./DHI Holdings, Inc.	1,252,858	Quintiles Transnational Co
Dwyer Group, Inc.	1,496,254	Tenet Healthcare Corporati
Fowler Holding, Inc.	1,311,985	
Keystone North America, Inc.	181,978	
Mac-Gray Corporation	306,000	HOME & OFFICE FURNISHINGS,
Moss, Inc.	913,989	HOUSEWARES, AND DURABLE C
M S X International, Inc.	166,250	PRODUCTS - 4.26%
Service Corporation International	508,750	Connor Sport Court Interna
U S M Holdings Corporation	625,608	Home Decor Holding Company



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

Universal City Florida	202,250	Monessen Holding Corporati
	-----	Samsonite Corporation
	8,608,809	U-Line Corporation
	-----	
ELECTRONICS - 3.85%		
A E S Corporation	648,875	LEISURE, AMUSEMENT,
Arrow Electronics, Inc.	505,935	ENTERTAINMENT - 2.07%
Directed Electronics, Inc.	2,737,126	IMAX Corporation
Distributed Energy Systems	99,400	Intrawest Corporation
Electronic Data Systems Corporation	525,232	Keepsake Quilting, Inc.
Siebe PLC	330,750	M G M Mirage, Inc.
	-----	Majestic Star Casino LLC
	4,847,318	O E D Corp/Diamond Jo Comp
	-----	Warner Music Group
FARMING & AGRICULTURE - 0.00%		
Protein Genetics, Inc.	--	
	-----	

28

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
March 31, 2006  
(Unaudited)

INDUSTRY CLASSIFICATION: (Cont.)	Fair Value/ Market Value	INDUSTRY CLASSIFICATION: (
	-----	
MACHINERY - 6.38%		RETAIL STORES - 4.33%
C & M Conveyor, Inc.	\$ 1,409,755	Blockbuster, Inc.
Integration Technology Systems, Inc.	711,753	Neff Motivation, Inc.
Manitowoc Company, Inc.	102,000	Neiman Marcus Group, Inc.
Maxon Corporation	1,746,571	Olympic Sales, Inc.
Safety Speed Cut Manufacturing Company, Inc.	1,316,386	Rent-A-Center, Inc.
Synventive Equity LLC	17,714	Rent-Way, Inc.
Tronair, Inc.	1,325,367	TVI, Inc.
Tubular Textile Machinery	1,406,804	United Rentals, Inc.
	-----	
	8,036,350	
	-----	
MEDICAL DEVICES/BIOTECH - 3.47%		TECHNOLOGY - 0.53%
Beacon Medical Products, Inc.	1,396,662	Cymer, Inc.
Coeur, Inc.	707,430	Magnachip Semiconductor
E X C Acquisition Corporation	71,718	Sungard Data Systems
MicroGroup, Inc.	1,313,442	Unisys Corporation
OakRiver Technology, Inc.	872,684	
	-----	
	4,361,936	
	-----	
MINING, STEEL, IRON & NON PRECIOUS METALS - 0.04%		TELECOMMUNICATIONS - 3.49%
U S S Holdings, Inc.	54,525	Cincinnati Bell, Inc.
	-----	Intelsat Subsidiary Holding
		ITC^DeltaCom, Inc.
OIL AND GAS - 7.86%		Nextel Communications, Inc
C & J Spec-Rent Services, Inc.	1,791,634	Rogers Wireless, Inc.
Chesapeake Energy Corporation	664,625	Telex Communications, Inc.
Clayton Williams Energy, Inc.	352,500	Triton P C S, Inc.

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

Fuel Systems Holding Corporation	1,318,732	
GulfMark Offshore, Inc.	306,000	
Mustang Ventures Company	1,837,891	TRANSPORTATION - 1.08%
North American Energy Partners	195,000	Tangent Rail Corporation
Offshore Logistics, Inc.	329,000	
Pacific Energy Partners	351,875	UTILITIES - 1.64%
Pogo Producing Co.	246,875	Atlas Pipeline Partners
Quicksilver Resources, Inc.	222,188	Dynegy Holdings, Inc.
Transmontaigne, Inc.	2,285,236	Inergy LP
	-----	Markwest Energy Operating
	9,901,556	Moog, Inc.
	-----	N R G Energy, Inc.
PHARMACEUTICALS - 1.10%		Nalco Co.
CorePharma LLC	1,329,865	Sierra Pacific Resources
Enzymatic Therapy, Inc.	56,250	Tenaska Alabama Partners L
	-----	Utilicorp United, Inc.
	1,386,115	
	-----	
PUBLISHING/PRINTING - 1.25%		
Cadmus Communications Corporation	351,750	WASTE MANAGEMENT /
Houghton Mifflin Co.	537,500	POLLUTION - 0.89%
Primedia, Inc.	457,500	Terra Renewal Services, In
Sheridan Acquisition Corporation	231,468	
	-----	TOTAL CORPORATE RESTRICTED
	1,578,218	PUBLIC SECURITIES - 99.13%
	-----	

See Notes to Consolidated Financial Statements.

### 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 such income, and capital appreciation, by investing primarily in a portfolio of privately placed below investment grade, long-term corporate debt obligations purchased directly from their issuers, at least half of which normally will include equity features.

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

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

consistently by the Trust in the preparation of its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America.

### A. VALUATION OF INVESTMENTS:

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

Nearly all securities which are acquired by the Trust directly from the issuers and shares into which such securities may be converted or which may be purchased on the exercise of warrants 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, absent an exemption from registration, 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").

The value of restricted securities, and of any other assets for which there are no reliable market quotations, is the fair value as determined in good faith by the Trust's Board of Trustees (the "Trustees"). Each restricted security is valued by the Trustees as of the time of its acquisition and at least quarterly thereafter. The Trustees have established guidelines to aid in the valuation of each security. Generally, restricted securities are initially valued at cost or less at the time of acquisition by the Trust. Values greater or less than cost are thereafter used 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 value 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

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

interested persons of the Trust or of Babson Capital, the Trust's investment adviser. In making valuations, the Trustees will consider Babson Capital's reports analyzing each portfolio security in accordance with the relevant factors referred to

-----  
30

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

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 \$83,583,675 (66.37% of net assets) as of March 31, 2006 whose values have been determined by the Trustees in the absence of readily ascertainable market values. Due to the inherent uncertainty of valuation, those 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 corporate public securities are stated at the last reported sales price or at prices based upon quotations obtained from brokers and dealers as of March 31, 2006, 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 discount on bonds held. 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 long-term gains as

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

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 three months ended March 31, 2006, the MMPI Subsidiary Trust has accrued tax expense on net realized gains of \$175,986 and reduced accrued deferred tax expenses on net unrealized gains by \$71,820.

### E. DISTRIBUTIONS TO SHAREHOLDERS:

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

### 3. INVESTMENT ADVISORY AND ADMINISTRATIVE SERVICES FEE

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. The Contract is subject to annual review and renewal by the Board of Trustees. Babson Capital represents the Trust in any negotiations with issuers, investment banking firms, securities

-----  
31

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

brokers or dealers and other institutions or investors relating to the Trust's investments. Under the Contract, Babson Capital 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.

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

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

day.

### 4. SENIOR SECURED INDEBTEDNESS

#### A. NOTE PAYABLE:

MassMutual holds the Trust's \$12,000,000 Senior Fixed Rate Convertible Note (the "Note") issued by the Trust in 1995. The Note, as amended, is due December 13, 2011 and accrues interest at 5.80% per annum. MassMutual, at its option, can convert the principal amount of the Note into common shares. The dollar amount of principal would be converted into an equivalent dollar amount of common shares based upon the average price of the common shares for ten business days prior to the notice of conversion. For the three months ended March 31, 2006, the Trust incurred total interest expense on the Note of \$174,000.

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

#### B. REVOLVING CREDIT AGREEMENT:

The Trust entered into a \$15,000,000 Revolving Credit Agreement with Bank of America (formerly Fleet National Bank) (the "Agent Bank") dated May 29, 1997, which had a stated maturity on May 31, 2004. The maturity date of this loan was extended to May 31, 2007, and its terms amended and restated pursuant to the First Amended and Restated Revolving Credit Agreement (the "Revolver") dated May 27, 2004, between the Trust and the Agent Bank.

The Revolver bears interest payable quarterly in arrears at a per annum rate that varies depending upon whether the Trust requests a Base Rate Loan or LIBOR Rate Loan. Interest on Base Rate loans equals the higher of: (i) the annual "Base Rate" as set periodically by the Agent Bank and (ii) the most recent Federal Funds Effective Rate plus .50% per annum. Per annum interest on LIBOR Rate Loans equals .60% plus the London Inter Bank Offered Rate ("LIBOR") rate, divided by 1 minus LIBOR Reserve Rate. The Trust also incurs expense on the undrawn portion of the total Revolver at a rate of .25% per annum.

As of March 31, 2006, there were no outstanding loans against the Revolver. For the three months ended March 31, 2006, the Trust incurred expense on the Revolver of \$9,247 related to the undrawn portion.

### 5. PURCHASES AND SALES OF INVESTMENTS

FOR THE THREE MONTHS  
ENDED 3/31/2006

	COST OF INVESTMENTS ACQUIRED -----	PROCEEDS FROM SALES OR MATURITIES -----
Corporate restricted securities	\$ 11,587,402	\$ 6,120,627
Corporate public securities	1,340,072	4,141,365

The aggregate cost of investments is substantially the same for financial reporting and federal income tax purposes as of March 31, 2006. The net

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

unrealized appreciation of investments for financial reporting and federal tax purposes as of March 31, 2006 is \$1,841,094 and consists of \$12,731,135 appreciation and \$10,890,041 depreciation.

Net unrealized appreciation of investments on the Statement of Assets and Liabilities reflects the balance net of a deferred tax accrual of \$103,594 on net unrealized gains in the MMPI Subsidiary Trust.

-----  
32

TRUSTEES	OFFICERS
Donald E. Benson*	Roger W. Crandall Chairman
Michael H. Brown	Clifford M. Noreen President
Roger W. Crandall	James M. Roy Vice President & Chief Financial Officer
Donald Glickman	
Martin T. Hart*	Stephen L. Kuhn Vice President & Secretary
Robert E. Joyal	
Jack A. Laughery	Michael P. Hermsen Vice President
Corine T. Norgaard*	Mary Wilson Kibbe Vice President
	Michael L. Klofas Vice President
	Richard E. Spencer, II Vice President
	Laura L. Grant Treasurer
	John T. Davitt, Jr. Comptroller
	Melissa M. LaGrant Chief Compliance Officer

[LOGO]

\*Member of the Audit Committee

### 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.

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

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

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

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

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

[LOGO]

---

DB 1040 506